

1 February 2017

XERO LIMITED (XRO)

NOTIFICATION OF ALLOTMENT OF SECURITIES

For the purpose of Listing Rule 7.12.1 of the NZX Listing Rules, Xero Limited advises the following securities have been issued:

Class of Securities	Conditional agreement to issue Ordinary Shares in Xero Limited (Restricted Stock Units or RSUs)
ISIN	NZXROE0001S2
Number of securities issued	10,804 RSUs relating to the future issue of up to 10,804 Ordinary Shares
Issue price	10,804 RSUs were granted at a value of NZ\$18.41 each, being the 20 day volume weighted average market price of Xero Limited's Ordinary Shares on the NZX Main Board through to 30 January 2017. No cash consideration is required to be paid for the RSUs to vest (i.e., for an equivalent number of Ordinary Shares in Xero Limited to be issued) (Vest)
Payment in cash	N/A. Grant of 10,804 RSUs pursuant to the Xero Limited (USA) Equity Incentive Scheme (US Scheme) and the Xero Limited Restricted Stock Unit and Option Plan (NZ) (SG Plan) as part of the remuneration package of certain employees based in the United States and Singapore. No cash consideration is required to be paid for the RSUs to Vest
Any amount paid up (if not in full)	N/A
Percentage of total class issued (excluding treasury stock)	If 100% of the RSUs were to Vest on the date of this notification: 0.008% (as a percentage of Ordinary Shares on issue after this issue to 3 d.p.)
Reasons for the issue	Grant of 10,804 RSUs pursuant to the US Scheme and the SG Plan as part of the remuneration package of certain employees based in the United States and Singapore

Specific authority for the issue

Resolution of directors passed 26 January 2017

Terms or details of the issue

10,804 RSUs have been granted pursuant to the US Scheme and the SG Plan as part of the remuneration package of employees based in the United States and Singapore. The number of RSUs granted was calculated based on the total dollar entitlement of all eligible employees divided by NZ\$18.41, being the 20 day volume weighted average market price of Xero Limited's Ordinary Shares on the NZX Main Board through to 30 January 2017. The RSUs will Vest in equal percentages on 31 March 2017, 2018 and 2019, subject to the terms of the US Scheme and the SG Plan, as applicable, including the continued employment of the relevant participating employee with the Xero Limited Group on each vesting date

Total number of securities of the class in existence after the issue (excluding treasury stock)

542,572 RSUs (a conditional contractual right to be issued up to 542,572 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date and the grant of 10,804 RSUs as set out in this notification of allotment

There are also (a) 137,619,980 Ordinary Shares on issue; and (b) 2,275,557 unlisted Options (convertible into Ordinary Shares on a 1:1 basis) outstanding, taking into account all forfeited options to date

Date of issue

31 January 2017 (grant date)

Chaman Sidhu
Company Secretary
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