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MARKET RELEASE

Shareholder update on Xero listing

WELLINGTON, 22 January 2018 - Xero Limited (ASX, NZX: XRO) is today sending the following update to Xero shareholders who hold their Xero shares through the NZX.

Update on Xero's transition to a sole listing on the ASX

22 January 2018

Dear Shareholder

You are receiving this letter because you hold Xero shares on the NZX. We are in the final stages of Xero's transition to a sole listing on the Australian Securities Exchange (ASX), as announced in November 2017 in conjunction with our half-year financial result.

Xero is a New Zealand business with more than 1,000 people working and living in New Zealand, and we will remain headquartered in Wellington. As Xero continues to grow, having enhanced access to deeper capital markets, increased trading liquidity and a broader base of potential investors is critical to fulfilling the company's aspirations. The Xero board of directors believes a sole listing on the ASX will advance these goals.

Here is a reminder of the key dates:

- **Wednesday, 31 January 2018:** Last day you can trade Xero shares on the NZX
- **Thursday, 1 February - Friday, 2 February 2018:** No trading of Xero shares on the NZX
- **Friday, 2 February 2018:** From the close of business Xero will delist from the NZX
- **Monday, 5 February 2018:** First day Xero shares will trade solely on the ASX

Next steps for Shareholders

Your Xero shares on the NZX will be automatically transferred to the ASX. *You do not need to take any action to facilitate this process.*

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Please remember that there is no trading of Xero shares on the NZX on Thursday, 1 February or Friday, 2 February 2018. If you hold Xero shares on the NZX and you want to trade on those days, you will need to transfer your shares to the ASX before the close of trade on Wednesday, 31 January 2018. The process to do this is set out in the shareholder FAQs on our dedicated webpage: www.xero.com/investors/listing

Following the transition to a sole ASX listing, Xero's share registry Link Market Services will send you:

1. A Holding Transaction Statement providing your new Shareholder Reference Number (SRN) for the ASX
2. A Security Transaction Statement to confirm removal from the Xero NZX register

If you want to trade Xero shares on the ASX after the transition, please contact your broker well in advance of when you want to trade. Your broker will require your SRN. More details are in the shareholder FAQs on our dedicated webpage: www.xero.com/investors/listing

For those shareholders who also hold Xero shares on the ASX, nothing will change regarding your holding. You do not need to take any action.

If you have questions please contact Link in New Zealand on [+64 9 375 5998](tel:+6493755998) or in Australia on [+61 1300 554 474](tel:+611300554474). You can also visit our dedicated webpage: www.xero.com/investors/listing

What's next for Xero

At our core we are a proud New Zealand business with ambitions to grow Xero's global footprint as we execute on our strategy to rewire the global small business economy, connecting millions of businesses to their banks, advisors and each other.

We are very grateful for the support of all of our shareholders and look forward to sharing our progress with you.

Thank you,
Rod Drury
Xero Founder & CEO

About Xero

[Xero](http://www.xero.com) is beautiful, easy-to-use global online platform for small businesses and their advisors. The company has over one million subscribers in more than 180 countries. Xero seamlessly integrates with more than 600 apps. It was ranked No. 1 by Forbes as the World's Most Innovative Growth Company for two years running, won Technology Provider of the Year for the British Small Business Awards, and

was rated by Canstar Blue as Australia's best accounting software three consecutive years from 2015-2017.

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