



Notice of  
**2019 Annual Meeting**

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**15 August 2019**  
**Auckland, New Zealand**

Beautiful business

xero

# Dear shareholder

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## **Xero's 2019 Annual Report**

(Notice under section 209 of the Companies Act 1993 of New Zealand)

Xero's Annual Report for the financial year ended 31 March 2019 is now available on our website ([www.xero.com/about/investors/financial-info](http://www.xero.com/about/investors/financial-info)). We encourage you to access our Annual Report online. Shareholders may request a printed copy of the Annual Report, free of charge, within 15 working days of receiving this notice, by email to Xero's share registrar at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) or by updating their communication preferences at the Link Market Services Investor Centre ([www.investorcentre.linkmarketservices.com.au](http://www.investorcentre.linkmarketservices.com.au)). Xero has not prepared a Concise Report for the year ended 31 March 2019.

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**London, UK** | Gary Turner, Xero Managing Director, UK & EMEA, with accounting partners Stuart Airy, Sylwia Kotarba, and Riaz Kala from Accounts + Legal

On behalf of the Board I'm pleased to invite you to attend Xero's 2019 annual meeting of shareholders on Thursday 15 August 2019, at 11am NZT (9am AEST), at Pullman Auckland, corner Waterloo Quadrant and Princes Street, Auckland, New Zealand.

## **We encourage you to attend the meeting**

Our hybrid meeting format gives you the option to watch the meeting live, vote, and ask questions through an online platform at [agmlive.link/xero2019](http://agmlive.link/xero2019). If you cannot attend the meeting, you may appoint a proxy by 11am NZT (9am AEST) on Tuesday 13 August 2019. For more information about attending the meeting or appointing a proxy, please see the "Important Information" section of this document on page 24.

## **We welcome your questions**

If you attend the meeting in person or online, you will have the opportunity to submit questions to the Board, Xero's leadership team and Xero's auditors during the meeting. If you would like to ask a question prior to the meeting, please email [investors@xero.com](mailto:investors@xero.com) by 11am NZT (9am AEST) on Tuesday 13 August 2019. The Board will endeavour to address appropriate questions at the meeting.

At the end of the meeting, shareholders are invited to join the Board and members of the leadership team for refreshments. I look forward to your attendance, and thank you for your ongoing support.

Sincerely,



**Graham Smith**  
Chair

# Notice of Annual Meeting of Shareholders

Xero Limited (Xero) will hold its 2019 annual meeting of shareholders (Meeting) at:

<b>Venue</b>	Pullman Auckland, corner Waterloo Quadrant and Princes Street, Auckland, New Zealand
<b>Date</b>	Thursday 15 August 2019
<b>Time</b>	11am NZT (9am AEST)

The business of the Meeting is set out below. The Explanatory Notes accompanying this Notice of Meeting provide more information about the resolutions proposed to shareholders.

## Business

- A. Chair's introduction
- B. Formal business and resolutions (detailed below)
- C. Presentation from Xero's leadership team
- D. Shareholder questions

## Formal business and resolutions

Shareholders will be asked to consider, and if thought fit, to pass the following ordinary resolutions (with or without modification):

### Resolution 1 - Fixing the remuneration of the auditor

That the Board is authorised to fix the remuneration of the auditor for the ensuing year.

### Resolution 2 - Re-election of Susan Peterson

That Susan Peterson, retiring from office as a director of Xero at the meeting by rotation in accordance with Xero's Constitution, be re-elected as a director of Xero.

### Resolution 3 - Election of David Thodey

That David Thodey, appointed by the Board as a director on 27 June 2019, and who will retire at the meeting in accordance with Xero's Constitution and the ASX Listing Rules, be elected as a director of Xero.

### Resolution 4 - Increase cap on non-executive director remuneration

That, for the purposes of ASX Listing Rule 10.17, the maximum annual remuneration able to be paid to all of the non-executive directors of Xero taken together be increased by NZ\$800,000 from NZ\$1,400,000 to NZ\$2,200,000 with immediate effect.

