

Notice of **2020 Annual Meeting**

13 August 2020



Beautiful business

Xero's 2020 Annual Report

Xero's Annual Report for the financial year ended 31 March 2020 is available on our website (www.xero.com/about/investors/financial-info). Annual Reports for all future accounting periods will also be publicly available on our website. We hope you will access our Annual Reports online. Shareholders may request an electronic or printed copy of this and all future Annual Reports, free of charge, at any time, by emailing Xero's share registrar at registrars@linkmarketservices.com.au or by updating your communication preferences at the Link Market Services Investor Centre (www.investorcentre.linkmarketservices.com.au). Xero has not prepared a Concise Report for the year ended 31 March 2020.

On the front cover:

KLAS Business + Accounting, AU

CV Ledger, US

Evansdale Cheese, NZ

Dear shareholder

I'm pleased to invite you to Xero Limited's (Xero) 2020 Annual Meeting (Meeting), on Thursday 13 August 2020, at 11.00am NZT (9.00am AEST).

The Meeting will be held online at agmlive.link/xero2020.

Due to COVID-19 and the related health concerns, Xero's Meeting will be held live through an online platform where you can attend and participate in the Meeting.

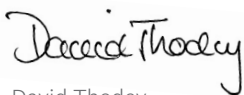
If you cannot attend the Meeting, you may appoint a proxy by 11.00am NZT (9.00am AEST) on Tuesday 11 August 2020.

For more information on how to register, attend the Meeting or appoint a proxy, please see the "Important Information" section of this document on page 9.

If you attend the Meeting, you will have the opportunity during the Meeting to submit written questions to the Board, Xero's leadership team and Xero's auditors. If you would like to ask a question prior to the Meeting, please submit these to investors@xero.com by 11.00am NZT (9.00am AEST) on Tuesday 11 August 2020.

I look forward to your attendance, and thank you for your ongoing support.

Sincerely,

A handwritten signature in black ink, reading "David Thodey". The signature is written in a cursive, flowing style.

David Thodey
Chair

Notice of 2020 Annual Meeting

Xero will hold its 2020 Meeting via an online platform provided by Xero's share registrar, Link Market Services Limited.

DATE Thursday 13 August 2020
TIME 11.00am NZT (9.00am AEST)
VENUE Online at agmlive.link/xero2020

ITEMS OF BUSINESS

- A. Chair's introduction and address
- B. Presentation from Xero's Chief Executive Officer and Chief Financial Officer
- C. Resolutions
- D. Shareholder questions

RESOLUTIONS

Shareholders will be asked to consider, and if thought fit, to pass the following ordinary resolutions:

Resolution 1 - Fixing the remuneration of the auditor

That the Board is authorised to fix the fees and expenses of Ernst & Young as auditor for the ensuing year.

Resolution 2 - Re-election of Lee Hatton

That Lee Hatton, retiring from office as a director of Xero at the Meeting, and being eligible, be re-elected as a director of Xero.

Resolution 3 - Re-election of Rod Drury

That Rod Drury, retiring from office as a director of Xero at the Meeting, and being eligible, be re-elected as a director of Xero.

Resolution 4 - Election of Mark Cross

That Mark Cross, appointed by the Board as a director of Xero on 1 April 2020, and who will retire at the Meeting in accordance with clause 20.4 of Xero's constitution, and being eligible, be elected as a director of Xero.

Further information about these resolutions is set out in the Explanatory Notes accompanying this Notice of Meeting. Please read and consider the resolutions together with the Explanatory Notes.

By order of the Board.



Chaman Sidhu

Company Secretary

10 July 2020



RESOLUTION 1

Fixing the remuneration of the auditor

Under section 207T of the Companies Act 1993, 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.

**RESOLUTION 2**

Re-election of Lee Hatton as a director

Independent non-executive director

Appointed by the Board as a director on 10 April 2014, last elected as a director by shareholders on 12 July 2017.

Chair of Audit and Risk Management Committee.

Lee Hatton retires from office at this Meeting as required under clause 21.1 of Xero's constitution and, being eligible, offers herself for re-election as a director.

Lee has over 20 years' experience internationally in the Financial Services industry and has held senior executive roles in marketing, strategy and risk in large scale customer-facing businesses. In 2020 Lee joined the Global Executive team at Afterpay. Previously she was the Chief Executive Officer of UBank (a digital bank in Australia) for five years, 2015 to 2020. Lee has been recognised by IBM as one of 40 Women Leaders in Artificial Intelligence across the globe for her work in delivering world-first innovations. Lee holds a Bachelor of Business from Auckland University of Technology (NZ), and is an alumni of Berkeley Haas School of Business. She is also a member of Chief Executive Women (CEW) which represents Australia's most senior and distinguished female leaders.

Board recommendation

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

**RESOLUTION 3**

Re-election of Rod Drury as a director

Non-executive director

Appointed as a director on 6 July 2006, last elected as a director by shareholders on 16 August 2018.

Rod Drury retires from office at this Meeting, and, being eligible, offers himself for re-election as a director.

