

QUINTAIN ESTATES AND DEVELOPMENT PLC

TERMS OF REFERENCE

of

THE AUDIT COMMITTEE

(adopted on 25 May 2004)

1. DEFINITIONS

“the Committee”	The Audit Committee
“the Chairman”	The Chairman of the Committee
“the Group”	Quintain Estates and Development PLC and its subsidiaries
“the Board”	The board of Quintain Estates and Development PLC
“the Secretary”	The Secretary of the Committee
“the Company Secretary”	The Company Secretary of Quintain Estates and Development PLC
“the Chief Executive Officer”	The Chief Executive of Quintain Estates and Development PLC
“the Finance Director”	The Finance Director of Quintain Estates and Development PLC

2. MEMBERSHIP

- A. The Committee shall comprise the Chairman and at least two other members, all of whom shall be appointed by the Board and be independent of the management of the Company.
- B. The Board shall appoint the Committee Chairman, who shall be an independent non-executive director, shall be subject to re-election annually at the AGM of the Company and whose financial experience shall be in accordance with the criteria set out in the Smith Report.
- C. The Chairman of the Group may not be a member of the Committee.
- D. The Secretary shall be either the Company Secretary or any other person nominated by the Board to serve as Secretary.

3. MEETINGS

- A. The Committee shall meet formally at least three times a year, such meetings to be held in accordance with the Company’s key financial reporting dates.
- B. Meetings prior to the half-year and full year announcements will be held at least three working days before the Board Meeting at which the final figures are approved.

- C. Meetings may be called by any member of the Committee or by the Secretary.
- D. Notice of meeting, which shall include the venue, date and time of the meeting and a brief agenda shall be circulated by the Secretary to all members of the Committee at least five days prior to the date of the meeting.
- E. The quorum of the meeting shall be two.
- F. The Committee shall meet with both internal and external auditors (either together or separately) at least twice a year and on at least one occasion without management being present.
- G. The Committee will meet annually with valuers appointed by the Group prior to the end of its financial year to agree valuations in relation to material properties in its portfolio.
- H. Representatives of both internal and external auditors, the chairman of the Board, the Chief Executive Officer and the Finance Director may attend any or all meetings at the invitation of the Committee.
- I. The Committee or its Chairman shall meet with the Board at least once a year to discuss matters such as the Annual Report, together with matters relating to the internal and external auditors and any other matters which the Board thinks fit.
- J. Minutes relating to each meeting shall be signed by the Chairman and kept by the Secretary, together with any papers submitted to the meeting.
- K. Copies of all minutes of meetings shall be circulated to all members of the Committee, to the chairman of the Board and to all other members of the Board.

4. DUTIES OF THE COMMITTEE

The Committee shall:

- A. Consider the appointment of external auditors, oversee the selection process and making recommendations to shareholders at the Company's AGM;
- B. Assess the independence of the external auditors;
- C. Discuss the nature and scope of the external audit and review the auditors' quality control procedures before the audit commences;
- D. Deal with other matters relating to external auditors, including consideration and pre-approval of audit fees, compliance and accounting standards and consider any reports or proposals made by them;
- E. Consider and approve the appointment and dismissal of internal auditors;
- F. Review the internal audit programme and resources;
- G. Consider reports by the internal auditor(s) in the light of current corporate governance practice;
- H. Review the effectiveness of financial reporting and internal control procedures;
- I. Where necessary, oversee the co-ordination the activities of the external and internal auditors;
- J. Review management's response to major recommendations;
- K. Review the consistency of accounting policies, both from year to year and across the Group;
- L. Review the annual and interim accounts of the Group, together with asset valuations;
- M. Review the annual financial statements of the Group's pension funds (if any);

- N. Review and evaluate the Company's risk assessment procedures; and
- O. Review and challenge management's actions and judgment in relation to financial statements prior to submission to the Board for final approval and publication, paying particular attention to the following:
 - a) critical accounting policies and practices, and any changes in them
 - b) decisions requiring a major element of judgment
 - c) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - d) the clarity of disclosures
 - e) significant adjustments resulting from the audit
 - f) the going concern assumption
 - g) compliance with accounting standards
 - h) compliance with stock exchange and other legal requirements and
 - i) the Company's internal control systems and the policies and processes for assessing business risks and the management of those risks by the Group;
- P. Agree the areas to be covered by internal auditors in advance, including the scope of the internal audit programme;
- Q. Review procedures for handling allegations from whistleblowers;
- R. Together with the Board have responsibility for the prior approval of any fees for consultancy or non-audit work to be placed with the Company's auditors or any associated or tied firm over £20,000;
- S. Appraise itself and review these Terms of Reference on an annual basis;

and report and/or make recommendations to the Board as appropriate.

The Committee shall also

- (a) ensure that the Chairman attends the Quintain Estates and Development PLC AGM in order to respond to questions from the Shareholders on the Committee's activities; and
- (b) provide that a report of its activities be included in the Company's Annual Report and financial statements.

5. AUTHORITY

The Committee shall have authority to:

- A. Oversee any investigation of activities within its terms of reference and act as a court of last resort;
- B. Seek any necessary information in pursuance of the above;
- C. Obtain any outside professional advice and assistance, at the Company's expense, which would be necessary for it to fulfil its duties;
- D. Call upon any Group member of staff to provide information it requires.

