

Subject:	RISK MANAGEMENT PROCESS		
Effective Date:	December 2004	Policy Ref:	COR - 28.0
Approved By:	Board	Page No:	1 of 1

PURPOSE

Australand Property Group (“the Group”) aims to ensure that the assumption and management of risks arising from activities within the Group are undertaken within Board approved risk tolerance levels and management guidelines and with sufficient independent oversight to protect the people, assets, profitability and reputation of the Group.

POLICY

The Group will implement and maintain a structured and documented process for risk management encompassing operational and financial risks, financial reporting and compliance, that is integrated within the day to day business activities including operational and strategic planning processes. The process should ensure the Group’s view of its risk profile anticipates and reflects changes in each area of the business. This Risk Management process will include:

- procedures for identifying, analysing, evaluating and mitigating the key/material risks facing the Group;
- systems to monitor and manage those risks and to ensure that business decisions throughout the company appropriately balance the risk and reward trade-off;
- an independent overview of risk profiles;
- defined roles and accountabilities of the Board, Board Committees and management;
- defined responsibilities for management of risk;
- risk reporting standards; and
- regular assessment of and reporting on the effectiveness of the risk framework.

This process will comply in all material respects to the Australian/New Zealand Standard AS/NZS 4360: 2004 *Risk management* and satisfy the risk management requirements of the *Principles of Good Corporate Governance and Best Practice Recommendations* issued by the ASX Corporate Governance Council.

The Group will review its operations and update the risk profile as business circumstances change.

DEFINITIONS

Risk: Exposure to unexpected financial or other damage arising from how the Group pursues its business objectives. These risks encompass market, liquidity, credit and operational risks, including legal compliance and reputation risks.

Risk Tolerance Level: The level of risk exposure in respect of each identified risk as approved by the Board.