For more than a decade, Rod led Xero to be a global software business and S&P/ASX 100 company, having founded the business in 2006. Rod started his career at Ernst & Young and went on to establish and lead a number of innovative technology businesses. Rod was an independent director on the NZX Board and the Trade Me Board. At the Deloitte Top 200 Awards in 2017, Rod was named Visionary Leader of the Year. He was named Ernst & Young New Zealand Entrepreneur of the Year in 2013, and is a member of the New Zealand Hi-Tech Hall of Fame.

Board recommendation

The Board (other than Rod Drury because of his interest in this resolution) unanimously supports Rod Drury's re-election.

**RESOLUTION 4**

Election of Mark Cross as a director

Independent non-executive director

Appointed by the Board as a director on 1 April 2020.

Member of the Audit and Risk Management Committee.

The Board appointed Mark Cross as a director with effect from 1 April 2020. Mark retires at this Meeting as required by clause 20.4 of Xero's constitution and, being eligible, offers himself for election as a director. The directors consider that Mark's skills and experience are valuable and complement the Board's existing skills and experience.

Mark is an experienced professional director with more than 20 years of international experience in corporate finance and investment banking. Mark is currently a non-executive director of dual-listed ASX/NZX businesses Chorus and Z Energy and is Chair of Milford Asset Management. He is also a founding director of Virsae, a communications management SaaS business.

Mark was at Deutsche Bank for 10 years, initially based in Sydney in Mergers and Acquisitions, then in London as a Managing Director and co-head of a European M&A industry group. Mark holds a Bachelor of Business Studies (Accounting & Finance) degree from Massey University New Zealand, is a member of Chartered Accountants Australia

and New Zealand, a chartered member of the New Zealand Institute of Directors and a member of the Australian Institute of Company Directors.

Board recommendation

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

Important information

ATTENDANCE

The Meeting will be held via an online platform provided by Xero's share registrar, Link Market Services Limited (Link) at agmlive.link/xero2020, which will provide a reasonable opportunity for shareholders to participate. Shareholders attending the Meeting via the online platform will be able to hear any discussion, submit written questions and vote. We will endeavour to address appropriate questions at the Meeting.

We strongly recommend that shareholders who wish to participate log in to the online portal at least 15 minutes prior to the scheduled start time.

More information regarding virtual attendance at the Meeting (including how to vote and ask questions) is available in the Online Portal Guide on Xero's Investor Centre www.xero.com/about/investors.

ALL RESOLUTIONS WILL BE BY POLL

Each resolution considered at the Meeting will be conducted by a poll, rather than on a show of hands.

VOTING

Shareholders can vote at the Meeting:

- through the online platform; or
- by appointing a proxy (see below).

The Board approves the use of the online platform as a means of participating and voting electronically in this Meeting under clause 15.16 of Xero's constitution and clause 14 of Schedule 1 of the Companies Act 1993.

VOTING ENTITLEMENTS

Voting entitlements for the Meeting will be determined as at 9.00pm NZT (7.00pm AEST) on Tuesday 11 August 2020. 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.

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.

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 well in advance 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).

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, without specifying the portion of voting rights to be voted for or against, your vote on that resolution will be invalid.

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

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.

Your completed Proxy Form must be received by Link no later than 11.00am NZT (9.00am AEST) on Tuesday 11 August 2020. 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 the power of attorney) to Link by 11.00am NZT (9.00am AEST) on Tuesday 11 August 2020, unless the document has previously been lodged with Link.

CORPORATE REPRESENTATIVES

A corporate shareholder may appoint a person to act as its representative. A Certificate of Appointment of Corporate Representative must be received by Link no later than 11.00am NZT (9.00am AEST) on Tuesday 11 August 2020. Any Certificate received after that time will not be valid for the Meeting. A Certificate of Appointment of Corporate Representative may be obtained from Link.

REQUISITE MAJORITY

All the proposed resolutions for the Meeting 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 Annual Meeting, please contact Xero's Company Secretary, Chaman Sidhu, at companysecretary@xero.com.



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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:



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 and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

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 (9.00am AEST) on Thursday, 13 August 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/xero2020> (refer to details in the Virtual Annual Meeting Online Guide).

The Chair of the Meeting intends to vote undirected proxies in favour of each resolution.

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

For Against Abstain*

1 Fixing the remuneration of the auditor

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Re-election of Lee Hatton

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Re-election of Rod Drury

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Election of Mark Cross

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf 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

Shareholder 1

Shareholder 2

Shareholder 3

or duly authorised officer or attorney

or duly authorised officer or attorney

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 PRX2001N



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 and email address 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 without specifying the portion of voting rights to be voted for or against, 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 and vote on a poll. 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:

- (a) 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
- (b) 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 (or a certified copy of the Power of Attorney) with the registry. If you have not previously lodged this document for notation, please attach the Power of Attorney (or a certified copy of the Power of Attorney) to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001 (Cth)) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be received at vote@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual Meeting. A form of the certificate may be obtained from Xero's share registry or online at 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 (9.00am AEST) on Tuesday, 11 August 2020**, 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

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" - Shareholder Reference Number (SRN) or Holder Identification Number (HIN).



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)