

AVJennings reports pre tax profit of \$23.3 million

Melbourne, 15 May 2006: Residential property developer, AVJennings Limited (ASX: AVJ), today announced a pre tax profit of \$23.3 million (2005: \$61.4 million) for the year ended 31 March 2006. Revenue was \$460.6 million (2005: \$477.2 million). [Prior year comparatives have been adjusted in line with AIFRS. Actual reported results were \$39.2 million before tax and \$27.5 million after tax on revenues of \$436.7 million].

As noted in the first half results, the residential housing and property market in the eastern states remains subdued with low housing affordability and therefore reduced market participation. The reported profit is an outcome of the market, reduced margins on substantially increased developments turnover and a reduction in contract building turnover.

Dividend Reinvestment Plan:

The Directors have declared a final dividend of 5.0 cents per share, fully franked, making total dividends for the year 7.5 cents per share, fully franked (2005: 11 cents per share, fully franked). AVJennings has also re-activated its Dividend Reinvestment Plan (DRP) which will give shareholders the choice of either taking a cash dividend or reinvesting in the Company. The reactivation of the DRP will provide better options for shareholders. For those shareholders who prefer cash dividends, the DRP allows such dividends to be maximized. For those shareholders who would like to benefit from the Company's longer term prospects, the DRP provides a cost effective mechanism for acquiring additional shares, as shares issued under the DRP will be at a 7.5% discount and incur no fees. The funds re-invested via the DRP will be applied to further expanding AVJennings' development activities.

Operations:

Developments turnover increased during the course of the year, however margins have fallen significantly. The margin erosion was most evident in New South Wales where there have been appreciable price reductions in housing and substantial increases in both local government and state government charges.

AVJennings has negligible unsold completed developed lots or completed housing. Subject to meeting the market on price, developments sales have been limited largely by production rates. The Company expects to further increase its rate of developments sales in the forthcoming financial year as a result of increased production levels.

Contract Building margins were maintained at approximately previous year levels, however turnover has fallen. The reduction in turnover was particularly evident in New South Wales where market activity has slowed more than in any other state. This was especially the case in the up-grader segment of the market.

AVJennings has reviewed its pricing, product and marketing strategy for contract building and taken measures to improve results. The contract signings rate from this segment has increased appreciably. However, because of the forward contracting nature of this business, it will take some months for the increased sales to be reflected in increased turnover.

Change in Year End:

AVJennings has received ASIC approval to change its year end to 30 June. This will extend the 2007 year to a 15 month period. The previous year end reporting date is uncommon and the changed date will simplify compliance and reporting.

Outlook:

While the market, particularly in terms of realisable margins, has been poor for the period just completed, the longer term outlook remains favourable.

AVJennings zoned development sites are increasingly located in Victoria and Queensland, making it less dependent on the New South Wales market. The AVJennings land-bank of some 8,800 lots spread across four states will provide a solid platform for future earnings growth.

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Further information:

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