



Primary Health Properties

## Primary Health Properties PLC

(incorporated and registered in England and Wales with registered number 03033634)

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### Notice of Annual General Meeting 2017

**Wednesday 26 April 2017 at 10:30 a.m.**

**To be held at the offices of  
Nabarro LLP,  
125 London Wall,  
London EC2Y 5AL.**

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**Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form.**

**The Form of Proxy must be received by no later than 10:30 a.m. on 24 April 2017.**

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

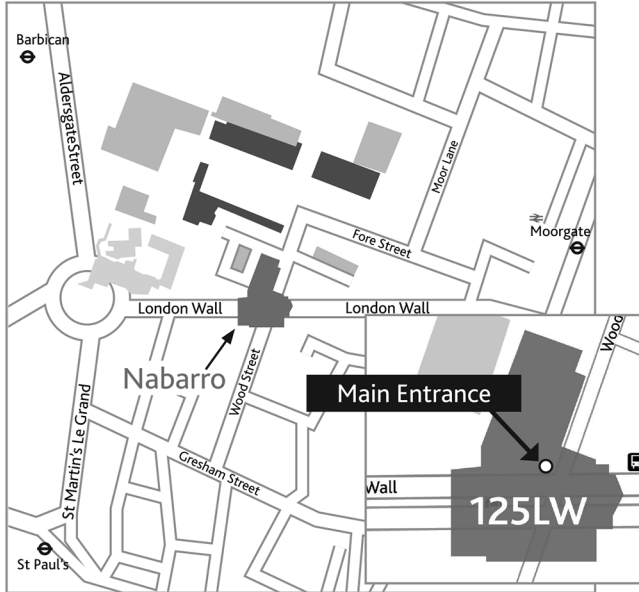
If you are in any doubt about the contents of this document or about what action you should take, you should seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the Ordinary Shares.

## DEFINITIONS



The following definitions apply throughout this document unless the context requires otherwise:

“2006 Act”	the Companies Act 2006, as amended, consolidated or re-enacted from time to time
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be convened on 26 April 2017 at 10:30 a.m. pursuant to this notice of annual general meeting
“Annual Report 2016”	the Company’s annual report and financial statements for the year ended 31 December 2016
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company as at the date of this document
“Company” or “PHP”	Primary Health Properties PLC
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the Annual General Meeting
“Ordinary Shares”	ordinary shares of 12.5 pence each in the capital of the Company
“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
“Resolutions”	the resolutions to be proposed to Shareholders at the Annual General Meeting
“Scrip Dividend Scheme”	has the meaning given to it in the explanatory notes to the Resolutions (for Resolution 4) on page 9 of this document
“Shareholders”	holders of Ordinary Shares



## London

### Directions to 125 London Wall

 Underground Stations	Duration (on foot)	 Main Line Stations	Duration (on foot)
Moorgate	5 minutes	London Bridge	22 minutes
Liverpool Street	10 minutes	Cannon Street	7 minutes
Barbican	7 minutes	Liverpool Street	10 minutes
St. Paul's	6 minutes		
Bank	9 minutes		

The main entrance to 125 is on the corner of London Wall and Wood Street.

Direct Bus Routes along London Wall: 21, 141, 76, 43, 100. Bus routes to St Paul's: 521, 4, 11, 15, 23, 25, 26, 100, 242.

Taxi rank and Boris Bikes: Wood Street (turn left out of the main entrance of 125LW)

T +44 (0)20 7524 6000 F +44 (0)20 7524 6524  
 125 London Wall London EC2Y 5AL info@nabarro.com



Primary Health Properties

**PRIMARY HEALTH PROPERTIES PLC**

(incorporated and registered in England and Wales with registered number 03033634)

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

*To all Shareholders*

15 March 2017

**Notice of Annual General Meeting**

Dear Shareholder,

I have pleasure in inviting you to the Company's AGM for 2017 which we are holding at the offices of Nabarro LLP, 125 London Wall, London EC2Y 5AL on 26 April 2017 at 10:30 a.m. We consider the AGM to be an important event in our calendar as it allows the opportunity to meet with Shareholders and discuss the Company's performance and other important matters. A map showing the location of the venue and directions can be found on page 3.

