



Chorus Limited
Level 10, 1 Willis Street
P O Box 632
Wellington
New Zealand

Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

23 January 2019

Issue of CIP2 equity securities

Chorus has issued further CIP2 equity securities to Crown Infrastructure Partners Limited (CIP) as set out in the attached notices.

ENDS

For further information:

Brett Jackson
Investor Relations Manager
Phone: +64 4 896 4039
Mobile: +64 (27) 488 7808
Email: brett.jackson@chorus.co.nz

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Chorus Limited ("Chorus")

ABN

152 485 848

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | CIP2 Equity Securities |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 5,624,548 CIP2 Equity Securities |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>The CIP2 Equity Securities are redeemable preference shares carrying no right to vote at meetings of holders of ordinary Chorus shares, but entitle the holder to a right to a repayment preference on liquidation.</p> <p>The terms of the issue for the CIP2 Equity Securities are as set out in the subscription agreement between Chorus and Crown Infrastructure Partners Limited (CIP) dated 26 January 2017 and amended 30 August 2017 (UFB2 Subscription Agreement). Further details are set out in the summary of CIP2 Securities which is available at https://company.chorus.co.nz/reports.</p> |

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>CIP2 Equity Securities</p> <p>No.</p> <p>On a liquidation or winding up of Chorus, holders of CIP2 Equity Securities will have the right to repayment of the issue price ranking behind creditors of Chorus but ahead of ordinary Chorus shares. The CIP2 Equity Securities will otherwise carry no right to share in the surplus assets of Chorus on winding up or liquidation.</p>
5	Issue price or consideration	\$NZ1.00 per CIP2 Equity Security
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Call notice issued by Chorus to CIP on 18 January 2019 pursuant to the terms of the UFB2 Subscription Agreement. The funds are to be used by Chorus in the construction of the Ultra-Fast Broadband network in New Zealand.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	N/a
6b	The date the security holder resolution under rule 7.1A was passed	N/a
6c	Number of +securities issued without security holder approval under rule 7.1	N/a
6d	Number of +securities issued with security holder approval under rule 7.1A	N/a

	Number:	+Class
9	29,893,529	CIP2 Equity Securities (unquoted)
	387,813,517	CIP1 Equity Securities (unquoted)
	387,813,517	CIP1 Debt Securities (unquoted)
	11,231,929	CIP1 Warrants (unquoted)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	<p>CIP2 Equity Securities</p> <p>To the extent they have not been redeemed, dividends will become payable on an increasing proportion of the CIP2 Equity Securities from 2030 onwards. The dividend rate on the CIP2 Equity Securities will be equal to a reference rate plus a margin of 6% per annum.</p> <p>Chorus is not obliged to declare any dividend on CIP2 Equity Securities in respect of any period, but if it does not make a scheduled dividend on the CIP2 Equity Securities it may not make any distribution on ordinary shares until a subsequent dividend on the CIP2 Equity Securities is paid in full. The dividends payable on the CIP2 Equity Securities are non-cumulative.</p> <p>If at any time Chorus' credit rating is three notches or more below its initial rating, no dividends will be scheduled or payable on the CIP2 Equity Securities.</p> <p>Further details of the dividends for the CIP2 Equity Securities are set out in the summary of CIP2 Securities which is available at https://company.chorus.co.nz/reports.</p>
----	--	---

Part 2 - Pro rata issue

11	Is security holder approval required?	N/a
12	Is the issue renounceable or non-renounceable?	N/a

13	Ratio in which the ⁺ securities will be offered	N/a
14	⁺ Class of ⁺ securities to which the offer relates	N/a
15	⁺ Record date to determine entitlements	N/a
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/a
17	Policy for deciding entitlements in relation to fractions	N/a
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/a
19	Closing date for receipt of acceptances or renunciations	N/a
20	Names of any underwriters	N/a
21	Amount of any underwriting fee or commission	N/a
22	Names of any brokers to the issue	N/a
23	Fee or commission payable to the broker to the issue	N/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/a
25	If the issue is contingent on security holders' approval, the date of the meeting	N/a
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/a

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/a
28	Date rights trading will begin (if applicable)	N/a
29	Date rights trading will end (if applicable)	N/a
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/a
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/a
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/a
33	⁺ Issue date	N/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☐ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-
- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period
- (if issued upon conversion of another +security, clearly identify that other +security)
-

42 Number and ⁺class of all
⁺securities quoted on ASX
(*including* the ⁺securities in clause
38)

Number	⁺ Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 22 January 2019

(~~Director~~/Company Secretary)

Print name: Elaine Campbell

== == == == ==

+ See chapter 19 for defined terms.

Chorus Limited
Level 10, 1 Willis Street
P O Box 632
Wellington 6140
New Zealand

Email: company.secretary@chorus.co.nz

NZX Client Market Services
NZX Limited
Wellington

23 January 2019

NOTIFICATION OF ISSUE OF SECURITIES

For the purposes of Listing Rule 7.12.1 Chorus Limited (NZX: CNU) (**Chorus**) advises that the following securities have been issued pursuant to the terms of the subscription agreement between Chorus and Crown Infrastructure Partners Limited (**CIP**) dated 26 January 2017 and amended 30 August 2017 (**UFB2 Subscription Agreement**):

- | | |
|---|--|
| a) Class of Securities | CIP2 Equity Securities (unquoted) |
| ISIN | Not applicable |
| b) Number issued | 5,624,548 |
| c) Issue price | \$1.00 per CIP2 Equity Security |
| d) Payment | Cash |
| e) Amount paid up | Paid in full |
| f) Principal terms of Securities (other than for Quoted Securities) | <p>CIP2 Equity Securities are redeemable preference shares carrying no right to vote at meetings of holders of ordinary Chorus shares, but entitle the holder to a right to a repayment preference on liquidation. Dividends will become payable on a portion of the CIP2 Equity Securities from 2030 onwards, with the portion of CIP Equity Securities that attract dividends increasing over time.</p> <p>Further information regarding the terms of the CIP2 Equity Securities is set out in the summary of CIP2 Securities which is available at https://company.chorus.co.nz/reports.</p> |
| g) Percentage of the total Class of Securities issued | 1.86% of those CIP2 Equity Securities eligible to be issued under this programme. |
| h) Reason for issue | Call notice issued by Chorus to CIP on 18 January 2019 pursuant to the terms of the UFB2 Subscription Agreement |
| i) Specific authority for issue | Board resolution passed on 24 August 2018 |

- | | |
|--|--|
| j) Terms or details of issue | The terms of issue are as set out in the UFB2 Subscription Agreement. Further information regarding the terms of the CIP2 Equity Securities is set out in the summary of CIP2 Securities which is available at https://company.chorus.co.nz/reports . |
| k) Total number of Securities of Class after issue | 29,893,529 (unquoted) |
| l) Treasury Stock (acquisition only) | Not applicable |
| m) Date of issue | 22 January 2019 |

Yours faithfully



Elaine Campbell
General Counsel & Company Secretary