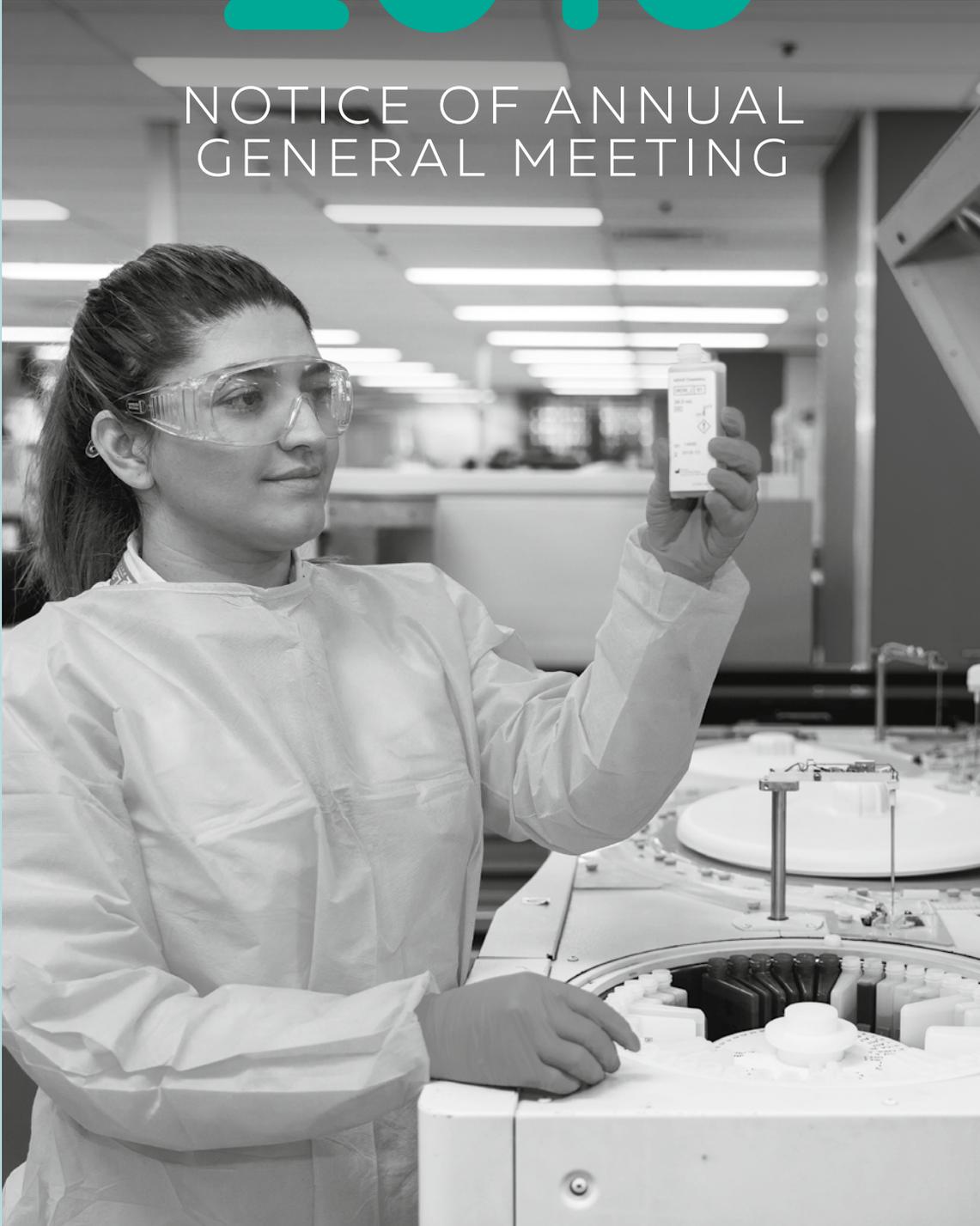


2018

NOTICE OF ANNUAL GENERAL MEETING



PRIMARY
HEALTH CARE LIMITED

PRIMARY HEALTH CARE LIMITED
(ACN 064 530 516)

NOTICE is hereby given of the Annual General Meeting (**this AGM** or **this Meeting**) of members of Primary Health Care Limited (**the Company**) to be held:

Date Thursday 22 November 2018

Time 11.00 am (Sydney time)
(Registration will commence at 10.00 am)

Venue Fort Macquarie Room, Intercontinental Hotel Sydney,
117 Macquarie Street, Sydney NSW 2000

ITEMS OF BUSINESS

1. Receipt of Annual Financial Report

To receive and consider the Company's Financial Report, the Directors' Report, and the Auditor's Report, for the year ended 30 June 2018.

2. Adoption of the 2018 Remuneration Report

To consider and if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2018 be adopted."

Voting exclusion statement in respect of Item 2

Item 2 is a resolution connected directly or indirectly with the remuneration of Key Management Personnel (**KMP**).

The following persons may not vote (in person or by proxy), and the Company will disregard any votes cast by or on behalf of the following persons, on the resolution in Item 2:

- a) the KMP of the Primary Group (as set out on page 49 of the Company's 2018 Annual Report), whose remuneration details are included in the Remuneration Report; and
- b) each "closely related party" (as defined in section 9 of the *Corporations Act 2001* (Cth) (**Corporations Act**)) of a KMP.

However, a person described in the preceding paragraph may cast a vote on the resolution in Item 2 if:

- a) the person is appointed as a proxy, and the proxy appointment specifies how the proxy is to vote on the resolution in Item 2; or the appointed proxy is the Chair of the Meeting and:
 - (i) the appointment does not specify how the Chair is to vote on the resolution in Item 2; and
 - (ii) the appointment expressly authorises the Chair to exercise the proxy even if the resolution in Item 2 is connected directly or indirectly with the remuneration of a KMP.

3. To re-elect Mr Gordon Davis as a Director

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Gordon Davis, being a Director who retires by rotation in accordance with the Constitution of the Company and, being eligible, offers himself for re-election, is re-elected as a Director of the Company."