The formal notice of the AGM is set out on pages 6 to 8 of this document, which sets out the business to be considered at the meeting. Explanatory notes for the Resolutions are provided on pages 9 to 10 of this document and guidance notes for Shareholders wishing to attend the AGM on pages 11 to 12. If you have elected to receive information from the Company in hard copy, you should have received the Annual Report 2016 already. Shareholders who have not elected to receive hard copy documents can view or download the Annual Report 2016 from our website [www.phpgroup.co.uk/investors](http://www.phpgroup.co.uk/investors).

**Actions to be taken in respect of the Annual General Meeting**

We would welcome you coming to the AGM and voting in person, but if you would like to vote on the Resolutions but cannot come to the AGM, you are strongly encouraged to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible. The Form of Proxy, which is pre-paid, should be completed, signed and returned in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by no later than 10:30 a.m. on Monday 24 April 2017.

Alternatively, electronic proxy appointment is available to lodge your proxy vote electronically by logging on to the website provided by Equiniti at [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you are a member of CREST, via Equiniti (ID number RA19). Equiniti must receive your proxy appointment by no later than 10:30 a.m. on Monday 24 April 2017.

The completion and return of the Form of Proxy will not prevent you from attending and voting at the AGM, or any adjournment of the AGM, in person should you wish to do so.

**Resolutions**

The resolutions to be put for your approval in the notice of meeting are similar to those of previous years, but I would like to comment on just two and also refer you to the explanatory notes on resolutions which follow the notice itself.

**1. Dividend policy (Resolution 4)**

The Company's current policy is to make all of its dividend payments (currently four per annum) as interim dividends. This enables the fourth dividend payment to be made approximately two months earlier than would be the case if that dividend were categorised as a 'final dividend' and therefore have to await Shareholder approval at the AGM in April. This arrangement is made in the interests of Shareholders, enabling them to benefit from the earlier receipt of the fourth dividend. As we believe it is important for Shareholders to have an opportunity to consider this policy annually, and in accordance with the principles of good corporate governance, a resolution to approve the Company's dividend policy is included as Resolution 4 in the accompanying notice of meeting.

## **2. Political donations (Resolution 20)**

First of all, let me reaffirm that it is the policy of the Company not to make donations to political parties, other political organisations or independent election candidates and the Directors have no intention of changing that policy.

However, as a result of the wide definition of political organisations under Part 14 of the 2006 Act, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might now, we understand, be construed as political expenditure or as a donation to a political party and therefore fall within the restrictions of the 2006 Act. Resolution 20 will allow the Company to continue with its normal activities without committing an inadvertent infringement of the 2006 Act.

### **Voting at the Annual General Meeting**

At the AGM, the Resolutions will be put to a vote on a poll rather than a show of hands. Voting by way of a poll is now seen as best practice as it more accurately reflects the intentions of all Shareholders. The valid proxy votes lodged prior to the AGM are added to the votes of Shareholders present at the AGM with votes recorded in proportion to the number of Ordinary Shares held. As soon as practicable following the AGM, the results of the voting at the AGM and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: [www.phpgroup.co.uk/investors](http://www.phpgroup.co.uk/investors).

### **Electronic communications**

The Articles permit the Company to communicate with Shareholders by electronic means. Increased use of electronic communications delivers savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to Shareholders. The reduced use of paper also has environmental benefits. Shareholders who have not yet agreed to the Company sending or supplying the documents and information to them electronically will therefore find with the papers for the AGM a letter from the Company seeking their agreement to electronic communication.

### **Recommendation**

The Directors consider that the Resolutions are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all the Resolutions, as they intend to do so in respect of their own beneficial holdings.

