

30 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 NZX Listing Rules, Xero Limited advises the following securities have been issued:

Class of Securities	(a) Ordinary shares in Xero Limited <b>(Ordinary Shares)</b>  (b) Conditional agreement to issue Ordinary Shares <b>(Restricted Stock Units or RSUs)</b>  (c) Options to subscribe for Ordinary Shares <b>(Options)</b>
ISIN	NZXROE0001S2
Number of securities issued	(a) 700 Ordinary Shares  (b) 12,579 RSUs relating to the future issue of up to 12,579 Ordinary Shares  (c) 10,000 Options
Issue price	(a) 700 Ordinary Shares were issued upon vesting of 1,102 RSUs granted under the Xero Limited (USA) Equity Incentive Scheme <b>(US Scheme)</b> as part of the remuneration package of employees based in the United States. 402 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  (b) 12,579 RSUs were granted at a value of NZ\$33.06 each, being the 20 day volume weighted average market price of Ordinary Shares on the NZX Main Board through to 26 October 2017. No cash consideration is required to be paid for these RSUs to vest  (c) N/A. The Options have an exercise price of NZ\$33.06 per Option, being the 20 day volume weighted average market price of Ordinary Shares on the NZX Main Board through to 26 October 2017

Payment in cash	<p>(a) No cash consideration was required to be paid for these RSUs to vest</p> <p>(b) N/A. Grant of 12,579 RSUs pursuant to the US Scheme as part of the remuneration package of certain employees based in the United States. No cash consideration is required to be paid for the RSUs to vest</p> <p>(c) N/A. Grant of 10,000 Options pursuant to the Xero Limited Restricted Stock Unit and Option Plan (NZ) (<b>NZ Plan</b>) as part of the remuneration package of a key employee based in New Zealand. To exercise the Options, the key employee is required to pay the exercise price (as set out above)</p>
Any amount paid up (if not in full)	<p>(a) Fully paid</p> <p>(b) N/A</p> <p>(c) N/A</p>
Percentage of total class issued (excluding treasury stock)	<p>(a) 0.0005% (as a percentage of Ordinary Shares on issue after this issue to 4 d.p.)</p> <p>(b) If 100% of the RSUs were to vest on the date of this notice of allotment: 0.009% (as a percentage of Ordinary Shares on issue after this issue to 3 d.p.)</p> <p>(c) if 100% of the Options were to vest and be exercised on the date of this notice of allotment: 0.007% (as a percentage of Ordinary Shares on issue after this issue to 3 d.p.)</p>
Reasons for the issue	<p>(a) 700 Ordinary Shares were issued upon vesting of 1,102 RSUs granted under the US Scheme as part of the remuneration package of employees based in the United States</p> <p>(b) Grant of 12,579 RSUs pursuant to the US Scheme as part of the remuneration package of certain employees based in the United States</p> <p>(c) Grant of 10,000 Options pursuant to the NZ Plan as part of the remuneration package of a key employee based in New Zealand</p>
Specific authority for the issue	Resolution of directors

Terms or details of the issue

(a) 700 Ordinary Shares were issued upon vesting of 1,102 RSUs granted under the US Scheme as part of the remuneration package of employees based in the United States. The RSUs vested subject to the terms of the US Scheme

(b) 12,579 RSUs have been granted pursuant to the US Scheme as part of the remuneration package of employees based in the United States. The number of RSUs granted was calculated based on the total dollar entitlement of all eligible employees divided by NZ\$33.06, being the 20 day volume weighted average market price of Ordinary Shares on the NZX Main Board through to 26 October 2017. The RSUs will vest in equal percentages on 31 March 2018, 2019 and 2020, subject to the terms of the US Scheme, including the continued employment of the relevant participating employee with the Xero Limited Group on each vesting date

(c) Grant of 10,000 Options pursuant to the NZ Plan as part of the remuneration package of a key employee based in New Zealand. The Options will vest (meaning that they are able to be exercised) on 31 March 2018, subject to the terms of the NZ Plan, including the key employee's continued employment with the Xero Limited Group on the vesting date. The Options have a final exercise date of five years from the grant date (or one year after the employee's exit from the Xero Limited Group if the employee leaves prior to this on 'good leaver' terms)

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

(a) 138,415,220 Ordinary Shares

(b) 438,184 RSUs (a conditional contractual right to be issued up to 438,184 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date and the grant of 12,579 RSUs and the 1,102 RSUs that have vested as set out in this notice of allotment

(c) 2,211,616 unlisted Options (convertible into Ordinary Shares on a 1:1 basis) outstanding, taking into account all forfeited Options to date and the grant of 10,000 Options as set out in this notice of allotment

Date of issue	(a) 27 October 2017 (b) 27 October 2017 (grant date) (c) 27 October 2017 (grant date)
Number of Securities Converted	1,102 RSUs
Number and Class of Securities into which they have been Converted	700 Ordinary Shares (402 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	438,184 RSUs (taking into account all forfeited RSUs to date, and the RSUs that have been granted and vested as set out in this notification of allotment)

Chaman Sidhu  
Company Secretary  
Email: [companysecretary@xero.com](mailto:companysecretary@xero.com)