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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 35,304 ordinary shares on 1 August 2014 upon exercise of vested options under the Xero Limited (USA) Equity Incentive Scheme; 33,333 of the options were granted as part of the remuneration package of Craig Elliott in his role as US Advisor; 1,971 of the options were granted as part of the remuneration package of US based employees (together, the **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 4 August 2014.