



ATLAS ESTATES LIMITED

TERMS OF REFERENCE – AUDIT COMMITTEE

1. Membership and Attendance

- 1.1. The Committee shall be appointed by the Board and as a minimum shall comprise of a Committee Chairman and at least 2 other members.
- 1.2. At least one member of the Committee should have recent, relevant financial knowledge.
- 1.3. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 1.4. The Committee may ask the Company Chairman, Property Manager CEO, Property Manager CFO, Administrator and any relevant advisor to attend meetings either regularly or by invitation, but the invitees have no right of attendance.
- 1.5. The Committee shall ask a representative of the external auditors to attend all meetings. The Committee should have at least one meeting, or part thereof, with the external auditor without management being present.

2. Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1. The Committee shall meet in each of March, September and December and at such other times as the Chairman of the Committee shall require.
- 4.2. Meetings will be arranged to tie in with the publication of the company's financial statements, always prior to a Board Meeting where accounts or financial statements are to be approved.
- 4.3. Meetings can be requested by the external auditor if they consider one is necessary.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.
- 5.2. Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no fewer than 14 working days prior to the date of the meeting.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3. Minutes of the Committee meetings shall be circulated promptly to all members of the Committee and to the chairman and all members of the Board.

7. Annual General Meeting

- 7.1. The Chairman of the committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

8.1. Internal Control and Risk Assessment

- 8.1.1. The Committee shall keep under review the effectiveness of the company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks as delegated to the Property Manager and Administrator.

8.2. Internal Audit

- 8.2.1. The Committee shall consider from time to time, and in any event at least annually, the need for an internal audit function, that may be delegated to the Property Manager. The Committee will report the result of this review within its annual report to shareholders.

8.3. External Audit

- 8.3.1. The Committee shall consider and make recommendations to the Board as regards the appointment and re-appointment of the company's external auditors, and shall ensure that key partners within the appointed firm are rotated from time to time.
- 8.3.2. The Committee shall meet with the external auditors at least twice each year, once at the planning stage, where the scope of the audit will be considered, and once post audit at the reporting stage, and shall ensure that any auditor's management letters and management's responses are reviewed.
- 8.3.3. The Committee shall keep under review the relationship with external auditors including (but not limited to):
 - 8.3.3.1. the independence and objectivity of the external auditors;
 - 8.3.3.2. the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities; and
 - 8.3.3.3. discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-a-vis the company's internal auditing standards.

8.4. Financial Statements

- 8.4.1. The Committee shall keep under review the consistency of accounting policies both on a year to year basis and across the company and group.
- 8.4.2. The Committee shall review and challenge where necessary the company's financial statements taking into account:
 - 8.4.2.1. decisions requiring a major element of judgement;
 - 8.4.2.2. the extent to which the financial statements are affected by any unusual transactions;
 - 8.4.2.3. the clarity of disclosures;
 - 8.4.2.4. significant adjustments resulting from the audit;
 - 8.4.2.5. the going concern assumption;
 - 8.4.2.6. compliance with applicable accounting standards;
 - 8.4.2.7. compliance with stock exchange and other legal requirements; and
 - 8.4.2.8. reviewing the company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the company.

8.5. Reporting Responsibilities

- 8.5.1. The Committee or its Chairman shall meet formally with the board of Directors/Property

Manager/Administrator at least once a year to discuss such matters as the Annual Report and the relationship with the external auditors.

8.5.2. In the light of its other duties, the Committee shall make whatever recommendations to the Board it deems appropriate and shall compile a report to shareholders to be included in the company's Annual Report and Accounts.

8.6. Other Matters

8.6.1. The Committee shall give due consideration to the requirements of the UK Listing Authority's Listing Rules and those of the AIM market.

8.6.2. The Committee shall be responsible for co-ordination of the external auditors.

8.6.3. The Committee will review the company's procedures for handling allegations from whistleblowers.

8.6.4. The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of the last resort.

8.6.5. The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

9. Authority

The Committee is authorised;

9.1. to seek any information it requires from any advisor to the company in order to perform its duties;

9.2. to obtain, at the company's expense subject to a maximum cost of €30,000, outside legal or other professional advice on any matters within its terms of reference; and

9.3. to call any employee of the Property Manager of Administrator to be questioned at a meeting of the Committee as and when required.