THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under FSMA, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional financial adviser in the relevant jurisdiction.

If you have sold or otherwise transferred your entire holding of Ordinary Shares in Primary Health Properties PLC ("**PHP**"), please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of the registration or any other local securities laws or regulations. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain this document (and the accompanying Form of Proxy) and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected, as to the action you should take.

This document, which comprises a circular, has been prepared in compliance with the Listing Rules for the purposes of the General Meeting convened pursuant to the Notice of General Meeting contained in this document. This document has not been approved by the FCA and is being sent to you solely for your information in connection with the Proposals. This document is not a prospectus and does not constitute or form part of any offer or invitation to any person to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for any Ordinary Shares in PHP or in any other company in the Group.

PHP Primary Health Properties

PRIMARY HEALTH PROPERTIES PLC

(incorporated in England & Wales under the Companies Act 1985 with registered number 03033634)

Proposed internalisation of the Group's management by way of the acquisition by the Company of the entire issued share capital of Nexus Tradeco Holdings Limited and certain subsidiaries, including the Company's external property adviser and Nexus Holdings's primary care development business

and

Proposed issue of 11,485,080 new Ordinary Shares in connection with the Acquisition and application for the admission of the new Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

and

Proposed new Directors' Remuneration Policy

and

Proposed new Articles of Association

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of Primary Health Properties PLC set out in Part 1 of this document which includes recommendations from the Board that you vote in favour of the Resolutions to be proposed at the General Meeting. You are recommended to read the whole of this document. In particular recipients of this document should review the Risk Factors set out on pages 4 and 5 of this document for a discussion of certain factors that should be considered when deciding on what action to take in relation to the General Meeting. This document should be read in conjunction with the accompanying Form of Proxy.

The Ordinary Shares are listed on the premium listing segment of the Official List of the FCA and admitted to trading on the London Stock Exchange's main market for listed securities. Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange, respectively. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. (London time) on or around 6 January 2021. No application is currently intended to be made for New Shares to be admitted to listing or dealing on any other exchange. No New Shares or any other securities in PHP have been marketed to, nor are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with the admission of the New Shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities.

Notice of a General Meeting of the Company to be held at 5th Floor, Greener House, 66-68 Haymarket, London SW1Y 4RF at 10.30 a.m. on 4 January 2021 is set out at the end of this document. In light of the guidance issued by the UK government restricting social gatherings in view of the ongoing COVID-19 pandemic, and the extension of the relevant provisions of the Corporate Insolvency and Governance Act 2020, the General Meeting will be held as a closed meeting. Shareholders will therefore not be permitted to attend the General Meeting but instead are encouraged to appoint the Chair of the General Meeting as their proxy and to give their instructions on how they wish the Chair of the General Meeting to vote on the Resolutions. The Company is taking these precautionary measures to safeguard its Shareholders' and employees' health and to make the General Meeting as safe and efficient as possible. The Board will review these arrangements for the General Meeting and any additional and/or alternative measures in advance of the General Meeting and will update Shareholders, as necessary, via a Regulatory Information Service and the Company's website at www.phpgroup.co.uk. Shareholders are advised to check the Company's website for updates.

Shareholders are invited to submit any questions that they have on the business of the General Meeting by email to cosec@phpgroup.co.uk with the subject line "General Meeting" before 10.30 a.m. on 30 December 2020. Subject to the volume of questions received from all Shareholders, all questions will be answered on the Company's website www.phpgroup.co.uk. shortly after the General Meeting.

The Form of Proxy for use at the General Meeting accompanies this document. As the General Meeting will be held as a closed meeting, the only way to ensure your vote is counted is to vote in the manner set out below. Shareholders are strongly encouraged to appoint the Chair of the General Meeting as their proxy and to give their instructions on how they wish the Chair of the General Meeting to vote on the Resolutions. It is important that Shareholders complete and return the Form of Proxy in accordance with the instructions set out therein as soon as possible but, in any event, so as to be received by the Registrars, Equiniti, not later than 10.30 a.m. on 30 December 2020. Forms of Proxy received after that time will be invalid. You may also submit your proxies electronically at www.sharevote.co.uk using the voting ID, task ID and shareholder reference number on the Form of Proxy so as to arrive no later than 10.30 a.m. on 30 December 2020. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to ID RA19 so that it is received by no later than 10.30 a.m. on 30 December 2020. A summary of the action to be taken by Shareholders in relation to the General Meeting is set out in paragraph 14 of Part 1 of this document and in the Notes to the Notice of General Meeting.

As at the date of this document, the Company's registered office and corporate headquarters are not generally open to members of the general public in accordance with the latest measures imposed by the UK Government relating to the COVID-19 pandemic. Copies of this document, the New Policy and the New Articles are available from the Company on request by email to cosec@phpgroup.co.uk and on the Company's website at www.phpgroup.co.uk from the date of this document up to and including the date of the General Meeting and will be available for inspection at the General Meeting for at least 15 minutes prior to and during the General Meeting.

The date of this document is 11 December 2020.

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RISK FACTORS

Shareholders should carefully consider all of the information set out in this document, including, in particular, the risks described below, prior to making any decision as to whether or not to vote in favour of the Acquisition Resolution. Additional risks and uncertainties not currently known to the Board, or which the Board currently considers to be immaterial, may also have an adverse effect on the Group and/or the Proposals.

RISKS RELATING TO THE ACQUISITION

1.1 ***The Acquisition is subject to the Condition which may not be satisfied***

Completion of the Acquisition is subject to approval of the Acquisition Resolution by Shareholders at the General Meeting by the Long Stop Date.

If the Condition is not satisfied in the necessary time frame, the Acquisition will not complete.

If the Acquisition Resolution is not passed, this could have an adverse effect on the business, results of operations and financial condition of the Group and could, in particular, result in the continuation of the Advisory Agreement at greater expense to PHP, compared to the cost of an internal management structure through the Internalisation, which would be in place after Completion.

1.2 ***The due diligence carried out by the Group in connection with the Acquisition may not identify all risks and liabilities in respect of the Target Group***

The Group has performed due diligence on the Target Group in connection with the Acquisition. However, there can be no assurance that due diligence examinations carried out by the Group or its advisers have revealed, or will reveal, all of the risks and/or liabilities associated with the Target Group or the full extent of any such risks and/or liabilities.

While PHP has the benefit of certain protections pursuant to the terms of the Share Purchase Agreement, including the warranties, indemnities, covenants and undertakings referred to in paragraph 1 of Part 2 of this document, the consequences of not identifying all, or underestimating, the risks and liabilities through the due diligence may have a material adverse effect on the business, results of operations and financial condition of the Group and the market price of the Ordinary Shares.

1.3 ***PHP may not be able to recover in respect of a breach of warranty, covenant, undertaking and/or indemnity under or in connection with the Share Purchase Agreement***

The Share Purchase Agreement contains certain warranties and indemnities given by the Vendor in favour of PHP in respect of certain matters. For further information on these provisions, see paragraph 1 of Part 2 of this document. As is usual in such a transaction, the warranties in the Share Purchase Agreement are subject to specific standard limitations, including an 18 month time period (a six year time period applies in respect of a breach of a tax warranty) during which claims can be brought and a minimum value threshold which must be met in order to allow a claim to proceed (the aggregate amount of the Vendor's liability for all claims notified (which each individually exceeds £10,000) must exceed £350,000).

Should a breach of warranty and/or any other contractual commitment occur, PHP may not be able to recover any loss suffered by it. Such a failure may result, for example, from the impact of the limitations set out in the above Share Purchase Agreement, from the inability of the Vendor to make any payments and/or from other currently unforeseen circumstances. Such a failure could have a material adverse effect on the business, results of operations and financial condition of the Group and the market price of the Ordinary Shares.

2. RISKS RELATING TO THE ENLARGED GROUP

2.1 ***Integration***

Whilst PHP has past experience of integrating acquisitions (such as the MedicX Transaction last year), and the integration of the Target Group business is expected to be relatively straightforward due to the existing close relationship between PHP and the Target Group under the Advisory Agreement, and the fact that Harry Hyman will continue as Chief Executive Officer from

Completion, the Enlarged Group's success may in part be dependent upon PHP's ability to integrate the Target Group without disruption to the existing business.

Achieving the anticipated benefits of the Acquisition will depend in part upon whether the Target Group successfully integrates into the PHP business in an effective and efficient manner. Any failure to integrate the business successfully could have a material adverse effect on the business, results of operations and financial condition of the Enlarged Group and the market price of the Ordinary Shares.

2.2 ***Financial benefits and strategic benefits achieved from the Acquisition may differ from those anticipated***

PHP believes that the Acquisition is justified in part by the business growth opportunities, margin benefits, cost savings and other strategic benefits it expects to achieve by combining its operations with the Target Group. However, these expected business growth opportunities, margin benefits, cost savings and other strategic benefits may not develop as anticipated, or at all, and other assumptions upon which PHP determined to pursue the Acquisition may prove to be incorrect. The statements concerning strategic benefits contained in this document relate to future actions and circumstances which, by their nature, involve issues, uncertainties and contingencies. As a result, the strategic benefits may not be achieved, or those achieved could be materially different from those estimated.

Under these circumstances, the business growth opportunities, margin benefits, cost savings and other strategic benefits expected by PHP to result from the Acquisition may not be achieved as expected, or at all, or may be delayed. To the extent that PHP incurs higher integration costs or achieves lower margin benefits or fewer cost savings than expected, it could have a material adverse effect on both its and the Enlarged Group's results of operations, financial condition or prospects and the market price of the Ordinary Shares.

2.3 ***Retention of Personnel***

PHP currently depends on the external property advisory and management services of Nexus pursuant to the terms of the Advisory Agreement. Following Internalisation, these functions will be carried out by the Nexus management team directly employed and incentivised by PHP. While PHP believes that it will retain such personnel following the Internalisation, PHP cannot ultimately prevent any personnel from terminating their respective contracts. The loss of these individuals or any other key personnel could have material adverse effect on both its and the Enlarged Group's results of operations, financial condition or prospectus and the market price of the Ordinary Shares.

IMPORTANT INFORMATION

Notice to Shareholders

Shareholders should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by PHP, the Directors or any other person involved in the Proposals. No representation or warranty, express or implied, is made by PHP, the Directors, or any other person involved in the Proposals as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by PHP, the Directors or any other person involved in the Proposals as to the past, present or future. Except to the extent imposed by FSMA and/or the Listing Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Group or the Target Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

Definitions

Capitalised terms have the meanings ascribed to them in Part 6 of this document.

Shareholder Helpline

If you have any questions relating to this document or the Form of Proxy that accompanies this document please telephone Equiniti between 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0371 384 2030 from within the UK or +44 (0)121 415 7047 if calling from outside the UK. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Please note that, for legal reasons, the PHP Shareholder Helpline will only be able to provide information contained in this document and information relating to PHP's register of members and will be unable to give advice on the merits of the Proposals or to provide financial, legal tax or investment advice.

Forward-looking statements

This document includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "should" or "will", or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the Company's and/or Directors' intentions, beliefs or current expectations concerning, amongst other things, the Group's, the Target Group's or the Enlarged Group's results of operations, financial position, prospects, growth, strategies and expectations for the primary healthcare market.

Any forward-looking statements in this document reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's or the Enlarged Group's operations, results of operations and growth strategy. In addition, even if the Group's results of operations, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Subject to the requirements of the rules of the FCA, the London Stock Exchange or by law, none of the Company, the Directors, the Target Group or any other person involved in the Proposals undertake any obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document.

A number of factors could cause results and developments of the Group, the Target Group or the Enlarged Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in the sections headed "Risk Factors" and Part 1 of this document. Past performance of the Company and the Target Group is not necessarily indicative of future performance.

No forecasts or estimates

No statement in this document (including any statement of estimated cost savings or strategic benefits) is intended as a profit forecast or estimate for any period.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Proposals	10 December 2020
Publication of this document	11 December 2020
Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 30 December 2020
General Meeting	**10.30 a.m. on 4 January 2021**
Expected completion date of the Acquisition	**5 January 2021[(3)]**
Expected date of Admission and commencement of dealings in the New Shares on the London Stock Exchange	8.00 a.m. on or around 6 January 2021[(3)]

Notes:

(1) The times set out in the expected timetable of principal events above and mentioned throughout this document are times in London unless otherwise stated, and may be subject to change, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders.

(2) In light of mandatory measures imposed by the UK Government relating to the COVID-19 pandemic and that the General Meeting will be held as a closed meeting, Shareholders will not be permitted to attend the General Meeting in person. For further information regarding the action to take in respect of the General Meeting, see paragraph 14 in Part 1 of this document.

(3) These times and dates are indicative only and will depend on, amongst other things, the date upon which the Condition is satisfied.