*Note: A voting exclusion applies to this resolution. See the Explanatory Notes for resolution 4.*

### Resolution 5 - Approval of the issue of shares to a director

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Xero to issue shares to Lee Hatton in lieu of her remuneration on the terms and conditions set out in the Explanatory Notes of this Notice of Meeting.

*Note: A voting exclusion applies to this resolution. See the Explanatory Notes for resolution 5.*

By order of the Board.



**Chaman Sidhu**

Company Secretary  
12 July 2019



## Explanatory Notes

### Resolution 1

# Fixing the remuneration of the auditor

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Under section 207T of the Companies Act 1993 of New Zealand, Ernst & Young is automatically reappointed at the Meeting as auditor of Xero. Section 207S of the Companies Act 1993 provides that the auditor's fees and expenses must be fixed by the company or in the manner that the company determines at this Meeting. Resolution 1 authorises the Board, consistent with commercial practice, to fix the remuneration of Ernst & Young as Xero's auditor.

### Board recommendation

The Board recommends that shareholders vote in favour of this resolution.

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Ashleigh Gibson, Partner  
Marketing Manager,  
Xero with Megan Hall,  
and Sukhjinder Pannu,  
Accounts + Legal, London

**Resolution 2**

## Re-election of Susan Peterson as a director

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Susan Peterson retires from office at this Meeting under clause 21.2 of Xero's constitution and, being eligible, offers herself for re-election as a director. Clause 21.2 requires at least one director to retire from office at each annual meeting, unless there has been an election of directors earlier that year.

Susan is an experienced independent director on both ASX and NZX listed companies. She is currently an independent director of Trustpower, Vista Group, Property for Industry, and ASB Bank. Susan is a member of the New Zealand Markets Disciplinary Tribunal, was a past Ministerial Appointee to The National Advisory Council for the Employment of Women, and is a Board member of non-profit Global Women (NZ). Susan is founding co-chair and a shareholder in health and wellness start-up Organic Initiative Limited.

**Board recommendation**

The Board (other than Susan Peterson because of her interest in this resolution) unanimously supports Susan Peterson's re-election.

**Susan Peterson**

Independent non-executive director

- Appointed by the Board as a director on 22 February 2017, elected as a director by shareholders on 12 July 2017
- Board committees: People and Remuneration Committee Chair

**Resolution 3**

## Election of David Thodey as a director

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On 27 June 2019, the Board appointed David Thodey AO as a director. David retires from office at this Meeting as required by ASX Listing Rule 14.4 and clause 20.4 of Xero's constitution, and being eligible, offers himself for election as a director. The directors consider that David's skills and experience are valuable and complement the Board's existing skills and experience.

David is a business leader focused on innovation, technology and telecommunications, with more than 30 years of experience creating brand and shareholder value. He is currently chairman of Australia's national scientific research agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

David is a non-executive board director of Ramsay Health Care, a global hospital group, and Tyro, Australia's only independent EFTPOS banking institution. From 1 September 2019, David will also join the board of Vodafone Group Plc. He also sits on various advisory boards.

David had a successful executive career as CEO of Telstra, a significant Australian telecommunications and information services company and as CEO of IBM Australia and New Zealand. In 2017, David was made an Officer (AO) in the General Division of the Order of Australia.

**Board recommendation**

The Board (other than David Thodey because of his interest in this resolution) unanimously supports David Thodey's election.

**David Thodey AO**

Independent non-executive director

- Appointed by the Board as a director on 27 June 2019
- Board committees: People and Remuneration Committee and Nominations Committee

**Resolution 4**

## Increase cap on non-executive director remuneration

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Under clause 25.1 of Xero's Constitution and ASX Listing Rule 10.17, the maximum annual remuneration that can be paid to all of the non-executive directors taken together (the Remuneration Cap) must be approved by shareholders by ordinary resolution.

The current Remuneration Cap of NZ\$1,400,000 was approved by shareholders at Xero's 2017 Annual Meeting in July 2017. Resolution 4 proposes to increase the Remuneration Cap by NZ\$800,000 to NZ\$2,200,000 with immediate effect.