4. To re-elect Ms Arlene Tansey as a Director

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Arlene Tansey, being a Director who retires by rotation in accordance with the Constitution of the Company and, being eligible, offers herself for re-election, is re-elected as a Director of the Company."

5. To elect Ms Sally Evans as a Director

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Sally Evans, being a Director appointed by the Board as a casual appointee since the last Annual General Meeting, who retires in accordance with the Constitution of the Company and, being eligible, offers herself for election, is elected as a Director of the Company."

6. Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter, under the Short Term Incentive Plan and the Primary Health Care Rights Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant or issue of securities, under the Short Term Incentive Plan and the Primary Health Care Rights Plan, the terms of which are described in the Explanatory Statement to this Notice of Meeting, to Dr Malcolm Parmenter as Managing Director & Chief Executive Officer of the Company be approved.”

Voting exclusion statement in respect of Item 6

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution in Item 6 by a Director of the Company who is eligible to participate in the Primary Health Care Rights Plan and Short Term Incentive Plan, being Dr Malcolm Parmenter, and his associates.

In addition, Item 6 is a resolution connected directly or indirectly with the remuneration of a member of KMP. Under the Corporations Act, the following persons may not vote (in person or by proxy), and the Company will disregard any votes cast by or on behalf of the following persons, on the resolution in Item 6:

- a) any KMP of the Primary Group (as set out on page 49 of the Company's 2018 Annual Report); and
- b) each “closely related party” (as defined in section 9 of the Corporations Act) of a KMP.

However, a person described in the preceding paragraph may cast a vote on the resolution in Item 6 if:

- a) the person is appointed as a proxy, and the proxy appointment specifies how the proxy is to vote on the resolution in Item 6; or
- b) the appointed proxy is the Chair of the Meeting and:
 - (i) the appointment does not specify how the Chair is to vote on the resolution in Item 6; and
 - (ii) the appointment expressly authorises the Chair to exercise the proxy even if the resolution in Item 6 is connected directly or indirectly with the remuneration of a KMP.

7. Change of Company name

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, with effect from 3 December 2018, the name of the Company be changed to Healius Limited, and that the Company's Constitution be amended such that any references to “Primary Health Care Limited” are changed to “Healius Limited”.”

For further information, please refer to the Explanatory Statement which forms part of this Notice of Meeting.

By order of the Board



Charles Tilley
Company Secretary

Dated: 19 October 2018

HOW TO VOTE

A shareholder entitled to attend and vote at the AGM may vote by:

- a) attending this AGM in person; or
- b) appointing a proxy, attorney or in the case of a corporate shareholder, a corporate representative, to vote at this AGM on their behalf.

VOTING BY PROXY

- a) (right to appoint): Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this AGM.
- b) (two proxies): To enable a shareholder to divide their voting rights, a shareholder who is entitled to cast 2 or more votes may appoint 2 proxies. Where 2 proxies are appointed:
 - (i) a separate Proxy Form should be used to appoint each proxy;
 - (ii) each Proxy Form must specify the proportion, or the number, of votes that the proxy may exercise. If no such percentage or number of votes is stated, each proxy may exercise half of the votes of the shareholder.
- c) (who may be a proxy): A shareholder may appoint any other person to be their proxy. A proxy may be an individual or a body corporate, and need not be a shareholder of the Company. The proxy appointed may be described in the Proxy Form by an office held, for example, "the Chair of the Meeting".
- d) (Chair as fall-back proxy): If a Proxy Form does not specify the proxy (but is otherwise effective), the shareholder will be treated as validly appointing the Chair of the Meeting as the proxy in respect of all the Shares of that member.

Under the Corporations Act, there are additional circumstances where the Chair of the Meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution, even if the shareholder has not expressly appointed the Chair of the Meeting as their proxy. This will be the case where:

 - (i) a poll is duly called on the resolution;
 - (ii) a shareholder has appointed a proxy (other than the Chair) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
 - (iii) the proxy is either not recorded as attending the AGM, or the proxy attends this AGM but does not vote on the resolution.
- e) (signature(s) of individuals): In the case of shareholders who are individuals, the Proxy Form must be signed:
 - (i) if the Shares are held by one individual, by that shareholder; or
 - (ii) if the Shares are held in joint names, by any one of them.

Alternatively to signing, the Proxy Form may be authenticated in a manner prescribed by the Corporations Regulations 2001 (Cth) (**Corporations Regulations**).

- f) (signatures on behalf of Australian companies): In the case of shareholders which are companies registered under the Corporations Act, the Proxy Form must be signed:
 - (i) if the shareholder has a sole Director who is also sole Company Secretary, by that Director (and stating that fact next to, or under, the signature on the Proxy Form);
 - (ii) in the case of any other shareholder which is a company, by either 2 Directors or a Director and a Company Secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.

Alternatively to signing, the Proxy Form may be authenticated in a manner prescribed by the Corporations Regulations.

- g) (execution on behalf of foreign companies): In the case of shareholders which are either foreign companies or other bodies corporate not incorporated under the Corporations Act, the Proxy Form must be executed in accordance with the laws governing execution of documents by such foreign companies or other bodies corporate.
- h) (execution by other authorised persons): If the person signing, or otherwise authenticating in a manner prescribed by the Corporations Regulations, the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (f) and (g) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in (i) below.
- i) (lodgment place and deadline): A Proxy Form accompanies this Notice of Meeting. To be effective, Proxy Forms (duly completed and signed) must be received:
 - (i) IN PERSON – as an original at Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, VIC 3067, Australia; or
 - (ii) BY MAIL – as an original at Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia; or
 - (iii) BY FAX – (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
 - (iv) ONLINE – at www.investorvote.com.au (by following the steps set out on that site);

by not later than 48 hours before this AGM (that is, by no later than 11.00 am (Sydney time) on Tuesday 20 November 2018) (**Proxy Deadline**), failing which the Proxy Form will be disregarded for the purposes of this AGM.

