



Ongoing Disclosure Notice

Disclosure of Directors and Senior Managers Relevant Interests

Sections 297(2) and 298(2), Financial Markets Conduct Act 2013

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| To NZX Limited; and | Xero Limited (XRO) |
| Name of listed issuer: | 6 January 2017 |
| Date this disclosure made: | 29 November 2016 |
| Date of last disclosure: | |

Director or senior manager giving disclosure

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| Full name(s): | Andrew (Andy) Lark |
| Name of listed issuer: | Xero Limited (XRO) |
| Name of related body corporate (if applicable): | Not applicable |
| Position held in listed issuer: | Ceased role as Chief Marketing and Revenue Officer on 31 December 2016 |

Summary of acquisition or disposal of relevant interest (excluding specified derivatives)

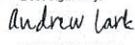
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| Class of affected quoted financial products: | (a) Ordinary shares in Xero Limited (Ordinary Shares); (b) Unlisted conditional contractual right to be issued Ordinary Shares (RSUs); (c) Options to acquire Ordinary Shares (Options) |
| Nature of the affected relevant interest(s): | (a)(i) Legal ownership of Ordinary Shares and (ii) Beneficial ownership of Ordinary Shares through the Xero Limited Employee Restricted Share Plan (Share Plan); (b) Holder of RSUs, subject to the terms of the Xero Limited Restricted Stock Unit and Option Plan (AU) (AU Plan); (c) Holder of Options, each Option entitling the holder to subscribe for one Ordinary Share, subject to the terms of the AU Plan |
| For that relevant interest- | |
| Number held in class before acquisition or disposal: | (a)(i) 30,000 and (ii) 8,479; (b) 36,750; (c) 160,000 |
| Number held in class after acquisition or disposal: | (a)(i) 66,076 and (ii) None; (b) None; (c) 41,667 |
| Current registered holder(s): | (a)(i) Andy Lark and (ii) Xero Trustee Limited; (b) Andy Lark (c) Andy Lark |
| Registered holder(s) once transfers are registered: | (a)(i) Andy Lark and (ii) N/A; (b) N/A; (c) Andy Lark |

Summary of acquisition or disposal of specified derivatives relevant interest (if applicable)

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| Type of affected derivative: | Not applicable |
| Class of underlying financial products: | Not applicable |
| Details of affected derivative- | |
| The notional value of the derivative (if any) or the notional amount of underlying financial products (if any): | Not applicable |
| A statement as to whether the derivative is cash settled or physically settled: | Not applicable |
| Maturity date of the derivative (if any): | Not applicable |
| Expiry date of the derivative (if any): | Not applicable |
| The price specified in the terms of the derivative (if any): | Not applicable |
| Any other details needed to understand how the amount of the consideration payable under the derivative or the value of the derivative is affected by the value of the underlying financial products: | Not applicable |
| For that derivative,- | |
| Parties to the derivative: | Not applicable |
| If the director or senior manager is not a party to the derivative, the nature of the relevant interest in the derivative: | Not applicable |

Details of transactions giving rise to acquisition or disposal

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| Total number of transactions to which notice relates: | 5 |
| Details of transactions requiring disclosure- | |
| Date of transaction: | 6 January 2017 |
| Nature of transaction: | (a)(i) Issue of 33,250 Ordinary Shares upon vesting of RSUs allocated under the AU Plan and transfer of legal ownership of 2,826 Ordinary Shares from Xero Trustee Limited to Andy Lark which were granted in accordance with the Share Plan as part of the remuneration package of Andy Lark and (ii) Forfeiture of remaining 5,653 Ordinary Shares held by Xero Trustee Limited on behalf of Andy Lark in connection with Andy Lark's cessation of employment with the Xero Limited Group; (b) Forfeiture of remaining 3,500 RSUs held by Andy Lark in connection with Andy Lark's cessation of employment with the Xero Limited Group; (c) Forfeiture of 118,333 Options held by Andy Lark in connection with Andy Lark's cessation of employment with the Xero Limited Group |

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| Name of any other party or parties to the transaction (if known): | (a)(i) Not applicable and (ii) Transfer of legal ownership of Ordinary Shares from Xero Trustee Limited to Andy Lark; (b) Not applicable; (c) Not applicable |
| The consideration, expressed in New Zealand dollars, paid or received for the acquisition or disposal. If the consideration was not in cash and cannot be readily converted into a cash value, describe the consideration: | (a)(i) 33,250 Ordinary Shares were issued upon vesting of 33,250 RSUs granted under the AU Plan as part of the remuneration package of Andy Lark. No cash consideration was required to be paid for the RSUs to vest. 2,826 Ordinary Shares were granted in accordance with the Share Plan as part of the remuneration package of Andy Lark. The legal ownership for such Ordinary Shares has now been transferred to Andy Lark and (ii) N/A. Forfeiture of 5,653 Ordinary Shares held by Xero Trustee Limited on behalf of Andy Lark in connection with Andy Lark's cessation of employment with the Xero Limited Group; (b) N/A. Forfeiture of 3,500 RSUs held by Andy Lark in connection with Andy Lark's cessation of employment with the Xero Limited Group; (c) N/A. Forfeiture of 118,333 Options held by Andy Lark in connection with Andy Lark's cessation of employment with the Xero Limited Group |
| Number of financial products to which the transaction related: | 3 |
| <i>If the issuer has a financial products trading policy that prohibits directors or senior managers from trading during any period without written clearance (a closed period) include the following details—</i> | |
| Whether relevant interests were acquired or disposed of during a closed period: | No |
| Whether prior written clearance was provided to allow the acquisition or disposal to proceed during the closed period: | Not applicable |
| Date of the prior written clearance (if any): | Not applicable |
| Summary of other relevant interests after acquisition or disposal: | |
| Class of quoted financial products: | Not applicable |
| Nature of relevant interest: | Not applicable |
| <i>For that relevant interest,-</i> | |
| Number held in class: | Not applicable |
| Current registered holder(s): | Not applicable |
| <i>For a derivative relevant interest,-</i> | |
| Type of derivative: | Not applicable |
| Details of derivative,- | |
| The notional value of the derivative (if any) or the notional amount of underlying financial products (if any): | Not applicable |
| A statement as to whether the derivative is cash settled or physically settled: | Not applicable |
| Maturity date of the derivative (if any): | Not applicable |
| Expiry date of the derivative (if any): | Not applicable |
| The price's specified terms (if any): | Not applicable |
| Any other details needed to understand how the amount of the consideration payable under the derivative or the value of the derivative is affected by the value of the underlying financial products: | Not applicable |
| <i>For that derivative relevant interest,-</i> | |
| Parties to the derivative: | Not applicable |
| If the director or senior manager is not a party to the derivative, the nature of the relevant interest in the derivative: | Not applicable |
| Certification | |
| I certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made. | |
| Signature of director or officer: | <div style="border: 1px solid black; padding: 5px;"> <p>DocuSigned by:  CCFB14542EE548B... 1/9/2017 14:02:13 NZDT</p> </div> |
| Date of signature: | |