Since consolidating its listing on the ASX in February 2018, Xero has become a constituent of the S&P/ASX 100 Index. Xero continues to deliver against its financial and strategic objectives, as evidenced by Xero's financial results for the year ended 31 March 2019. The table on pages 17 and 18 summarises Xero's key performance measures over the last five years.

The proposed new Remuneration Cap reflects the significant growth in the size, value, complexity and risks of Xero's business and the resulting increase in director workloads and responsibilities since the current Remuneration Cap was approved by shareholders.

Xero benchmarks fees for non-executive directors to the Australian and New Zealand markets, except where directors would receive higher fees in their local markets, in which case local benchmarks are used. This reflects the global composition of the Board and the fact that Xero seeks particular skills and experience in its directors. The actual fees paid to individual directors take into account the target fees in each of the four key geographies of Australia, New Zealand, the United States and the United Kingdom, as well as individual directors' skills, experience and specialist knowledge.

Xero reviews non-executive director remuneration every two years. In 2018, Xero completed a review of non-executive director remuneration. This included a benchmarking process for director fees in the key geographies, based on market data sourced from an external provider about two comparator groups of companies in each geography that were identified based on revenue and market capitalisation.

Following this review, Xero made changes to its fee structure for non-executive directors, resulting in an uplift in fees for non-executive directors with effect from 1 April 2019, and an additional increase proposed to take effect from 1 September 2019, subject to shareholder approval of the proposed new Remuneration Cap. This two-step increase is designed to allow the non-executive directors to reach the fee position that was determined, through the review, to be appropriate for a company of Xero's rapidly increasing size, scale and complexity. This was the first increase to non-executive director fees since April 2017. The following table summarises the recent and proposed changes to the non-executive directors' remuneration structure, with fees presented on an annualised basis.

	<b>Before 1 April 2019</b>
Base directors' fees - 7 directors	NZ\$1,011,000
Base directors' fees - 8 directors	
Committee chair fees - 2 chairs <sup>1</sup>	NZ\$34,000
<b>Total directors' fees</b>	<b>NZ\$1,045,000</b>

<sup>1</sup> Committee chair fees are currently applicable to the Audit & Risk Management Committee and People & Remuneration Committee only.

	<b>From 1 April 2019</b>	<b>Current from 27 June 2019</b>	<b>Proposed from 1 September 2019</b>
Base directors' fees - 7 directors	NZ\$1,145,000		
Base directors' fees - 8 directors		NZ\$1,344,000	NZ\$1,562,000 <sup>2</sup>
Committee chair fees - 2 chairs <sup>1</sup>	NZ\$55,000	NZ\$55,000	NZ\$60,000
<b>Total directors' fees</b>	<b>NZ\$1,200,000</b>	<b>NZ\$1,399,000</b>	<b>NZ\$1,622,000</b>

<sup>2</sup> Bill Veghte has announced his intention to retire as a director of Xero from the date of the Annual Meeting. This means there may be only seven directors in place at 1 September 2019, but Xero is actively recruiting a new director with a digital product technologist skill set (including in the United States). On that basis, total director remuneration proposed from 1 September 2019 is presented on the basis of eight directors, although the actual appointment date of a new director may occur after that date.



The proposed new Remuneration Cap of NZ\$2,200,000 will allow Xero to complete the remuneration changes for the non-executive directors as outlined in the preceding table while retaining headroom under the Remuneration Cap for a fee buffer to:

- allow for a potential increase in the total number of non-executive directors in the future to nine directors, including recruitment from key markets such as the United States where local benchmarks support higher target fees for directors than in other markets (with target base fees of NZ\$252,000 per annum compared to NZ\$145,000 for a director based in Australia or New Zealand), whether as a permanent increase or to facilitate orderly Board succession and transition planning by allowing an outgoing director to remain on the Board for a period of time while new directors benefit from a transfer of director knowledge and responsibilities
- allow for potential changes to the Board's committee structure in the future, and an associated increase in the number of committee chairs
- fairly remunerate directors where, from time to time, there are significant additional non-routine workloads for some or all directors resulting in increased time commitments and responsibilities (such as one-off major projects or transactions)
- provide flexibility for potential further remuneration changes in FY22 (from 1 April 2021) following the next two year director fee review cycle, ensuring that Xero can retain and continue to attract non-executive directors with the appropriate knowledge and experience relevant to growing global technology platforms, wherever these directors may be located in the world.