CORPORATE REPRESENTATIVES AND ATTORNEYS

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective, attorneys must lodge the original (or a copy) of the power of attorney under which they have been authorised to attend and vote at the AGM with Computershare Investor Services Pty Ltd via the methods described in paragraph (i) above, by no later than the Proxy Deadline.

Corporate shareholders wishing to appoint a representative to attend and vote at this AGM on their behalf must provide that representative with an appropriately executed corporate representative certificate authorising him or her as the corporate representative, which specifies the shareholders' name and the name or title of the corporate representative, and which identifies the Company's name and the meeting(s) at which the representative may act. The corporate representative certificate (or a copy of it) must be lodged with Computershare Investor Services Pty Ltd by 4.00 pm on Wednesday 21 November 2018, via any of the methods in paragraph (i) above.

SHAREHOLDERS ENTITLED TO VOTE

The Directors have determined that a person's entitlement to vote at this AGM will be the entitlement of that person as set out in the register of members of the Company as at 7.00 pm (Sydney time) on Tuesday 20 November 2018.

QUESTIONS TO THE AUDITOR

Any shareholder may submit to the Company a written question directed to the Company's auditor, Ernst & Young (**the Auditor**), if the question is relevant to:

- a) the content of the Auditor's Report to be considered at this AGM; or
- b) the conduct of the audit of the Financial Report to be considered at this AGM.

Relevant written questions must be received by the Company no later than 5.00 pm (Sydney time) on Thursday 15 November 2018. A list of written questions will be made available to shareholders attending the meeting. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

EXPLANATORY STATEMENT

Item 1: Receipt of Annual Financial Report

- 1.1 As required by the Corporations Act, the Financial Report, the Directors' Report, and the Auditor's Report for the financial year ended 30 June 2018 will be laid before this AGM.
- 1.2 There is no requirement for a formal resolution on this item. However, the Chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at this AGM to ask questions about, or make comments on, these reports.

Item 2: Adoption of the 2018 Remuneration Report

- 2.1 The Company's Annual Report for the year ended 30 June 2018 contains a Remuneration Report on pages 43 to 73 (**the Remuneration Report**). The Remuneration Report sets out the policy for the remuneration of the Directors and certain senior executives of the Company and the entities it controlled during the year ended 30 June 2018 (the Primary Group). The Company's 2018 Annual Report (which includes the 2018 Remuneration Report) is available on the Company's website at www.primaryhealthcare.com.au.
- 2.2 The 2018 Remuneration Report:
 - (a) provides discussion of the Board's policy on remuneration of Directors and senior executives, and the relationship between such policy and the Company's performance;
 - (b) sets out prescribed information in relation to the Directors and senior executives, including their fixed remuneration and any performance-related remuneration; and
 - (c) sets out additional disclosures in relation to the remuneration of Directors and senior executives in response to questions and comments on the 2017 Remuneration Report in the period leading up to the Company's 2017 Annual General Meeting and elsewhere.
- 2.3 The remuneration policy for the senior executives of the Primary Group aims to align long-term incentives for senior executives with the delivery of sustainable value to shareholders, while enabling the Group to attract and retain senior executives with the appropriate skills, qualifications and experience.
- 2.4 Non-executive Directors receive a fixed fee, which includes statutory superannuation contributions. Fees are not linked to the performance of the Company so that independence and impartiality are maintained.
- 2.5 The Board's Nomination and Remuneration Committee reviews the remuneration packages of Directors and senior executives on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed with due regard to performance and other relevant factors.
- 2.6 The Nomination and Remuneration Committee has the authority to retain legal, accounting or other advisers, consultants or experts as the Committee considers appropriate, to assist it in meeting its responsibilities to develop remuneration recommendations for the Board, by providing independent advice regarding remuneration strategies, incentive plans and objective market practice of other listed companies.
- 2.7 The Chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at this AGM to ask questions about, or make comments on, the Remuneration Report.
- 2.8 Shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the meeting. The vote on the resolution will be advisory only and will not bind the Directors, however the Board will take the outcome of the vote and any discussion into consideration when reviewing the remuneration policy for Directors and senior executives in the future.

Recommendation on Item 2

- 2.9 The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2018 and is made in accordance with a unanimous resolution of the Directors. The Company's 2018 Annual Report (incorporating the Remuneration Report) sets out significant changes that have been made by your Directors to the Company's remuneration and governance structures over the last few years. Additional disclosure has been made in this year's Remuneration Report in response to feedback from stakeholders. The continuing actions on remuneration and governance are summarised in the Company's 2018 Annual Report in the Letter from the Chair of the Nomination and Remuneration Committee (page 44) and in sections 2 and 3 of the Remuneration Report (pages 45-48).
- 2.10 While noting that each Director has a personal interest in their remuneration, as described in the Remuneration Report, your Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.
- 2.11 If you appoint the Chair of the Meeting as your proxy, and you do not direct your proxy on how to vote on the resolution in Item 2 on the Proxy Form, you will be expressly authorising the Chair of the Meeting to exercise your proxy even if Item 2 is connected directly or indirectly with the remuneration of the a member of the KMP, which includes the Chair of the Meeting.
- 2.12 The Chair of the Meeting intends to vote all available proxies in favour of Item 2.

