

30 January 2009

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 45, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Dear Sir/Madam,

Market Update

Residential property developer AVJennings Limited (ASX:AVJ) today announced that following poor property market conditions experienced during the first half of the financial year, the Company expects to report an estimated after tax loss for the period to 31 December 2008 of \$10 million compared to an after tax profit of \$6.1 million for the previous corresponding period. The estimated result includes an unrealised loss of \$3.5 million on interest rate hedging contracts. The Company regularly has in place such contracts to prudently limit its interest rate exposure. Due to recent cuts in interest rates and expected further cuts, the current market value of these contracts has decreased resulting in the unrealised loss.

Accounts for the half year are currently in the course of being prepared.

AVJennings' acting Chief Executive, Peter Summers, said the result reflects continued market pressures brought about by the global financial crisis.

"These poor market conditions, coupled with a lack of affordability, have led to a considerable fall in consumer confidence severely impacting on the residential property market," Mr. Summers added.

Mr. Summers said that despite the first half setback and continuing uncertain economic conditions, the Company's portfolio remains well positioned to take advantage of any improvements in the market which may result from various Government and Reserve Bank actions.

"Nonetheless, management is in the process of examining all areas of the business in order to ensure their appropriateness to the present environment, to preserve, as far as possible, capital resources and to position it for the future."

Mr. Summers concluded that as a result of AVJennings' conservative approach to acquisitions in prior years, the Company expects to avoid any significant asset write-downs in the 31 December 2008 accounts despite the current market environment.

Yours faithfully,



Carl Thompson
Company Secretary

Further information: Ted McDonnell +61 434 434 868