

24 April 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	Options to subscribe for Ordinary Shares in Xero Limited (Options)
ISIN	NZXROE0001S2
Number of securities issued	117,500 Options (each Option, when vested, entitling the holder to subscribe for one Ordinary Share in Xero Limited, subject to the terms of the US Scheme (defined below) and the AU Plan (defined below))
Issue price	N/A. Grant of 80,000 Options pursuant to the Xero Limited (USA) Equity Incentive Scheme (US Scheme), as remuneration and incentive for a key employee based in the United States. Grant of 37,500 Options pursuant to the Xero Limited Restricted Stock Unit and Option Plan (AU) (AU Plan) to a key individual based in Australia. The exercise price of the Options is NZ\$19.77 per Option (being the 20 day volume weighted average market price of Xero Limited's Ordinary Shares on the NZX Main Board through to 20 April 2017)
Payment in cash	N/A. Grant of 80,000 Options pursuant to the US Scheme as remuneration and incentive for one key employee based in the United States. Grant of 37,500 Options pursuant to the AU Plan to a key individual based in Australia
Any amount paid up (if not in full)	N/A
Percentage of total class issued (excluding treasury stock)	If 100% of the Options were to vest and be exercised on the date of this notification: 0.085% (as a percentage of Ordinary Shares on issue after this issue to 3 d.p.)
Reasons for the issue	Grant of 80,000 Options under the US Scheme as remuneration and incentive for one key employee based in the United States. Grant of 37,500 Options under the AU Plan to a key individual based in Australia

Specific authority for the issue

Resolution of directors

Terms or details of the issue

Grant of 80,000 Options under the US Scheme as remuneration and incentive for one key employee based in the United States. The Options will vest (and therefore become available for exercise) in four equal parts on each of the first four anniversaries after the date of grant, subject to the continued employment of the key employee with the Xero Limited Group on each vesting date. The Options have a final exercise date of five years from the grant date. Grant of 37,500 Options under the AU Plan to a key individual based in Australia. The Options will vest (and therefore become available for exercise) in two equal parts on 30 September 2017 and 31 March 2018, subject to the continued engagement of the key individual with the Xero Limited Group on each vesting date. The Options have a final exercise date of five years from the grant date

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

2,305,501 unlisted Options (convertible into Ordinary Shares on a 1:1 basis, subject to the terms of the relevant option plan) outstanding, taking into account all forfeited Options to date and the grant of 117,500 Options as set out in this notification of allotment

There are also: (a) 137,761,136 Ordinary Shares on issue; and (b) 342,383 RSUs (a conditional contractual right to be issued up to 342,383 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date

Date of issue

21 April 2017 (grant date)

Chaman Sidhu
Company Secretary
Email: companysecretary@xero.com