

25 October 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	11,666 Ordinary Shares
Issue price	(a) 5,000 Ordinary Shares were issued upon exercise of options; the exercise price for the options was NZ\$18.52 per option (b) 6,666 Ordinary Shares were issued upon vesting of 6,666 Restricted Stock Units (RSUs) granted under the Xero Limited (USA) Equity Incentive Scheme (US Scheme) as part of the remuneration package of an employee based in the Unites States. No cash consideration was required to be paid for these RSUs to vest
Payment in cash	(a) Yes (payment of exercise price, as set out above) (b) No cash consideration was required to be paid for these RSUs to vest
Any amount paid up (if not in full)	Fully paid
Percentage of total class issued (excluding treasury stock)	0.008% (as a percentage of Ordinary Shares on issue after this issue, to 3 d.p.)
Reasons for the issue	(a) 5,000 Ordinary Shares were issued upon exercise of vested options granted under the Xero Limited Restricted Stock Unit and Option Plan (NZ) (NZ Plan) (b) 6,666 Ordinary Shares were issued upon vesting of 6,666 RSUs granted under the US Scheme as part of the remuneration package of an employee based in the Unites States

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) 5,000 Ordinary Shares were issued upon exercise of vested options granted under the NZ Plan</p> <p>(b) 6,666 Ordinary Shares were issued upon vesting of 6,666 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>138,414,520 Ordinary Shares on issue</p> <p>There are also 2,203,675 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 5,000 options as set out in this notification of allotment</p> <p>There are also 429,546 "Restricted Stock Units" or RSUs (being conditional contractual rights to be issued up to 429,546 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date and the 6,666 RSUs that have vested as set out in this notification of allotment</p>
Date of issue	24 October 2017
Number of Securities Converted	<p>(a) 5,000 options</p> <p>(b) 6,666 RSUs granted to an employee based in the United States under the US Scheme</p>

Number and Class of Securities into which they have been Converted	11,666 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	(a) 2,203,675 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) 429,546 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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