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XERO LIMITED

(Xero or the Company)

Disclosure Document Relating to the Giving of Financial Assistance to Purchase Shares in the Company

(Companies Act 1993, section 78(5))

To: All shareholders of the Company

INTRODUCTION

This document is provided to all shareholders in accordance with the requirements set out in section 79 of New Zealand's 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 plan to be made available to selected employees, which actions may constitute the giving of financial assistance by the Company for the purposes of the Companies Act in connection with the purchase of shares to be issued by the Company.

RESTRICTED SHARE PLAN

Under the restricted share plan (**Plan**) adopted by the Company in May 2008, participants are entitled to receive a number of Xero Limited shares, subject to continued employment for a specified period and, in certain cases, subject to satisfaction of certain performance hurdles. 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, provided that all other vesting conditions have been satisfied, the employee will have unrestricted ownership of the shares that are released to them at that time. The loans 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 Plan. 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 Plan (**Trustee**), to enable them to acquire shares under the Plan; and
- (b) payment of the operating costs of the trust established in connection with the Plan (**Trust**).

The participating employees as at 31 May 2016 were:

W.Abdullah, M.Abellano, B.Abernethy, A.Abrishami, N.Acott, A.Adams, B.Ahn, C.Ahuja, J.Ainsworth, C.Alant, B.Aldridge, G.Alexander, L.Allan, T.Allan, L.Aldridge, P.Allen, A.Allen, G.Allen, H.Almitib, P.Alsford, M.Ambion, B.Anderson, T.Anderson, G.Anderson, B.Anderson, H.Anderson, E.Anderson, A.Angell, C.Annear-Henderson, H.Aqeli, M.Aquino, J.Arias, A.Armstrong, H.Armstrong, R.Arndt, N.Artemiev, D.Ashley, R.Ashworth, P.Atkins, R.Aylott, A.Baggan, S.Bailey, G.Bain, H.Baker, I.Baker, M.Baker, S.Bala, A.Balaraju, B.Baldwin, D.Ball, L.Bao, C.Bargiacchi, M.Barnett, G.Barnett, M.Barraclough, D.Barratt, M.Barreiros-Bertram, J.Barrell, Z.Barron, L.Barron, C.Barton, G.Bates, N.Bates, L.Bateson, M.Batoon, T.Batten, K.Bauer, H.Bay, C.Bayliss, E.Beale, E.Beaton, H.Beckert, S.Bell, J.Bellamy, C.Belle, J.Bellis, H.Benn, N.Bennett, M.Bennett, S.Bennett, G.Bentley-Mix, A.Beri, E.Berks, M.Bermoy, S.Bernhardt, R.Bevan, P.Bhagavathula, B.Biddington, D.Biggs, R.Black, S.Blackie, R.Blackstone, J.Blain, B.Blakely, R.Bland, M.Bleakley, M.Bloemen, C.Bloom, M.Blundell, J.Blundell, A.Blunt, A. Boghossian, A.Bolstad, L.Bond, J.Bond, K.Bond, A.Booieris, R.Booth, T.Bosevski, C.Boulter, S.Boutin-Kilby, D.Bowden, R.Bowden, A.Bowes, J.Bowker, S.Boyce, S.Boyce, W.Boyle, A.Boyle, D.Brand, A.Brandmeier, J.Brasfield, J.Brell, T.Brent, R.Briggs, A.Brine, T.Britton, B.Brooks, F.Brown, M.Brown, D.Brown, A.Brown, C.Brunette, L.Brunton, M.Bryan, H.Bryant, D.Buchanan, G.Buckley, M.Burborough, J.Burgisser, S.Burke, A.Burner, F.Bustamante, H.Butler, A.Butt, M.Button, E.Byers, M.Byrne, C.Cacioppe, M.Cade-Westcombe, D.Cafari, T.Calcinai, T.Caldwell, J.Callaghan, T.Campays, J.Campbell, K.Campbell, J.Candish, N.Cannuli, N.Canonge, B.Cantwell, R.Canty, L.Capstick, L.Cardinal, A.Carrell, S.Carter, C.Casey, D.Cass, V.Chacko, M.Chalcroft, P.Chamberlain, C.Chamberlain, L.Chandler, C.Chandler, T.Chandrashekar, M.Charan, A.Chard, G.Chatterton, C.Checkley, H.Cheeseman, P.Chen, K.Chenery, A.Chhua, I.Chiang, M.Chilcott, W.Chin, Y.Chong, W.Chow, C.Chow, K.Choy, E.Christensen-Yule, A.Chun, D.Church, S.Clardie, F.Clark, J.Clark, S.Clarke, R.Clarke, L.Clarke, L.Clarry, M.Clayton, M.Clearwater, J.Clegg, G.Cleland, D.Clement, A.Close, R.Cocklin, E.Cody, A.Cole, J.Coleman, S.Coley, A.Collings, B.Collor, I.Colombick, W.Combrinck, G.Connell-Otten, E.Connolly, N.Connor, R.Considine, P.Cook, J.Cooper, S.Cooper, J.Cornford, L.Costello, L.Cotton, R.Courian, N.Cowan, M.Cowan, S.Coward, Y.Cowie, G.Cox, G.Cox, J.Craven, E.Crawford-Falekaono, L.Creary, J.Cronje, P.Crothers, C.Crowley-Crean, E.Crump, N.Curtis, A.Curzon, M.Cuzmenko, S.Czerwinka, S.D'Odorico, L.D'Ortenzio, A.Dalit, T.Danaher, M.Davidson, H.Davie, G.Davies, S.Davis, S.Davison, D.Dawson, M.Day, S.de Fontenay, D.De Maret, S.De Souza, R.Dear, M.Dee, Z.Deng, M.Denton, J.Deshpande, J.Desilvestro, J.Desmond, N.Devi, S.Dewbery, D.Dhir, R.Dixon, G.Dockerty, A.Dodd, D.Donbavand, I.Donovan, B.dos Santos, B.Dougherty, R.Downer, A.Downey, A.Driver, K.Drury, S.Duan, J.Duan, J.Dummer, L.Duncan, M.Duncan-Jones, H.Dunne, P.Dunne, M.Durani, M.Durney, N.Duru, A.Dustin, S.Dutra, A.Dutt, A.Eaton, R.Edgerton, B.Edmonds, S.Edwards, A.Egyed, S.Elati, C.Elgar, C.Elliott, A.Elliott-Jones, S.Ellison, P.Elmslie, N.Entena, J.Erasmus, B.Erskine, O.Esaw, J.Espinas, M.Espiritu, M.Etherington, J.Everett, G.Faaee, D.Fadeev, M.Faisal, M.Farr, A.Farrugia, A.Favell, C.Fawdray, A.Fearon, M.Fearon, M.Feaver, D.Fell, M.Fenton, R.Ferguson, V.Fernand, G.Fernandes, R.Field, D.Finnie, M.Firkin, J.Fisher, G.Fisher, K.Fitzgerald, J.Flewett, M.Flores, S.Flutey, J.Foley-Barnes, M.Forbes, R.Fortune, G.Foster, G.Foster, J.Fouhy, L.Francis, J.Fraser, N.Fraser, P.Frigo, T.Fu, Y.Fun, O.Furniss, M.Gabriel, J.Gaddum, H.Gannon, S.Garcha, D.Garner, S.Garthwaite, P.Gemmell, R.Ghisi, C.Gibb, M.Gibb, H.Gibbons, R.Gibbs, B.Gibbs, A.Gibson, S.Gilks, B.Gilmore, B.Glazier, M.Gleeson, K.Godfrey Billy, L.Godwin, M.Goel, M.Goldenberg, L.Gomez, M.Gonzales, A.Gonzales, K.Gorman, D.Grahame, M.Graves, A.Graves, H.Gray, A.Gray, S.Gray, J.Grayson, M.Grealis, S.Green, M.Green, N.Green, N.Grentzer, H.Griffith, T.Griffiths, A.Grigg, V.Grimshaw, T.Grossman, A.Groves, X.Gu, L.Gumbley, R.Gunther, A.Guo, K.Gupta, V.Hale, K.Hales, M.Hall, N.Halley, L.Hamilton, J.Hamilton, G.Hammersley-Myers, S.Handapangoda, J.Hanna, D.Hansen, E.Hard, A.Harley, B.Harnett, K.Harper, J.Harris, K.Harris, D.Harrop, P