Part 1
LETTER FROM THE CHAIRMAN OF PRIMARY HEALTH PROPERTIES PLC

(registered in England & Wales with registered number 03033634)

Directors

Steven Owen, *Independent Non-Executive Chairman*
Harry Hyman, *Managing Director*
Richard Howell, *Finance Director*
Ian Krieger, *Senior Independent Non-Executive Director*
Peter Cole, *Independent Non-Executive Director*
Laure Duhot, *Independent Non-Executive Director*

Registered Office:

5th Floor,
Greener House,
66-68 Haymarket,
London SW1Y 4RF

11 December 2020

Dear Shareholder,

Proposed internalisation of the Group's management by way of the acquisition by the Company of the entire issued share capital of Nexus Tradeco Holdings Limited and certain subsidiaries, including the Company's external property adviser and Nexus Holdings's primary care development business

and

Proposed issue of 11,485,080 new Ordinary Shares in connection with the Acquisition and application for the admission of the new Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

and

Proposed new Directors' Remuneration Policy

and

Proposed new Articles of Association

and

Notice of General Meeting

1. INTRODUCTION

The Board announced on 10 December 2020 the following Proposals:

- the conditional Acquisition of Nexus Holdings thereby internalising the management function of the Group and acquiring Nexus Holdings's primary care development subsidiary;
- the proposed adoption of the New Policy; and
- the proposed adoption of the New Articles.

The proposed Internalisation is intended to occur by way of the acquisition of Nexus Holdings, which is the parent company of the Subsidiaries that are involved in the provision of all the services currently provided to PHP by Nexus under the Advisory Agreement, including Nexus Developments, the Nexus Holdings's subsidiary whose principal activity is the development of primary care facilities in the United Kingdom.

The Board believes that there are a number of compelling strategic and financial benefits of the Acquisition, which are set out in paragraph 3 below of this Part 1. The Board in particular, believes that the Internalisation will:

- secure a structure that is more appropriate to a UK-REIT of the scale of PHP which will broaden interest in the investment community, reduce costs and thereby improve Shareholder returns;
- help to secure the continuity of the well-regarded and experienced Target Group management team; including the services of Harry Hyman as Chief Executive Officer from Completion, consistent with the commitments made by Harry Hyman at the time of the MedicX Transaction; and
- enhance management succession for the Group for the longer-term.

The Board considers that now is also the appropriate time to acquire the development expertise and pipeline of Nexus Developments which will allow PHP to bring forward future primary care developments utilising its own balance sheet. The Board believes that momentum is growing in the NHS for the approval of new medical centre developments and, if PHP has its own capabilities in development, it will be a more attractive partner for such new development opportunities.

The Board believes that the Internalisation, will further benefit the long-term future of the business and help underpin the next stage of the Company's growth.

As Harry Hyman owns the entire issued share capital of Nexus Holdings (other than the Preference Shares which are to be repurchased by Nexus Holdings at Completion) and is a Director of the Company, Harry Hyman and Nexus Holdings are considered to be related parties of PHP for the purposes of Chapter 11 of the Listing Rules. Due to its size under the Listing Rules, the Acquisition constitutes a 'smaller related party transaction' falling within Listing Rule 11.1.10R and, as such, does not require the approval of Shareholders. The Acquisition however constitutes a 'substantial property transaction' under section 190 of the Companies Act which requires that the Acquisition is conditional upon the approval of Shareholders being obtained. This will be achieved by the passing of the Acquisition Resolution in the Notice of General Meeting set out at the end of this document and summarised below.

Harry Hyman has voluntarily agreed not to vote on the Acquisition Resolution and has undertaken to take all reasonable steps to ensure that his associates who hold Ordinary Shares do not vote on the Acquisition Resolution.

In order to provide a legal framework for the remuneration arrangements of the executive directors following Completion, the Board is proposing the adoption of the New Policy, details of which are set out in Part 5 of this document.

The Board is also proposing the adoption by the Company of the New Articles with changes primarily relating to the holding of virtual shareholder meetings and updating for changes to market practice and law. A summary of the changes in the new Articles are set out in Part 4 of this document.

The purpose of this document is to:

- explain the background to and reasons for the Proposals;
- provide further details regarding the Proposals;
- explain the Resolutions to be put to the Shareholders at the General Meeting and why the Board considers the Resolutions to be in the best interests of PHP and its Shareholders as a whole;
- recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting to be held on 4 January 2021; and
- convene the General Meeting to obtain, amongst other things, Shareholder approval for the Proposals.

2. THE ACQUISITION

PHP has agreed to acquire the entire issued ordinary share capital of Nexus Holdings for a total consideration (subject to a completion net asset adjustment) of £33.1 million, made up of £16.55 million payable in cash and £16.55 million satisfied by the issue of the New Shares at 144.1 pence per New Share (being the average closing mid-market share price as derived from the Daily Official List of the London Stock Exchange for the 20 Business Days prior to the date of the Announcement).

Nexus Holdings, through its subsidiary Nexus, has acted as property adviser to the Company since its listing on AIM in 1996. The result of the Acquisition will be to internalise the Company's management function. The Company will no longer require all the services that are currently charged to PHP under the Advisory Agreement, such charges consisting of property management fees, finance and company secretarial fees, fees for additional services, service charges and directors' fees. The Advisory Agreement will be terminated at an appropriate time following Completion once all necessary third party consents have been received and the fees under the Advisory Agreement will cease to be payable by the Company following the Internalisation. The total fees paid to Nexus under these arrangements in respect of the financial year to 31 December 2019 were £8.7 million (excluding the PIF paid of £1.8 million) and are estimated to be £9.8 million for the financial year to 31 December 2020 (again excluding any PIF).

The Internalisation is expected to result in immediate and longer-term Adjusted EPRA EPS enhancement, with some minor one-off EPRA NAV dilution.

As part of the Acquisition, Nexus Holdings's wholly-owned subsidiary Nexus Developments will also become a member of the Enlarged Group. Further details in this respect are set out below.

The Acquisition will be effected in accordance with the terms of the Share Purchase Agreement, details of which are summarised below and set out in paragraph 1 of Part 2 of this document. The terms of the Acquisition have been considered and agreed by the Independent Directors only. Harry Hyman by virtue of his ownership of Nexus Holdings, and Richard Howell by virtue of his employment by Nexus PMS are considered interested in the Acquisition and have therefore not been involved in the discussion of and consideration of its terms by the Board, as they are not considered independent for these purposes.

Under the Listing Rules, the Acquisition is considered a transaction with a related party by virtue of Harry Hyman's ownership of Nexus Holdings and his directorship of the Company. Due to its size under the Listing Rules, the Acquisition is a 'smaller related party transaction' that falls within Listing Rule 11.1.10(R).

Under section 190 of the Companies Act, the Acquisition is required to be conditional on Shareholder approval as a 'substantial property transaction' and Completion is therefore conditional on Shareholders approving the Acquisition Resolution at the General Meeting.

3. BENEFITS OF THE ACQUISITION

The Board believes that the Internalisation creates a number of compelling strategic and financial benefits for PHP as follows:

Strategic benefits:

- Acquisition by the Group of a fully operational management platform with the transfer of the systems, know-how and proprietary market knowledge that the Target Group has developed since 1996.
- Helps to secure the continuity of a well-regarded and experienced management team who have a deep understanding of both the sector and the portfolio assets.
- Secures control of the pipeline of opportunities that the Target Group has been evaluating, including those developments being pursued by Nexus Developments.
- Succession planning, operational security and long-term stability is expected to be enhanced as a result of the Internalisation.
- Confers operational benefits with a simpler decision-making process and a more clear and accountable management structure.
- As PHP is now of significant scale, an internalised management structure is more appropriate.
- Integration of the Target Group team expected to be straightforward given the existing arrangements with Nexus.
- Removes potential or perceived conflicts of interest between Nexus and PHP and reliance on Nexus as a third party asset manager.

- An internally managed structure is expected to appeal to more investors, broadening the universe of potential investors in the Company, in particular those investors unwilling or unable to invest in externally managed vehicles.

Financial benefits:

- The Company is anticipating achieving annual cost savings of approximately £4.0 million following Completion as a result of the Internalisation.
- Material Adjusted EPRA EPS enhancement expected from the Acquisition following Completion, giving further scope for increased dividends.
- The Company will assume the Target Group's existing management and overhead costs which are anticipated to result in a lower ongoing administrative costs to the Company and the EPRA cost ratio, which is already amongst the lowest in the sector, is therefore expected to fall further.
- The delinking of the Company's administrative costs from its gross asset value will provide further cost benefits as the gross asset value of the Company's portfolio is anticipated to grow in the future.
- Potential for the Company's equity valuation to be enhanced and its cost of capital to be reduced.

Another benefit of the Internalisation for PHP is that this will enable it to further develop and directly implement the Group's Environmental, Social and Governance policy including the implementation of targets, and, through its recently formed ESG Committee, to promote new initiatives to support sustainability initiatives around property development and asset management.

The Board also considers that now is the appropriate time to acquire the development expertise and pipeline of Nexus Developments which will allow PHP to bring forward its own pipeline of future primary care developments utilising its own balance sheet. The Board believes that as part of the Enlarged Group, Nexus Developments will create further strategic and financial benefits for PHP as follows:

- It will secure control of a pipeline of primary care forward funding development opportunities as well as over £80 million of direct development opportunities, at varying stages of progression from which PHP will benefit.
- The Target Group team has a strong track record of managing the delivery of primary care assets and will expand the Company's future development capability.
- Undertaking non-speculative developments on its balance sheet should provide a greater yield on cost and potential valuation uplift.

Furthermore, the issue of the New Shares to Harry Hyman, which are subject to the Lock-in Deed, as part consideration payable pursuant to the Share Purchase Agreement, will reinforce a pre-existing strong alignment of interest between Harry Hyman and other Shareholders. On Completion, Harry Hyman and his family will hold 24,382,254 shares in PHP (approximately 2 per cent. of the Enlarged Share Capital) resulting in him having a significant interest in the future performance of PHP.

4. PRINCIPAL TERMS OF THE ACQUISITION

The Acquisition will be undertaken by way of the purchase of the entire issued share capital of Nexus Holdings (other than the Preference Shares which will be repurchased by Nexus Holdings under the Buyback Contract). Nexus Holdings wholly-owns the Subsidiaries. Nexus provides property management and other services to the Group under the Advisory Agreement and the staff delivering these services are employed by either Nexus PMS or Nexus. With the Acquisition of Nexus Holdings, PHP will also acquire a third subsidiary, Nexus Developments. The Vendor of Nexus Holdings is Harry Hyman who owns 100 per cent. of the issued share capital of Nexus Holdings (other than the Preference Shares which are to be repurchased by Nexus Holdings at Completion).

Consideration

The total consideration for the Acquisition of £33.1 million (subject to a completion net asset adjustment) is made up of £16.55 million payable in cash and £16.55 million satisfied by the issue of 11,485,080 New Shares at 144.1 pence per New Share (being the average closing mid-market share price as derived from the Daily Official List of the London Stock Exchange for the 20 Business Days prior to the date of the Announcement). Pursuant to the terms of the Lock-in Deed to be entered into at Completion, Harry Hyman has agreed with the Company, subject to certain exceptions, not to dispose of any of his New Shares during the period of 12 months from Admission and for a further 12 months to effect sales only through the Company's brokers to maintain an orderly market.

As part of the amendments that were made to the Advisory Agreement at the time of the MedicX Transaction in March 2019, Nexus agreed to pay PHP a contribution towards the one-off contractual termination fee of approximately £10 million payable by MedicX to its investment adviser under the MedicX external management arrangements. This contribution was agreed to be 25 per cent. of such termination fee capped at £2.5 million, and which would be paid as a monthly rebate against the advisory fees due to Nexus over a five year period. At Completion it is expected that approximately £1.6 million of this rebate would be outstanding and will therefore be assumed by the Group pursuant to the Acquisition. This amount has been deducted in arriving at the consideration payable under the Share Purchase Agreement, as set out in paragraph 1 of Part 2 of this document.

Condition

Completion of the Share Purchase Agreement is conditional upon the approval of the Acquisition Resolution by Shareholders at the General Meeting (or any adjournment of that meeting).

Under the Share Purchase Agreement, Harry Hyman has given certain warranties and indemnities to the Company, including, but not limited to, in respect of his legal and beneficial title to the issued shares in Nexus Holdings, his capacity to enter into the Share Purchase Agreement and regarding various general business and corporate information relating to each of the companies being acquired and to the Restructuring.

Further details of the Share Purchase Agreement are set out in paragraph 1 of Part 2 of this document.

5. INFORMATION ON THE TARGET GROUP

On Completion, Nexus Holdings will be the holding company of three wholly-owned Subsidiaries: Nexus which provides the services to PHP under the Advisory Agreement (the "**Nexus Services**"), Nexus PMS and Nexus Developments.

