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**XERO LIMITED (COMPANY)
NZ COMPANY NUMBER 1830488
ARBN 160 661 183**

SECONDARY TRADING NOTICE

NOTIFICATION PURSUANT TO SECTION 708A(5)(e) OF THE CORPORATIONS ACT 2001 (CTH)

This notice is given by the Company under section 708A(5)(e) of the Corporations Act 2001 (Cth) (**Corporations Act**) in relation to the issue of 370 ordinary shares on 25 July 2014 upon exercise of vested options under the Xero Limited (USA) Equity Incentive Scheme as part of the remuneration package of US based employees (**Shares**).

The Company states that:

1. the Company issued the Shares without disclosure to investors under Part 6D.2 of the Corporations Act;
2. as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act (relating to financial reporting and audit) as they apply to the Company; and
 - (b) section 674 of the Corporations Act (relating to continuous disclosure);
3. as at the date of this notice there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the Shares.

The Company lodged the Appendix 3B in respect of the issue of the Shares on 28 July 2014.