

23 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 (Ordinary Shares)
ISIN	NZXROE0001S2
Number of securities issued	15,053 Ordinary Shares
Issue price	(a) 10,000 Ordinary Shares were issued upon exercise of options; the exercise price for the options was NZ\$17.51 per option (b) 5,053 Ordinary Shares were issued at NZ\$26.80 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 21 August 2017
Payment in cash	(a) Yes (payment of exercise price, as set out above) (b) 4,491 Ordinary Shares were issued to Bill Veghte, in lieu of cash, as remuneration for his role as a director of Xero Limited for the preceding six-month period. 562 Ordinary Shares were issued to Susan Peterson, in lieu of cash, as partial remuneration for her role as a director of Xero Limited for the preceding six-month period
Any amount paid up (if not in full)	Fully paid
Percentage of total class issued (excluding treasury stock)	0.011% (as a percentage of Ordinary Shares on issue after this issue, to 3 d.p.)
Reasons for the issue	(a) 10,000 Ordinary Shares were issued upon exercise of vested options granted under the Xero Limited Restricted Stock Unit and Option Plan (NZ) (NZ Plan) (b) 4,491 Ordinary Shares were issued to

Bill Veghte, in lieu of cash, as remuneration for his role as a director of Xero Limited for the preceding six-month period. 562 Ordinary Shares were issued to Susan Peterson, in lieu of cash, as partial remuneration for her role as a director of Xero Limited for the preceding six-month period

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) 10,000 Ordinary Shares were issued upon exercise of vested options granted under the NZ Plan</p> <p>(b) 4,491 fully paid Ordinary Shares were issued to Bill Veghte and 562 fully paid Ordinary Shares were issued to Susan Peterson, both at an issue price equal to NZ\$26.80 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 21 August 2017</p>
Total number of securities of the class in existence after the issue (excluding treasury stock)	<p>138,346,666 Ordinary Shares on issue</p> <p>There are also 2,386,857 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 10,000 options as set out in this notification of allotment</p> <p>There are also 482,695 "Restricted Stock Units" or RSUs (being conditional contractual rights to be issued up to 482,695 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date</p>
Date of issue	22 August 2017
Number of Securities Converted	10,000 options



Number and Class of Securities into which they have been Converted

10,000 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

2,386,857 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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