RISK APPETITE STATEMENT

Introduction

AVJennings ("The Company") recognises that risk is an inherent part of its business and identification and management of risk is central to delivering the Company's strategic and operational objectives. Risk may manifest in many forms and have potential to impact the Company in areas such as health and safety, environment, community, reputation, regulatory, operational, and Information Technology as well as market and financial performance. The Company recognises that understanding and managing risks within sensible tolerances is fundamental to creating long-term value for its shareholders, financiers, customers, business partners, consultants, and the communities in which it does business.

Whilst it is not possible (or necessarily desirable) to eliminate every risk within the Company's business, acceptance of some risk is often necessary to foster innovation, pursue new opportunities and achieve growth. Some risks arise from external factors beyond the Company's control, such as economic conditions and the regulatory environment.

Risk Oversight

The Board of AVJennings bears overall responsibility for the Company's risk management framework and is responsible for setting the overall risk culture and determining the appropriate level of risk the Company is willing to accept.

This requires the Board to oversee the establishment and implementation of a sound risk management system and to periodically review its effectiveness. To assist the Board in discharging its risk management responsibilities, it has delegated certain activities to the Audit Committee and the Risk Management Committee. The responsibilities of the Audit Committee and Risk Management Committee are contained in their respective charters, which are available on the Company's website.

Risk Monitoring and Measurement

The Risk Management Plan is the primary mechanism to bring corporate, business and operational/functional strategies together to ensure appropriate risk mitigation initiatives are implemented. The Risk Management Committee and Audit Committee review the Risk Management Plan annually to ensure that it continues to be sound and to determine whether there have been any changes in material business risks the Company faces. Subject to review and recommendation from the Risk Management Committee, the Board approves the Annual Risk Management Plan.

The role of management is to ensure that the Company operates within the risk appetite and the risk management framework set by the Board and to ensure a culture of compliance throughout all levels of the Company. Management is required to continually identify, assess, mitigate, review and report risks within the Company so that they are managed at acceptable levels. Management is also required to identify areas for continued improvement and make recommendations regarding changes.

Independent Assurance and Checking

The internal auditor will regularly and independently assess the effectiveness and efficiency of the risk management framework and controls and provide periodic reports to the Audit Committee and Risk Management Committee.

The External Auditor provides regular and independent assessment of the effectiveness of financial controls and processes in connection with the preparation of the Company's financial statements and provides an opinion on the accuracy, validity and reliability of disclosed data and information.

Risk Tolerance

The Board has determined that the Company will take commercial risks commensurate with its business activities, where it has the capacity and capability to manage those risks.

The Company's current risk appetite in its key areas is described below. Over time the Company may form a different view on some of these risks, in response to changing economic conditions and the cyclical nature of the property market.

1. Strategic Risks

The Company has a proactive approach to strategic planning. The Board is responsible for approval of the strategic plan and initiatives to ensure the continued growth and success of the Company. The Company has a low appetite for threats to effective delivery of the strategic priorities identified in the plan, as it recognises that any actual or perceived inability to deliver strategic priorities could have an impact on its reputation and ability to deliver value to its various stakeholders.

2. Financial Risks

Risks the Company faces in this area include variations in interest rates and inflation impacting the Company's earnings, the inability to obtain funding to finance current and future development activities, potential uninsured losses or under-insurance and changes in commodity prices resulting in increased cost of works. Additional risks faced include fluctuations in exchange rate and foreign currency risk which could result in a loss, counterparty risks such as purchaser or other third party defaults, insolvencies or financial distress. All these sorts of riskscould lead to reduced financial liquidity or loss.. The Company strives to maintain a strong balance sheet with appropriate gearing levels and diversified sources of funding to support its planned business activities. The Company has a low appetite for financial losses and issues, including liquidity problems and for poor financial and capital management.

3. Regulatory Risk

These include changes and developments in legislation, regulation and policy, land resumptions, major infrastructure projects, licences and approval processes impacting the Company's operations in Australia and New Zealand. The Company has a moderate appetite for these risks and carefully manages significant risks in the area.

4. People and Culture Risks

a) Quality and retention of key staff: The Company relies on motivated and high-quality staff to ensure operations are satisfactorily completed. The appetite for loss of key staff, which could impact on the Company's collective competencies, knowledge and skills is moderate, and the Company carefully manages significant risks appropriately.

b) Health, Safety & Environment (HSE): The Company is committed to maintaining a safe working environment for all its staff, contractors, suppliers, and customers where people are protected from physical and psychological harm. It has no appetite for any practices or behaviours that may lead to persons being harmed at work.

c) Culture: The Company has an engaged and committed team. It has no appetite for any actions or activities that may damage this team culture.

d) The Company has no appetite for any fraud or corruption perpetrated by its staff.

5. Operational Risks

The Company's most significant operational risks include:

a) Property Development risks including acquisition of properties, securing development approvals and financial returns of projects. The Company recognises the risk inherent in the property development business and has a moderate appetite for these risks, noting that any significant risks in this area are carefully managed.

b) Downturns in both property markets and the broader economic markets: The Company accepts the inevitability of property and economic cycles and has a moderate appetite to any impacts on the Company from these cycles, noting that the Company has a strategic priority to manage property and economic cycles effectively.

c) Achieving sales at projected levels and times. The Company has a moderate appetite for risk to achieving targeted sales levels, noting that the Company has a strategic priority to maintain a customer and sales focused business.

d) Construction costs and quality: The Company has a significant construction division and has a low appetite for unplanned cost increases, poor quality and other construction issues.

e) Information Technology (IT), including cyber risk issues that could impact business continuity: The Company is committed to ensuring that its information (including those of its customers) is properly managed in accordance with privacy laws and business requirements. The Company has a low appetite for breaches of policy and processes governing the use, management and publication of data. It has no appetite for unlawful access to or deliberate misuse of its data.

f) Environmental Risks include changes in climatic conditions affecting the Company's business activities (including adverse weather conditions), soil and water contamination, run-off from project land and the presence of previously unidentified threatened flora and fauna species on project land (which may influence the amount of land available for development). It will also include cultural heritage issues in particular cultural heritage items, relics and sites of First Nations peoples on land which may be owned by or of interest to, the Company. The Company has a low appetite for environmental risk and any adverse effect on the environment and cultural heritage sites is carefully managed and monitored through regular reporting by management, environmental management plans, cultural heritage management plans and other measures, including use of efficient design, planning and procurement practices as well as independent advisors.

g) Supply Chain Risk include risks associated with supply of sub-standard product and unreliable service providers. The Company has a low to moderate appetite for such supply chain risks noting there is some ability to mitigate such risk through selective engagement, pre-qualification of suppliers, appropriate protection mechanisms including warranties, insurance requirements, retentions, and other security arrangements as well as rigorous selection criteria.

Risk Management Related Policies

The Company maintains a comprehensive set of policies and procedures which form an integral part of its risk management framework. They include:

- A Code of Conduct which applies to all levels of management and staff;
- Compliance Reporting, with multiple levels of review in respect of the preparation of formal documents, financial statements (including half and full-year audits) and/or specific transactions documents;
- Conflicts of Interest reporting;
- Risk referral and incident reporting;
- Workplace Health and Safety compliance frameworks;
- Financial & Personnel delegations:
- Delegated approval authorities (Powers of Attorney and related policies);
- Whistleblower Policy;
- Fraud and Corruption Prevention Policy;
- Securities Trading Policy;
- Shareholder Communication and Continuous disclosure Policy; and
- Disaster Recovery (including IT disaster recovery).