
XERO LIMITED

PRE-CHANGE IN ADMISSION CATEGORY DISCLOSURE

7 December 2017: The following information is required to be provided to ASX Limited for release to the market in connection with Xero Limited's (ARBN 160 661 183) (**Xero**) change in admission category on the Australian Securities Exchange from an ASX Foreign Exempt Listing to an ASX Listing.

1 Place of incorporation

Xero is a company incorporated in New Zealand.

2 Acquisition of securities

- (a) Xero is not subject to Chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares (including substantial shareholdings and takeovers).
- (b) Xero is subject to the following limitations on the acquisition of its securities:
 - (i) Takeovers Code Approval Order 2000 (New Zealand) (**Takeovers Code**)

Xero is a "Code Company" under the Takeovers Code. The Takeovers Code prohibits, amongst other things, any person (together with their "associates" (as defined in the Takeovers Code)) from becoming the holder or controller of 20% or more of the voting rights in Xero, or becoming the holder or controller of an increased percentage of the voting rights in Xero if the person or that person's "associates" already holds or controls more than 20% of the voting rights in Xero, other than in compliance with the requirements of the Takeovers Code (for example pursuant to a full or partial takeover or with shareholder approval by ordinary resolution).

- (ii) Overseas Investment Act 2005 (New Zealand) (**Overseas Investment Act**)

Any person who is (together with its "associates" (as defined in the Overseas Investment Act)) an "overseas person" for the purposes of the Overseas Investment Act and who intends to acquire 25% or more of Xero's shares (or make any other acquisition regulated by the Overseas Investment Act) will be required to obtain any necessary consent(s) under the Overseas Investment Act.

For the purposes of this 25% threshold, the rights or interests of the overseas person must be aggregated with the rights and interests of all "associates" of that overseas person. The Overseas Investment Act defines "associates" broadly to include a person that acts jointly or in concert with the overseas person in relation to an investment or other matter or who acts subject to or as a consequence of any arrangement or understanding with the overseas person.

- (c) There are no limitations on the acquisition of securities imposed under Xero's constitution.

Applicants seeking further information can contact companysecretary@xero.com.



Director