

11 August 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	3,767 Ordinary Shares
Issue price	<p>(a) 1,689 Ordinary Shares were issued upon exercise of options; the exercise price for the options was NZ\$17.40 per option</p> <p>(b) 2,078 Ordinary Shares were issued at NZ\$26.46 per Ordinary Share, being the 20 day volume weighted average market price of Xero Limited's Ordinary Shares on the NZX Main Board through to 9 August 2017</p>
Payment in cash	<p>(a) Yes (payment of exercise price, as set out above)</p> <p>(b) 2,078 Ordinary Shares were issued to Lee Hatton, in lieu of cash, as remuneration for her role as a director of Xero Limited for the preceding six-month period</p>
Any amount paid up (if not in full)	Fully paid
Percentage of total class issued (excluding treasury stock)	0.003% (as a percentage of Ordinary Shares on issue after this issue, to 3 d.p.)
Reasons for the issue	<p>(a) 1,689 Ordinary Shares were issued upon exercise of vested options granted under the Xero Limited (USA) Equity Incentive Scheme (<b>US Scheme</b>)</p> <p>(b) 2,078 Ordinary Shares were issued to Lee Hatton, in lieu of cash, as remuneration for her role as a director of Xero Limited for the preceding six-month period</p>

Specific authority for the issue	<p>(a) Resolution of directors upon granting of options</p> <p>(b) Resolution of shareholders passed at Xero Limited's Annual Meeting held on 12 July 2017, and resolution of directors</p>
Terms or details of the issue	<p>(a) 1,689 Ordinary Shares were issued upon exercise of vested options granted under the US Scheme</p> <p>(b) 2,078 fully paid Ordinary Shares were issued to Lee Hatton at an issue price equal to NZ\$26.46 per Ordinary Share, being the 20 day volume weighted average market price of Xero Limited's Ordinary Shares on the NZX Main Board through to 9 August 2017</p>
Total number of securities of the class in existence after the issue (excluding treasury stock)	<p>138,331,613 Ordinary Shares on issue</p> <p>There are also 2,411,857 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 1,689 options as set out in this notification of allotment</p> <p>There are also 483,835 "Restricted Stock Units" or RSUs (being conditional contractual rights to be issued up to 483,835 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date</p>
Date of issue	10 August 2017
Number of Securities Converted	1,689 options
Number and Class of Securities into which they have been Converted	1,689 Ordinary Shares
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

2,411,857 unlisted options (taking into  
account and all forfeited options to date,  
and the exercise of options as set out in  
this notification of allotment)

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