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

Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

25 February 2019

Chorus 2019 half year result

The following are attached in relation to Chorus' half year result for the period to 31 December 2018:

1. Media Release
2. Investor Presentation
3. Letter to investors
4. Management Commentary and Financial Statements (including auditor review report)
5. NZX Results Announcement
6. NZX Distribution Notice

Chief Executive Officer Kate McKenzie, and Chief Financial Officer David Collins, will discuss the half year result by webcast at 10.00am New Zealand time today. The webcast will be available at www.chorus.co.nz/webcast.

ENDS

For further information:

Nathan Beaumont
Stakeholder Communications Manager
Phone: +64 4 896 4352
Mobile: +64 (21) 243 8412
Email: nathan.beaumont@chorus.co.nz

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

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STOCK EXCHANGE ANNOUNCEMENT

25 February 2019

Chorus half year result

- Net profit after tax $30m (HY18: $47m)
- EBITDA $318m (HY18: $329m)
- Operating revenue of $489m (HY18: $499m)
- FY19 EBITDA and gross capex guidance remain unchanged
- Updates to FY19 guidance for fibre and copper capex categories
- Interim fully imputed dividend 9.5 cents per share
- Record 95,000 fibre installations in six months to end of December
- 529,000 fibre connections (FY18: 445,000)
- Record customer satisfaction score of 7.9 out of 10 in December

Chorus has today reported a net profit after tax (NPAT) of $30m and earnings before interest, tax, depreciation and amortisation (EBITDA) of $318m for the half year ended 31 December 2018.

Operating revenue for the period was $489m (HY18: $499m) and operating expenses were $171m (HY18: $170m).

Depreciation and amortisation for the period was $196m (HY18: $192m), delivering earnings before interest and tax (EBIT) of $122m (HY18: $137m).

Demand for fibre continues to surge

Chorus CEO Kate McKenzie said while demand for fibre continues to surge, a very pleasing aspect of the demand is the improvements Chorus is starting to see in customer satisfaction with the fibre installation experience.

"We've put a lot of focus on improving our processes, as well as working closely with individual retailers on theirs, to lift customer satisfaction scores.

"We know the need to be at home for several technician visits has not been convenient for customers and our goal by Christmas was to start completing 50% of installations with just one visit. We achieved that goal and recorded our highest ever customer satisfaction score of 7.9 out of 10 in December, up from 7.5 in June.

“Moreover, we installed fibre in 95,000 homes and business in the six months to the end of December, compared to 79,000 installations in the six months to the end of June.”

Chorus added another 84,000 fibre connections nationwide in this six-month period, and fibre uptake grew to 51% across our UFB footprint, up from 45% at the end of June. This includes smaller, recently completed UFB2 towns, such as Hokitika and Horotiu, where uptake rates have hit 43% and 52% respectively within a very short time.

Data usage

The continuing growth in data usage - with monthly average household data usage of 235 gigabytes (GB) in December, compared to 210GB in June, and fibre customers consuming an average of 315GB – means customers are increasingly conscious of the limitations of fixed wireless networks.

“Data usage is growing across all our network technologies as streaming becomes mainstream and consumers adopt new bandwidth hungry devices. Freeview’s new streaming device, for example, removes the need for a TV aerial or satellite dish by transferring their content entirely onto broadband. These technology developments support our own and independent forecasts that suggest average data usage by 2024 is likely to exceed 1,000GB a month.

“We’re also pleased with the performance of the copper network and the recent investments we’ve made in enhancing high-speed VDSL broadband mean many Kiwis can easily access streamed sports events online without the limitations of datacaps.

“While we’re starting to plan for when we might start switching off parts of the copper network in our fibre areas, that is still some time in the future and will be on a street-by-street basis, subject to factors such as fibre uptake. An industry code is being developed and naturally we’ll inform customers well in advance.”

Legislation marks the beginning of our transition to a regulated utility

Chorus reached a significant milestone in November with the Telecommunications (New Regulatory Framework) Amendment Act passing into law following bipartisan political support.

This marked the culmination of about five years of policy review of the regulatory framework that applies to Chorus’ business and the decision to transition to a utility-style framework for fibre access services.

The Commerce Commission is now required to implement the new framework that transitions us from a contractual model into a regulatory model by establishing a regulated asset base and allowable revenues for fibre.