.Harvey, S.Harvey, M.Hassett, B.Hawkins, A.Hay, L.Hayes, A.Hayward, X.He, H.Heah, T.Healy, M.Heitland, J.Hemara, H.Hempel, K.Henderson, B.Hepburn, A.Herdman, J.Heritage, L.Hesselgrave, D.Hewitt, M.Heyward, L.Hickin, M.Hickson, R.Hill, J.Hill, J.Hinman, A.Hirst, B.Hoare, D.Holden, D.Holland, K.Holloway, A.Holman, M.Holmes, J.Holtum, M.Hooper, D.Hooper, J.Hope, A.Hoque, J.Hornblow, N.Horne, P.Horsley, Z.Houston, N.Howard, G.Hoyl, M.Huang, D.Huang, Q.Huang, C.Hudson, C.Hughes, R.Huisman, W.Hung, L.Hunter, S.Hurt, D.Hustler, P.Hutchings, M.Huynh, M.Hyde, J.Hyslop, L.Ingles, T.Innes, M.Ireland, E.Ivanova, D.Jacka, A.Jackson, S.Jackson, A.Jackson, S.Jagga, S.Jagtap, R.Jamieson, H.Jamieson, S.Jayapathi, D.Jayasekara, A.Jenner-Leuthart, Y.Jeon, A.Jessett, R.Joe, R.John, N.Johns, C.Johnson, W.Johnson, B.Johnson, B.Johnstone, S.Jones, P.Jones, S.Jones-Parry, L.Jopson, S.Joshi, G.Juan, S.Judson, R.Jury, S.Kafritsas, S.Kalra, J.Kalyan, A.Kalyan, K.Kanneganti, S.Karki, F.Kathun, S.Kaur, M.Kay, G.Keech, E.Keegan, M.Keenan, J.Kelly, G.Kempt, L.Kennedy, J.Kennedy, V.Kennedy-Casas, C.Keogh, S.Kerins, M.Kerr, R.Keshwan, V.Ketty, R.Keyal, A.Khan, S.Khoo, S.King, S.Kinnear, A.Kinzett, K.Kishore, T.Kiwara, R.Klein, D.Klein, V.Kleinert, J.Klevansky, A.Knox, M.Koch, M.Koekemoer, W.Koia, A.Koy, M.Kremic, K.Kularatna, C.Kumar, C.Kyrke-Smith, M.La Porta, S.Lack, S.Lafitte, E.Lakeman, A.Lambert, A.Lambrechtsen, A.Lang, M.Lange, C.Lange, J.Langworthy, K.Lapiz, C.Lassen, R.Latimer, A.Law, J.Lawrie, L.Lawson, K.Le Quesne, C.Leach, S.Leaney, A.Leckie, J.Lee, Y.Lee, T.Lee-Richards, J.Legge, M.Leow, J.Li, K.Li, A.Li, P.Lihandra, C.Lim, M.Lindsay, D.Lineham, C.Little, L.Liu, Y.Liu, F.Liuaana, A.Liyanaarachchi, S.Lloyd, T.Lloyd, R.Loader, K.Lock, K.Loi, L.Long, M.Looser, T.Loosley, A.Lopez, T.Loriggio, B.Lousich, G.Love, M.Loveridge, J.Low, J.Lowe, W.Lu, J.Lu, S.Luamanu, I.Lukyanov, V.Lum, H.Lynn, S.Macdonald, G.Mace, F.Macfarlane, J.Macfie, P.MacFie, H.MacGillivray, A.MacIntyre, W.MacIntyre, A.Mackey, L.Mackie, S.Macks, L.MacLeod, P.Macpherson, A.Maddever, J.Magness, A.Maher, J.Mahoney, J.Makisi, J.Malcolm, T.Male, S.Malhotra, N.Malvat, K.Manangan, B.Manangan, J.Manktelow, D.Mannakkara, A.Mansfield, Z.Marsland, A.Martin, L.Martin, L.Masilamani, B.Master, J.Mathews, A.Matthews, C.Mawdesley, P.May, D.May, J.Mayfield, A.McCash, R.McClelland, J.McClymont, R.McConnell, C.McCormick, G.McCrae, S.McCusker, A.McDonald, R.McDonald, P.McDonnell, D.McGahan, R.McGee, A.McGill, K.McGrath, A.McGuinness, J.McIlorum, K.Mcilroy, R.McInteer, R.McIntyre, S.McIver, S.McIvor, A.McKay, A.McKeown, D.McKeown, N.McKeown, R.McLachlan, N.McLean, D.McLean, T.McLeod, R.McMillen, L.McMullan, J.McNamara, B.McNaughton, A.McNeill, R.McNeill, K.McPherson, R.Mearns, S.Mendez, A.Mendoza, A.Mercer, G.Meriles, M.Miah, R.Middleton, R.Middleton, A.Migliardi, C.Milde, D.Millar, S.Miller, A.Miller, C.Miller, D.Millet, C.Miners, S.Minns, I.Minogue, I.Miskovic, T.Mitchell, F.Mlody, Z.Mohammad, T.Mole,