Based on data received as part of the benchmarking process, the proposed new Remuneration Cap is at the median annual aggregate non-executive director fee limit for the comparator group of eighteen S&P/ASX 100 companies selected by Xero's external provider on the basis of their market capitalisation.

Increasing the Remuneration Cap does not mean that the whole of the new maximum amount will be used, nor does it indicate that non-executive director fees will necessarily be increased when the next regular review is undertaken in late 2020. That review will determine whether it is appropriate to make any further increases to non-executive director fees with effect from 1 April 2021. There is no current intention for any further increases in non-executive director fees to be made before April 2021.

Xero is not currently required to pay any retirement benefits, including superannuation or pension contributions, on behalf of non-executive directors. If Xero were required to make any such contributions, they would be included within the Remuneration Cap.

### **Board recommendation**

Given the interest in this matter of each non-executive director, the Board as a whole makes no recommendation on this resolution.

### **Voting exclusions**

Xero will disregard any votes cast in favour of resolution 4 by or on behalf of a director of Xero or an associate (as defined in the ASX Listing Rules). However, Xero need not disregard a vote if it is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or
- by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Specific information for resolution 4**

As required by ASX Listing Rule 10.17, Xero confirms that in the three years before the date of this Notice of Meeting it has issued, with the approval of shareholders, the securities shown in the table on page 16 to directors under ASX Listing Rule 10.11 (or equivalent provisions of the NZX Listing Rules during the period before Xero consolidated its listing on ASX). These securities were issued to non-executive directors in lieu of cash remuneration. The value of that remuneration was included within the Remuneration Cap at the issue date.

No securities have been issued to any non-executive directors under ASX Listing Rule 10.14 within the last three years before the date of this Notice of Meeting.

<b>Issue date</b>	<b>Shares issued</b>	<b>Issue price (per share)</b>
<b>Lee Hatton</b>		
10 August 2016	1,803	NZ\$19.41
10 February 2017	2,154	NZ\$18.8
10 August 2017	2,078	NZ\$26.46
24 May 2018	1,999	A\$39.66
14 November 2018	1,152	A\$41.04
22 May 2019	780	A\$56.20
<b>Susan Peterson</b>		
22 August 2017	562	NZ\$26.80
<b>Bill Veghte</b>		
22 August 2017	4,491	NZ\$26.80
24 May 2018	4,333	A\$39.66
14 November 2018	2,588	A\$41.04
6 February 2019	25,730	NZ\$16.14 <sup>1</sup>
22 May 2019	2,164	A\$56.20

<sup>1</sup> Exercise price per option

**Additional information for resolution 4**

The table below summarises Xero's key performance measures over the last five years.

<b>Year ended 31 March</b>	<b>2015<sup>1</sup></b>	<b>2016<sup>1</sup></b>	<b>2017<sup>1</sup></b>	<b>2018</b>	<b>2019</b>
Total operating revenue	NZ\$123.9 million	NZ\$207.1 million	NZ\$295.4 million	NZ\$406.6 million	NZ\$552.8 million
Subscribers	475,000	717,000	1,035,000	1,386,000	1,818,000
Market capitalisation	NZ\$3.2 billion	NZ\$1.9 billion	NZ\$2.5 billion	NZ\$4.6 billion	NZ\$6.8 billion
Free cash flow	NZ\$(83.0) million	NZ\$(88.6) million	NZ\$(70.8) million	NZ\$(28.5) million	NZ\$6.5 million

<sup>1</sup> 2015-17 information has not been restated for recent accounting standard changes

**Resolution 5**

# Approval of the issue of shares to a director

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This resolution seeks shareholder approval for the issue of fully paid ordinary Xero shares to Lee Hatton (or her nominee) in lieu of receiving her director fees in cash from time to time (Remuneration Shares).

