



Primary Health Properties PLC

TERMS OF REFERENCE OF

THE ADVISERS ENGAGEMENT COMMITTEE (the “Committee”, “AEC”, or the “Independent Directors”)

Established by Resolution of the Board, amended 10 April 2014 and adopted with effect from 30 April 2014 and as further amended and adopted by the Board 17 February 2015, 18 August 2015 and 7 June 2016.

Reference to the “Board” shall mean The Board of Directors of the company.

Background

Primary Health Properties PLC is advised and administered by Nexus TradeCo Limited (“Nexus”) under the terms of an Advisory Agreement dated 27 January 2014, effective from 30 April 2014 (the “Advisory Agreement”). For the purposes of the Listing Rules, Nexus is deemed to be a Related Party of PHP and its subsidiaries.

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman. The Committee shall be made up of at least three members.
- 1.2. A majority of the members of the Committee shall be Independent Non-Executive Directors and all members of the Committee shall be independent of Nexus.
- 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 the appointed Deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board or other Non-Executive Directors independent of Nexus may be invited to attend all or part of any meeting as and when appropriate.
- 1.5. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, or longer at the discretion of the Nomination Committee provided in all cases that the director remains independent.
- 1.6 The Membership of the Committee is currently M P Creedy, A R Jones, S J Owen, Nick Wiles, Geraldine Kennell and Dr I P Rutter all of whom are independent of Nexus. The Chairman is M P Creedy.

2. Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.
- 2.2 If the members of the Committee meet in private or if there is a potential conflict of interest for the secretary of the Committee, then the members may appoint one of their number to minute the proceedings of the meeting.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members. 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

The Committee shall meet at least once per year or otherwise as required.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the secretary of the committee at the request of the Committee Chairman.
- 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 and any other person invited to attend not fewer than 5 working days prior to the date of the meeting.
- 5.3. The Secretary shall keep appropriate records of all meetings of the Committee with appropriate minutes of the proceedings and resolutions.
- 5.4. Copies of the minutes of the meetings recording decisions shall be circulated to all members of the Committee eligible to receive them and to the Chairman of the Board; any director may upon request to the Secretary of the Committee, as long as there is no conflict of interests, obtain copies of the Committee's agenda and minutes.
- 5.5. The Chairman of the Committee shall attend the Annual General Meeting.

6. Voting Arrangements

- 6.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 6.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

7. Duties

- 7.1 To review annually the terms of the Advisory Agreement and to discuss any amendments deemed necessary or desirable from time to time for recommendation to the Board;
- 7.2 To consider and discuss any amendments to be made thereto including any requirements for a circular for the approval of shareholders or the recommendation of Independent Directors;
- 7.3 To review and evaluate the performance of Nexus annually, including a review of the performance of the senior management team in Nexus and the risk and impact of loss of each member;
- 7.4 To review and approve the remuneration paid to Nexus annually;
- 7.5 To review such other matters relating to the Advisory Agreement and Nexus as may be required by the Board for recommendation to the Board.

8. Authority

The Committee is authorised:

- 8.1. to seek any information it requires from any representative of Nexus;
- 8.2 to seek any necessary information to fulfil the above;
- 8.3. to obtain outside legal help and any other professional advice, at the Company's expense, which might be necessary for the fulfilment of its duties;
- 8.4. to call any member of staff of the third party service providers to be questioned at a meeting of the Committee as and when required.

9. Other matters

The Committee shall:

- 9.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 9.2 give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing, Disclosure and Transparency and Prospectus Rules as appropriate;
- 9.3 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 9.4 report on its activities each year to shareholders in the Annual Report.