Nexus Services

Nexus provides all property management services to PHP under the Advisory Agreement. The services provided to PHP currently include property management, finance and company secretarial services, other additional services, management of service charges payable by PHP's tenants and director services in connection with Harry Hyman's appointment to the Board.

Further details of the terms of the existing Advisory Agreement are set out in Part 3 of this document.

Nexus Developments

Nexus Developments currently has a potential pipeline of primary care forward funding opportunities as well as direct development opportunities represented by 11 schemes, with a gross development value of over £80 million (if completed). Nexus Developments is led by the development director Tony Coke who, with his team, has completed 25 primary care projects and who will bring his expertise to the Company on Completion.

The Board believes that the Company can use its balance sheet to leverage the development expertise within the Target Group in order to bring forward the existing pipeline of direct developments and generate future pipeline opportunities.

As a result of the Acquisition, all 57 employees in the Nexus Group who currently focus the vast majority of their time managing the PHP portfolio will become employees of the Enlarged Group.

6. BACKGROUND TO AND REASONS FOR THE ACQUISITION

PHP is the parent company of a group of companies which specialise in the ownership of the freehold of or long leasehold interests in modern purpose-built primary healthcare facilities located in the UK and the Republic of Ireland. The properties are leased principally to GPs, NHS and HSE organisations and other associated healthcare users on long leases with the objective of generating a stable and growing rental income and capital appreciation.

The business of PHP was founded by Harry Hyman in 1994 and listed on AIM in 1996 and was admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities on 5 November 1998 as a premium equity commercial company under Chapter 6 of the Listing Rules. The Company and its subsidiaries converted to become, for taxation purposes, a UK-REIT Group on 1 January 2007. PHP has a property portfolio valued as at 30 June 2020 of approximately £2.5 billion, with an average WAULT of 12.5 years at that date.

The current structure of external advisory arrangements provided by Nexus has been in place since PHP's listing on AIM in 1996 and the Independent Directors consider that historically it has worked effectively for the Company with a clear cost structure and a reduced administrative burden on the Company with no employees, infrastructure or head office requirements.

Under the current structure, the Group is managed by the Board which takes all strategic and investment decisions. PHP does not currently have any employees. Nexus is the adviser to the Board with regard to property advisory, asset management, administrative and finance and company secretarial services. The relationship between the Company and Nexus is governed by the Advisory Agreement. Nexus identifies suitable properties for the Group to acquire, negotiates on behalf of the Board the terms of purchase of those properties and provides asset management services on behalf of the Group. All acquisitions and disposals are undertaken following the approval of the Board following a review of proposals presented by Nexus. Such matters, as changes relating to the capital structure of the Company, major capital projects, approval of operating budgets, risk management and treasury policies are reserved for the Board. Further details of the Advisory Agreement governing the relationship between the Company and Nexus and fees payable are set out in Part 3 of this document. The Advisory Agreement will be terminated at an appropriate time following Completion once all necessary third party consents have been received.

At various stages since its listing on AIM in 1996, the Company has renegotiated the terms of the Advisory Agreement to take account of the increased scale of the business as it has developed, most recently pursuant to the MedicX Transaction. The Company has grown substantially since its establishment and the Board has consistently reviewed the most appropriate time to consider an internalisation of these advisory arrangements.

At the date of the completion of the MedicX Transaction on 14 March 2019, the Advisory Agreement was fixed for an initial period of three years from such date with two years' notice thereafter to terminate the property advisory services provided by Nexus, therefore, if notice is given on the third anniversary, the first possible termination date is 14 March 2024. The Board's rationale was to ensure that Harry Hyman and his team at the Target Group continued to provide property advisory services to PHP for the following five-year period during which the MedicX portfolio would need to be integrated into the PHP portfolio. Subsequent to the acquisition of MedicX, PHP has successfully completed two further equity fundraises, raising £100 million and £140 million respectively and continues to execute its strategy of funding the development of and acquisition of modern, purpose-built healthcare premises that provide secure long-term income streams with the potential for rental growth and capital enhancement. The Board has been pleased with Nexus's performance in providing property advisory services to the Company and believes that the Internalisation will help to secure the services of Harry Hyman and the Target Group team for the future. The Board considers the arrangements with Nexus to have been integral to the Company's performance since its listing on AIM in 1996 and highlights the following.

- PHP has a high quality property portfolio that, as at 30 June 2020 was valued at £2.5 billion with a rent roll that is c. 90 per cent. funded by government bodies.
- PHP's market capitalisation has grown to £1.87 billion as at the Latest Practicable Date.
- Under Nexus's property management, PHP has provided Shareholders with a stable stream of income, increasing the dividend paid per share every year since 1996.
- PHP has delivered total shareholder return since its listing on AIM in 1996 of 1841 per cent. compared to the FTSE All Share Index of 343 per cent. over the same period.

The Board now considers the MedicX portfolio successfully integrated and believes an internalised management structure, with the expansion of the Company's future development capability through the Acquisition of Nexus Holdings, will help drive the Company's next stage of growth, which is underpinned by an underlying demand for primary healthcare in both the United Kingdom and the Republic of Ireland that is driven by a growing and increasingly ageing population suffering from multiple co-morbidities.

7. FINANCIAL EFFECTS OF THE ACQUISITION

The Directors consider that the Internalisation will be immediately earnings accretive. It is anticipated that the Company will achieve annual cost savings of approximately £4.0 million following Completion.

In respect of the year ended 31 December 2021, the dilution to NAV per share from the issue of the New Shares is expected to be approximately 2 per cent., with the dilution being reduced because of the premium to NAV at which the Ordinary Shares currently trade. However, with the Acquisition expected to complete on 5 January 2021, the Board expects to write off acquired goodwill in the financial year ended December 2021.

8. CONSEQUENCE OF THE ACQUISITION NOT PROCEEDING

If the Acquisition Resolution is not passed by Shareholders, the Acquisition will not proceed and the Group's management functions will not be internalised. The New Shares that would have been issued to Harry Hyman pursuant to the Acquisition, will not be issued to Harry Hyman. Instead, the Group will continue to receive and pay for advisory services from Nexus under the terms of the Advisory Agreement, Harry Hyman and Richard Howell will continue as Managing Director and Finance Director, respectively and the New Policy will not take effect.

9. BOARD AND MANAGEMENT

Harry Hyman has agreed to remain on the Board following Completion as Chief Executive Officer. Harry Hyman will enter into the HH Service Agreement on Completion, a summary of which is set out in paragraph 2 of Part 2 of this document.

Following Completion, Richard Howell will remain as Finance Director of PHP under his existing service agreement with Nexus PMS and will enter into a new service agreement with PHP in due course as Chief Financial Officer.

There are no changes proposed to the Board as a result of the Acquisition. The following changes are expected to occur to the Board committees:

Adviser Engagement Committee

Following the Internalisation, the monitoring and evaluation of the performance of Nexus, which is the primary function of this committee will cease to be necessary with the executive management team responsible for the oversight of the portfolio and day to day running of the business reporting directly to the Board. Accordingly, the Adviser Engagement Committee will be dissolved from Completion.

Remuneration Committee

Peter Cole will continue to chair the remuneration committee and its membership will continue unaltered, but it will adopt at Completion new terms of reference to cover its extended remit for setting executive remuneration arrangements and ensuring that these are aligned to the Company's purpose and values and linked to delivery of the Company's long-term strategy.

ESG Committee

Laure Duhot has become chair of this committee which was formed in 2019 but became a full Board committee in 2020. This committee has now taken over the role of a joint committee formed with Nexus earlier in the year to drive forward PHP's environmental, social and governance agenda. The Board believes that having a committee responsible for these important topics will give greater impetus, in particular, to PHP's initiatives to reduce the environmental impact of the Group's portfolio, where it has control over emissions.

Company Secretary

Paul Wright will become Company Secretary as he has fulfilled this function as one of the services Nexus currently provides under the Advisory Agreement.

The wider senior management team joining the Company from the Nexus Group will comprise Chris Santer (Chief Investment Officer), David Bateman (Head of Investment), Liam Cleary (Director, Commercial Finance and Financial Reporting), James Young (Director, Property Management), David Austin (Property Director), Oliver Goodman (Director, Rent Reviews and Valuation) and Tony Coke (Director, Primary Care Development).

As a result of the Acquisition, all 57 employees in the Nexus Group who currently focus the vast majority of their time managing the PHP portfolio will become employees of the Enlarged Group.

10. THE NEW SHARES

The Company will satisfy part of the consideration payable under the Share Purchase Agreement by the issue of the New Shares to Harry Hyman. The Company will seek Shareholder authority to complete the issue and allotment of the New Shares at the General Meeting pursuant to the Acquisition Resolution.

The New Shares, in aggregate, represent approximately 1 per cent. of PHP's Existing Ordinary Shares. Immediately following Admission, Harry Hyman together with his connected persons will be interested in 24,382,254 Ordinary Shares representing, in aggregate, approximately 2 per cent. of the Enlarged Share Capital.

Harry Hyman will be bound by the lock-in provisions under the Lock-in Deed in respect of the New Shares which prohibits him from disposing of any of the New Shares during the period of 12 months from Admission and for a further 12 months to effect sales only through the Company's brokers to maintain an orderly market.

The New Shares will be credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares from Admission. The New Shares will be in registered form and will be delivered in uncertificated form.

No Ordinary Shares are held by or on behalf of the Company (including in treasury) or by its subsidiaries.

Prior to Completion and subject to the passing of the Acquisition Resolution, an application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that unconditional dealings in the New Shares will commence on the London Stock Exchange at 8.00 a.m. on or around the 6 January 2021. The New Shares will not be listed on any stock exchange other than the London Stock Exchange.

The issued and fully paid Ordinary Share capital of the Company immediately following the allotment, issue and Admission of the New Shares pursuant to the Acquisition (assuming no issues of Ordinary Shares between the date of this document and Admission of the New Shares) is expected to be 1,327,036,460 Ordinary Shares.

11. THE NEW POLICY

A revised Directors' remuneration policy in the form set out in Part 5 of this document is proposed for Shareholder approval at the General Meeting. The New Policy will be adopted on and subject to Completion in substitution for the existing directors' remuneration policy approved by Shareholders at the annual general meeting of the Company in 2020, which reflected that the Company was then externally managed pursuant to the Advisory Agreement. The New Policy includes the Company's policy on remuneration for its executive directors which reflects the Internalisation. If the New Policy is approved, it will take effect from Completion and all payments by the Company to Directors and any former directors (in their capacity as directors) will be made in accordance with the New Policy. Unless the New Policy is to be further revised, it will be valid for up to three years without new Shareholder approval being required.

12. THE NEW ARTICLES

The Company is also proposing to adopt the New Articles to update the Existing Articles, primarily to reflect developments in best market practice and changes in law as well as to provide additional clarification and flexibility relating to the holding of virtual shareholder meetings. Given the extent of the changes, the Company proposes to adopt entirely new articles of association (rather than make amendments to the Existing Articles). Set out in Part 4 of this document is a summary of the principal changes to the Existing Articles. Any changes which are either minor, technical or of a clarifying nature are not noted in Part 4 of this document.

13. GENERAL MEETING

This document constitutes a circular prepared in compliance with the Listing Rules for the purposes of the General Meeting convened pursuant to the Notice of General Meeting.

You will find set out at the end of this document a Notice of General Meeting convening the General Meeting to be held at 10.30 a.m. on 4 January 2021 at 5th Floor, Greener House, 66-68 Haymarket, London SW1Y 4RF. The full text of the Notice of General Meeting is set out in Part 7 of this document.

At the General Meeting, the Resolutions summarised below will be proposed. Voting will be conducted on a poll which means that every Shareholder who is present in person or by proxy has one vote for every Ordinary Share held.

Resolution 1 — Acquisition Resolution

That:

(a) the Acquisition be approved as a "substantial property transaction" under section 190 of the Companies Act;

(b) in addition to and without prejudice or limitation to any powers and authorities conferred upon the Directors under the resolutions passed at PHP's most recent annual general meeting and otherwise, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot relevant securities of the Company up to an aggregate nominal value of £1,435,635, such authority to expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired; and

(c) the New Policy be adopted with effect from and subject to Completion.

Resolution 2 — Articles Resolution

That, the New Articles be adopted in substitution for the Existing Articles with effect from conclusion of the General Meeting.

The Acquisition is conditional on, inter alia, the passing of the Acquisition Resolution, which will be proposed as an ordinary resolution. The adoption of the New Policy is conditional upon the passing of the Acquisition Resolution. The adoption of the New Articles is conditional upon the passing of the Articles Resolution which will be proposed as a special resolution.

Harry Hyman has voluntarily agreed not to vote the Acquisition Resolution and has undertaken to take all reasonable steps to ensure that his associates who are Shareholders, do not vote on the Acquisition Resolution. Harry Hyman can vote in respect of the Articles Resolution.