B.Moller, P.Montgomery, S.Moodie, P.Moodley, S.Moodley, A.Moore, A.Moreau, E.Moreira, R.Moriarty, R.Moritz, J.Morris, N.Morris, M.Mortimer, D.Moses, S.Moss, E.Motion, A.Muir, W.Muller, D.Mullins, R.Munro, K.Munro, P.Muraleedharan, Á.Muráti, M.Murdoch, J.Murgatroyd, Z.Murgoski, J.Murison, H.Muru Paenga, M.Mzumara, S.Nair, A.Nally, R.Narayan, M.Nash, A.Naylor, M.Neal, C.Newman, R.Newport, K.Newton, O.Ngai, T.Ngo, N.Nguyen, T.Nguyen, T.Nicholas, J.Nicholl, G.Niglia, R.Nilbett, D.Norden, M.Norrie, L.North, A.Noton, R.Nowicki, M.Nydam, J.O'Byrne, A.O'Connor, D.O'Donnell, S.O'Donovan, J.O'Dwyer, S.O'Grady, M.O'Hara, C.O'Leary, K.O'Leary, K.O'Malley, C.O'Meara-Malcolm, W.O'Neil, M.O'Neill, S.O'Reilly, J.O'Reilly, M.Oldfield, J.Oldridge, L.Oldridge, M.Ong, C.Ortiz, H.Osman Aly, J.Otang, G.Paapu, A.Padmanabhan, M.Page, S.Pak, B.Panchal, A.Parbhu, S.Parekh, A.Parekh, L.Paris, S.Parke, G.Parker, K.Parker, L.Parker, K.Parker, J.Parkin, M.Pascua, S.Pask, R.Patchett, Y.Patel, A.Patel, A.Patel, A.Patel, H.Patel, H.Patel, J.Patel, J.Paterson O'Connell, M.Patmore, N.Patterson, S.Paulin, P.Pazniak, H.Pazniak, S.Pearson, A.Peat, R.Peate, V.Pecover, J.Pedro, D.Pene, C.Pennell, S.Pettiona, S.Philip, I.Phillips, K.Pickering, F.Pickering, T.Pieries, M.Pinny, N.Piper, B.Plim, G.Poore, M.Pope, S.Potter, R.Powell, R.Pownall, A.Prassa, M.Prentice, L.Prescott, N.Prescott-Brann, G.Price, C.Prince, N.Prince, M.Prouse, K.Pullen, J.Purdey, R.Purdy, G.Pyman, L.Qi, M.Quinn, L.Quinn, J.Quirk, E.Rabina, R.Radford-Crisp, L.Rae-McLauchlan, T.Rahman, A.Rahman, S.Rajai, C.Ralston, V.Ramachandran, B.Ramaswamy Murugesan, P.Ramsden, A.Rani, K.Rao, R.Raphael, L.Rathbone, S.Rathod, V.Rawsthorne, S.Reading, J.Reddish, T.Redmond, M.Rees, D.Reeves, D.Reeves, C.Regan, M.Reid, M.Reid, V.Reid, E.Reid, J.Reiher, L.Reinecke, B.Richmond, C.Ridd, D.Riddiford, K.Riding, J.Riekwel, S.Righarts, M.Ristik, D.Ritchie, G.Ritchie, M.Rizzo, S.Roberts, S.Robinson, E.Robson, S.Roche, A.Ron, A.Rosu, L.Roth-Thomas, M.Rueger, M.Rumble, R.Ruparelia, J.Rush, P.Rushworth, L.Ryan, E.Sacha, H.Sadler, A.Sahijwani, S.Saini, A.Sakhnov, B.Salt, J.Salvati, R.Sampson, J.Sampson, J.Sanders, K.Sandford, A.Sankar, E.Sansom, S.Saripilli, J.Sauni, O.Savchuk, M.Scaife, S.Schiff, S.Schmidt, Q.Schoep, M.Schultz, J.Scott, B.Scott, R.Scott-Will-Harknett, N.Screen, Y.Sefouane, C.Seguín-Lozano, D.Seidel, P.Sengupta, K.Senthilnathan, S.Setty, V.