“Our focus is on ensuring that the significant investments we’ve made in enabling fibre broadband, both through the ultra-fast broadband rollout and the extensive shared infrastructure that underpins it, are fully and fairly reflected in the regulated asset base determined by the Commission.”

The Commission has requested, and been granted, a deferral of the implementation from 1 January 2020 until 1 January 2022 to complete its work.

Outlook

The second half of FY19 seems likely to set a new record for fibre demand. Orders are already tracking ahead of Chorus' expectations leading into what is typically a busy seasonal connection period, with the return of university students and the completion of about 80,000 more premises in our UFB rollout areas scheduled by the end of June.

Spark has launched a sports streaming service and will broadcast the 2019 Rugby World Cup online, and together with other retailers' individual marketing strategies and Chorus' own migration campaigns, should give fibre demand added momentum.

"Our objective is simply to connect as many customers to our fibre network as fast as we can, while continuing to lift customer satisfaction. To do this, we'll keep working with our service company partners and retailers to improve our connection processes and productivity. Our new target is to be completing 75% of installations in a single visit by the end of June."

Ms McKenzie said the company's objective is to return to modest EBITDA growth in FY20, subject to no material changes in expected regulatory environment or competitive outlook.

"Maximising the number of connections on our network through broadband growth and our innovation programme are pivotal to this. At a cost level, we're maintaining a tight focus on capital and operating expenditure as we optimise our business.

"Our fibre rollout remains on time and on budget, and we're beginning to see some of the benefits of the migration to fibre flow through to reduced network maintenance and other operational costs.

"The pace of this migration will continue to shape our business as we transition to a fibre future and the new regulatory framework."

FY19 guidance

- EBITDA guidance unchanged at $625 - $645 million
- Gross capex guidance unchanged at $820 - $860 million
- Fibre capex increased to $685 - $715 million, from $660 - $690 million previously
- Fibre connections & layer 2 capex increased to $310 - $340 million, from $280m - $310 million previously
- Copper capex reduced to $75 - $95 million, from $90 - $110 million previously
- FY19 dividend: 23 cents per share, subject to no material adverse changes in circumstances or outlook

ENDS

Chorus Chief Executive, Kate McKenzie, and Chief Financial Officer David Collins will discuss the half year results at a briefing in Wellington from 10.00am (NZ time). The webcast will be available at www.chorus.co.nz/webcast

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CHORUS

H1 FY19 RESULT PRESENTATION

25 February 2019

Disclaimer

This presentation:

• Is provided for general information purposes and does not constitute investment advice or an offer of or invitation to purchase Chorus securities.

• Includes forward-looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond Chorus' control, and which may cause actual results to differ materially from those contained in this presentation.

• Includes statements relating to past performance which should not be regarded as reliable indicators of future performance.

• Is current at the date of this presentation, unless otherwise stated. Except as required by law or the NZX Main Board and ASX listing rules, Chorus is not under any obligation to update this presentation, whether as a result of new information, future events or otherwise.

• Should be read in conjunction with Chorus' audited consolidated financial statements for the year to 30 June 2018 and NZX and ASX market releases.

• Includes non-GAAP financial measures such as "EBITDA". These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. They should not be used in substitution for, or isolation of, Chorus' audited consolidated financial statements. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

• Has been prepared with due care and attention. However, Chorus and its directors and employees accept no liability for any errors or omissions.

• Contains information from third parties Chorus believes reliable. However, no representations or warranties (express or implied) are made as to the accuracy or completeness of such information.

Agenda

H1 FY19 result overview

Fixed line connections		Broadband connections		EBITDA[1]	
HY19	FY18	HY19	FY18	HY19	HY18
1,486,000	1,526,000	1,186,000	1,187,000	$318m	$329m

Fibre connections		Dividend		Net profit after tax	
HY19	FY18	HY19	HY18	HY19	HY18
529,000	445,000	9.5cps	9cps	$30m	$47m