For a resolution proposed as an ordinary resolution to be passed, a simple majority of Shareholders entitled to vote and present in person or by proxy must cast their votes in favour. For a resolution proposed as a special resolution to be passed, a majority of at least 75 per cent. of Shareholders entitled to vote and present in person or by proxy must cast their votes in favour.

The Company is calling the General Meeting on less than 21 clear days' notice as permitted by the enabling resolution passed at the Company's annual general meeting held on 1 April 2020. The Company considers doing so to be merited by the business of the meeting and considers proceeding to completion of the Acquisition as soon as possible and minimising the risk of events arising which may result in the Acquisition not proceeding, to be to the advantage of Shareholders as a whole.

14. ACTION TO BE TAKEN IN RESPECT OF THE GENERAL MEETING

Please note that in light of mandatory measures imposed by the UK Government relating to the COVID-19 pandemic and the extension of the relevant provisions of the Corporate Insolvency and Governance Act 2020, the General Meeting will be held as a closed meeting and Shareholders will not be permitted to attend the General Meeting in person. However, Shareholders are invited to submit any questions that they have on the business of the General Meeting by email to cosec@phpgroup.co.uk with the subject line "General Meeting" before 10.30 a.m. on 30 December 2020. Subject to the volume of questions received from all Shareholders, all questions will be answered on the Company's website shortly after the General Meeting.

Please remember that you will not be able to vote on the day of the General Meeting and that you should appoint a proxy in advance so that your vote is counted. You will find enclosed with this document a Form of Proxy for use at the General Meeting. Accordingly, you are strongly encouraged to appoint the Chair of the General Meeting as your proxy and give your instructions on how you wish the Chair of the General Meeting to vote on the Resolutions. All proposed Resolutions will be put to a vote on a poll ensuring that votes by proxy will be fully-counted.

Therefore, it is important that you:

- **complete and return the Form of Proxy in accordance with the instructions printed on it to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to arrive no later than 10.30 a.m. on 30 December 2020; or**
- **submit your proxies electronically at www.sharevote.co.uk using the voting ID, task ID and shareholder reference number on the Form of Proxy, so as to arrive no later than 10.30 a.m. on 30 December 2020; or**
- **if you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to ID RA19, so that it is received by no later than 10.30 a.m. on 30 December 2020.**

The Company will continue to update Shareholders on arrangements for the General Meeting through a Regulatory Information Service and the Company's website at www.phpgroup.co.uk. Shareholders are advised to check the Company's website for updates.

The results of the votes cast on the Resolutions at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Company website at www.phpgroup.co.uk.

15. DOCUMENTS AVAILABLE FOR INSPECTION

As at the date of this document, the Company's registered office and corporate headquarters are not generally open to members of the general public in accordance with the latest measures relating to the COVID-19 pandemic. Copies of the following are available on the Company website at www.phpgroup.co.uk or from the Company on request by email to cosec@phpgroup.co.uk from the date of this document up to and including the date of the General Meeting and will be available for inspection at the General Meeting for at least 15 minutes prior to and during the General Meeting:

(a) this document;

(b) the New Policy; and

(c) the New Articles.

16. IRREVOCABLE UNDERTAKINGS

PHP has received irrevocable undertakings from each of the Independent Directors who hold Ordinary Shares to vote or procure votes in favour of the Acquisition Resolution to be proposed at the General Meeting in respect of their beneficial holdings (and the beneficial holdings which are under their control and those of their close relatives) of 286,104 Ordinary Shares, in aggregate, representing approximately 0.02 per cent. of PHP's Existing Ordinary Shares.

In addition, PHP has received irrevocable undertakings from each of the Directors who hold Ordinary Shares to vote or procure votes in favour of the Articles Resolution to be proposed at the General Meeting in respect of their beneficial holdings (and the beneficial holdings which are under their control and those of their close relatives) of 13,382,178 Ordinary Shares, in aggregate, representing approximately 1.02 per cent. of PHP's Existing Ordinary Shares.

17. BOARD RECOMMENDATION

The Board considers the Proposals to be in the best interests of PHP and the Shareholders as a whole.

Accordingly, the Independent Directors unanimously recommend that Shareholders vote or procure votes in favour of the Acquisition Resolution, as the Independent Directors who hold Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control and those of their close relatives), which amount to 286,104 Ordinary Shares, representing approximately 0.02 per cent. of PHP's Existing Ordinary Shares. As a "related party" Harry Hyman has not taken part in the Board's consideration of the Acquisition or the New Policy and has undertaken not to vote on the Acquisition Resolution. Richard Howell as an employee of Nexus PMS has not taken part in the Board's consideration of the Acquisition or the New Policy.

In addition, the Board considers the adoption of the New Articles to be in the best interests of PHP and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote or procure votes in favour of the Articles Resolution, as the Directors who hold Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control and those of their close relatives), which amount to 13,382,178 Ordinary Shares, representing approximately 1.02 per cent. of PHP's Existing Ordinary Shares.

Yours sincerely,

Steven Owen
Chairman

Part 2
PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT AND THE HH SERVICE AGREEMENT

1. SHARE PURCHASE AGREEMENT

1.1 *Consideration*

The purchase price for the Acquisition shall be the payment by PHP to the Vendor of £33.1 million satisfied by the payment of £16.55 million in cash and the issue of the New Shares plus the Excess (if any) or minus, the Shortfall (if any).

In this paragraph 1.1:

- the "**Actual NAV**" means the aggregate of the Fixed Assets New and current assets of the Target Group plus the Goodwill less the aggregate liabilities of the Target Group as at the Effective Time, as calculated in accordance with the Share Purchase Agreement and stated within the Share Purchase Agreement;
- the "**Effective Time**" means 11.59 p.m. on the day immediately prior to Completion;
- the "**Estimated NAV**" means £33.1 million;
- the "**Excess**" refers to the amount that is the excess if the Actual NAV exceeds the Estimated NAV, provided that the maximum payment for the Excess shall not exceed £1,000,000;
- the "**Fixed Assets New**" means any fixed assets which are contractually ordered or acquired post exchange of the Share Purchase Agreement up to the Effective Time. Such fixed assets to include or be deemed to include in any event, but not exclusively, the project to install a new network server with all associated software licences and installation support for which a quote of £81,687 plus VAT has been received from Southbank IT Limited (the "**Server**"). Other than the Server, any fixed assets with an aggregate value in excess of £10,000 shall need the prior written consent of PHP;
- the "**Goodwill**" means the amount attributable to goodwill fixed at £34.8 million; and
- the "**Shortfall**" refers to the amount that is the shortfall if the Actual NAV is less than the Estimated NAV.

The purchase price shall be calculated by way of the preparation of a set of completion accounts shortly after Completion.

1.2 *Condition to Completion*

Completion is conditional on the passing at the General Meeting of the Acquisition Resolution on or before the Long Stop Date. In the event that the Condition is not fulfilled on or before 5.00 p.m. on the Long Stop Date, then Completion shall not occur and the Share Purchase Agreement shall automatically terminate.

1.3 *Completion*

The Share Purchase Agreement provides that Completion shall take place on 5 January 2021 provided that the Condition set out above in paragraph 1.2 has been fulfilled, or such other time as shall be agreed between PHP and Harry Hyman. If the Condition is not fulfilled on or before 5.00 p.m. on the Long Stop Date, then Completion shall not occur and the Share Purchase Agreement will automatically terminate.

On Completion, the Vendor is required to provide evidence, in the agreed form, that all steps of the Restructuring have been authorised and completed in full including the purchase of the Preference Shares pursuant to the terms of the Buyback Contract.

On Completion, all legal and benefit right, title and interest in the ordinary shares in Nexus Holdings shall pass, free from Security and together with all rights attaching or accruing to them now or in the future, to PHP.

1.4 ***Conduct of Business***

Under the Share Purchase Agreement, the Vendor has agreed that between the period starting on the date of the Share Purchase Agreement and ending on Completion, the Target Group shall, amongst other things, carry on the business of the Target Group in the ordinary course.

1.5 ***Warranties and Indemnities***

The Share Purchase Agreement contains certain warranties from the Vendor to PHP including in relation to the Vendor's title to the ordinary shares and capacity to enter into the Share Purchase Agreement. Other warranties have been given by the Vendor in respect of, amongst other things, corporate information, employment, data protection, anti-corruption, property, pensions, regulatory, compliance, litigation, information and tax. The warranties are of a type considered appropriate and normal in the context of transactions of this nature. The warranties are given on signing of the Share Purchase Agreement and are not repeated on Completion.

A specific indemnity is given by the Vendor in relation to any liability or costs incurred by PHP and any member of the Target Group arising directly or indirectly from or in connection with the Restructuring and the Buyback Contract.

The Tax Deed will be entered into at Completion between PHP and Harry Hyman pursuant to which the Vendor indemnifies PHP against post-Completion tax liabilities of the Target Group which arise by reference to events taking place before Completion and certain other post-Completion tax liabilities.

1.6 ***Limits of Liability***

The liability of the Vendor under the Share Purchase Agreement and the Tax Deed is subject to a number of limitations. The key limitations include, but are not limited to:

- a financial cap of an amount equal to £11,500,000 in respect of all claims under the Share Purchase Agreement, and claims for breach of the warranties and under the indemnities (other than warranties and covenants relating to title) or under the Tax Deed; and
- a time limit of eighteen months from the date of Completion in respect of general warranty claims and, a time limit of six years from the end of the accounting period of Nexus as at the date of Completion in respect of any tax claim or indemnity claim.

The warranties are subject to standard minimum value thresholds which must be met in order to allow a claim to proceed (the aggregate amount of the Vendor's liability for all claims notified (which each individually exceeds £10,000) must exceed £350,000).

1.7 ***Post Completion undertakings***

The Vendor has agreed under the Share Purchase Agreement that he shall not, directly or indirectly, alone or jointly with any other person, and whether as a shareholder, partner, director, principal, consultant or agent or in any other capacity: (i) for a period of three years from Completion, carry on or be engaged, interested or concerned in, assist or lend money to or provide any services or advice to any primary health property investment, development and/or management business within the United Kingdom or in the Republic of Ireland which competes with any primary health property investment, development and/or management business carried on by any member of the Group at Completion; (ii) for a period of three years from Completion, induce or endeavour to induce any supplier that provides goods or services to the Group at time during the period of twelve months prior to the date of Completion, or cease to supply, or to restrict or adversely to vary the terms of supply to, any member of the Group; (iii) save to the extent provided for in the Shared Services Agreement and in respect of Paul Wright, for a period of three years starting from Completion, employ or engage the services of any person employed or engaged by any member of the Target Group at Completion with a basic salary or fee in excess of £50,000 per annum ("**Senior Employee**") or (iv) for a period of three years from Completion, induce or endeavour to induce any Senior Employee to leave their position with the Group, whether or not that person would commit a breach of their contract by so leaving.

1.8 ***Termination***

The Share Purchase Agreement automatically terminates if the Condition has not been satisfied on or before 5.00 p.m. on the Long Stop Date.

2. THE HH SERVICE AGREEMENT

PHP and Harry Hyman will enter into the HH Service Agreement which will take effect on Completion. The principal terms are:

2.1 ***Notice of Termination***

The HH Service Agreement does not permit notice to be given by either party for an initial period of twelve months. Thereafter, the HH Service Agreement has a twelve-month mutual notice period.

In the event that notice is served by either party, Harry Hyman can continue to receive base salary and contractual benefits for the duration of his notice period or the Company may elect to make a payment in lieu of notice equivalent in value to a maximum of twelve months' base salary and contractual benefits (including Bonus (as defined in paragraph 2.2 below)).

2.2 ***Remuneration***

Harry Hyman will be contractually entitled to a base salary of £250,000 gross per annum. The HH Service Agreement will incorporate a side letter which provides for a contractual bonus arrangement for Harry Hyman which is applicable for a period of two years and terminating on 31 December 2022 (the "**Bonus**"). The Bonus entitles Harry Hyman to 60 per cent. of the annual PIF (and the PIF in any year is capped at £1,800,000 per annum). Harry Hyman will not be entitled to a Bonus should he serve notice before 31 December 2022 under the HH Service Agreement.

2.3 ***Working time***

Harry Hyman is contractually required to spend such time as is required to fulfil the role which shall involve spending a minimum of ten working days per calendar month engaged in the business of the Group. Harry Hyman is required to disclose in the register of directors' interests any conflict or potential conflict of interest.

2.4 ***Holiday and Benefits***

Harry Hyman will be entitled to 15 days of paid holiday annually. PHP will provide life assurance cover at a rate of 4 times Harry Hyman's gross base salary. There will be no pension arrangements in place with Harry Hyman.