Seward, R.Seymour, N.Shahri, D.Shakenovsky, A.Sharma, A.Sharma, S.Shaw, N.Sheehan, F.Shi, Z.Shi, S.Siemers, S.Silk, A.Silvers, C.Sim, R.Simms, W.Simpson, M.Simpson, M.Simpson, A.Singh, A.Sirota, S.Skuce, M.Smith, D.Smith, J.Smith, C.Smith, G.Smith, A.Souza, J.Sohn, J.Soundararaj, L.Southgate, B.Sparksman, S.Spevack, E.Spirrett, A.Sprankling, E.Stacey, L.Stallard, A.Staltari, J.Stanyer, B.Stark, G.Stark, T.Steadman, A.Steele, G.Steinberg, A.Stephens, M.Stepura, G.Stevens, A.Stevenson, L.Stewart, J.Stewart, T.Stewart, R.Stiles, B.Stillwell, J.Stokes, J.Stokes, R.Stone, R.Stoneman, R.Strous, K.Sturkenboom, B.Styles, A.Such, V.Sula, J.Sutton, C.Symons, J.Szatkowski, I.Tabor, S.Tadinada, M.Taggart, B.Tagliapietra, R.Taitoko, K.Tan, A.Tankman, P.Tata, C.Tatham, M.Tayler, C.Taylor, S.Taylor, B.Te Hira, B.Tee, C.Teeling, N.Tesic, S.Tetlow, J.Teyjas, T.Thing, J.Thirkell, D.Thirupathy, C.Thompson, L.Thomson, I.Thomson, J.Thomson, I.Thornborough, G.Thornburrow, S.Thornley, V.Thornton, K.Tillson, F.Tintenier, A.Tod, C.Toth, S.Toris, D.Torres, D.Tosh, S.Tov, K.Towers, N.Tran, M.Tran, S.Trigg, K.Triggs, M.Trindade, K.Trinh, G.Troy, S.Tsoi, M.Tucker, H.Tuffin, G.Turner, A.Turner, J.Turpie, L.Tutty, J.Twydye, S.Tyler, N.Tyshetska, A.Unsworth, D.Upton, N.Urry, C.Vallance, K.Van Der Westhuizen, A.van Kooten, A.van Moorsel, C.Van Reenen, R.Van Veen, L.van Zyl, C.Vanderkolk, M.Vaughan, W.Vella, S.Venkat Raghavan, A.Venkatram, K.Venter, R.Verbeek, C.Vermeulen, A.Verwey, M.Vickers, B.Vidulich, U.Von Keisenberg, G.von Mulert, V.Vu-Phuong, B.Vutukuri, A.Wagstaff, L.Wakefield, R.Walder, R.Waldron, R.Walker, T.Walkley, C.Wall, P.Wallace, Z.Wang, W.Wang, C.Wang, A.Ward, K.Ware, P.Warren, S.Warren, S.Warrier, M.Watkin, S.Watson, J.Watt, S.Watts, B.Watts, E.Webber, C.Weers, E.Weinkauf, J.Wells, Y.Weng, A.Westerbeek, D.Westwood, M.White, A.Whitelaw, B.Whittingham, J.Whyle, C.Wigram, I.Wijetunga, J.Wilcox, P.Wildash, M.Wildash, L.Wilkin, S.Wilkinson, N.Wilkinson, C.Willers, R.Williams, R.Williamson, P.Willmott, D.Willson, B.Wilson, D.Wilson, S.Wilson, L.Wilson, S.Wilson, M.Wilson, J.Winter, R.Wolstenholme, K.Wood, L.Wood, R.Woodhouse, J.Woolner, L.Worland, T.Wright, L.Wright, A.Wright, Q.Wu, K.Yang, H.Yaqoob, N.Yee, X.Yee, D.Yeh, L.Yenna, J.Yeo, N.Yeung, C.Youl, R.Young, G.Young, D.Young, M.Zaman, D.Zander, G.Zeng, A.Zhang, H.Zhang, X.Zhang, R.Zhong, J.Zhou, B.Zhou, S.Zhu, H.Zouaghi.

