

29 January 2018

XERO LIMITED (XRO)

NOTIFICATION OF ALLOTMENT OF SECURITIES

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

Class of Securities	(a) Conditional agreement to issue Ordinary Shares in Xero Limited (Restricted Stock Units or RSUs) (b) Options to subscribe for Ordinary Shares in Xero Limited (Options)
ISIN	NZXROE0001S2
Number of securities issued	(a) 4,893 RSUs relating to the future issue of up to 4,893 Ordinary Shares (b) 160,000 Options
Issue price	(a) 4,893 RSUs were granted at a value of NZ\$32.48 each, being the 20 day volume weighted average market price of Ordinary Shares on the NZX Main Board through to 25 January 2018. No cash consideration is required to be paid for these RSUs to vest (b) N/A. The Options have an exercise price of NZ\$32.48 per Option, being the 20 day volume weighted average market price of Ordinary Shares on the NZX Main Board through to 25 January 2018
Payment in cash	(a) N/A. Grant of 4,893 RSUs pursuant to the Xero Limited (USA) Equity Incentive Scheme (US Scheme) and the Xero Limited Restricted Stock Unit and Option Plan (NZ) (NZ/SG Plan) as part of the remuneration package of certain employees based in the United States and Singapore, respectively. No cash consideration is required to be paid for the RSUs to vest (b) N/A. Grant of 160,000 Options pursuant to the NZ/SG Plan and the Xero Limited Restricted Stock Unit and Option Plan (AU) (AU Plan) as part of the remuneration package of certain key employees based in New Zealand, Singapore and Australia, respectively. To exercise the Options, the relevant key employee is required to pay the exercise price (as set out above)

Any amount paid up (if not in full)	(a) N/A (b) N/A
Percentage of total class issued (excluding treasury stock)	(a) If 100% of the RSUs were to vest on the date of this notice of allotment: 0.004% (as a percentage of Ordinary Shares on issue after this issue to 3 d.p.) (b) if 100% of the Options were to vest and be exercised on the date of this notice of allotment: 0.116% (as a percentage of Ordinary Shares on issue after this issue to 3 d.p.)
Reasons for the issue	(a) Grant of 4,893 RSUs pursuant to the US Scheme and the NZ/SG Plan as part of the remuneration package of certain employees based in the United States and Singapore, respectively (b) Grant of 160,000 Options pursuant to the NZ/SG Plan and the AU Plan as part of the remuneration package of certain key employees based in New Zealand, Singapore and Australia, respectively
Specific authority for the issue	Resolution of directors
Terms or details of the issue	(a) 4,893 RSUs have been granted pursuant to the US Scheme and the NZ/SG Plan as part of the remuneration package of employees based in the United States and Singapore, respectively. The number of RSUs granted was calculated based on the total dollar entitlement of all eligible employees divided by NZ\$32.48, being the 20 day volume weighted average market price of Ordinary Shares on the NZX Main Board through to 25 January 2018. The RSUs will vest in set percentages on 31 March 2018, 2019 and 2020, subject to the terms of the US Scheme and the NZ/SG Plan (as applicable), including the continued employment of the relevant participating employees with the Xero Limited Group on each vesting date

(b) Grant of 160,000 Options pursuant to the NZ/SG Plan and the AU Plan as part of the remuneration package of certain key employees based in New Zealand, Singapore and Australia, respectively. The Options will vest (meaning that they are able to be exercised) in set percentages over a period of four years, subject to the continued employment of the respective key employee with the Xero Limited Group on each vesting date. The Options have a final exercise date of five years from the grant date

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

(a) 421,636 RSUs (a conditional contractual right to be issued up to 421,636 Ordinary Shares) outstanding, taking into account all forfeited RSUs to date and the grant of 4,893 RSUs as set out in this notification of allotment

(b) 2,225,133 unlisted Options (convertible into Ordinary Shares on a 1:1 basis) outstanding, taking into account all forfeited Options to date and the grant of 160,000 Options as set out in this notification of allotment

There are also 138,447,220 Ordinary Shares on issue

Date of issue

(a) 26 January 2018 (grant date)

(b) 26 January 2018 (grant date)

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