

Disclosure of ceasing to have substantial holding

Section 279, Financial Markets Conduct Act 2013

Note: This form must be completed in accordance with the instructions at the end of the form.

To NZX Limited

and

To Xero Limited (**XRO**)

Date this disclosure made: 6 April 2017

Date last disclosure made: 8 September 2016

Date on which substantial holding ceased: 5 April 2017

Substantial product holder(s) giving disclosure

Full name(s): Peter Andreas Thiel

Summary of substantial holding

Class of quoted voting Products: Fully paid ordinary shares in XRO

Summary for Peter Andreas Thiel

For **last** disclosure,—

- (a) total number held in class: 7,763,345
- (b) total in class: 137,506,651
- (c) total percentage held in class: 5.646% (rounded to three decimal points)

For current holding **after** ceasing to have substantial holding,—

- (a) total number held in class: 6,631,254
- (b) total in class: 137,761,136
- (c) total percentage held in class: 4.814% (rounded to three decimal points)

Details of transactions and events giving rise to ceasing of substantial holding

Details of the transactions or other events requiring disclosure:

Aggregate on-market sales transactions by VV Xero Holdings LLC of 1,099,091 ordinary shares between 8 September 2016 and 5 April 2017 (inclusive) for the aggregate gross consideration of \$21,982,312.

Aggregate on-market sales transactions by Valar Global Principals Fund I LP of 29,132 ordinary shares between 22 March 2017 and 5 April 2017 (inclusive) for the aggregate gross consideration of \$577,738.

Aggregate on-market sales transactions by Valar Global Fund I LP of 3868 ordinary shares between 22 March 2017 and 5 April 2017 (inclusive) for the aggregate gross consideration of \$76,709.

Details for Peter Andreas Thiel

Nature of relevant interest(s): Beneficial owner of limited partner interest in Valar Global Principals Fund I LP, having the power to exercise, or control the exercise of, more than 20% of the limited partner voting rights in Valar Global Principals Fund I LP. Valar Global Fund I LP acts in concert with Valar Global Principals Fund I LP.

For that relevant interest,—

- (a) number held in class: 34,876
- (b) percentage held in class: 0.025% (rounded to three decimal points)
- (c) current registered holder(s) of securities: Valar Global Fund I LP
- (d) registered holder(s) of securities once transfers registered: Not applicable

Nature of relevant interest(s): Beneficial owner of limited partner interest in Valar Global Principals Fund I LP, having the power to exercise, or control the exercise of, more than 20% of the limited partner voting rights in Valar Global Principals Fund I LP.

For that relevant interest,—

- (a) number held in class: 262,702
- (b) percentage held in class: 0.191% (rounded to three decimal points)
- (c) current registered holder(s) of securities: Valar Global Principals Fund I LP
- (d) registered holder(s) of securities once transfers registered: Not applicable

Nature of relevant interest(s): Sole beneficial owner of VV Xero Holdings LLC.

For that relevant interest,—

- (a) number held in class: 2,197,806
- (b) percentage held in class: 1.595% (rounded to three decimal points)
- (c) current registered holder(s) of securities: VV Xero Holdings LLC
- (d) registered holder(s) of securities once transfers registered: Not applicable

Nature of relevant interest(s): Through Valar Ventures Management LLC and Valar Ventures GP LLC, the investment manager and general partner respectively of Valar Ventures LP, has the power to acquire or dispose of, or to control the acquisition or disposition of, Valar Ventures LP's investments.

For that relevant interest,

- (a) number held in class: 4,135,870
- (b) percentage held in class: 3.002% (rounded to three decimal points)

(c) current registered holder(s) of securities: Valar Ventures LP

(d) registered holders of securities once transfers registered: Not applicable

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: N/A

Additional information

Address(es) of substantial product holder(s): c/- Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland 1010

Contact details: c/- Anna Buchly / Christopher Goddard, +64 9 916 8649 / +64 9 916 8603, anna.buchly@bellgully.com / christopher.goddard@bellgully.com

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the product to which this disclosure relates: Not applicable

Certification

I, Peter Andreas Thiel, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.