The consideration for which the shares are issued under the Plan is the “allocation price” which, for the shares issued during the period since the last financial assistance disclosure notice was given to shareholders on 17 June 2015, is on the following page. The allocation price is the higher of (i) the weighted average market price of Xero shares traded on the NZX Main Board over the 20 business days prior to the date of issue, and (ii) any other price specified by Xero. Payment by each participant of the allocation price is funded by way of interest free loan from the Company (as described above).

FINANCIAL ASSISTANCE

Such matters may constitute the giving of financial assistance by the Company, for the purposes of the Companies Act, in connection with the purchase of shares issued by the Company. During the period since the last financial assistance disclosure notice was given to shareholders on 17 June 2015, the following issue and allocation of shares has occurred under the Plan:

<i>Date of Issue</i>	<i>Number of Restricted Ordinary Shares Issued</i>	<i>Number of Restricted Ordinary Shares reallocated from unallocated pool</i>	<i>Allocation Price (NZD per share)</i>
10 August 2015	485,526	24,350	17.64
23 October 2015	25,352	15,338	15.61
27 October 2015	5,134	–	15.61
1 February 2016	28,554	30,841	17.14

Further issues of restricted ordinary shares are expected to take place in the next 12 months. Accordingly, within the next 12 months, Xero will provide financial assistance in connection with the Plan. 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 Plan. The total amount of the loans made under the Plan and which remain outstanding as at 31 May 2016 is NZ\$10,149,526. Xero is unable to determine the precise amount of any additional loans for further 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. However, the total amount of the loans and number of restricted ordinary shares issued will be disclosed in or together with each subsequent financial assistance disclosure notice. If any further existing or new employee joins the Plan during the next 12 months, the financial assistance will be offered 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.

The Board will suspend the giving of any financial assistance if:

- (a) it is no longer satisfied that the Company will satisfy the solvency test set out in the Companies Act after the giving of any financial assistance; or
- (b) the Board ceases to be satisfied that:
 - (i) the giving of the financial assistance is of benefit to the shareholders not receiving the assistance; or
 - (ii) the terms and conditions under which the assistance is given are fair and reasonable to those shareholders not receiving the assistance.

BOARD RESOLUTIONS

In June 2016, Xero's Board resolved to continue to provide financial assistance to employees participating in the Plan and the Trustee, and for payment of the operating costs of the Trust. The relevant text of the Board resolutions relating to the authorisation of the Company to provide financial assistance pursuant to section 78 of the Companies Act is set out below:

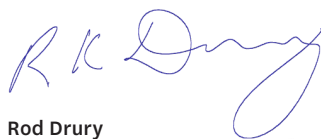
1. That the Company should continue to provide financial assistance to employees participating in the Plan, such financial assistance to take the form of:
 - (a) interest free loans to the participating employees and, to the extent necessary, to the Trustee, to enable them to acquire shares under the Plan; and
 - (b) payment of the establishment and operating costs of the Trust.
2. That giving the financial assistance is in the best interests of the Company and is of benefit to those shareholders not receiving the financial assistance.
3. That 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.
4. That, 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.
5. That the Company send to each shareholder of the Company a disclosure document complying with Section 79 of the Companies Act 1993 before providing financial assistance.

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 Plan are:

- (a) giving the financial 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 Plan; and
- (c) employee share plans, like the Plan, are recognised as appropriate to help ensure key talent attraction and retention.

Dated: 24 June 2016



Rod Drury

Director and Chief Executive