Item 3: Re-election of Mr Gordon Davis as a Director

- 3.1 Clause 13.6 of the Company's Constitution requires that at the conclusion of every AGM, one third of the Board (other than casual appointees, alternate Directors or the Managing Director) (Eligible Directors) (rounded down to the nearest whole number) must retire from office, but may be eligible for re-election. The Company's Constitution also prohibits a Director from retaining office for more than three years (or until the conclusion of the third AGM following their last election, whichever is longer). Pursuant to these two requirements, Mr Gordon Davis will retire at the AGM and, being eligible, offers himself for re-election by shareholders.
- 3.2 A profile of Mr Davis is as follows:
- (a) Relationship with the Company: Mr Davis, MBA, GAICD, aged 62, is a Non-executive Director of the Company appointed in August 2015. He was appointed as a member of the Risk Management Committee in March 2016 and as Chair of the Audit Committee on 24 July 2018.
 - (b) Background and experience: Mr Davis holds a Bachelor of Forest Science (Honours) and a Master of Business Administration from the University of Melbourne and a Master of Agricultural Science from the University of Tasmania. He is a Graduate of the Australian Institute of Company Directors. Mr Davis was Managing Director of AWB Limited between 2006 and 2010. He has also served in a senior capacity on various industry associations.
 - (c) Other current material Directorships: Mr Davis is currently a Non-executive Director of Nufarm Limited (since May 2011) where he serves on the Audit and Risk Committee, the Remuneration Committee and as the Chair of the Health, Safety and Environment Committee. Mr Davis is also a Non-executive Director of Midway Limited (since April 2016) where he serves as Chair of the Remuneration and Nomination Committee and as a member of the Audit Committee.
 - (d) The Board considers that Mr Davis is an independent Director.

Recommendation on Item 3

- 3.3 Your Directors (other than Mr Davis, who abstains) unanimously recommend that you vote in favour of the re-election of Mr Davis.
- 3.4 The Chair of the Meeting intends to vote all available proxies in favour of Item 3.

Item 4: Re-election of Ms Arlene Tansey as a Director

- 4.1 Clause 13.6 of the Company's Constitution requires that at the conclusion of every AGM, one third of the Board (other than casual appointees, alternate Directors or the Managing Director) (Eligible Directors) (rounded down to the nearest whole number) must retire from office, but may be eligible for re-election. The Company's Constitution also prohibits a Director from retaining office for more than three years (or until the conclusion of the third AGM following their last election, whichever is longer). Pursuant to these two requirements, Ms Arlene Tansey will retire at the AGM and, being eligible, offers herself for re-election by shareholders.
- 4.2 A profile of Ms Tansey is as follows:
- (a) Relationship with the Company: Ms Tansey, JD, MBA, BBus (Admin), FAICD, aged 61, is a Non-executive Director of the Company who was first appointed in 2012. She is a member of the Audit Committee and the Nomination and Remuneration Committee and, on 17 July 2018, was appointed Chair of the Nomination and Remuneration Committee.
 - (b) Background and experience: Ms Tansey has extensive experience in commercial, investment banking and law in Australia and the United States. She is a Member of Chief Executive Women and a Fellow of the Australian Institute of Company Directors. Ms Tansey was a Non-executive Director of Future Fibre Technologies Limited between March 2015 and October 2016 and a Non-executive Director of Urbanise.com Limited between June 2014 and October 2016.
 - (c) Other current material Directorships: Ms Tansey is a Non-executive Director of Adelaide Brighton Limited (since April 2011) and a Non-executive Director of Aristocrat Leisure Limited (since July 2016).
 - (d) The Board considers that Ms Tansey is an independent Director.

Recommendation on Item 4

- 4.3 Your Directors (other than Ms Tansey, who abstains) unanimously recommend that you vote in favour of the re-election of Ms Tansey.
- 4.4 The Chair of the Meeting intends to vote all available proxies in favour of Item 4.

EXPLANATORY STATEMENT

Item 5: Election of Ms Sally Evans as a Director

- 5.1 Ms Sally Evans was appointed by the Board as a Non-executive Director of the Company effective 21 August 2018. In accordance with clause 13.5 of the Company's Constitution, Ms Evans holds office as a casual appointee only until the next Annual General Meeting and, being eligible, offers herself for election by shareholders.
- 5.2 A profile of Ms Evans is as follows:
- Relationship with the Company: Ms Evans, BHSc, FAICD, GAIST, aged 60, is a Non-executive Director of the Company, appointed on 21 August 2018. On 21 August 2018, she became a member of the Risk Management Committee and of the Nomination and Remuneration Committee.
 - Background and experience: Ms Evans has over 30 years' experience in private, government and social enterprise sectors and has worked in Australia, New Zealand, the United Kingdom and Hong Kong with responsibilities across the broader Asia Pacific region. Ms Evans is a Fellow of the Australian Institute of Company Directors, a Graduate of the Australian Institute of Superannuation Trustees and holds a Bachelor of Applied Science from the University of Otago.
 - Other current material Directorships: Ms Evans is a Non-executive Director of Oceania Healthcare Limited (since March 2018) and Retail Employees Superannuation Pty Limited (Rest Super) (since May 2018).
 - The Board considers that Ms Evans is an independent Director.

Recommendation on Item 5

- 5.3 Your Directors (other than Ms Evans, who abstains) unanimously recommend that you vote in favour of the election of Ms Evans.
- 5.4 The Chair of the Meeting intends to vote all available proxies in favour of Item 5.

Item 6: Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter, under the Short Term Incentive Plan and the Primary Health Care Rights Plan

- 6.1 The Short Term Incentive Plan (**STIP**) and the Primary Health Care Rights Plan (**LTIP**) (together, the **Incentive Plan**) were adopted by the Board in 2016. As part of his executive remuneration arrangements, Dr Malcolm Parmenter, the Company's Managing Director & Chief Executive Officer (**CEO**), is eligible to receive Rights under the Company's STIP and LTIP. A Right is a right to acquire an ordinary share in the capital of the Company (**Share**), subject to meeting certain service-related vesting conditions (in the case of **Service Rights**) or performance-related vesting conditions (in the case of **Performance Rights**). The Board may also elect to deliver the value of the Right in the form of cash, or combination of Shares and cash.
- 6.2 Further details of the STIP and the LTIP appear in Attachment A to this Notice of Meeting.
- 6.3 Under ASX Listing Rule 10.14, the Company must seek shareholder approval to grant securities in the Company to a Director of the Company, including the CEO, under an employee incentive scheme. Accordingly, shareholder approval is being sought to enable the Company to grant Rights to the CEO, and subsequently issue Shares to the CEO on the vesting of those Rights.
- 6.4 If approval is granted, the types of securities the Company currently anticipates issuing to Dr Parmenter during the 1 year term of the approval are:
- Service Rights, as the 25% equity component of any STI Award relating to FY 2019 (if any such Award is granted by the Board);
 - Performance Rights, as the 100% equity component of any LTI Award relating to FY 2019 (if any such Award is granted by the Board; note that these Rights would be tested after the end of the FY 2019 – FY 2021 measurement period); and
 - Shares, on the vesting of the first tranche of Service Rights relating to Dr Parmenter's FY 2018 STI Award (those Service Rights having been issued in 2018, based on the approval given by shareholders at the 2017 AGM), if the vesting criteria for those Service Rights are met.

