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NOTICE OF ANNUAL MEETING AND WAIVER FROM NZX MAIN BOARD LISTING RULES

14 June 2016

Xero Limited (Xero)

Xero (ASX/NZX: XRO) will be holding its 2016 Annual Meeting of Shareholders (**Meeting**) on Wednesday, 20 July 2016 at 9.00am AEST (11.00am New Zealand time) at Establishment Rooms I, II and III, Level 3, Establishment, 252 George Street, Sydney, Australia, and virtually through an online platform provided by Xero's share registrar, Link Market Services (**Platform**).

NZX has granted Xero a waiver of Rule 5.5.1(b) of the NZX Main Board Listing Rules (**Waiver**) to allow the Meeting to be held in Australia, which is currently Xero's largest market by revenue and customer numbers and where a significant portion of Xero's shareholders are based.

Shareholders in New Zealand (and elsewhere) will be able to attend the Meeting and vote online through the Platform. Further details on how to attend and participate in the Meeting virtually will be included in the Notice of Meeting and Proxy Form for the Meeting which will be separately sent to Shareholders.

A copy of the Waiver is attached to this Notice.

Matt Vaughan
Company Secretary
companysecretary@xero.com



NZX Regulation Decision

Xero Limited (XRO)

Application for a waiver from NZX Main Board Listing
Rule 5.5.1(b)

12 May 2016



Decision

1. Subject to the conditions in paragraph 2 below, and on the basis that the information provided by Xero Limited (**XRO**) is complete and accurate in all material respects, NZX Regulation (**NZXR**) grants XRO a waiver from NZX Main Board Listing Rule (**Rule**) 5.5.1(b) to the extent that this Rule requires XRO to hold its 2016 Meeting in New Zealand.
2. The waiver in paragraph 1 above is provided on the conditions that:
 - a. the 2016 Meeting held by XRO is a hybrid meeting held physically in Sydney, Australia and virtually using the Link Platform;
 - b. XRO is Listed on both the ASX and NZX at the date of the meeting;
 - c. the Meeting Materials are released to the market via the NZX market announcement platform and the ASX market announcement platform, and are posted on XRO's website no later than the time shortly before the addresses are made at the 2016 Meeting;
 - d. XRO provides NZXR with the Notice of Meeting for NZXR's review and comment, at least 10 Business Days before the Notice of Meeting is due to be circulated to Shareholders. The Notice of Meeting must include, in a prominent position:
 - i. a clear explanation of how the 2016 Meeting is to be structured, including that there is to be a hybrid meeting;
 - ii. a clear explanation of the impact of the 2016 Meeting on New Zealand domiciled Shareholders;
 - iii. a statement that Shareholders are able to attend and participate in the 2016 Meeting either physically, virtually or through a proxy;
 - iv. a clear explanation of how Shareholders can attend and participate in the 2016 Meeting virtually;
 - v. a statement that Shareholders will be able to submit questions and vote online during the 2016 Meeting;
 - vi. a clear explanation of how Shareholders will be able to submit questions to XRO's Board, senior management and auditors, and vote online during the 2016 Meeting;
 - vii. a statement that Shareholders are permitted to submit questions to XRO's Board, senior management and auditors in advance of the 2016 Meeting and that all appropriate questions will be answered at the 2016 Meeting; and
 - viii. a clear explanation of how Shareholders can submit questions for XRO's Board, senior management and auditors in advance of the 2016 Meeting using email, or by mail using the section on their proxy form;
 - e. Shareholders must be able to submit questions to be answered by the XRO's Board, senior management and auditors, in advance of the 2016 Meeting via a proxy form and email, and during the 2016 Meeting through the Link Platform; and
 - f. Shareholders must be able to vote virtually during the 2016 Meeting.



3. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
4. The Rules to which this decision relates are set out in Appendix Two to this decision.
5. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 1 above, NZXR has considered that:
 - a. the policy behind Rule 5.5.1(b) is to ensure that holders of Quoted Securities are able to participate in meetings of holders of securities for a NZX Listed Issuer. The footnote to Rule 5.5.1(b) provides that NZXR may waive the requirement of Rule 5.5.1(b) if NZXR is satisfied that Quoted Security holders generally are not likely to be prejudiced by the holding of a meeting outside of New Zealand. NZXR is satisfied the granting of this waiver will not offend the policy of Rule 5.5.1(b);
 - b. XRO has advised that its 2016 Meeting will be a hybrid meeting, using the Link Platform. XRO has submitted, and NZXR has no reason not to agree, that the use of the Link Platform will mean Shareholders residing outside of Australia are not prejudiced from attending and participating in the 2016 Meeting. The conditions of this waiver require XRO to provide sufficient information to Shareholders about how Shareholders can participate in the virtual meeting using the Link Platform, as well as other means;
 - c. XRO has a substantial portion of its Shareholders domiciled in Australia and also has a foreign exempt listing on the ASX. Holding the meeting in Australia as a part of a hybrid meeting, will allow Shareholders domiciled in Australia to attend the meeting, while not prejudicing New Zealand domiciled Shareholders; and
 - d. there is precedent for this waiver.

Confidentiality

7. XRO has requested that this application and any decision be kept confidential until XRO makes an announcement about the location and date of the 2016 Meeting.
8. In accordance with Footnote 1 to Rule 1.11.2 NZXR grants XRO's request.



Appendix One

1. Xero Limited (**XRO**) is a Listed Issuer with its ordinary shares Quoted on the NZX Main Board (**Main Board**). XRO also holds a Foreign Exempt Listing on the Australian Securities Exchange (**ASX**).
2. XRO intends to hold its general annual meeting for 2016 (**2016 Meeting**) on or about 20 July 2016.
3. XRO has a mixture of Australian and New Zealand based shareholders. As at 26 March 2016, Link records show that approximately 58% of XRO's shareholders collectively holding approximately 20.5% of XRO's issued share capital are domiciled in Australia.
4. The 2016 Meeting will be a hybrid meeting. A hybrid meeting means that in addition to holding a physical meeting of shareholders, a meeting will also be held virtually. XRO wishes to hold the physical aspect of the 2016 Meeting in Sydney, Australia.
5. XRO will conduct its 2016 Meeting using technology made available by Link Market Services Limited (the **Link Platform** and **Link**). The Link Platform will allow shareholders who cannot physically travel to the 2016 Meeting, to be able to view the meeting online. The Link Platform will also allow shareholders to virtually vote and submit questions online during the 2016 Meeting.
6. XRO has had it confirmed from Link that the Link Platform is a robust system that has been built with high availability in mind. In the event of technological failure, Link captures the email addresses of virtual attendees allowing XRO to communicate with virtual attendees as to the status of any technology issues and the status of the 2016 Meeting.
7. A notice of the 2016 Meeting (the **Notice of Meeting**) will be provided to holders of XRO ordinary shares (**Shareholders**) in advance of the meeting. The Notice of Meeting will include with it a form to allow a proxy to be appointed for a Shareholder who is not able to attend the 2016 Meeting. Shareholders will be entitled to cast their votes at the 2016 Meeting via proxy.
8. Shareholders will be entitled to submit questions in advance of the 2016 Meeting. The ability to submit question in advance of the 2016 Meeting will be through two methods: by mail through a section on the proxy form; and by email.
9. The chairman's address and slide presentation and the Chief Executive's slide presentation (the **Meeting Materials**) will be released to the market shortly before the time at which the addresses are made at that meeting. The Meeting Materials will be made available via an announcement on the NZX and ASX market announcement platforms and XRO's website.
10. NZX Main Board Listing Rule (**Rule**) 5.5.1(b) requires that all meetings of holders of Quoted Securities of an Issuer are held in New Zealand.
11. The footnote to Rule 5.5.1(b) allows NZX Regulation (**NZXR**) to waive the requirement of Rule 5.5.1(b) if it is satisfied that shareholders are not likely to be prejudiced by the holding of meetings of holders of securities of an NZX Listed Issuer outside of New Zealand.
12. XRO is seeking a waiver to allow it to hold the 2016 Meeting in Sydney, Australia.

Appendix Two

Rule 5.5 General Obligation While Listed

- 5.5.1 An Issuer which has NZX as its Home Exchange shall at all times while it is Listed:
- (b) hold all meetings of holders of Quoted Securities of the Issuer in New Zealand.

Footnote to Rule 5.51(b)

NZX may waive the requirement in Rule 5.5.1(b) on application in respect of particular meetings if it is satisfied that Quoted Security holders generally are not likely to be prejudiced by the holding of the meeting outside New Zealand.