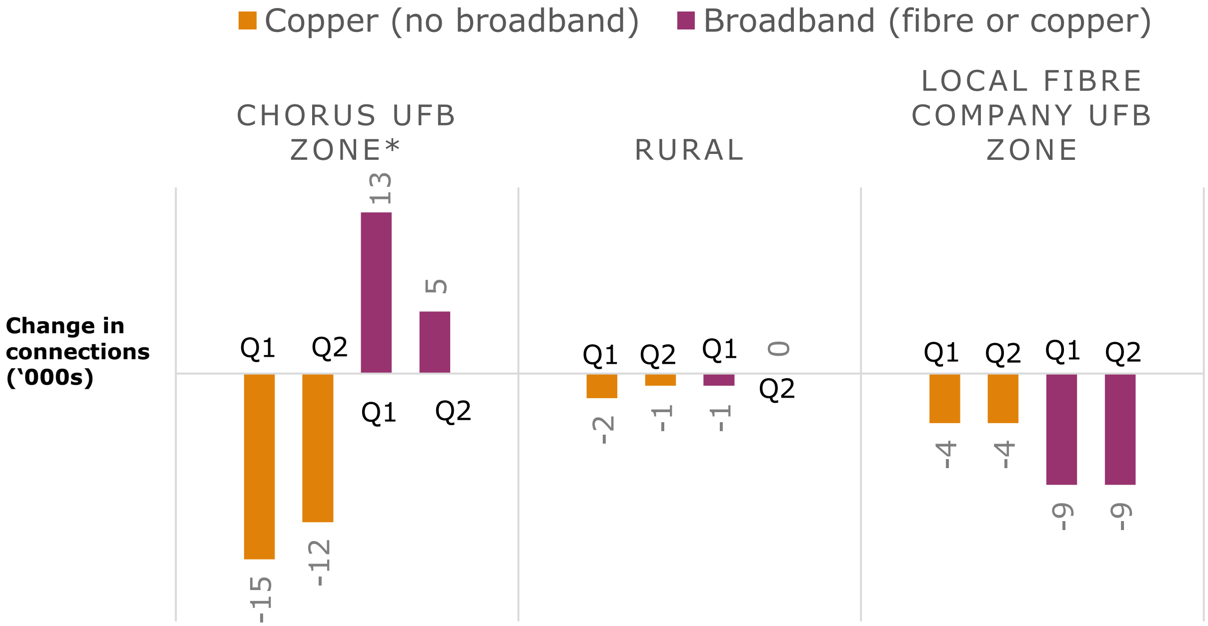
1 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure. We monitor this as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

Connection movements by Zone

> **Total fixed line connections decreased by 40k to 1,486,000** (H1 FY18:-43k)
- copper lines with no broadband decreased by 38k, mostly in Chorus UFB areas
- 1k reduction in data services over copper

> **Total broadband connections decreased by 1k to 1,186,000** (H1 FY18:-5k)
- strong growth in Chorus UFB areas, offsetting reductions in LFC areas
- VDSL and vectoring upgrades helping limit rural wireless effect
- Note: disconnections typically higher in Q2