Information for shareholders required under ASX Listing Rules

- 6.5 ASX Listing Rule 10.15 requires the following information to be included in this Notice of Meeting:
- (a) **The maximum number of securities which may be acquired by the CEO, including the formula (if one is used) for calculating the number of securities to be issued**

Two types of awards are granted under the STIP and LTIP:

- short term incentive awards (**STI Awards**), which may be paid in the form of cash, equity (Service Rights) or a combination of both; and
- long term incentive awards (**LTI Awards**) which are paid in the form of equity (Performance Rights).

(i) *Maximum number of securities to be acquired under the STIP*

The STI Awards to be awarded to the CEO under the STIP comprise a 75% cash component and a 25% equity component, to be granted in the form of Service Rights.

It is proposed that the maximum number of Service Rights to be granted to the CEO in a given year will be calculated as follows:

$$\frac{\text{Base Package X Maximum STI Proportion X STI Equity Proportion}}{\text{Rights Value}}$$

Rights Value

where:

Base Package means base salary of CEO in the relevant financial year (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax).

Maximum STI Proportion means 58.3%, which represents the value of the STI Award which may be granted in a particular year as a proportion of the CEO's Base Package, assuming each of the CEO's Key Performance Indicators (KPIs) are achieved in the relevant financial year at Target level. If a Stretch KPI is achieved, the Maximum STI Proportion is adjusted. The maximum such adjustment possible in relation to STI Awards for FY 2018 would have been +7% (to 65.3% of Base Package), however no Stretch KPIs were met and so no such adjustment was applied.

STI Equity Proportion means 25%, which represents the proportion of the STI Award that will be paid in the form of Service Rights.

Rights Value means:

- (a) the standard volume weighted average price (**VWAP**) for the Company's shares for the 10 trading days following the announcement of the Company's full year financial results of the financial year to which the STI Award relates (for example, the calculation in respect of an STI Award for FY 2018 would be made in the 10 day trading period following the release of the FY 2018 results); less
- (b) the expected value of dividends on a Share over the applicable vesting period of the Service Rights (described in paragraph (iii) below).

(STI Formula)

(ii) *Maximum number of securities to be acquired under the LTIP*

LTI Awards are granted entirely in the form of Performance Rights.

It is proposed that the maximum number of Performance Rights to be granted to the CEO under the LTIP in a given year will be calculated as follows:

Base Package X Maximum LTI Proportion

Rights Value

where:

Base Package means base salary of CEO in the relevant financial year (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax).

Maximum LTI Proportion means 116.6%, which represents the maximum value of the LTI Award (assuming achievement of Stretch goals) which may be granted in a given year as a proportion of the CEO's Base Package.

Rights Value means:

- (a) the standard volume weighted average price (**VWAP**) for the Company's shares for the 10 trading days following the most recent announcement of the Company's financial results at the time of the LTI offer, or as otherwise determined by the Board; less
- (b) the expected value of dividends on a Share over the applicable measurement period of the Performance Rights (described in paragraph (iii) below).

(LTI Formula)

(iii) *Acquisition of Shares on vesting of Rights*

On vesting of a Service Right or Performance Right, the CEO will be entitled to receive one ordinary share in the capital of the Company (**Share**). The Board may also determine to deliver the value of the Rights in the form of cash, or a combination of Shares and cash.

In respect of Service Rights granted to the CEO under the STIP, 50% of such Rights will vest one year from the date of grant, and the other 50% will vest two years from the date of grant (subject in each case, to the CEO remaining employed by the Primary Group at the end of the applicable vesting period, unless the Board determines otherwise).

In respect of Performance Rights granted under the LTIP, the applicable measurement period is 3 years, commencing at the start of the financial year to which the grant relates. Determination of vesting will occur following the end of the measurement period, having regard to the extent to which vesting conditions have been satisfied.

In respect of LTI Awards made to the CEO, 50% of the Performance Rights will be subject to a vesting condition based on the Company's relative Total Shareholder Return (**rTSR**) (**rTSR Performance Rights**), while the other 50% will be subject to a vesting condition based on Return on Invested Capital (**ROIC**) (**ROIC Performance Rights**).

rTSR is assessed over the relevant measurement period by comparing the Company's Total Shareholder Return (**TSR**) with the TSRs of a comparator group of companies listed on the ASX. TSR is based on share price movements on ASX plus distributions paid in respect of those shares. The rTSR Performance Rights are assessed on a vesting scale with Target and Stretch levels, such that:

- no rTSR Performance Rights will vest unless the Company's rTSR over the measurement period exceeds the Target outcome established by the Board;
- 50% of the rTSR Performance Rights will vest if the Target outcome is achieved; and
- 100% of the rTSR Performance Rights will vest if the Stretch outcome is achieved or exceeded.

Vesting of the rTSR Performance Rights occurs on a straight line basis if outcomes are achieved between Target and Stretch.

The comparator group used for assessment of rTSR Performance Rights appears on page 70 of the Company's 2018 Annual Report.

The rTSR performance criteria set by the Board, which are to apply to LTI Awards relating to FY 2019 (as well as to LTI Awards since FY 2016), appear on page 57 of the Company's 2018 Annual Report.