On behalf of the Board, I look forward to seeing many of you at the meeting and thank you for your continued support.

Yours sincerely,



**Alun Jones**  
**Chairman**

## Primary Health Properties PLC

(incorporated and registered in England and Wales with registered number 03033634)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Primary Health Properties PLC (the "Company") will be held at the office of Nabarro LLP, 125 London Wall, London EC2Y 4AL on 26 April 2017 at 10:30 a.m. (the "AGM"). Shareholders will be asked to consider and, if thought fit, pass the resolutions as set out below (the "Resolutions"). Resolutions 16 to 19 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions. Voting on the Resolutions will be by way of poll.

1. To receive the Company's annual financial statements and the reports of the Directors and of the auditors to the Company for the financial year ended 31 December 2016.
2. To approve the directors' remuneration policy, as set out on pages 52 to 53 of the directors' remuneration report contained in the Company's annual financial statements and reports for the financial year ended 31 December 2016 to take effect from the conclusion of the AGM.
3. To approve the directors' remuneration report (excluding the directors' remuneration policy) as contained in the Company's annual financial statements and reports for the financial year ended 31 December 2016.
4. To approve the Company's dividend policy, as set out in the letter from the Chairman of the Company that accompanies this notice of meeting.
5. To re-appoint Deloitte LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
6. To authorise the audit committee of the Company, for and on behalf of the directors, to determine the remuneration of the auditors.
7. To re-elect Alun Jones as a director of the Company.
8. To re-elect Steven Owen as a director of the Company.
9. To re-elect Mark Creedy as a director of the Company.
10. To re-elect Dr Ian Rutter as a director of the Company.
11. To re-elect Harry Hyman as a director of the Company.
12. To elect Geraldine Kennell, who was appointed since the last annual general meeting, as a director of the Company.
13. To elect Nick Wiles, who was appointed since the last annual general meeting, as a director of the Company.
14. To elect Richard Howell, who was appointed since the last annual general meeting, as a director of the Company.
15. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "2006 Act") in substitution for all existing authorities:
  - A. to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together "Relevant Securities") up to an aggregate nominal amount of £24,930,678; and
  - B. to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) up to an additional aggregate nominal amount of £24,930,678 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein, where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities, subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a

regulatory body or stock exchange by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in paragraphs (A) and (B) above shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the AGM, but in each case, prior to its expiry, the Company may make offers and enter into agreements, which would, or might, require Relevant Securities or equity securities as the case may be to be allotted (and treasury shares to be sold) after the authority expires and the directors may allot Relevant Securities or equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority in question had not expired.

16. That subject to the passing of Resolution 15, the directors be authorised, pursuant to sections 570 and 573 of the 2006 Act, to allot equity securities (as defined in section 560 of the 2006 Act) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- A. the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities made to (but in the case of the authority conferred by paragraph 15(B), by way of a rights issue only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights of those securities or, if the directors otherwise consider necessary, as permitted by the rights of those securities, and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- B. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to an aggregate nominal amount of £3,739,601;

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or, if earlier, on the date which is 15 months after the date of the AGM but in each case, prior to its expiry, the Company may make offers and enter into agreements, which would, or might, require Relevant Securities or equity securities as the case may be to be allotted (and treasury shares to be sold) after the authority expires and the directors may allot Relevant Securities or equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority in question had not expired.

17. That subject to the passing of Resolution 15, the directors be authorised, pursuant to sections 570 and 573 of the 2006 Act, in addition to any authority granted under Resolution 16, to allot equity securities (as defined in section 560 of the 2006 Act) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be:

- A. limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £3,739,601; and
- B. used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the next annual general meeting of the Company (or, if earlier, on the date which is 15 months after the date of the AGM) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority in question had not expired.

18. That the Company is authorised to call any general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice during the period beginning on the date of the passing of this Resolution and ending on the conclusion of the next annual general meeting of the Company.