INDICATIVE CONNECTION CHANGES BY ZONE



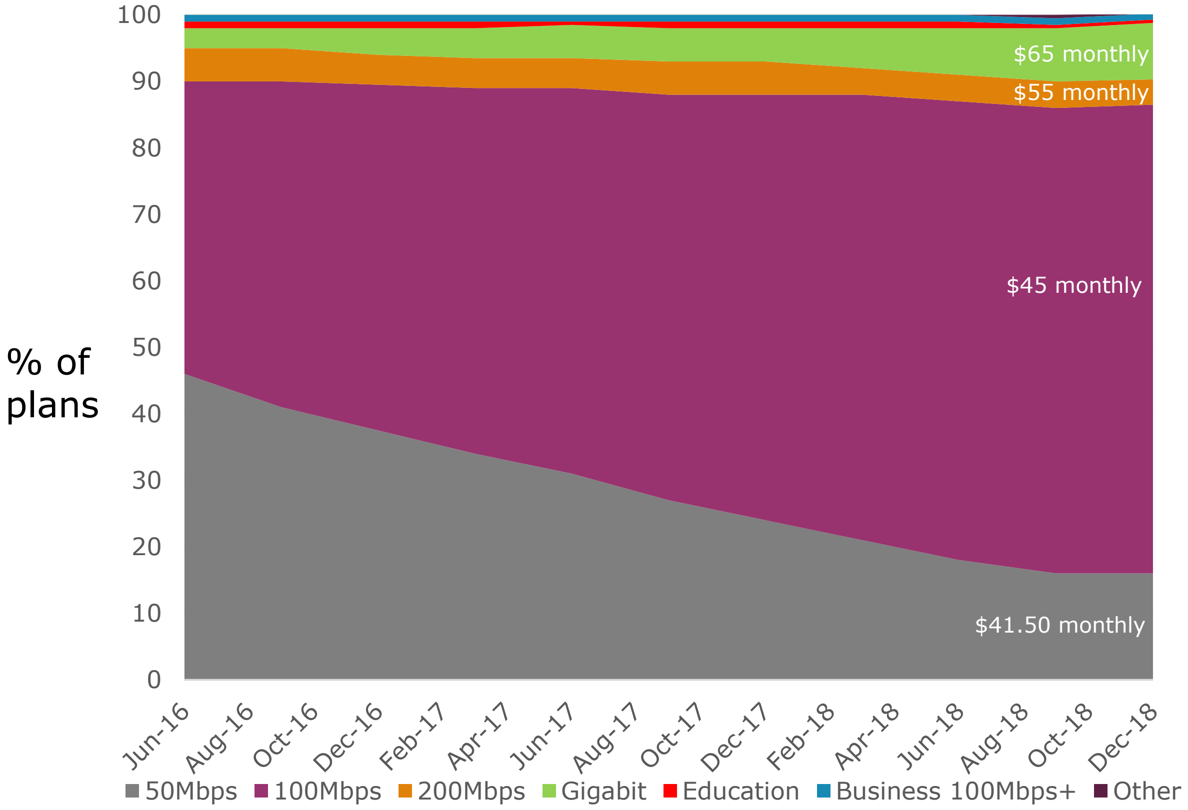
Total connections at 31 Dec**	1,099,000	202,000	168,000
Broadband connections	922,000	153,000	111,000
Copper (no broadband) connections	177,000	49,000	57,000

see Appendix A for connection trends by product category

* Includes planned UFB1, 2 and 2+ coverage
**Excludes 17k fibre premium and data services (copper) connections

Fibre connections pass 500k

Total mass market fibre uptake by plan type

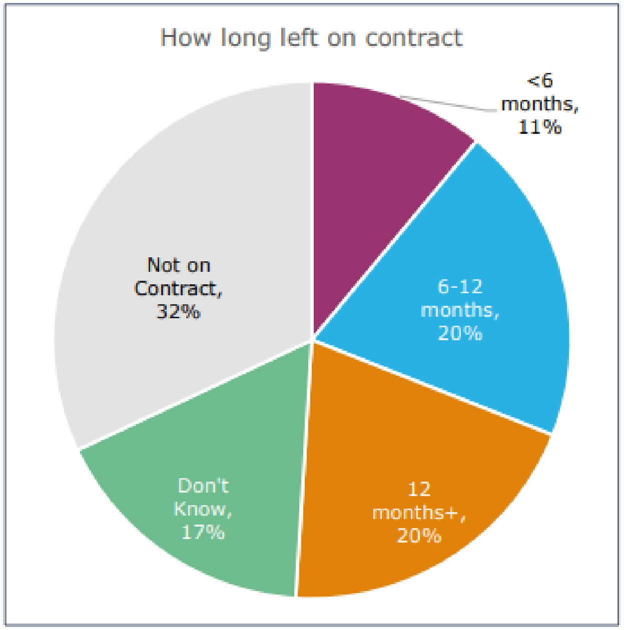


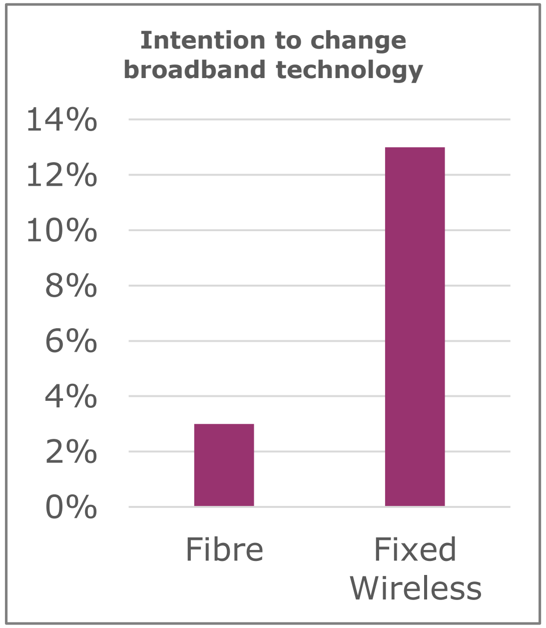
> **84,000** mass market fibre connections added in H1
- 71% of mass market fibre connections on 100Mbps
- 44,000 connections on gigabit plans (FY18: 30,000)
- glide path announced for 1Gbps pricing:
  - Residential: $60 from July 2019; $56 from July 2020
  - Business: $75 currently; $70 from July 2019; $66 from July 2020

