

ASX & MEDIA RELEASE**AVJennings enters into Development Agreement for residential land subdivision in Melbourne's north**

Melbourne, 18 July 2008: Residential property developer AVJennings Limited (ASX:AVJ), today announced it has entered into a Development Agreement to develop a 28-hectare parcel of land at Epping in Melbourne's northern growth corridor.

The land, at 150 O'Herns Road, will yield approximately 370 residential lots and development is expected to commence in early 2009 and be completed by mid 2011. The site is development approved for its intended use.

The project will be a successor to, and developed as a relatively seamless continuation of, the Company's own Lyndarum development site and the joint venture development site with MREEF. The Lyndarum site comprises approximately 1,000 lots and the AVJ/MREEF site comprises 400 lots. The new project is located immediately adjacent to the AVJ/MREEF site and is expected to provide continuity of sales as the existing Lyndarum projects approach finalisation.

In addition to developing the project, AVJ is also responsible for the sales and marketing functions. Sales will be vacant allotments suitable for individual houses or superlots suitable for medium density housing. The project's end value is estimated at \$52 million.

The Company continues to remain active in seeking further viable opportunities to expand its developable land inventory.

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