Part 3
PRINCIPAL TERMS OF THE ADVISORY AGREEMENT

1. ADVISORY AGREEMENT

1.1 Pursuant to the advisory agreement dated 14 March 1996 (as amended, restated and novated from time to time and last restated on 25 June 2019) (the "**Advisory Agreement**") originally between the Company, JO Hambro Capital Management Limited and Nexus Tradeco Limited (the "**Adviser**") and since 30 April 2014 solely between the Company and the Adviser, the Company appointed the Adviser to: (i) provide property advisory, and management services to the Group and the services of Harry Hyman as Managing Director of the Company (the "**Property Advisory Services**"); (ii) provide administrative and accounting services to the Group and (iii) act as the appointed Company Secretary (the services in (ii) and (iii) together, the "**Administrative Services**").

1.2 The Adviser has procured Harry Hyman's services to carry out the function of Managing Director of the Company during the course of the Adviser's appointment under the Advisory Agreement.

Term

1.3 The Advisory Agreement runs for a fixed term to 13 March 2022, being the period of three years from the date of completion of the MedicX Transaction and, in respect of the Property Advisory Services, is terminable thereafter by not less than two years' written notice by either side and in respect of the Administrative Services is terminable thereafter by not less than twelve months' written notice by either side.

Fees

1.4 The current annual fee payable to the Adviser for property advisory services in respect of the properties that formed part of the MedicX portfolio on completion of the MedicX Transaction is equal to 0.225 per cent. per annum of the gross asset value of the MedicX portfolio less a cost contribution paid by the Adviser to PHP equal to 25 per cent. of the early termination fee payable by MedicX to its investment adviser as a result of the MedicX Transaction, capped at £2.5 million. This contribution is payable in monthly instalments, over five years, by reducing the fees payable to the Adviser, with the contribution terminating five years after the date of completion of the MedicX Transaction or, if earlier, the date on which PHP serves notice terminating the Advisory Agreement. Thereafter, the special arrangements for the MedicX portfolio will cease and the fee payable will be calculated by reference to the fee scale below.

1.5 The Adviser currently receives a fee for the remainder of the portfolio (including any assets acquired after completion of the MedicX Transaction) based as a percentage of the gross asset value of the Group as follows:

Gross Assets	Total Fee
First £250 million	0.5000 per cent.
Between £250 million and £500 million	0.4750 per cent.
Between £500 million and £750 million	0.4000 per cent.
Between £750 million and £1 billion	0.3750 per cent.
Between £1 billion and £1.25 billion	0.3250 per cent.
Between £1.25 billion and £1.5 billion	0.3000 per cent.
Between £1.5 billion and £1.75 billion	0.2750 per cent.
Between £1.75 billion and £2 billion	0.2500 per cent.
Between £2 billion and £2.25 billion	0.2250 per cent.
Above £2.25 billion	0.2000 per cent.

1.6 Additional payments that may be made to the Adviser for non-standard real estate related services are capped at 10 per cent. of the total annual fees payable to the Adviser for property advisory services, as described in paragraphs 1.4 and 1.5 above (the "**Property Advisory Fee**").

1.7 The Advisory Agreement provides for PHP to pay the Adviser in relation to Administrative Services a fixed annual fee of £1,214,536 from completion of the MedicX Transaction. This fee may be increased or decreased from 1 May in each calendar year by the movement in RPI over the prior calendar year, subject to a cap of 5 per cent. per annum.

Performance Incentive Fee

1.8 The Adviser is entitled to a PIF equal to 11.25 per cent. of any performance in excess of an 8 per cent. per annum increase in the Group's EPRA NAV, plus dividends paid less equity raised and net of non-cash and other adjustments agreed between the parties subject to an overall cap at the lower of 20 per cent. of the Property Advisory Fee payable to the Adviser in that year and £2.0 million.

1.9 Half of any PIF payment is deferred to the following year, with performance against the hurdle rate (both positive and negative) carried forward in a notional cumulative account with any future payment subject to the account being in a surplus position.

Part 4
SUMMARY OF THE NEW ARTICLES

The Company is proposing to adopt the New Articles to replace the Existing Articles. Set out below in chronological order as they appear in the New Articles is a summary of the principal changes proposed to be made to the Existing Articles. The New Articles also include some other minor, amendments which have not been detailed below. Generally, the amendments proposed in the New Articles are to reflect recent developments in company law and market practice, all of which the Directors believe to be for the benefit of the Shareholders as a whole. The New Articles are available on request as set out in paragraph 15 of Part 1 of this document and on the Company's website at www.phpgroup.co.uk.

1.1 Change of name

The Company is proposing to allow, as permitted by the Companies Act, for the Directors to be able to change the name of the Company by board resolution, as opposed to by special resolution of the members. This would allow the Directors flexibility should this ever be required, for instance to help deliver the strategy of the Company via a re-branding.

1.2 Seal

The use of a company seal is becoming outdated and the use of signatures is now far more commonplace. This has been further enhanced by the effects of COVID-19 which lead to offices being closed, and the seal not always accessible.

The New Articles remove the requirement that the Company seal is required on share certificates. The New Articles set out how the seal is to be used. The relevant provisions reduce the Company's reliance on the company seal and instead provide a general authority that the company seal will be used by the authority of the Board.

1.3 Destruction of Transfers

The New Articles propose that the Company is able to dispose of particular documents such as stock transfer forms or cancelled share certificates within a shorter time frame than previously allowed in the Existing Articles, especially if copies of the originals are stored electronically. This is to lessen the burden on the Company in respect of document storage and reflects the move to reliance on electronic storage of documents. The same exemptions apply as before such as that the destruction must only be in good faith.

1.4 General and Annual Meetings

The COVID-19 pandemic highlighted for many companies that their current articles of association did not provide the necessary flexibility to permit their annual or general meetings to be held as hybrid meetings. Subsequently, many companies have adopted new articles which permit greater flexibility for companies to hold meetings in various formats.

The New Articles give the Company greater flexibility to hold general meetings by allowing combined physical and electronic general meetings (also known as 'hybrid' meetings). These hybrid meetings would enable members to attend and participate in the business of the meeting by attending a physical location or by means of an electronic platform, if the Directors decide to hold a combined physical and electronic general meeting. The New Articles set out the procedures and processes for attendance at, and participation in, combined physical and electronic general meetings. This includes how attendance is determined and allowing Directors to make arrangements to enable attendees to exercise their rights to speak or vote. The New Articles provide that persons participating via an electronic platform shall be responsible for ensuring they have the facilities to access the meeting. The ability to hold hybrid meetings will allow participation in the meeting from anywhere in the world, making participation easier for all shareholders. Those participating via electronic means will still count as part of the quorum.

The New Articles stipulate the basic requirements for the notice of general meeting in more detail and include the necessary requirements for a company listed on the Official List of the London Stock Exchange. The New Articles allow for the details of a general meeting (including date, time, place and electronic means) to be changed after the publication of the notice of general meeting. A new notice will not need to be posted to shareholders and instead the changes will be posted on the Company's website and via an RNS. The business to be conducted will remain the same.

Unless a meeting is adjourned by the chair, the inability of a person to attend or participate via an electronic platform will not affect the validity of, or business conducted at, a general meeting. These amendments are being made to provide the Directors with the flexibility should they need to make alternative arrangements for participation in meetings (including where physical participation may be prevented or restricted).

The New Articles also allow for the Company to undertake necessary security arrangements at general meetings to ensure the safety of its shareholders, which is of paramount importance to the Company. There is also the ability for the Company to use security measures for those participating in the meeting via electronic means. This may include some form of identity verification in order to access the meeting via electronic means.

1.5 **Nominated Members**

The Company wishes to grant shareholders the right to nominate another individual (not necessarily a current shareholder of the Company) to enjoy their rights derived from being a shareholder of the Company. At present the Existing Articles do not allow for a shareholder to be able to nominate an individual to exercise some or all of their rights as a member. The New Articles provide greater flexibility for shareholders and allow a shareholder the option to derive their member rights as and when necessary or desirable. The New Articles specify the procedure that is to be followed by a shareholder in order to exercise this right.

1.6 **Shortfall**

Public companies are required by law to have a minimum of two directors. The Existing Articles simply state that the Company is required to have a minimum of two directors. The New Articles go a step further and set out the procedure that would be followed in the unlikely situation that the Company did not have two directors in situ. This would prevent the Company from being in a position where it was in breach of the Companies Act.

1.7 **Directors Remuneration**

The aggregate total of fees available to be paid to the directors has increased from £500,000 to £750,000, this is in line with market standards.

1.8 **Powers of Borrowings**

The borrowing powers have been updated to reflect more accurately the practices of the Company in respect of calculating the amount of borrowing. Additional articles have been included that specify what is to be credited against the amount of any monies borrowed in calculating the total amount of borrowing.

1.9 **All of the Directors to retire at the annual general meeting**

Previously the Existing Articles required one third of the Directors to retire at the annual general meeting for reappointment. In line with market practice, it is proposed that all Directors retire at the annual general meeting. The New Articles also provide a solution for the unlikely scenario where no Directors are reappointed at the annual general meeting. It allows for Directors to remain in situ in order to facilitate the recruitment and appointment of new directors which would be their only power.

1.10 **Overseas Branch Register**

The New Articles permit the Company to hold an overseas register of members. This would be useful if the Company set up a branch or developed a significant shareholding in a different jurisdiction.

1.11 **Method of dividend payment**

The New Articles amend the Existing Articles to provide further flexibility to the manner in which dividends can be paid by the Company. The amendment gives the Company greater flexibility to pay dividends by cheque or warrant, through CREST or other relevant systems, or by bank transfer or any electronic means or such other means as the Directors may decide. The amendments to this provision are in line with market practice and reflect that increasingly, cheques and warrants are no longer the Company's primary methods of paying dividends.

1.12 **Untraced Shareholders**

Previously the Company was required to wait for a period of 12 years in order to sell the shares of an untraced member and only after placing an advertisement in a national newspaper and a local newspaper. The advertisements are an expense for the Company and can be burdensome.

The New Articles propose waiting a period of three unclaimed dividends, before the Company send a notice of its intention to sell the shares to the shareholders last known address. After the notice has been sent the Company will wait a further three months for a response before it begins the process of selling the unclaimed shares.

1.13 **Date of Service**

The date of service provisions in the New Articles have been modernised to include instances where documents are sent via electronic means or uploaded on to the website and when these are deemed as served on shareholders.

Part 5
NEW DIRECTORS' REMUNERATION POLICY

This policy sets out the Company's Directors' Remuneration Policy which has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "**Remuneration Policy**").

The overall remuneration policy of the PHP Group (the "**Company**") has been developed in compliance with the principles of the 2018 UK Corporate Governance Code, UK institutional investor guidance and the Listing Rules.

This Remuneration Policy will be subject to a binding shareholder vote at the 2021 General Meeting. The Remuneration Policy will be subject to a binding shareholder vote at least every three years. In the event that amendments are required to be made to this Remuneration Policy, the amended version will be subject to a binding shareholder vote.

The PHP Group's Remuneration Committee (the "**Committee**") acts as the Company's remuneration committee and is independent from the Company's Board it is responsible for setting the Company's Remuneration Policy and approves the level of non-executive Chairman fees and all aspects of Executive Director remuneration.

Summary of Changes

Previously there was no provision for remunerating Executive Directors at PHP Group, as the Executive Directors were not employees of the PHP Group, therefore we have expanded the Remuneration Policy to include payments to Executive Directors. There is a period of transition for the two Executive Directors as arrangements that have operated in recent years with their current employer are replaced by more standard market practice. This transition includes the payment of amounts earned in relation to 2020 which will not be paid to the Executive Directors until after this Remuneration Policy takes effect.

Summary of changes

Base salary	The new policy provides Executive Directors with a base salary which is to be no higher than the Committee's view of market practice. Any increases will then be in line with the Committee's view of market levels.
Benefits	The new policy provides for benefits to be made available.
Pension	The new policy aligns the rate of pension to the wider workforce. The recruitment policy also specifies that any new Executive Director would be appointed with a pension rate in line with the wider workforce. The current CEO will not be in receipt of a pension.
Annual Bonus Plan	The provision for an annual bonus plan has been introduced (the "**Annual Bonus Plan**"). Performance against targets will be measured and a proportion of the bonus awarded in shares and deferred for 3 years. In addition, until no later than 31 December 2023 the current Performance Incentive Fee ("**PIF**") mechanism may operate instead of, or alongside, the Annual Bonus Plan.
LTIP	Nil cost options or a conditional share award may be made under an LTIP to Executive Directors (excluding the current CEO until 2023). These awards will have a 3 year performance period followed by a 2 year holding period following their vesting.
Malus & Clawback	The Annual Bonus Plan, PIF and LTIP will include provisions to cover malus and clawback in a range of circumstances including corporate failure and reputational damage.

Shareholding Guidelines . . . Shareholding guidelines have been introduced for the Executive Directors at a multiple of their rate of salary. These guidelines will extend for a period of time post cessation of employment.