19. That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 12.5 pence each in the capital of the Company (“Ordinary Shares”) on such terms and in such manner as the directors may from time to time determine, provided that:
- (A) the maximum aggregate number of Ordinary Shares that may be purchased is 59,833,626 (representing approximately 10 per cent of the issued ordinary share capital of the Company as at the date of this document);
  - (B) the minimum price (excluding expenses payable by the Company) which may be paid for each Ordinary Share is 12.5 pence;
  - (C) the maximum price (excluding expenses payable by the Company) which may be paid for each Ordinary Share is the higher of: i) an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately prior to the day the purchase is made; and ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System; and
  - (D) this authority shall expire at the conclusion of the Company’s next annual general meeting, or 25 July 2018, whichever is the earlier, save that the Company may, before the expiry of this authority, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract.
20. To authorise the Company and all companies that are its subsidiaries at any time during the period for which this Resolution 20 has effect for the purposes of sections 366 and 367 of the 2006 Act to:
- (A) make political donations to political parties or independent election candidates (as such terms are defined in the 2006 Act), not exceeding £100,000 in aggregate;
  - (B) make political donations to political organisations other than political parties (as such terms are defined in the 2006 Act), not exceeding £100,000 in aggregate; and
  - (C) to incur political expenditure (as such term is defined in the 2006 Act), not exceeding £100,000 in aggregate,

during the period beginning with the date of the passing of this Resolution 20 and ending with the conclusion of the next annual general meeting of the Company (or, if earlier, on the date which is 15 months after the date of the AGM), provided that the maximum amounts referred to in (A), (B) and (C) may comprise one or more sums in different currencies which shall be converted at such rate as the board of directors may in its absolute discretion determine to be appropriate.

BY ORDER OF THE BOARD

**Paul Wright, for**

Nexus Management Services Limited

**Company Secretary**

15 March 2017

Primary Health Properties PLC

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

Registered in England & Wales No: 03033634

Important notes regarding your general right to appoint a proxy and voting can be found on pages 11 and 12 of this notice of Annual General Meeting.



## EXPLANATORY NOTES TO THE RESOLUTIONS

These notes are intended to explain the business to be transacted at the Annual General Meeting. Resolutions 16 to 19 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. All other resolutions are proposed as ordinary resolutions, so that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

### Accounts (Resolution 1)

By company law the Directors must present to the AGM the Annual Report 2016 for adoption. The Board will welcome any questions and discussion on the Annual Report 2016 at the AGM.

### Directors' remuneration policy (Resolution 2)

Resolution 2 seeks Shareholders' approval for the directors' remuneration policy, as set out on pages 52 to 53 of the directors' remuneration report contained in the Annual Report 2016.

The directors' remuneration policy sets out the Company's forward looking policy on directors' remuneration (including the approach on exit payments for directors), and is subject to a binding Shareholder vote by ordinary resolution, as required by law. The Company is required to put the directors' remuneration policy to a binding vote of the Shareholders: (i) at least once every three years; or (ii) on a more frequent basis if changes to it are proposed. As the policy was last approved by Shareholders at the AGM in 2014 it is proposed to seek approval for the policy, details of which are set out on pages 52 to 53 in the Annual Report 2016.

Resolution 2 is proposed as an ordinary resolution. If the directors' remuneration policy is approved it will become effective from the close of the AGM, following which all payments by the Company to Directors and former directors will be made in accordance with it, unless a payment has been approved by a resolution of the Shareholders at a general meeting. If the Company wishes to amend the directors' remuneration policy it first will need to obtain the approval of Shareholders for that revised policy. If the directors' remuneration policy is not approved by Shareholders, the Company will seek Shareholder approval for a revised policy as soon as practicable thereafter.

### Directors' remuneration report (Resolution 3)

Resolution 3 seeks Shareholders' approval for the directors' remuneration report (excluding the directors' remuneration policy, which is covered by Resolution 2) as contained on pages 53 to 55 of the Annual Report 2016.