Active wholesaler strategy continues

10k proactive fibre installations in H1

- **7k via Chorus door knocking; 3k in association with retailers**
- **Total 21k installations since activity began in FY18**
  - ~14k have activated service to date
  - Chorus-led installations to date resulted in 40% uptake after 6 months; 70% after 12 months
  - off-net customer uptake slower at ~30% activation within 6 months, but with minimal effort and reflects contractual barriers to churn





Survey Questions:
How long do you have left on your contract?
How likely are you to stop using [technology] as the main way to connect to the internet at home, in the next year? Showing: 8-10 on a 1-10 scale

Record fibre demand and customer satisfaction

Achieved **50%** 'fibre in a day' target

Customer satisfaction

HY18 7.4 ↑ FY18 7.5 ↑ HY19 7.9 OUT OF 10 (TARGET 7.9)

Completed installations

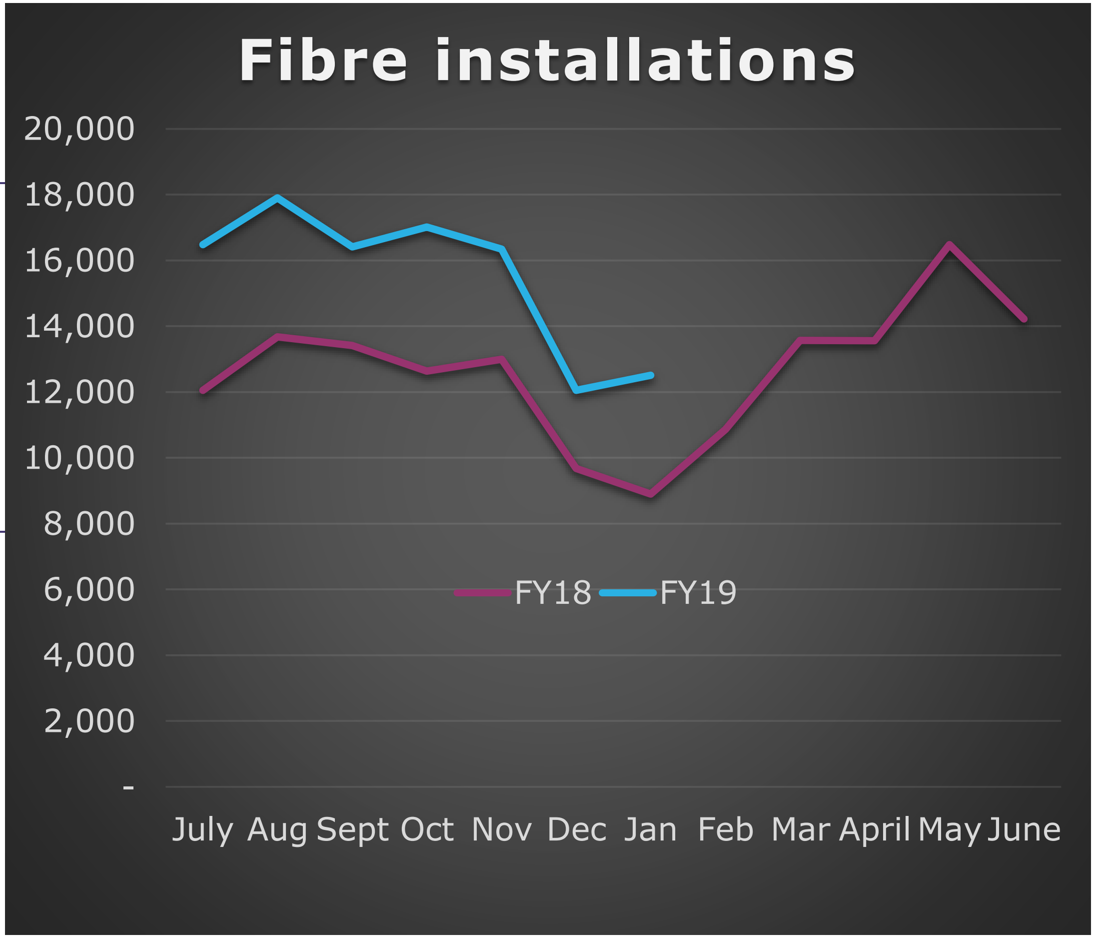
HY18 77k ↑ FY18 79k ↑ HY19 95k

Work in progress (fibre orders)