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained (unless an exception in ASX Listing Rule 10.12 applies). In the Board's view, the exceptions in ASX Listing Rule 10.12 do not apply in the current circumstances. Additionally, as approval for the issue of the Remuneration Shares has been sought under ASX Listing Rules 10.11, approval is not required under ASX Listing Rule 7.1.

The Board believes that providing remuneration to directors in the form of Xero shares in consideration for their services as directors effectively aligns the interests of directors with those of shareholders, by giving the directors an opportunity to share in the success of Xero. Director remuneration in this form can motivate and reward long-term decision making, through the aim of creating and maximising shareholder value.

While securities issued with shareholder approval under ASX Listing Rule 10.11 are not regarded as "directors' fees" for the purposes of the cap on director remuneration, the Board has determined that the value of these Remuneration Shares at the time of issue, taken together with all other director

remuneration, will not exceed the then applicable Remuneration Cap. If shareholders do not approve the issue of Remuneration Shares, the remuneration for Lee Hatton will be paid in cash.

**Board recommendation**

The Board (other than Lee Hatton because of her interest in the matter) recommends that shareholders vote in favour of resolution 5.

**Voting exclusions**

Xero will disregard any votes cast in favour of resolution 5 by or on behalf of Lee Hatton or her associates. However, Xero need not disregard a vote if it is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or
- by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Specific information for resolution 5**

ASX Listing Rule 10.13 requires certain information to be provided in relation to approval sought under ASX Listing Rule 10.11. This information is set out below:

The name of the person	Lee Hatton
The formula for calculating the number of securities to be issued to the person	The maximum number of Remuneration Shares that may be issued to Lee Hatton is calculated as follows:  Value of remuneration to be received by Lee Hatton / the volume weighted average price (VWAP) of Xero shares calculated over a period which is at least five business days prior to the issue date

	The actual number of Remuneration Shares to be issued to Lee Hatton will depend on the remuneration she receives and the actual VWAP. A worked example is set out on page 22 assuming Lee Hatton receives her existing remuneration. The level of remuneration may vary during the course of the relevant 12 months, but taken together with all other director remuneration, the Remuneration Cap will not be exceeded
The date by which the securities will be issued (issue date)	The Remuneration Shares to be issued will be issued within 12 months after shareholder approval is obtained
The issue price	Determined by the VWAP of the underlying shares over a period which is at least five business days prior to the issue date
Terms of the securities	The Remuneration Shares will be on the same terms as all other fully paid ordinary Xero shares on issue
The intended use of funds raised	Not applicable. Remuneration Shares are issued in lieu of paying remuneration in cash raised
Voting exclusion statement	A voting exclusion statement is contained on page 20 of this Notice of Meeting. Votes cast by shareholders contrary to the voting exclusion statement will be disregarded

### Dilution - worked example<sup>1</sup>

The table below provides a worked example of the dilution that may occur to shareholders as a result of the issue of Remuneration Shares to Lee Hatton over the next 12 months.

	Maximum number of shares <sup>2</sup>	Dilution to shareholders <sup>3</sup>
Based on highest closing share price over last 12 months ending 17 June 2019 (A\$62.11)	2,370	0.0017%
Based on lowest closing share price over last 12 months ending 17 June 2019 (A\$36.10)	4,077	0.0029%
Based on closing share price on 17 June 2019 (A\$59.09)	2,491	0.0018%

<sup>1</sup> Illustrative purposes only

<sup>2</sup> Assumes current annual remuneration of Lee Hatton of NZ\$155,000 (including committee chair fee)

<sup>3</sup> Dilution to shareholders is based on fully paid ordinary Xero shares on issue as at 17 June 2019

**ASX Waiver**

ASX has granted Xero a waiver from ASX Listing Rules 10.13.3 and 10.13.5, subject to the following conditions:

