



Ongoing Disclosure Notice

Disclosure of Directors and Senior Managers Relevant Interests

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

To NZX Limited; and	
Name of listed issuer:	Xero Limited (XRO)
Date this disclosure made:	14 June 2016
Date of last disclosure:	6 April 2016

Director or senior manager giving disclosure

Full name(s):	Sankar Narayan
Name of listed issuer:	Xero Limited (XRO)
Name of related body corporate (if applicable):	Not applicable
Position held in listed issuer:	Chief Financial Officer

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

Class of affected quoted financial products:	Options to acquire Ordinary Shares (Options)
Nature of the affected relevant interest(s):	Holder of Options, each Option entitling the holder to subscribe for one Ordinary Share subject to the terms of the Xero Limited Restricted Stock Unit and Option Plan (AU) (AU Plan)
For that relevant interest-	
Number held in class before acquisition or disposal:	176,000
Number held in class after acquisition or disposal:	291,000
Current registered holder(s):	Options granted to Sankar Narayan
Registered holder(s) once transfers are registered:	Options granted to Sankar Narayan

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

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

Total number of transactions to which notice relates:	1
Details of transactions requiring disclosure-	
Date of transaction:	10 June 2016
Nature of transaction:	Grant of Options under the AU Plan
Name of any other party or parties to the transaction (if known):	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:

Number of financial products to which the transaction related:

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—

Whether relevant interests were acquired or disposed of during a closed period:

Whether prior written clearance was provided to allow the acquisition or disposal to proceed during the closed period:

Date of the prior written clearance (if any):

Summary of other relevant interests after acquisition or disposal:

Class of quoted financial products:

Nature of relevant interest:

For that relevant interest, -

Number held in class:

Current registered holder(s):

For a derivative relevant interest, -

Type of derivative:

Details of derivative, -

The notional value of the derivative (if any) or the notional amount of underlying financial products (if any):

A statement as to whether the derivative is cash settled or physically settled:

Maturity date of the derivative (if any):

Expiry date of the derivative (if any):

The price's specified terms (if any):

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:

For that derivative relevant interest, -

Parties to the derivative:

If the director or senior manager is not a party to the derivative, the nature of the relevant interest in the derivative:

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:

Date of signature:

The Options have been granted pursuant to the AU Plan as part of the remuneration and incentive of Sankar Narayan (in his role as Chief Financial Officer). The exercise price is NZ\$17.51 per Option, being the volume weighted average price of an Ordinary Share in Xero Limited on the NZX Main Board for the 20 trading days up until and including 9 June 2016. The Options will vest (meaning that they can be exercised) according to the following schedule on each of the first four anniversaries from the grant date (25,000; 25,000; 25,000; and 40,000), subject to the rules of the AU Plan including that the recipient continue to be employed within the Xero Group on the relevant vesting date. The Options have a final expiry date that is five years from the grant date

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No

Not applicable

Not applicable

(a) Ordinary shares in Xero Limited (**Ordinary Shares**); (b) Unlisted conditional contractual right to be issued Ordinary Shares (**Restricted Stock Units or RSUs**)

(a) Legal ownership of Ordinary Shares; (b) Holder of RSUs, subject to the terms of the AU Plan

(a) 1,694; (b) 103,390

(a) Sankar Narayan; (b) Sankar Narayan

Not applicable

Not applicable

Not applicable

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