



SERKO LIMITED

(Serko or the Company)

Disclosure Document Relating to the Giving of Financial Assistance to Purchase Shares in the Company (Companies Act 1993, sections 78(5) and 79)

To: All shareholders of the Company

INTRODUCTION

This document is provided to all shareholders in accordance with the requirements set out in sections 78(5) and 79 of the New Zealand Companies Act 1993 (Companies Act). It sets out details of the intention of the Company to make certain loans and pay certain amounts as part of the Company's restricted share scheme to be made available to selected employees, which actions may constitute the giving of financial assistance by the Company in connection with the purchase of shares to be issued by the Company in terms of the Companies Act.

RESTRICTED SHARE SCHEME

Under the restricted share scheme (the RSS) adopted by the Company in June 2014, participants are entitled to receive a number of Serko Limited shares, subject to continued employment for a specified period. The Company will provide an interest-free loan to participants to allow them to purchase shares. The shares will be held in trust for a specified employment period following which the employee will have unrestricted ownership of the shares that are released to them at that time. The loan will be repaid with the proceeds of bonus payments made by the Company to participating employees.

The Directors have authorised the Company to provide financial assistance to employees participating in the RSS. Such financial assistance is to take the form of:

- (a) interest free loans to the participating employees and, possibly, to the trustee who holds shares that are subject to the RSS (Trustee), to enable them to acquire shares under the RSS; and
- (b) payment of the operating costs of the trust established in connection with the RSS (Trust).

The consideration for which the shares are issued under the RSS is the "allocation price" which is set out below. The allocation price is the weighted average market price of Serko shares traded on the NZX Main Board over the 20 business days prior to the date of issue. Payment by each participant of the allocation price is funded by way of the interest free loan from the Company described above.

The participants as at the date of this notice are the Chief Executive Officer, Chief Strategy Officer, Chief Product Officer, Chief Client Officer, Chief Technology Officer, Chief Sales Officer, People and Performance Manager, Product Managers, Director of Sales Growth Markets, Head of Finance, Principal Commercial Manager, Solutions Architects, Project Managers, Senior Developers, Automated Test Engineer, Database Administrator, ICT Manager, Test Lead, Business Analysts, Test and Support Consultant, Corporate Services Manager, Implementations Manager and Support Team Leader.

More information on the RSS can be found in the 2016 Serko Annual Report dated 1 June 2016 located at:

www.serko.com/investor-centre/

FINANCIAL ASSISTANCE

Such matters constitute the giving of financial assistance by the Company in connection with the purchase of shares issued by the Company in terms of the Companies Act.

The directors have authorised the Company providing financial assistance for the acquisition of the Company's shares to the participants identified in this disclosure notice, in an amount up to \$308,319 in aggregate within the next 12 months. Accordingly, within the next 12 months, Serko will provide financial assistance in connection with the RSS. The financial assistance will take the following form:

1. Interest free loans to the participants and, to the extent necessary, the Trustee to enable them to acquire shares under the RSS. Serko is unable to determine the precise amount of any loans for share issues or allocations within the next 12 months as it is dependent upon, among other things, the level of employee participation, the number of shares to be allocated, and the market price of the shares preceding the date on which such shares are allocated or deemed allocated. If any further existing or new employee joins the RSS during the next 12 months, the financial assistance will be provided to him/her in the same manner.
2. Payment of the operating costs of the Trust. The exact amount of ongoing operating costs cannot be quantified in advance and is in part dependent on the number of participants:
 - (a) under the RSS; and
 - (b) payment of the operating costs of the Trust.
3. Giving the financial assistance is in the best interests of the Company and is of benefit to those shareholders not receiving the financial assistance.
4. The terms and conditions under which the financial assistance is to be given are fair and reasonable to the Company and to those shareholders not receiving the financial assistance.
5. Immediately after giving the financial assistance, the Company will satisfy the solvency test as defined in sections 4 and 77 of the Companies Act 1993.
6. The Company send to each shareholder of the Company a disclosure document complying with Section 79 of the Companies Act 1993.

REASONS FOR DIRECTORS' CONCLUSIONS IN RELATION TO FINANCIAL ASSISTANCE RESOLUTIONS

The reasons for the directors' conclusions in the resolutions concerning the giving of financial assistance in respect of the RSS are:

- (a) giving the assistance is in the best interests of the Company, and is of benefit to those shareholders not receiving the financial assistance, because it increases the alignment of participating employees and shareholders and rewards participating employees for the creation of shareholder wealth, and, therefore, creates incentives for the participating employees to strive to ensure that the Company performs for the benefit of all its shareholders;
- (b) the terms and conditions are fair and reasonable to the Company and to those shareholders not receiving the financial assistance because the costs of providing the financial assistance are relatively small and are outweighed by the benefit of the alignment of interests that is achieved under the RSS; and
- (c) employee share plans, like the RSS, are recognised as appropriate to help ensure key talent retention.

SHAREHOLDER RIGHTS

Section 78(7) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the court to restrain the proposed assistance being given.

The financial assistance may be given by the Company not less than 10 working days nor more than 12 months after this document has been sent to each shareholder.

Dated: 23 June 2016

A handwritten signature in dark ink, appearing to read 'S Botherway', written in a cursive style.

Simon Botherway

Chairman