This resolution is proposed as an ordinary resolution. The vote is advisory and the Directors' entitlement to remuneration is not conditional on it.

### Dividend (Resolution 4)

Resolution 4 is proposed to seek Shareholders' approval of the Company's dividend policy. The Company's policy is to make all of its dividend payments (currently four per year) as interim dividends as explained in the Chairman's letter that accompanies this notice of meeting. The Board considers this policy to be in the best interests of the Company and likely to promote the success of the Company.

At last year's AGM, Shareholders approved the renewal of the Directors' authority to offer Shareholders the right to receive Ordinary Shares instead of a cash dividend, otherwise known as a 'scrip dividend'. It is the Directors' intention to offer a scrip dividend alternative in respect of the four interim dividends that are anticipated to be paid in 2017 (the "Scrip Dividend Scheme").

### Re-appointment and remuneration of auditors (Resolutions 5 and 6)

Resolution 5 proposes to reappoint Deloitte LLP as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting of the Company at which accounts are laid.

Resolution 6 proposes to authorise the audit committee, for and on behalf of the Directors, to determine the remuneration of the auditors.

### Re-election and election of Directors (Resolutions 7 to 14)

In accordance with the recommendations of the UK Corporate Governance Code 2016, all the Directors, have resolved that they will offer themselves for re-election by Shareholders at the AGM. Geraldine Kennell, Nick Wiles and Richard Howell were appointed to the Board since the last AGM and will retire in accordance with article 80 of the Articles and, being eligible, will offer themselves for re-election by Shareholders at the AGM.

Separate resolutions are being proposed to re-elect each of the Directors standing for re-election. Resolutions 7 to 14 are being proposed as ordinary resolutions.

Detailed biographies and further information on all of the Directors and further details of their skills and experience, and representation on the Board committees can be found on the Company's website at [www.phpgroup.co.uk/about-us/directors](http://www.phpgroup.co.uk/about-us/directors) and on pages 34 to 37 of the Annual Report 2016 (other than Richard Howell who was appointed with effect from 31 March 2017 after the posting of the Annual Report 2016). Richard Howell is a Chartered Accountant with 19 years' experience working with London listed commercial property companies, gained principally with LondonMetric Property Plc where he was finance director of its joint ventures and Brixton plc where he was financial controller and company secretary.

Following the performance evaluation of each Director, the Chairman has confirmed that each of the Directors standing for re-election or election has been and continues to be effective and continues to demonstrate commitment to their respective roles and makes available the time necessary to perform their duties.

### Directors' authority to allot securities (Resolution 15)

Further to the Articles and the provisions of the 2006 Act, the Directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by the Shareholders.

Accordingly, the authority in Resolution 15, paragraph (A) will allow the Directors to allot shares or grant rights to subscribe for, or convert any security into, shares in the Company, up to a maximum nominal amount of £24,930,678, representing approximately one-third of the Company's issued ordinary share capital calculated as at 13 March 2017 (being the latest practicable date prior to publication of this document). The authority in Resolution 15, paragraph (B) will allow the Directors, only in connection with a pre-emptive rights issue, to allot shares or grant rights to subscribe for, or convert any securities into, shares in the Company, up to a maximum nominal amount of £24,930,678 in addition to the nominal amount of any shares allotted or rights granted to subscribe for, or to convert any security into, shares under paragraph (A), together representing approximately two-thirds of the Company's issued ordinary share capital calculated as at 13 March 2017 (being the latest practicable date prior to publication of this document). This is in line with corporate governance guidelines.

This authority will expire at the conclusion of the next AGM of the Company or, if earlier, on the date which is 15 months after the date of the AGM. The Directors intend to renew this authority annually at each AGM of the Company. The Directors have no present intention of exercising this authority. However, it is considered prudent to maintain the flexibility that this authority provides.

