

15 June 2017

**XERO LIMITED (XRO)**

**NOTIFICATION OF ALLOTMENT OF SECURITIES**

For the purpose of Listing Rule 7.12.1 and 7.12.9 of the NZSX Listing Rules, Xero Limited advises the following securities have been issued:

Class of Securities	Ordinary shares in Xero Limited ( <b>Ordinary Shares</b> )
ISIN	NZXROE0001S2
Number of securities issued	19,748 Ordinary Shares
Issue price	<p>(a) 19,161 Ordinary Shares were issued upon exercise of options; the exercise price for the options was as follows:</p> <p>14,161 options at NZ\$17.40 per option 5,000 options at NZ\$17.51 per option</p> <p>(b) 587 Ordinary Shares were issued upon vesting of 941 Restricted Stock Units (<b>RSUs</b>) granted under the Xero Limited (USA) Equity Incentive Scheme (<b>US Scheme</b>) as part of the remuneration package of an employee based in the United States. 354 RSUs granted under the US Scheme were cancelled in connection with income tax withholding upon vesting of those RSUs. No cash consideration was required to be paid for these RSUs to vest</p>
Payment in cash	<p>(a) Yes (payment of exercise price, as set out above)</p> <p>(b) No cash consideration was required to be paid for these RSUs to vest</p>
Any amount paid up (if not in full)	Fully paid
Percentage of total class issued (excluding treasury stock)	0.014% (as a percentage of Ordinary Shares on issue after this issue, to 3 d.p.)

Reasons for the issue	<p>(a) Issue of Ordinary Shares upon exercise of vested options granted under the US Scheme and the Xero Limited Restricted Stock Unit and Option Plan (NZ) (<b>NZ Plan</b>)</p> <p>(b) 587 Ordinary Shares were issued upon vesting of 941 RSUs granted under the US Scheme as part of the remuneration package of an employee based in the Unites States</p>
Specific authority for the issue	<p>(a) Resolution of directors upon granting of options</p> <p>(b) Resolution of directors upon granting of RSUs</p>
Terms or details of the issue	<p>(a) Issue of Ordinary Shares upon exercise of vested options granted under the US Scheme and the NZ Plan</p> <p>(b) 587 Ordinary Shares were issued upon vesting of 941 RSUs granted under the US Scheme as part of the remuneration package of an employee based in the United States. The RSUs vested subject to the terms of the US Scheme</p>
Total number of securities of the class in existence after the issue (excluding treasury stock)	<p>137,798,718 Ordinary Shares on issue</p> <p>(a) 2,229,862 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 exercise of 19,161 options as set out in this notification of allotment</p> <p>(b) 296,195 "Restricted Stock Units" or RSUs (being conditional contractual rights to be issued up to 296,195 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date, and the 941 RSUs that have vested as set out in this notification of allotment</p>
Date of issue	<p>(a) 14 June 2017</p> <p>(b) 15 June 2017</p>

Number of Securities Converted	(a) 19,161 options (b) 941 RSUs
Number and Class of Securities into which they have been Converted	(a) 19,161 Ordinary Shares (b) 587 Ordinary Shares (354 RSUs granted under the US Scheme were cancelled in connection with income tax withholding upon vesting of RSUs)
Details of any interest or dividend conditions attaching to Securities Converted, and allotted upon Conversion	None
Number of Securities of the same class that remain to be Converted	(a) 2,229,862 unlisted options (taking into account and all forfeited options to date, and the exercise of options as set out in this notification of allotment) (b) 296,195 RSUs (taking into account all forfeited RSUs to date, and the RSUs that have vested as set out in this notification of allotment)

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