EXPLANATORY STATEMENT

ROIC is calculated using underlying Earnings Before Interest and Tax (**EBIT**) as a percentage of average invested capital. The ROIC Performance Rights are assessed on a vesting scale with Threshold, Target and Stretch levels, such that:

- no ROIC Performance Rights will vest unless the Company's average ROIC over the measurement period exceeds the Threshold outcome established by the Board;
- 25% of the ROIC Performance Rights will vest if the Threshold outcome is achieved;
- 50% of the ROIC Performance Rights will vest if the Target outcome is achieved; and
- 100% of the ROIC Performance Rights will vest if the Stretch outcome is achieved or exceeded.

Vesting of the ROIC Performance Rights occurs on a straight line basis if outcomes are achieved between Threshold, Target and Stretch.

The ROIC performance criteria set by the Board for FY 2016 (measurement period FY 2016-8 inclusive), FY 2017 (measurement period FY 2017-9 inclusive) and FY 2018 (measurement period FY 2018-20 inclusive) appear on page 57 of the Company's 2018 Annual Report.

The ROIC performance criteria which are to apply to FY 2019 LTI Awards have yet to be set by the Board but will be communicated to shareholders via the ASX Announcements Platform as soon as they have been set.

(b) The price (including a statement whether the price will be based on, volume weighted average price or the closing market price) or the formula for calculating the price for each security to be acquired under the STIP and LTIP

The formulas for calculating the price for each Right to be acquired under the STIP and LTIP are set out in the STI Formula and LTI Formula, both of which are based on the volume weighted average price of the Company's Shares.

(c) The names of all Directors and their associates who received securities under the Incentive Plan since their last approval, the number of securities received and the acquisition price for each security

The Incentive Plan was last approved by shareholders at the 2017 AGM (23 November 2017). Since the last approval, the following securities have been issued to Dr Malcolm Parmenter (at nil acquisition price):

DIRECTOR OR ASSOCIATE	TYPE OF AWARD	TYPE OF SECURITY	DATE OF GRANT	NUMBER OF SECURITIES
Malcolm Parmenter	FY 2018 STI	Service Rights	19 September 2018	51,998
	FY 2018 LTI	Performance Rights	18 September 2018	475,180

(d) The names of all Directors and associates entitled to participate in the Incentive Plan

As at the date of this Notice of Meeting, the only person eligible to participate in the Incentive Plan to whom ASX Listing Rule 10.14 applies is Dr Malcolm Parmenter, the Company's CEO.

(e) The terms of any loan in relation to an acquisition of securities

No loan applies in relation to the acquisition by the CEO of securities under the STIP or LTIP.

(f) The date by which the Company will issue securities to which Item 6 applies

The last date by which the Company will issue any securities to which Item 6 applies is 21 November 2019, being twelve months after the date of this AGM.

Recommendation on Item 6

- 6.6 Your Directors (other than Dr Malcolm Parmenter, who is excluded from voting) unanimously recommend that you vote in favour of approving the acquisition of securities by Dr Parmenter under the Short Term Incentive Plan and the Primary Health Care Rights Plan.
- 6.7 If you appoint the Chair of the Meeting as your proxy, and you do not direct your proxy on how to vote on the resolution in Item 6 on the Proxy Form, you will be expressly authorising the Chair of the Meeting to exercise your proxy even if Item 6 is connected directly or indirectly with the remuneration of the a member of the KMP, which includes the Chair of the Meeting.
- 6.8 The Chair of the Meeting intends to vote all available proxies in favour of Item 6.

Item 7: Change of Company name

- 7.1 Your Directors have determined to seek shareholder approval to change the Company's name to better reflect our people and future.
- 7.2 The new name, "Healius", signifies a new direction, conveying a perspective that healthcare is essential and sustaining, but at the same time part and parcel of everyday life. The new name – and Company brand – aims to be approachable, warm, distinctive, and a clear pivot from the name "Primary Health Care".
- 7.3 Item 7 seeks shareholder approval for the change of name in accordance with section 157 of the Corporations Act. It also includes shareholder approval for incidental amendments to the Company's Constitution to refer to the new name instead of the existing name. Item 7 is a Special Resolution. If this resolution is passed, a copy of the resolution will be lodged with the Australian Securities and Investment Commission (**ASIC**). With approval from ASIC, the Company's name change will become effective on 3 December 2018.
- 7.4 The Company will also request that ASX change the Company's listing code to **HLS**, after the name change takes effect.

Recommendation on Item 7

- 7.5 Your Directors unanimously recommend that you vote in favour of the resolution in Item 7 to change the Company's name to Healius Limited and to make the incidental amendments to the Constitution to refer to the new name.
- 7.6 The Chair of the Meeting intends to vote all available proxies in favour of Item 7.

ATTACHMENT A

Part A – Summary of key terms of Short Term Incentive Plan (STIP)