Key principles of the Remuneration Policy

The Company is committed to ensuring that its remuneration practices enable the Company to appropriately compensate employees for the services they provide to the Company, attract and retain employees with skills required to effectively manage the operations and growth of the business and motivate employees to perform in the best interest of the Company.

The Company's remuneration principles ensure that:

- The Company offers a suitable package to attract, retain and motivate people with the skills and attributes needed to deliver the Company's business goals, while recognising the unique nature of the organisation and the requirements of its shareholders;
- The Company's policy and practices aim to drive behaviours that support the Company strategy and business objectives; and
- The Company's incentive plans are linked to company and individual performance to encourage high performance from staff both at an individual and team level.

These policy objectives will be achieved by ensuring remuneration is reflective of applicable market conditions, statutory obligations and the level of accountability (responsibility, objectives, goals) assigned to the provision of incentives to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

In addition, the Remuneration Policy is tested against six factors listed in the 2018 UK Corporate Governance Code:

- Clarity—the Remuneration Policy is well understood by the management team and is clearly articulated to shareholders;
- Simplicity—the Committee is very mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the Committee's objectives is to ensure that the executive remuneration policies and practices are as simple to communicate and operate as possible, while also supporting strategy;
- Risk—the Remuneration Policy is designed to ensure that inappropriate risk-taking is not encouraged and will not be rewarded via (i) the balanced use of both short- and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets, (ii) the significant role played by equity in the incentive plans (together with shareholding guidelines) and (iii) malus/clawback provisions;
- Predictability—the incentive plans are subject to individual caps, with the share plans also subject to market standard dilution limits;
- Proportionality—there is a clear link between individual awards, delivery of strategy and long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded;
- Alignment to culture—the executive pay policies are fully aligned to the Company's culture.

Key elements of the Remuneration Policy

Pay Element and Purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Base Salary			
Provide a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy	Salaries are reviewed annually and any changes are normally effective from the beginning of the financial year, although there is no obligation to increase salary.	Base salaries will be set at an appropriate level within a comparator group(s) of comparable companies and will normally increase in line with increases made to the wider employee workforce	None

Pay Element and Purpose	Operation	Opportunity	Performance metrics, weighting and assessment
	When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Company; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • the general performance of the Company; • salaries within the ranges paid by comparable companies used for remuneration benchmarking; and • the economic environment.	(save where a higher increase is appropriate to reflect a change in role/ responsibilities). Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved. *Executive salaries effective from the date of the General Meeting will be:* • *CEO—£250,000* • *CFO—£320,000*	
Benefits			
Provide a market competitive level of benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	The Executive Directors may receive benefits which include, but are not limited to, family private health cover, critical illness cover, life assurance cover, income protection and accident/sickness/business travel insurance (including tax payable if any). The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining key personnel. Accordingly, the Committee would expect to be able to adopt other benefits including (but not limited to) relocation expenses, tax equalisation and support in meeting specific costs incurred by Directors. Any reasonable business-related expenses can be reimbursed in accordance with the Company's expenses policy, including the tax thereon if determined to be a taxable benefit. The Executive Directors may also participate in any all-employee share plans operated by the Company.	The maximum will be set at the cost of providing the benefits described. The current CEO will not receive any additional benefits, other than life assurance cover of 4x base salary.	None
Pensions			
Provide appropriate levels of pension benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	The Committee has the ability to provide pension funding in the form of a salary supplement or as an employer contribution to a defined contribution pension plan. Any pension payments would not be considered 'salary' when determining the extent of participation in the Company's incentive arrangements.	For existing and any future Executive Directors, the maximum pension contribution as a percentage of basic salary will be in line with the contribution level provided to the majority of the workforce (currently 3%–6% of salary). The current CEO will not receive a pension.	None

Pay Element and Purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Annual Bonus Plan			
The Annual Bonus Plan provides an incentive to the Executive Directors linked to achievement in delivering goals in a sustainable manner that are closely aligned with the Company's strategy and the creation of value for shareholders.	The Committee will determine the bonus payable after the year end based on performance against targets. Annual bonuses are paid in cash after the end of the financial year to which they relate. However, Executive Directors who participate in the Annual Bonus Plan will be required to defer 30% of the bonus for the 2021 and subsequent financial years, net of tax into shares which should be held for at least three years. The Committee may award dividend equivalents on deferred shares to the extent they vest. Malus and clawback provisions will apply to the award, up to the date of the bonus determination and for three years thereafter. Bonus payments are not pensionable. Until 31 December 2022 at the latest, the current CEO will not participate in the annual bonus plan but will be remunerated through the performance fee mechanism previously operated through the PIF in favour of Nexus, his former employer. The CFO will participate in the Annual Bonus Plan and, until 31 December 2021 also in the PIF. The current PIF will operate until no later than in relation to the 2022 financial year.	After the operation of the PIF has ceased, the maximum bonus opportunity of the current CEO as a % of base salary will be the higher of 150% of salary and £750,000. Including any awards under the PIF, the maximum bonus opportunity of the CFO is 150% of salary.	Discretionary bonus payouts will be determined on the satisfaction of a range of key financial and personal/ strategic objectives set annually by the Committee. No more than 30% of the overall bonus opportunity can be based on performance against personal/strategic targets. The performance targets applied will be disclosed in the relevant annual report, following the end of the performance period. Discretion will apply, enabling the Committee to adjust the bonus outcome upwards or downwards, where the formulaic outcome is, in the view of the Committee, not a fair and accurate reflection of business performance. No more than 25% of the relevant portion of the bonus is payable to delivering a threshold level of performance, and no more than 50% is payable for delivering a target level of performance (where the nature of the performance metric allows such an approach).
Performance Incentive Fee (PIF)			
	The PIF is an existing arrangement for the remuneration of the senior management team including the Executive Directors. The PIF's last year of operation will be 2021 for the CFO and 2022 for the CEO. Awards made to the CEO will be in cash whilst at least half of the awards made to the CFO will be deferred in shares that should be held for 3 years with the remainder paid in cash. The Committee may award dividend equivalents on deferred shares to the extent they vest. Malus and clawback provisions will apply to the PIF, up to the date of any determination and for three years thereafter. The Company will honour its pre-existing commitment in	Awards are capped at £1.08m for the CEO in any year (being 60% of the £1.8m cap). The maximum for 2021 in relation to the CFO when aggregated with the Annual Bonus Plan will be 150% of salary.	The PIF will be calculated as it has in the recent past, as follows: The PIF pool is equal to 11.25% of any performance in excess of an 8% per annum increase in the Group's EPRA Net Asset Value, plus dividends (less equity raised, net of non-cash and other necessary adjustments) paid subject to an overall cap of £1.8m. Half of any PIF payment is deferred to the following year, with performance against the hurdle rate (both positive and negative) carried forward in a notional cumulative account with any future payment subject to the account being in a surplus position. Appropriate documentation will be put in place to ensure an adequate transition structure is in place

Pay Element and Purpose	Operation	Opportunity	Performance metrics, weighting and assessment
	respect of the awards under the PIF for the 2020 financial year.		for the period of transition from the PIF to the Annual Bonus Plan and the LTIP.
Long Term Incentive Plan (LTIP)			
Awards are designed to incentivise the Executive Directors to maximise returns to shareholders by successfully delivering the Company's objectives over the long term in a sustainable manner.	Awards can be granted annually to Executive Directors under the LTIP in the form of nil cost options or conditional awards of shares. These would vest at the end of a three-year period, normally subject to: • the Executive Director's continued employment at the date of vesting; and • satisfaction of the performance conditions. The Committee may award dividend equivalents on awards to the extent that they vest. The net of tax number of shares that vest after the end of the three-year performance period will be subject to an additional two-year holding period, during which the shares cannot be sold (irrespective of whether the individual remains employed). Malus and clawback provisions will apply to the award, up to the date of the bonus determination and for three years thereafter.	Awards may be made up to 200% of base salary in normal circumstances. No more than 25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance.	Awards vest subject to the achievement of challenging performance conditions set by the Committee prior to each grant. Discretion will apply, enabling the Committee to adjust the outcome upwards or downwards, where the formulaic outcome is, in the view of the Committee, not a fair and accurate reflection of business performance. There is no intention to award an LTIP in 2021 or 2022 to the current CEO, whilst the PIF operates. However, the CFO is expected to be granted awards from 2021.
All-employee share plan			
To encourage share ownership	The Company does not currently operate an all-employee share plan. To the extent the Company operates an all-employee share plan, the Executive Directors will be able to participate on the same term as other employees.	Actual participation in these plans will be disclosed in the relevant Annual Report following the implementation and participation in these plans.	None
Shareholding Requirement			
To support long term commitment to the Company and the alignment of Executive Director interests with those of shareholders.	The Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up and then subsequently hold a shareholding equivalent to a multiple of their base salary. Requirements will continue for two years after an Executive Director ceases to be employed.	200% of salary.	None
Non-Executive Directors			
To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role	Fees are set in conjunction with the duties undertaken. Normally, only increased when an individual takes on additional duties or where benchmarking indicated fees require realignment to remain competitive.	Overall fees will not exceed the maximum in the Company's Articles of Association.	None, the NEDs are not entitled to receive any remuneration which is performance related. As a result, there are no performance conditions.

Choice of Performance Measures

Each year, the Committee will choose the appropriate performance measures and targets to apply to the Annual Bonus Plan and LTIP. The measures will be closely aligned with the Company's strategy and business priorities at the time and will be consistent with a Board-approved level of business risk.

Malus and clawback

Malus and clawback provisions within the Annual Bonus Plan, PIF and the LTIP apply in the following circumstances:

- Material misstatement of results;
- Gross misconduct;
- Error in calculating the number of shares subject to an award or the amount of cash paid;
- Corporate failure; or
- Serious reputational damage.

Discretion

The Committee will operate the Annual Bonus Plan, PIF and LTIP according to their respective rules and in accordance with the Listing Rules where relevant. Consistent with market practice, the Committee retains certain discretions in respect of the operation and administration of these arrangements which include, but are not limited to, the following:

- the participants;
- the timing of the grant of an award or payment;
- the size of an award;
- the determination of the extent to which performance measures have been met and the corresponding vesting or payment levels;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the respective arrangement and the appropriate treatment chosen, including the pro rating of awards;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends);
- the annual review of performance measures, weighting and targets from year to year; and
- the manner in which share awards can be satisfied (i.e. through the use of new issue, market purchased or treasury shares or by way of a cash payment).

In addition, the Committee retains the ability to adjust the targets and/or set different measures if events or circumstances occur (e.g. a material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose. Any use of the above discretions would be explained in the annual report on remuneration for the relevant year and may, as appropriate, be the subject of consultation with the Company's major shareholders. Furthermore, the Committee has the discretion to amend the

Remuneration Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company, and disproportionate to seek or await shareholder approval.

Dilution limits

Market standard dilution limits will apply to the operation of the Company's share plans (e.g. no more than 10% of share capital can be issued in relation to any share plan operated by the Company in any 10 year period, and no more than 5% can be issued in relation to any discretionary share plan (such as the LTIP) in the same 10 year period).