- a. *The Notice states that the Remuneration Shares will be issued within 12 months after shareholder approval is obtained.*
- b. *The Notice states that the number of Remuneration Shares to be issued will be calculated based on the volume weighted average price of the underlying shares over a period which is at least 5 business days prior to the issue date.*
- c. *The Notice includes a worked example of the dilution that will occur to existing shareholders of the Company as a result of the issue of Remuneration Shares at three different prices.*
- d. *The Notice sets out that the Remuneration Shares will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing shares on issue.*
- e. *The Company's annual report for any period during which the Remuneration Shares are issued to the Directors, discloses details of the number of Remuneration Shares that were issued to them, including the percentage of the Company's issued capital represented by those Remuneration Shares.*
- f. *The terms of the waiver are stated in the Notice.*

## Important Information

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**Attendance in person**

If you are a shareholder attending the Meeting in person, please bring the accompanying personalised Proxy Form with you to assist with your registration. You can also vote during the Meeting using a mobile phone (see LinkVote app section below for more information).

**Attendance online**

Shareholders may attend and participate at the Meeting virtually via an online platform provided by Xero's share registrar, Link Market Services Limited (Link), at [agmlive.link/xero2019](https://agmlive.link/xero2019). Shareholders attending and participating in the Meeting virtually via the online platform will be able to vote and ask questions during the Meeting. More information regarding virtual attendance at the Meeting is available in the Online Portal Guide available on the Investors section of Xero's website ([www.xero.com/about/investors](https://www.xero.com/about/investors)).

If access to the online platform is interrupted during the Meeting and the reason for the interruption cannot be resolved within a reasonable time as determined by the Chair of the Meeting, the Meeting will proceed without the online participation of shareholders attending virtually. For this reason, shareholders intending to attend the Meeting virtually through the online platform may also wish to consider appointing a proxy for the Meeting in case access to the online platform is unavailable on the day.

### Voting entitlements

Voting entitlements for the Meeting will be determined as at 9pm NZT (7pm AEST) on Tuesday 13 August 2019. Shareholders registered at that time will be the only persons entitled to vote at the Meeting and only the shares registered in those shareholders' names at that time may be voted at the Meeting.

### LinkVote app

Shareholders attending the Meeting in person can download the LinkVote app from the Apple App Store or Google Play Store if they would like to vote during the Meeting using a mobile phone. More information on voting using a mobile phone at the Meeting can be found in the Mobile App Guide available on the Investors section of Xero's website ([www.xero.com/about/investors](http://www.xero.com/about/investors)).

### Proxies

If you are entitled to attend and vote at the Meeting, you may appoint a proxy to attend and vote for you by completing and following the instructions on the accompanying Proxy Form.

Alternatively, you can securely appoint a proxy online by following the instructions on the Proxy Form.

In order to complete the validation process to appoint a proxy online, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode or country of residence. If you need to obtain these details, please contact Link via the contact details in the Proxy Form.

The person you appoint as proxy is not required to be a Xero shareholder. If you are entitled to cast two or more votes at the Meeting, you may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If the appointment does not specify the proportion or number of votes, each proxy may exercise

half of the votes (any fraction votes will be disregarded). Neither proxy is entitled to vote on a show of hands if more than one proxy attends.

If you appoint a proxy, you may either direct your proxy how to vote for you (directed proxy) or you may give your proxy discretion to vote as they see fit (undirected proxy). If you wish to give your proxy discretion, then do not tick any box for a resolution. If you have directed your proxy to vote, and they fail to attend the Meeting or they choose to not vote, then, on a poll, the Chair of the meeting will become your proxy and vote your proxies as directed by you. If you submit a proxy, you are encouraged to direct your proxy whether to vote for or against or to abstain from voting on each resolution. If you tick more than one box for a resolution, your vote on that resolution will be invalid.

**The Chair of the Meeting and any director appointed as proxy for a person who is entitled to vote (including where the Chair of the meeting is appointed as proxy by default) intend to vote all undirected proxies in favour of the relevant resolution,** except that:

- no director or their respective associates appointed as proxy can vote undirected proxies on resolution 4, other than the Chair of the meeting (even where the resolutions are connected directly or indirectly with the remuneration of one or more directors, which includes the Chair), and
- Lee Hatton or her associates appointed as proxy cannot vote undirected proxies on resolution 5.