Purpose	The purpose of the short term incentive (STI) is to create a strong link between performance and reward by providing a variable/at risk element of executive remuneration that focuses on performance, generally over a period of one year.
Eligibility	<p>Senior executives are eligible to participate in the STIP. These comprise the CEO, other Key Management Personnel (as defined in the Corporations Act) who hold executive roles, other direct reports to the CEO, and other persons selected by the Board.</p> <p>Non-executive Directors are not eligible to participate in the STIP.</p>
Form of awards	<p>STI Awards may be paid in the form of cash, equity (which may include Shares, Rights, options or other securities), or a combination of both.</p> <p>A Right is a right to acquire a Share. Rights can take the form of:</p> <ul style="list-style-type: none">■ Service Rights, which, once issued, are subject to the relevant participant remaining employed by the Company for a predetermined period; at the end of that period the Service Rights vest and one ordinary Share is issued for each vested Right; and■ Performance Rights, which, once issued, are subject to various performance hurdles being met by the Company over a predetermined measurement period. At the end of the measurement period, if the performance hurdles have been met, the Performance Rights vest and one ordinary Share is issued for each vested Right. If the performance hurdles have not been met the Rights lapse and no Shares are issued. <p>Rights do not attract dividends or distributions and voting rights in respect of Shares, until the Right vests and Shares are allocated to the holder upon vesting.</p> <p>As at the date of this Notice of Meeting, the 25% equity portion of each STI Award is entirely composed of Service Rights.</p> <p>The portion of an award that would be paid in the form of cash, and which is not subject to deferral, may be reduced in accordance with the application of salary sacrifice arrangements entered into by the participant.</p>
Deferral	<p>The Board may determine, as part of an offer, that part of an STI Award will be deferred for a specified period (which may be subject to conditions such as length of service). This may occur by making part of any cash payment under the STI Award at a future date or dates.</p> <p>If equity is provided in relation to deferred STI Awards, the deferral may take the form of a service based vesting condition, a disposal restriction (i.e. such that the Shares allocated on vesting are subject to certain restrictions on disposal), or both.</p> <p>The STI Awards granted for FY 2018 comprised a 75% cash component and a 25% equity component (which was granted in the form of Service Rights). Half of those Services Rights are deferred for one year (meaning they vest one year after the end of FY 2018), and the other half of those Services Rights are deferred for 2 years (meaning they vest two years after the end of FY 2018), in each case subject to the participant remaining employed by the Primary Group at the end of the applicable vesting period (unless the Board determines otherwise).</p>
Criteria for STI assessment	<p>Whether any STI Award is made in relation to a given financial year (and, if made, the amount of the award) depends on the extent to which the relevant participant has met their performance criteria or Key Performance Indicators (KPIs).</p> <p>Each KPI is allocated a weighting for each financial year that relates to the Target level of performance and reward. The weightings and nature of the KPIs may change from measurement period to measurement period. In FY 2018, the KPIs used for the STI Awards included:</p> <ul style="list-style-type: none">■ Underlying Net Profit After Tax (NPAT) of the Primary Group as a whole;■ NPAT of the business division of which the relevant participant is a member;■ financial targets, including Earnings Before Interest and Tax (EBIT), operating cash flow (OCF) and capital expenditure of the particular State (within the business division) where the relevant participant is located;■ various role-specific KPIs assigned to the relevant participant in relation to the financial year; and■ various behavioural KPIs assigned to the relevant participant in relation to the financial year. <p>KPIs can be in the nature of binary goals (where the potential result is either achieved or not achieved), a maximum goal (where the potential result for that KPI may be anywhere from zero up to the maximum goal), or scalable goals where potential results may be presented as a range (i.e. Threshold, Target and Stretch). The calibration of performance conditions for an STI Award (including the vesting scales applied by the Board) may differ from year to year.</p> <p>In addition to the above criteria, all STI Awards are subject to a post-hoc quality of earnings test, the nature and application of which are at the Board's absolute discretion.</p>

Termination of employment	In the event of termination of employment during a measurement period, the following will apply:	
NATURE OF TERMINATION OF EMPLOYMENT	TREATMENT OF STIP ENTITLEMENT FOR THE MEASUREMENT PERIOD IN WHICH THE TERMINATION OCCURS	DEFERRED STI AWARDS (RIGHTS)
Dismissal	All entitlements in relation to the measurement period are forfeited.	Any unvested Rights related to prior STI Awards are forfeited (excluding Rights that resulted from salary sacrifice).
Resignation	All entitlements in relation to the measurement period are forfeited, unless otherwise determined by the Board. If the Board determines entitlements will not be fully forfeited, the amounts that may be earned under the STI Award will be reduced pro-rata to reflect the period of the measurement period not served, and will generally be paid at the same time as other participants receive payments.	Any unvested Rights related to prior STI Awards are forfeited (excluding Rights that resulted from salary sacrifice).
Other termination of employment e.g. death, total & permanent disablement, redundancy, retrenchment, retirement with the prior written consent of the Board	Termination does not affect a participant's entitlement in respect of the measurement period other than that the award opportunity will be reduced proportionately to reflect the portion of the measurement period during which the participant was employed. The actual STI Award earned will be determined following the end of the measurement period along with the determination of awards for other participants.	Any unvested Rights related to prior STI Awards are unaffected by the termination and any service test will be deemed to have been met, unless otherwise determined.
Change of Control including Takeover	<p>A Change of Control occurs when the Board advises participants that one or more persons acting in concert have acquired, or are likely to imminently acquire "control" of the Company as defined in section 50AA of the Corporations Act.</p> <p>In the event of a Change of Control the Board may in its discretion decide to:</p> <ul style="list-style-type: none"> ■ terminate the STIP for the measurement period and pay pro-rata awards based on the completed proportion of the measurement period and taking into account performance up to the date of the Change of Control; or ■ continue the STIP but make interim non-refundable pro-rata awards based on the completed proportion of the measurement period and taking into account performance up to the date of the Change of Control; or ■ allow the STIP to continue. 	
Amendment	The Board may amend or terminate the STIP at any time provided that the rights of participants to awards earned prior to the amendment or termination are not affected, unless otherwise agreed in writing by the participants.	

ATTACHMENT A

Part B – Summary of key terms of Primary Health Care Rights Plan (LTIP)