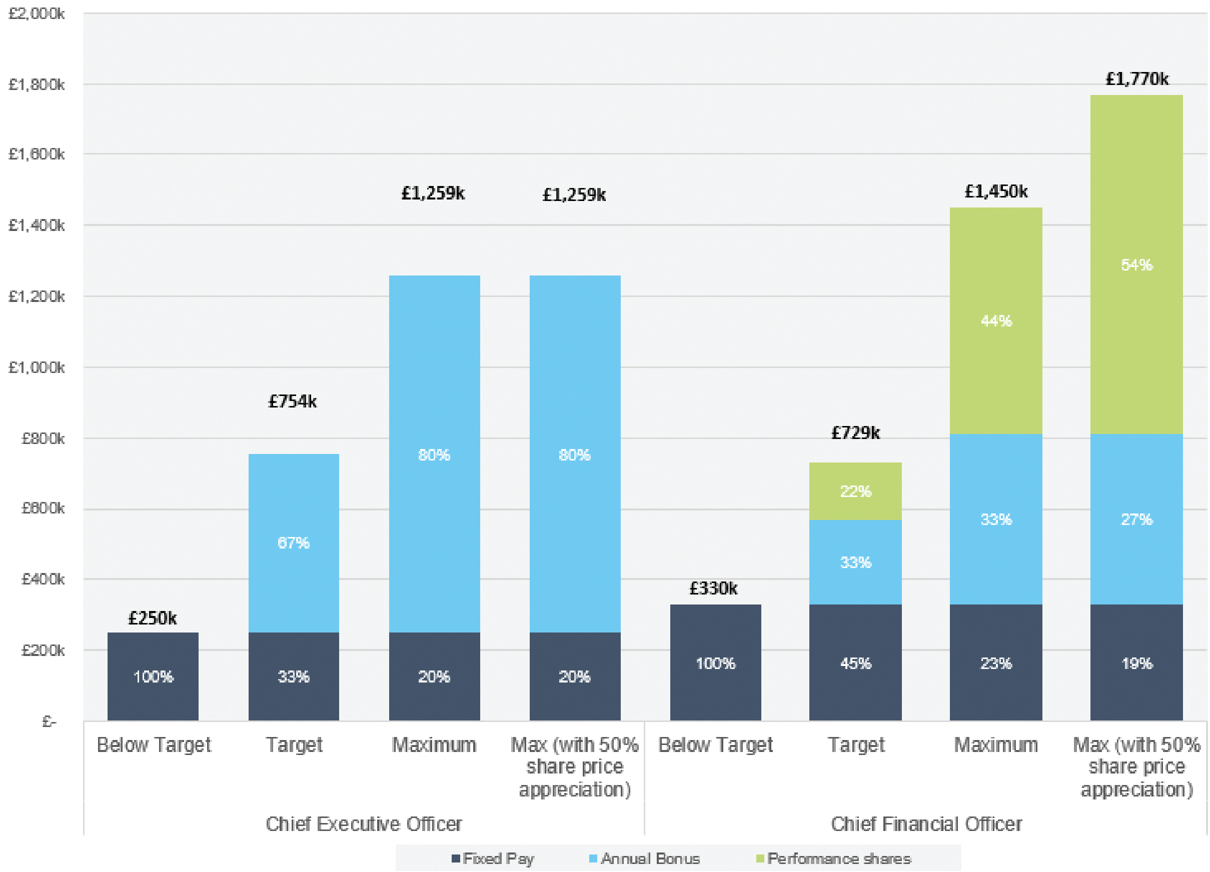
Differences in Remuneration Policy from the Wider Employee Population

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same reward and performance philosophy throughout the business. The Group operates variable pay plans primarily focussed on mid to senior management level. In some cases, incentive structures and performance conditions apply which are different to those used for Executive Directors in order to ensure the performance targets set can be influenced and controlled by the participant. In addition, the Committee takes into account workforce remuneration and related policies and the alignment of incentives and rewards with culture when setting the policy for Executive Directors' remuneration.

Scenario Charts

The chart below illustrates the remuneration opportunity provided to the CEO and CFO under the Remuneration Policy at different levels of performance for the financial year.

In line with the Companies (Miscellaneous Reporting) Regulations 2018, the maximum scenario illustrates the potential remuneration payable if the share price increased by 50% (i.e. the value of the LTIP award increased by 50% between grant and vesting).



1.	**Minimum performance:**	comprising the minimum remuneration receivable (i.e. fixed pay only, being base salary, pension allowances and without an estimate for benefits for the 2021 financial year.
2.	**On-target performance:**	comprising fixed pay, a PIF award or annual bonus of 50% of the maximum opportunity (£1.08m for the CEO and 150% of salary for the CFO) and LTIP awards vesting at the threshold level of 25% of maximum opportunity (200% of salary for the CFO). The illustration is made using the maximum remuneration that can be achieved. The normal PIF/bonus opportunity & LTIP grant level for the CFO will be disclosed in the 2020 annual report.

3.	**Maximum performance:** (excluding and including share price growth)	comprising fixed pay, a PIF award and annual bonus of 100% of the maximum and 100% vesting of LTIP awards. The maximum performance scenario also illustrates potential payout under the LTIP with a 50% share price growth.

The illustrations do not take into account the value of dividends payable on vested PIF or deferred bonus of LTIP awards.

Recruitment Policy

The Company's strategy is to attract and retain a talented and diverse workforce.

The Company's approach is that the remuneration of any newly recruited Executive Directors will be assessed in line with the same principles as apply to the existing Executive Directors.

The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding enhanced short term or long term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award. Subject to the paragraph below, the incentive awards that can be received in any one year will not exceed the maximum individual limits as set out in the Remuneration Policy.

The Committee's policy is not to provide sign-on compensation. In addition, the Committee's policy is not to provide buyouts as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of a director's previous employment will be estimated. This will take into account, among other things, the performance conditions attached to the vesting of these incentives, the timing of vesting, the likelihood of vesting and the nature of the awards (cash or equity). The Committee may then grant a buyout of a value that takes account of the value of the lapsed award, where possible, under the Company's incentive plans. To the extent that it is not possible or practical to provide the buyout within the terms of the Company's existing incentive plans the Committee may, in exceptional circumstances consider it appropriate to grant an award under a different structure to facilitate a buyout of outstanding awards held by an individual on recruitment.

Where an existing employee is promoted to the Board, or was previously remunerated by a company that subsequently becomes a group company, the policy set out above would apply from the date of promotion or that company becoming part of the group but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package would be honored (e.g. the operation of the PIF in relation to the year ending 31 December 2020, which results in payments being made after the Remuneration Policy takes effect) and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Report on Remuneration for the relevant financial year.

The Company's approach is that the remuneration of any newly recruited Non-executive Director will be assessed in line with the same principles as apply to the existing Non-executive Directors.

The Company will not pay any introductory fee or incentive to any person to encourage them to become a Director but may pay fees to search and selection consultants in connection with the appointment of any Non-executive Director.

Service Agreements and Letters of Appointment

Executive Directors

Harry Hyman's service contract does not permit notice to be given by either party until 4 January 2022, thereafter, his service contract has a 12-month mutual notice period. Richard Howell's contract has a 6-month mutual notice period. The Company's policy is for Executive Directors to have service agreements with no fixed term, but which may be terminated by the Company for breach by the executive or with no more than 12 months' notice from the Company to the executive and 12 months' notice from the executive to the Company.

If notice is served by either party, the Executive Director can continue to receive base salary, contractual benefits and pension for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave. Service contracts do not contain liquidated damages clauses.

The Company may elect to make a payment in lieu of notice equivalent in value to a maximum of 12 months' base salary and contractual benefits including pension contribution but excluding bonus and PIF, payable in equal monthly instalments. Alternatively, the Committee retains the discretion to make payments in lieu of notice as a lump sum.

In the event of termination for cause (e.g. gross misconduct) neither notice nor payment in lieu of notice will be given and the Executive Director will cease to perform their services immediately.

In addition, and consistent with market practice, the Company may pay a contribution towards the Executive Director's legal fees for entering into a statutory agreement, may pay a contribution towards fees for outplacement services as part of a negotiated settlement, or may make a payment to compromise claims the Executive Director may have. There is no provision for additional compensation on termination following a change of control. Payment may also be made in respect of accrued benefits, including untaken holiday.

Incentive awards—treatment on cessation

Remuneration element	Treatment on exit
Salary, benefits and pension	Salary, benefits and pension will be paid over the notice period. The Company has discretion to make a lump sum payment on termination equal to the salary, value of contractual benefits and value of company pension contributions payable during the notice period. In all cases the Company will seek to mitigate any payments due.
Annual Bonus Plan	*Good leaver reason* (reasons outlined below)—normally pro-rated to time and performance for year of cessation, and payable at the year end. Deferred shares delivered in full at normal vesting date. *Other reason*—no bonus payable for year of cessation and deferred shares normally lapse.
PIF	**The CEO** The PIF will be payable to the CEO in the event of cessation unless he voluntarily resigns from his employment (either with or without notice) at any time before 31 December 2022, or his employment is terminated by the Company by reason of a Termination Act (as defined in his service agreement) e.g. gross misconduct. **The CFO** No payment will be made for any reason in the event of cessation of employment.
LTIP	*Good leaver reason*—normally pro-rated to time and performance in respect of each subsisting LTIP award, with award vesting at the original date. The Company will have the discretion to allow awards to vest early in exceptional circumstances. *Other reason*— Lapse of any unvested LTIP awards. Vested LTIP awards will be retained by Executive Directors. The Committee has the following elements of discretion: • to treat a leaver as a 'good leaver'. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case to do so;

Remuneration element	Treatment on exit
	• whether to measure performance over the original performance period or at the date of cessation; • the Committee's policy is generally to pro-rate awards from the date of grant to the date of cessation. The Committee has the discretion to adopt a different approach to pro-rating and the timing of vesting where it is felt appropriate and there is an appropriate business case to do so.

A good leaver reason may include cessation in the following circumstances:

- Death;
- Ill-health;
- Injury or disability; or
- At the discretion of the Committee.

Incentive awards—treatment on a change in control

The Committee's normal policy on the vesting of incentives on a change of control is summarised below:

Name of Incentive Plan	Change of Control	Discretion
Annual Bonus Plan . . .	Pro-rated to time and performance to the date of the change of control and paid at that time. Deferred shares released at the change of control.	The Committee has discretion to continue the operation of the Plan to the end of the bonus year (subject to the agreement of the acquiring company).
PIF	The PIF will still be payable and operation of the PIF will end on 21 December 2022. Deferred shares will be released at the change of control and vest in the individual (or as they may direct).	The PIF will continue to operate until 31 December 2022.
LTIP	The number of shares subject to subsisting LTIP awards vesting on a change of control will be pro-rated to time and performance.	The Committee retains absolute discretion regarding the proportion vesting, taking into account time and performance. There is a presumption that the Committee will pro-rate for time, although it may adopt a different approach if it considers appropriate.

Non-Executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance, which is reviewed annually by the Nomination Committee. The Board shall have discretion to extend a term beyond nine years in order to retain specialist skills and experience which are hard to replace and provided always that the individual is considered to remain independent. The Company requires that all Directors are re-elected at each Annual General Meeting.

In the event of loss of office, Non-executive Directors do not have any entitlement of payment upon a loss of office over and above payment for any notice period and any fees or expenses due to them but unpaid at the time of termination.

There is no provision for the recovery of sums paid to a Non-executive Director or the withholding of the payment of any sum due to a Non-executive Director.

External appointments

The Board recognises the benefit which the Company can obtain if Executive Directors serve as non-executive directors of other companies. Subject to review in each case, the Board's general policy is that an Executive Director can accept one non-executive directorship of another listed company (but not the chairmanship) and can retain the fees in respect of such appointment.

Such appointments require Board approval and the time commitment the appointment will require is taken into consideration.

Statement of employment conditions elsewhere in the Company

The Committee considers pay and employment conditions across the Company when reviewing the remuneration of the Executive Directors and other senior employees. In particular, the Committee considers the range of base pay increases across the Group as well as wider workforce remuneration and related policies. The Remuneration Policy for the Executive Directors is designed with regard to the policy for the workforce as a whole. The Committee is kept updated through the year on general employment conditions and it approves the budget for annual salary increases. The Company did not consult with employees in formulating the Remuneration Policy.

Consideration of Shareholders' Views

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its Remuneration Policy and how it is implemented. The Chair of the Committee will attend the Annual General Meeting to hear the views of shareholders on the Remuneration Policy and to answer any questions in relation to remuneration.

Legacy arrangements

For the avoidance of doubt, in approving the Remuneration Policy, authority is given to the Directors to honour any commitments previously entered into with current or former Directors that have been disclosed previously to shareholders.

Part 6
DEFINITIONS

In this document (including the Notice of General Meeting) the following expressions have the meaning ascribed to them unless the context otherwise requires:

Acquisition	the proposed acquisition by PHP of the entire issued share capital of Nexus Holdings pursuant to the terms of the Share Purchase Agreement, as summarised in paragraph 1 of Part 2 of this document
Acquisition Resolution	the first resolution to be proposed at the General Meeting as set out in the Notice of General Meeting, approving the Acquisition as a substantial property transaction pursuant to section 190 of the Companies Act, granting the Directors authority to allot and issue the New Shares and approving the New Policy
Adjusted EPRA EPS	EPRA EPS excluding the exceptional contract termination fee and amortisation of the mark-to-market adjustments for fixed rate debt acquired on the MedicX Transaction attributable to equity holders of the Company divided by the weighted average number of shares in issue during the relevant period
Admission	admission of the New Shares issued in connection with the Acquisition to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the London Stock Exchange's main market for listed securities
Advisory Agreement	the amenhded and restated advisory agreement entered into on 25 June 2019 between PHP and Nexus which consolidates all previous amendments to an amended and restated advisory agreement entered into on 25 September 2013 including a deed of variation entered into on 27 January 2014, an additional letter entered into on 17 November 2014 and deeds of variation entered into on 19 April 2017, 26 July 2017, 12 December 2018, 24 January 2019 and 25 June 2019 (described in Part 3 of this document)
AIM	the AIM market of the London Stock Exchange
Announcement	the announcement made by PHP on 10 December 2020 regarding the Proposals
Articles Resolution	the second resolution to be proposed at the General Meeting as set out in the Notice of General Meeting, approving the adoption of the New Articles
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business
Buyback Contract	the contract dated 30 November 2016 between Nexus Holdings and Bernard Kelly for the purchase by Nexus Holdings of the Preference Shares, as amended by the deed of variation, in the agreed form, to be entered into by the same parties on Completion
certificated or **in certificated form**	in relation to a share or other security, a share or other security which is not in uncertificated form
Companies Act	the Companies Act 2006 as amended