As at 13 March 2017 (being the latest practicable date prior to the publication of this document), the Company held no Ordinary Shares in treasury.

### Directors' authority to dis-apply pre-emption rights (Resolutions 16 and 17)

Under the 2006 Act, when new shares are proposed to be issued for cash, other than in connection with a company share option plan, they must first be offered to existing Shareholders pro-rata to their percentage holdings at such time, unless Shareholders have waived this right either generally or in respect of a particular issue. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing Shareholders. The purpose of Resolutions 16 and 17 therefore is to enable Shareholders to waive their pre-emption rights and allow the Directors to allot shares for cash without such shares being first offered to existing Shareholders.

Resolution 16 will, if passed by special resolution, give the Directors authority to allot shares pursuant to the authority granted in Resolution 15 for cash on a non-pre-emptive basis, only: (a) in connection with a rights issue or any other pre-emptive offer concerning equity securities, or (b) otherwise than in connection with a rights issue or any other pre-emptive offer for shares in the Company up to a maximum nominal value of £3,739,601, representing approximately 5 per cent. of the Company's issued ordinary share capital as at 13 March 2017 (being the latest practicable date prior to the publication of this document).

For the purposes of Resolution 16, the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Resolution 17 additionally authorises the Directors to allot new shares (or sell treasury shares) for cash, without the shares being offered first to existing Shareholders, in connection with the financing (or refinancing, if the authority is to be used within six months after the original transaction) of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. The authority under Resolution 17 is limited to a nominal value of £3,739,601, representing approximately 5 per cent. of the Company's issued ordinary share capital as at 13 March 2017 (being the latest practicable date prior to the publication of this document).

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in March 2015, and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 16 either in excess of an amount equal to 5 per cent. of the total issued ordinary share capital of the Company (excluding treasury shares) or in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with Shareholders. Adherence to the principles would not preclude issuances under the authority sought under Resolution 17. The provisions of Resolutions 16 and 17 comply with the Share Capital Management Guidelines issued by the Investment Association in July 2016 and the disapplication of pre-emption rights resolutions follow the resolution templates issued by the Pre-Emption Group in May 2016.

The power conferred by Resolutions 16 and 17 will expire at the conclusion of the next AGM of the Company or, if earlier, on the date which is 15 months after the date of the AGM. The Directors intend to renew this authority annually at each AGM of the Company. The Directors have no immediate plans to make use of this authority, other than in connection with the issue of Ordinary Shares under the Scrip Dividend Scheme.

As at 13 March 2017 (being the latest practicable date prior to the publication of this document), the Company did not hold any treasury shares. If the Company were to create treasury shares, for example through the market purchase of its own shares, the subsequent sale of any treasury shares would be counted as equivalent to the issue of new shares for the purpose of the limitations on the issue of new shares included in Resolutions 16 and 17.

#### **Notice of general meetings, other than annual general meetings (Resolution 18)**

Resolution 18 will, if passed, allow the Company to hold general meetings (other than annual general meetings) on 14 clear days' notice. Under the 2006 Act, the minimum notice period for publicly listed company general meetings is 21 clear days, but with an ability for companies to reduce this period to 14 clear days (other than for annual general meetings) provided that certain conditions are met.

The first condition is that the Company offers a facility for members to vote by electronic means. This condition is met if the Company offers a facility allowing members to appoint a proxy by means of a website. The Company provides this facility (please refer to note 4 to guidance notes on page 11 of this document for details of the Company's arrangements for electronic proxy appointment). The other condition is that there is an annual resolution of Shareholders approving the reduction of the minimum notice period from 21 clear days to 14 clear days.

The Board is proposing Resolution 18 as a special resolution to approve 14 clear days as the minimum period of notice to be given for all general meetings of the Company other than annual general meetings. The approval will be effective until the conclusion of the next annual general meeting of the Company. The shorter notice period will be used in accordance with all relevant corporate governance guidelines applicable at the time. In particular, it will only be used where flexibility is merited by the business of the meeting and is thought to be to the advantage of Shareholders as a whole.