Purpose	The purpose of the LTIP is to create a strong link between performance and reward by providing a variable/at risk element of executive remuneration that focuses on performance and/or service over a period of generally three or more years.
Eligibility	Senior executives are eligible to participate in the LTIP. These comprise the CEO, other Key Management Personnel (as defined in the Corporations Act) who hold executive roles, other direct reports to the CEO, and other persons selected by the Board. Non-executive Directors are not eligible to participate in the LTIP.
Form of awards	Under the LTIP, awards can be made in the form of “Rights”. A Right is a right to acquire a Share. Rights can take the form of Service Rights or Performance Rights, as described in Part A. As at the date of this Notice of Meeting, all Rights issued under the LTIP are Performance Rights. The Board may also issue “Deferred Rights” which are fully vested at grant and automatically exercised 90 days after the date of their grant. A grant of Rights under the LTIP is subject to both the LTIP Rules and the terms of the specific grant.
Vesting and Exercise	When a Performance Right or Services Right vests, it is automatically exercised, that is, for each Right that vests, the Company issues one Ordinary Share to the relevant participant. On exercise of a Right, the Board may determine in its absolute discretion whether to deliver the value of the Right in the form of Shares (either through a new issue or on market acquisition), cash or a combination of Shares and cash. Each Right will be granted for nil monetary consideration and will not have an exercise price. No Shares acquired by participants on exercise may be disposed of if to do so would breach the Company's share trading policy or insider trading prohibitions. In addition, Shares allocated on vesting of Rights may be subject to specified disposal restrictions (as set out in the terms of the relevant award) which prevent the acquired Share being disposed of for a specified period following acquisition.
Vesting Conditions	Determination of vesting will occur following the end of a measurement period, having regard to the extent to which vesting conditions have been satisfied. Vesting conditions may relate to: <ul style="list-style-type: none">■ service of the participant – i.e. their continued employment with the Company; or■ performance of the Company or an aspect of the Company's operations or the participant; or■ any combination of the foregoing determined by the Board for each tranche. The measurement period for grants of Rights under the LTIP will be three years (commencing on the first day of the financial year to which the grant relates), unless otherwise determined by the Board. For any LTI Awards made in respect of FY 2019, the measurement period will be FY 2019 – FY 2021 inclusive. Performance conditions may vary between different awards or tranches of awards.
Retesting	No retesting is available in relation to LTI Awards made in relation to FY 2019.
Vesting scales	The Board may determine a number of vesting outcomes via the use of a Target performance outcome, a Stretch performance outcome, and if appropriate, a Threshold performance outcome. Stretch represents an outstanding level of performance, which will be aligned with a maximum award opportunity for a particular performance metric. Pro rata awards will apply for performance that falls between Target and Stretch, and Threshold and Target. Below Threshold, no rights will vest. Under the LTIP, the Board retains discretion to increase or decrease, including to nil, the vesting percentage in relation to each tranche of Performance Rights if it forms the view that it is appropriate to do so. In exercising this discretion, the Board will take into account (among other things), the Company's performance from the perspective of shareholders over the relevant measurement period.
Lapse and transferability	If Rights in a tranche have not vested and there is no opportunity for those Rights to vest at a later date, they will lapse. Other than in limited circumstances, Rights may not be disposed of, transferred or otherwise dealt with, and lapse immediately on a purported disposal, transfer or dealing.

Termination of employment	<p>If a participant ceases to be an employee of the Primary Group, and the termination of their employment is in circumstances other than Special Circumstances (defined below), then all unvested Rights held by the participant will be forfeited and lapse unless and to the extent otherwise determined by the Board.</p> <p>If a participant's termination is in Special Circumstances, then Performance Rights and Service Rights granted in the financial year of termination will be forfeited in the same proportion that the remainder of the financial year bears to the full financial year, unless otherwise determined by the Board.</p> <p>Performance Rights and Service Rights that do not lapse at the termination of employment will continue to be held by participants with a view to testing for vesting at the end of the relevant measurement period.</p> <p>Special Circumstances means death, total and permanent disablement as determined by the Board, retirement with the prior consent of the Board, redundancy, retrenchment or other Company-initiated terminations other than for cause.</p>
Bonus Issues, Rights Issues and Capital Reorganisation	<p>In cases of bonus share issues by the Company, the number of Rights held by a participant will be increased by the same number as the number of bonus shares that would have been received by the participants had the Rights been fully paid ordinary Shares in the Company (except in the case that the bonus share issue is in lieu of a dividend payment, in which case no adjustment will apply).</p> <p>In the case of general rights issues to shareholders there will be no adjustment to the Rights. However, the Board may consider issuing options of a number up to the number of Shares to which the participant would have been entitled had the Rights been Shares. The exercise price of such options will be equal to the amount payable by shareholders under the rights issue.</p> <p>In the case of an issue of rights other than to the Company's shareholders, there will be no adjustment to the Rights.</p> <p>In the case of other capital reconstructions, the Board may make such adjustments to the Rights as it considers appropriate, subject to such adjustments complying with the ASX Listing Rules.</p>
Change of Control including Takeover	<p>A Change of Control occurs when the Board advises participants that one or more persons acting in concert have acquired, or are likely to imminently acquire "control" of the Company as defined in section 50AA of the Corporations Act.</p> <p>Unless otherwise determined by the Board, in the event of a Change of Control of the Company, the vesting conditions attached to a tranche of Rights at the time of the relevant Change of Control offer will cease to apply and:</p> <ul style="list-style-type: none"> ■ unvested Performance Rights granted in the final year of the Change of Control will lapse in the proportion that the remainder of the financial year bears to the full financial year; ■ all remaining unvested Performance Rights will vest in accordance with the application of the following formula (noting that negative results will be taken to be nil): $\text{unvested Performance Rights} \times \frac{\text{Share Price at the Change of Control} - \text{Offer Share Price}}{\text{Offer Share Price}}$ <p>where:</p> <p>Share Price at the Change of Control means the volume weighted average share price (VWAP) at which the Company's shares were traded on ASX in the 14 days prior to the date of calculation (i.e. the date on which the Change of Control occurs).</p> <p>Offer Share Price means the VWAP for the Company's shares for the 10 trading days following the most recent announcement of the Company's financial results at the time of the LTI offer, or as otherwise determined by the Board.</p> <ul style="list-style-type: none"> ■ any remaining unvested Performance Rights that do not vest in accordance with the above formula will lapse unless otherwise determined by the Board; ■ all unvested Service Rights will vest; and ■ any disposal restrictions applied to Deferred Rights by the Company and specified as part of the LTI Award will be lifted (including the removal of any Company-initiated CHES holding lock if applicable), unless otherwise determined by the Board.
Amendment	<p>The Board may at any time amend or repeal all or any of the provisions of the LTIP.</p> <p>No amendment or repeal of the LTIP Rules can be made if it reduces the rights of existing participants in respect of prior offers, unless the relevant participant consents, or where the amendment is introduced primarily to comply with legal requirements, to correct any manifest error or mistake, or to address possible adverse tax implications for participants generally or the Company arising from (amongst other things) changes in law or tax rulings.</p>