If you return a completed and signed Proxy Form, but do not nominate a proxy, the Chair of the Meeting will become your proxy.

Your completed Proxy Form must be received by Link no later than 11am NZT (9am AEST) on Tuesday 13 August 2019. Any Proxy Form received after that time will not be valid for the meeting.

### **Powers of attorney**

If you have appointed an attorney to attend and vote at the Meeting, or if your Proxy Form is signed by an attorney, you must provide the power of attorney (or a certified copy of it) to Link by 11am NZT (9am AEST) on Tuesday 13 August 2019, unless the document has previously been lodged with Link.

### **Corporate representatives**

A corporate shareholder may appoint a person to act as its representative. The representative must bring a properly executed letter or other document confirming that they are authorised to act as the shareholder's representative at the Meeting. A Certificate of Appointment of Corporate Representative may be obtained from Link.

### **Requisite majorities**

The proposed resolutions are ordinary resolutions requiring the approval of a simple majority of the votes of those shareholders entitled to vote and voting in order for the resolutions to be passed.

### **More information**

If you have any questions about this Notice of Meeting, please contact Xero's Company Secretary, Chaman Sidhu, at [companysecretary@xero.com](mailto:companysecretary@xero.com).

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Lune Croissanterie  
Melbourne, AU







Beautiful business



Beautiful business

Xero Limited

NZ Company No. 1830488  
ARBN 160 661 183

### LODGE YOUR VOTE

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Xero Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Xero Limited (**Xero**) and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chair of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the annual meeting of Xero to be held at **11:00am (NZT) on Thursday, 15 August 2019 at Pullman Auckland, corner Waterloo Quadrant and Princes Street, Auckland, New Zealand (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolution 4: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolution 4, even though the Resolution is connected directly or indirectly with the remuneration of one or more directors, which includes the Chair.**

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business (including resolution 4).

### VOTING DIRECTIONS

Proxies will only be valid and accepted by Xero if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

#### Resolutions

1 Fixing the remuneration of the auditor

For Against Abstain\*

  

5 Approval of the issue of shares to a director

For Against Abstain\*

  

2 Re-election of Susan Peterson as a director

  

3 Election of David Thodey as a director

  

4 Increase cap on non-executive director remuneration

  

\* If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED TO ENABLE YOUR DIRECTIONS TO BE IMPLEMENTED

Securityholder 1

or duly authorised officer or attorney

Securityholder 2

or duly authorised officer or attorney

Securityholder 3

or duly authorised officer or attorney

Please provide your name and daytime telephone number in case we need to contact you regarding this proxy form.

Contact Name: \_\_\_\_\_

Daytime Telephone: \_\_\_\_\_ Date: \_\_\_\_\_

XRO PRX1901N



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on Xero's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of Xero.

### DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted in favour of the relevant resolution including where the resolution is connected directly or indirectly with the remuneration of one or more directors, which includes the Chair.

### VOTES ON RESOLUTIONS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark a box opposite each resolution, your proxy may vote as he or she chooses on that resolution. If you mark more than one box on a resolution your vote on that resolution will be invalid.

### APPOINTMENT OF A SECOND PROXY

If you are entitled to cast two or more votes at the Meeting, you are entitled to appoint up to two persons as proxies to attend the Meeting (physically or online) and vote on a poll (neither proxy is entitled to vote on a show of hands if more than one proxy attends). If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Xero's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under power of attorney, you must lodge the power of attorney and a signed certificate of non-revocation of the power of attorney with the registry. If you have not previously lodged these documents for notation, please attach a certified photocopy of the power of attorney and signed certificate of non-revocation of the power of attorney to this form when you return it.

**Companies:** in the case of a corporate shareholder, a director or duly authorised officer must sign.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from Xero's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (NZT) on Tuesday, 13 August 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

Xero Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL MEETING IN PERSON, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**