#### **Purchase of own shares (Resolution 19)**

Resolution 19 seeks authority for the Company to make market purchases of its own Ordinary Shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 59,833,626 of its Ordinary Shares, representing approximately 10 per cent. of the Company's issued ordinary share capital as at 13 March 2017 (being the latest practicable date prior to the publication of this document).

The Directors have no present intention of exercising the authority granted by Resolution 19. Ordinary Shares will only be purchased if the Directors consider such purchases to be in the best interests of Shareholders generally and that the purchase can be expected to result in an increase in earnings per Ordinary Share. In addition, the authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels for the Company and its overall financial position.

The Resolution specifies the minimum and maximum prices which may be paid for any Ordinary Shares purchased under this authority. The authority will expire on the earlier of 25 July 2018 or the date of the Company's 2018 AGM.

The Company may either cancel any Ordinary Shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). No dividends are paid on shares in treasury and no voting rights attach to treasury shares. If the Ordinary Shares that the Company buys back under this authority are held in treasury, this would give the Company the ability to re-issue treasury shares quickly and cost-effectively, providing the Company with additional flexibility in the management of its capital.

As at 13 March 2017 (being the latest practicable date prior to the publication of this document), there are no warrants or options to subscribe for Ordinary Shares that are outstanding.

#### **Political donations and expenditure (Resolution 20)**

Part 14 of the 2006 Act, amongst other things, prohibits political donations made by a company and its subsidiaries to EU political parties, to other EU political organisations, to an independent election candidate in the EU or political expenditure incurred by a company of more than £5,000 in any 12 month period, unless they have been authorised to make donations by the company's shareholders.

It is the policy of the Company not to make donations to political parties, other political organisations or independent election candidates and the Directors have no intention of changing that policy.

However, as a result of the wide definition of political organisations under Part 14 of the 2006 Act, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and therefore fall within the restrictions of the 2006 Act.

In order to avoid an inadvertent infringement of the 2006 Act, Resolution 20 will allow the Company and its subsidiaries to make donations to political parties, other political organisations and independent election candidates and to incur political expenditure (as defined in the 2006 Act) up to an aggregate limit of £100,000 in the period beginning with the date of the passing of Resolution 20 and ending with the conclusion of the next annual general meeting of the Company whilst avoiding, because of the uncertainty over the definitions used in the 2006 Act, inadvertent infringement of the 2006 Act. Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's annual report and accounts for next year, as required by the 2006 Act. Resolution 20 will not be used to make political donations within the normal meaning of that expression.

## **GUIDANCE NOTES FOR THE MEETING AND ON APPOINTMENT OF PROXIES**

1. **General:** a copy of this notice of AGM and other information regarding the AGM, required by section 311A of the 2006 Act (including a copy of the annual report 2016) is available from the Company's website at [www.phpggroup.co.uk](http://www.phpggroup.co.uk). Shareholders who have not elected to receive these documents in printed form may obtain copies by writing to the Company Secretary at the Company's registered office. Shareholders who wish to receive the printed annual report and accounts for future years should write to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.
2. **Entitlement to vote:** under the Articles the holders of Ordinary Shares are entitled to attend the AGM and to speak and vote at the AGM. Duly appointed proxies are entitled also to attend, speak and vote at the Annual General Meeting.

Only those holders of Ordinary Shares registered in the register of members of the Company as at 6:30 p.m. on Monday 24 April 2017 (or, if the AGM is adjourned, 6:30 p.m. on the day that is 48 hours before any adjourned meeting) (excluding any part of any day that is not a working day) shall be entitled to attend (either in person or by proxy) and vote at the AGM, or any adjourned meeting, in respect of the number of shares registered in their names at that time. Any changes to the register of members after the relevant deadline shall be disregarded in determining the right of any person to attend and vote at the AGM or an adjourned meeting.
3. **Entitlement to appoint proxies:** Shareholders 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 AGM. A Shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. If a proxy is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his or her discretion as to whether and, if so, how to vote. To appoint more than one proxy you may photocopy the Form of Proxy. A proxy need not be a Shareholder of the Company.

The Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice of AGM. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

The return of a completed Form of Proxy, or other such instrument or any CREST Proxy Instruction (as described in Note 5 below) will not prevent a Shareholder attending the AGM and voting in person if he/she wishes to do so.

In the case of joint Shareholders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.
4. **Validity of proxies:** to be valid a Form of Proxy or other instrument appointing a proxy must be received by one of the following methods:
  - a. by posting the reply-paid proxy or otherwise by post (in which case postage will be payable) or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA;
  - b. in the case of CREST members, by utilising the CREST electronic proxy appointment services in accordance with the procedures set out in paragraph 5 below; or
  - c. as an alternative to completing and returning the printed Form of Proxy, you may submit your proxy electronically by accessing the Sharevote website provided by Equiniti Limited. Shareholders may submit an electronic proxy online, using the reference numbers printed on the Form of Proxy, at [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the voting procedures are shown.
5. **CREST proxy appointment:** CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the 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 specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA19) not later than 10:30 a.m. on Monday 24 April 2017 (or, if the AGM is adjourned, not later than 48 hours before the time fixed for the adjourned meeting) (excluding any part of any day that is not a working day). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system 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/her 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 system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.
6. **Corporate representatives:** any corporation which is a member may by resolution of its directors or other governing body authorise one or more person(s) to act as its representative who may exercise, on its behalf, all its powers as a member, provided that they do not do so in relation to the same shares. A certified copy of any such resolution must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the AGM to be valid (excluding any part of any day that is not a working day).
7. **Nominated persons:** any person to whom this document is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

The statement of the rights of Shareholders in relation to the appointment of proxies at Notes 2, 3, 4, and 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by Shareholders of the Company. If you have been nominated to receive general Shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered Shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the 2006 Act, writes to you directly for a response.

8. **Electronic communication:** please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus, will not be accepted.
9. **Voting and voting rights:** as at 5:00 p.m. on 13 March 2017 (being the latest business day prior to the publication of this document), the Company's issued share capital consists of 598,336,264 Ordinary Shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 5:00 p.m. on 13 March 2017 is 598,336,264. The website referred to in Note 1 will include information on the number of Ordinary Shares and voting rights.

Voting on the Resolutions will be conducted by way of a poll rather than on a show of hands as this is considered by the Board to reflect the views of Shareholders more accurately. As soon as practicable, following the AGM the results of voting at the AGM and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website referred to in Note 1 above.
10. **Right to ask questions:** any Shareholder attending the AGM 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 Annual General Meeting but no such answer need be given if:
  - to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; or
  - 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 Annual General Meeting that the question be answered.

11. **Audit concerns:** under section 527 of the 2006 Act a Shareholder or Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company cannot require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

The request may be in hard copy form or in electronic form (stating your name and address and in the case of an electronic communication stating AGM in the subject line of the e-mail); either setting out the statement in full or, if supporting a statement sent by another Shareholder, clearly identifying the statement which is being supported; must be authenticated by the person or persons making it; and be received by the Company at least one week before the AGM.

12. **Communication with the Company:** you may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the Form of Proxy accompanying this document) to communicate with the Company for any purposes other than those expressly stated. All other communication with the Company in relation to the AGM should be by writing to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA or to the Company Secretary at the registered office of the Company set out at the foot of the notice of Annual General Meeting.
13. **Inspection of documents:** copies of the letters of appointment of the non-executive directors of the Company are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excepted) from the date of this document until the time of the AGM and at the place of the AGM (the offices of Nabarro LLP, 125 London Wall, London EC2Y 5AL) for at least 15 minutes prior to the start of the AGM until the end of the AGM.