



Primary Health Properties PLC

TERMS OF REFERENCE OF

THE REMUNERATION COMMITTEE (the “Committee”)

Established by resolution of the Board on 15 November 2007. These Terms of Reference were reviewed and re-adopted by resolution of the Board on 2 December 2014 and amended by the Board on 17 February 2015, 18 August 2015 and 5 April 2016.

[Prior to November 2007 the Board fulfilled the functions of the Remuneration Committee]

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

1. Membership

- 1.1. The Committee shall comprise the non-executive Independent directors. The Chairman of the Board may also serve on the Committee as an additional member but not chair the Committee. Members of the Committee shall be appointed by the Board in consultation with the chairman of the Committee (the “Committee Chairman”).
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3. Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, or longer at the discretion of the Board, provided in any case that the director still meets the criteria for membership of the Committee.
- 1.4. 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 themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

2. Secretary

The Company Secretary or its nominee shall act as the secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be two. 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. Meetings

The Committee shall meet at least once a year and otherwise as required.

5. Notice of meetings

- 5.1. Meetings of the Committee shall be called 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, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Minutes of meetings

- 6.1. The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

7. Duties

The Committee shall

- 7.1. determine and agree the framework or broad policy for Directors' remuneration, in determining such policy, to take into account all factors which it deems necessary including relevant legal and regulatory requirements. No director shall be involved in any decisions as to their own remuneration
- 7.2. review the ongoing appropriateness and relevance of the remuneration policy
- 7.4. within the terms of the agreed policy and in consultation with the Chairman and/or Managing Director, as appropriate, determine the total individual remuneration package of the chairman;
- 7.5. obtain reliable, up-to-date information about reward policies and practices in the industry and other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 7.6. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- 7.7. agree the policy for authorising claims for expenses from the directors.

8. Reporting responsibilities

- 8.1. The Committee Chairman shall report to the Board after each meeting on its proceedings and on all matters within its duties and responsibilities.
- 8.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

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 secretary for assistance as required
- 9.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members
- 9.3. give due consideration to laws and regulations including the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing, Disclosure and Transparency and Prospectus Rules and any other applicable Rules, as appropriate
- 9.4. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 9.5. report on its activities each year to shareholders in the Annual Report.

10. Authority

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.