Completion	completion of the Acquisition in accordance with the terms of the Share Purchase Agreement
Condition	the condition precedent to the completion of the Acquisition, as summarised in paragraph 1.2 of Part 2 of this document
CREST	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear is the operator as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, CCSS Operations Manual and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
CREST Member	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
CREST Participant	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
CREST Proxy Instruction	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the CREST Manual
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
CREST Sponsor	a CREST Participant admitted to CREST as a CREST sponsor
CTA 2010	the Corporation Tax Act 2010
Daily Official List	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
Directors or **Board**	the executive directors and non-executive directors of the Company as at the date of this document, whose names appear on page 9 of this document
Enlarged Group	the Group together with the Target Group
Enlarged Share Capital	the issued ordinary share capital of the Company following the issue of New Shares to Harry Hyman in connection with the Acquisition
EPRA	the European Public Real Estate Association body, which has issued Best Practice Recommendations in order to provide consistency and transparency in real estate reporting across Europe
EPRA cost ratio	the ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable), whereby net overheads and operating expenses relate to all administrative and operating expenses, net of any service fees, recharges or other income specifically intended to cover overhead and property expenses
EPRA EPS	the profit after taxation excluding investment and development property revaluations, gains and losses on

	disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation attributable to equity holders of the Company divided by the weighted average number of shares in issue during the period
EPRA NAV	a company's balance sheet net assets excluding the mark-to-market value of derivatives financial instruments, deferred tax, and any convertible fair value movement
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Existing Articles	the current articles of association of PHP which were adopted by special resolution on 6 October 2009
Existing Ordinary Shares	the 1,315,551,380 Ordinary Shares in issue as at the Latest Practicable Date
Financial Conduct Authority or **FCA**	the Financial Conduct Authority of the United Kingdom
Form of Proxy	the form of proxy for use by Shareholders at the General Meeting
FSMA	the Financial Services and Markets Act 2000, as amended
FTSE All Share Index	the index measuring the performance of all eligible companies listed on the Official List
General Meeting	the general meeting of PHP to be held at 5th Floor, Greener House, 66-68 Haymarket, London SW1Y 4RF at 10.30 a.m. on 4 January 2021 notice of which is set out in Part 7 of this document
Group	the Company and each of its subsidiaries and subsidiary undertakings from time to time
HH Service Agreement	the service agreement to be entered into at Completion between Harry Hyman and the Company, a summary of which is set out in paragraph 2 of Part 2 of this document
HSE	the Health and Safety Executive
Independent Directors	the Directors other than Harry Hyman and Richard Howell
Internalisation	termination of the Advisory Agreement between PHP and Nexus, and PHP taking over of the property management services from Nexus as a result of the Acquisition
Latest Practicable Date	the close of business on 10 December 2020 (being the latest practicable date prior to the date of this document for ascertaining certain information contained in this document)
Listing Rules	the Listing Rules made by the FCA under Part VI of FSMA
Lock-in Deed	the agreement to be entered into at Completion between the Company and Harry Hyman regarding the New Shares
London Stock Exchange	London Stock Exchange plc
Long Stop Date	means 28 February 2021 or such other time and date as the Vendor and the Company may agree
MedicX	MedicX Fund Limited, an authorised closed-ended investment company incorporated in Guernsey and registered with company number 45397, whose registered office is at Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 1WW

MedicX Transaction	the all-share merger between the Company and MedicX in March 2019
NAV	a company's balance sheet net assets
New Articles	the new articles of association of the Company, a summary of which is set out in Part 4 of this document
New Policy	the new directors' remuneration policy, more details of which can be found in Part 5 of this document
New Shares	the 11,485,080 new Ordinary Shares proposed to be issued and allotted to Harry Hyman, credited as full paid, pursuant to the terms of the Share Purchase Agreement
Nexus	Nexus Tradeco Limited, a private limited company incorporated under the laws of England and Wales with registration number 07685933
Nexus Developments	Nexus Primary Care Developments Limited, a private limited company incorporated under the laws of England and Wales with registration number 11862233
Nexus Group	Nexus Holdings and each of its subsidiaries as at the date of this document
Nexus Holdings	Nexus Tradeco Holdings Limited, a private limited company incorporated under the laws of England and Wales with registration number 09642987
Nexus PMS	Nexus Property Management Services Limited, a private limited company incorporated under the laws of England and Wales with registration number 02877191
NHS	the publicly funded national healthcare system of the United Kingdom
Notice of General Meeting	the notice of the General Meeting contained in Part 7 of this document
Official List	the Official List of the Financial Conduct Authority pursuant to Part VI of FSMA
Ordinary Shares or **Shares**	ordinary shares of 12.5 pence each in the share capital of the Company
PHP or **Company**	Primary Health Properties PLC, a public limited company incorporated under the laws of England and Wales with registration number 03033634
PIF	the performance incentive fee payable under the Advisory Agreement
Pounds Sterling, Sterling or **£**	the lawful currency of the United Kingdom
Preference Shares	the 1,271 preference shares of £0.99 each in the capital of Nexus Holdings owned by Bernard Kelly
Proposals	the Acquisition, the adoption of the New Articles, the approval of the New Policy and Admission
Registrars or **Equiniti**	Equiniti Limited
Regulatory Information Service	one of the regulatory information services authorised by the Financial Conduct Authority to receive, process and disseminate regulatory information in respect of listed companies
REIT	Real Estate Investment Trust

Resolutions	the resolutions to be proposed at the General Meeting, comprising the Acquisition Resolution and the Articles Resolution, as set out in the Notice of General Meeting
Restructuring	the restructuring of the existing Nexus Group involving (inter alia) the sale of the existing subsidiaries of the Nexus Group (other than the Target Group) to a newly incorporated company owned by Harry Hyman to be completed immediately prior to Completion, as set out in the Share Purchase Agreement
Share Purchase Agreement	the conditional share purchase agreement dated 9 December 2020 between PHP and the Vendor relating to the Acquisition
Shared Services Agreement	the shared services agreement to be entered into at Completion between PHP and Nexus Central Management Services Limited relating to various services to be provided by the parties thereto from Completion
Shareholder	a holder of Ordinary Shares from time to time
Subsidiaries	Nexus, Nexus Developments and Nexus PMS
Target Group	Nexus and each of the Subsidiaries
Tax Deed	the tax deed between the Company and the Vendor relating to the sale of the shares in Nexus entered into on the same date as the Share Purchase Agreement to be entered into from Completion
UK-REIT	a real estate investment trust established in the United Kingdom to which Part 12 of the CTA 2010 applies
UK-REIT Group	a group UK-REIT within the meaning of Part 12 of the CTA 2010
uncertificated or **in uncertificated form**	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland
Vendor	Harry Hyman
WAULT	weighted average unexpired lease term, being the average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income

Part 7
NOTICE OF GENERAL MEETING

PRIMARY HEALTH PROPERTIES PLC

(incorporated in England and Wales under the Companies Act 1985 with registered number 03033634)

NOTICE IS HEREBY GIVEN that a General Meeting of Primary Health Properties PLC (the "**Company**") will be held on 4 January 2021 at 10.30 a.m. at 5th Floor, Greener House, 66-68 Haymarket, London SW1Y 4RF for the purpose of considering, and if thought fit, passing the following Resolutions which are to be proposed, in the case of Resolution 1 as an Ordinary Resolution and in the case of Resolution 2, as a Special Resolution. Voting on the Resolutions will be by way of poll.

Unless otherwise stated, capitalised terms set out in this Notice of General Meeting are as defined in the circular dated 11 December 2020 within which is included this Notice of General Meeting (the "**Circular**").

ORDINARY RESOLUTION

1. **THAT**:

   (a) the sale by Harry Hyman and the purchase by the Company, a person connected with Harry Hyman (a director of the Company and of Nexus Tradeco Holdings Limited) of the entire issued and to be issued ordinary share capital of Nexus Tradeco Holdings Limited on the terms summarised in the Circular be approved for the purposes of, and in accordance with, section 190 of the Companies Act 2006;

   (b) in addition to and without prejudice or limitation to any powers and authorities conferred upon the Directors under resolutions passed at the Company's most recent annual general meeting and otherwise, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot equity securities of the Company up to an aggregate nominal value of £1,435,635 and such authority shall expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired; and

   (c) the Directors' Remuneration Policy as set out in Part 5 of the Circular, be and is hereby approved and will take effect from and subject to completion of the Acquisition pursuant to the terms of the Share Purchase Agreement.

SPECIAL RESOLUTION

2. **THAT**, with effect from the conclusion of the General Meeting, the New Articles produced to the General Meeting and initialled by the Chair for the purpose of identification, be hereby adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Existing Articles.

Dated: 11 December 2020

Registered Office:

5th Floor, Greener House,
66-68 Haymarket,
London SW1Y 4RF

By order of the Board
Paul Wright
for Nexus Management Services Limited
Company Secretary

Notes

PLEASE READ THESE NOTES IN CONJUNCTION WITH THE REST OF THIS DOCUMENT TO WHICH THIS NOTICE OF GENERAL MEETING IS ATTACHED REGARDING THE PROPOSED PROCEDURE FOR THE GENERAL MEETING IN VIEW OF THE GOVERNMENT MEASURES IN PLACE AS A RESULT OF COVID-19. IN PARTICULAR, PLEASE NOTE THAT SHAREHOLDERS, THEIR THIRD-PARTY PROXIES AND CORPORATE REPRESENTATIVES WILL NOT BE GRANTED ENTRY TO THE GENERAL MEETING. THE COMPANY WILL CONTINUE TO UPDATE SHAREHOLDERS ON ARRANGEMENTS FOR THE GENERAL MEETING THROUGH A REGULATORY INFORMATION SERVICE AND THE COMPANY'S WEBSITE AT WWW.PHPGROUP.CO.UK. SHAREHOLDERS ARE ADVISED TO CHECK THE COMPANY'S WEBSITE FOR UPDATES.

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the general meeting. A shareholder may appoint more than one proxy in relation to the general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All Form of Proxy must be signed and should be returned together in the same envelope.

2. A Form of Proxy is provided with this notice and instructions for use are shown on the Form of Proxy. In order to be valid, a completed Form of Proxy must be returned to the Company by one of the following methods:

   - in hard copy form by post, by courier or by hand to the Company's Registrar, Equiniti at the address shown on the Form of proxy to be received by no later than 10.30 a.m. on 30 December 2020 (or if adjourned, not less than 48 hours before the time fixed for any adjournment(s) thereof (excluding any part of any day that is not a working day); or

   - in the case of CREST Members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, which must be received by Equiniti by no later than 10.30 a.m. on 30 December 2020 (or if adjourned not less than 48 hours before the time fixed for any adjournment(s) thereof (excluding any part of any day that is not a working day)

   As an alternative to completing the hard-copy Form of Proxy, you can appoint a proxy electronically by logging onto the website www.sharevote.co.uk and entering your Voting ID, Task ID and Shareholder Reference Number shown on your Form of Proxy. For an electronic proxy appointment to be valid your appointment must be received by Equiniti no later than 10.30 a.m. on 30 December 2020. Please note that any electronic communication sent to Equiniti in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.

3. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

4. The return of a completed Form of Proxy would not usually prevent a shareholder attending, however in light of government restrictions, shareholders will not be permitted to attend the meeting.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST

Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using a CREST service to be valid the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti agent ID RA19 no later than 10.30 a.m. on 30 December 2020 (or if adjourned not less than 48 hours before the time fixed for any adjournment thereof (excluding any part of a day that is not a working day).

7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. CREST Members and where applicable, their CREST Sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal systems timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and where applicable, their CREST Sponsors or voting service provider(s) are referred in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act ("**Nominated Persons**"). The right to appoint proxies does not apply to Nominated Persons: they can only be exercised by the member. However, in accordance with section 149(2) of the Companies Act, a Nominated Person may have a right under an agreement with the registered member who has nominated him to be appointed or to have someone else appointed, as a proxy for this meeting. If a Nominated Person does not have such right, or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated Persons should contact the registered member by whom they were nominated in respect of these arrangements.

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

11. You may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

12. To be entitled to attend and vote at the general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.30 p.m. on 30 December 2020 or, in the event of any adjournment, 6.30 p.m. on the date which is two days before the time of the adjourned meeting (excluding any part of any day that is not a working day). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting.

13. Any member attending the general meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the general meeting but no such answer need be given if:

    - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    - the answer has already been given on a website in the form of an answer to a question; or

- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. A copy of this notice, and other information required by section 311A of the Companies Act, can be found at www.phpgroup.co.uk.
15. As at 10 December 2020, the Company's issued share capital consisted of 1,315,551,380 Ordinary Shares carrying one vote each and therefore the total number of voting rights is 1,315,551,380.

Toppan Merrill, London
20-37319-1