HY18 25k ↑ FY18 30k ↓ HY19 22k

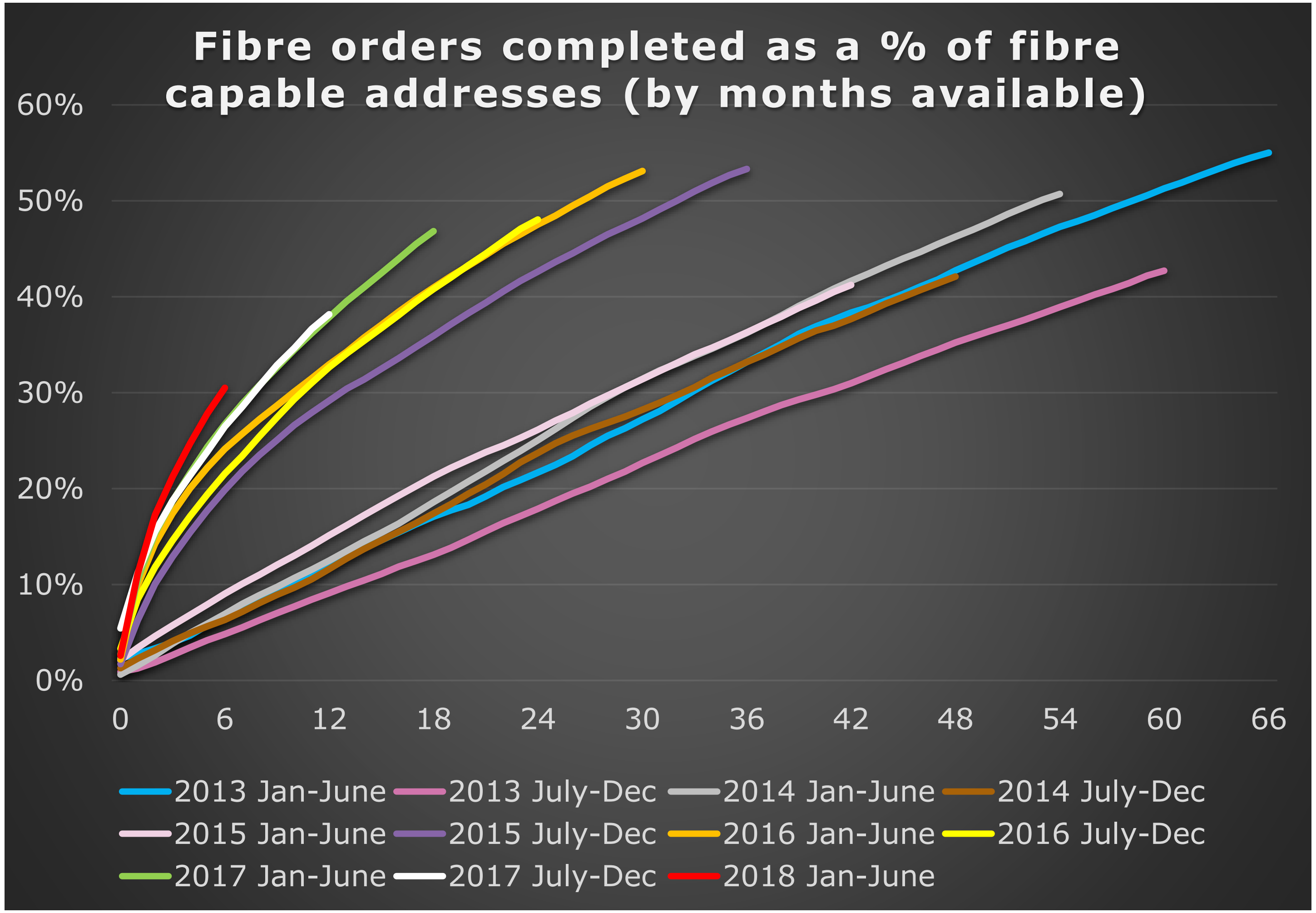
Fibre installation crews

HY18 700 ↑ FY18 800 ↓ HY19 750



CHORUS

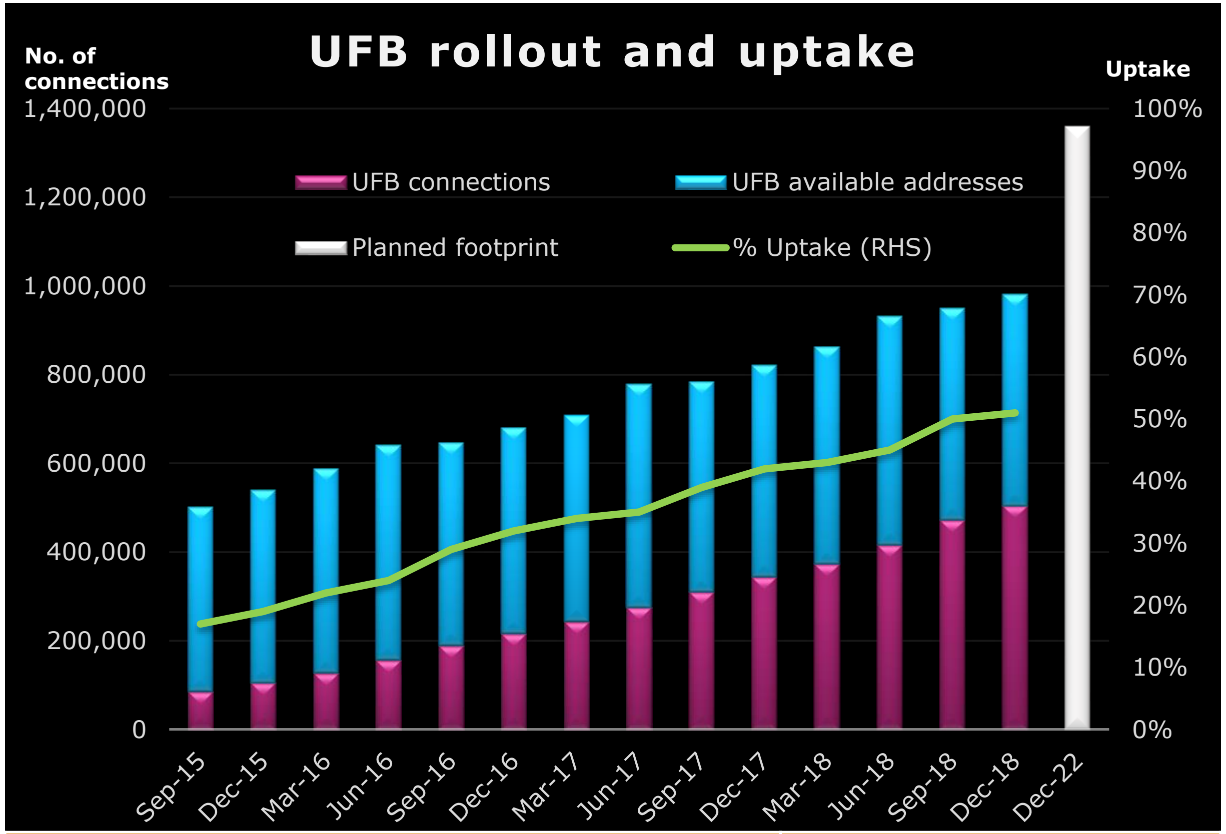
Demand continues to accelerate in new build areas



- **Time taken to achieve 30% uptake has shortened from 2 to 3 years for initial UFB rollout years, to 6 months for most recent areas**
  - step change occurred in 2015, coinciding with arrival of Netflix in NZ
- **Strong rate of uptake in UFB2 areas**
  - Hokitika: 43%
  - Horotiu: 52%

UFB rollout and uptake

> **51% UFB uptake at 31 Dec (30 June: 45%)**
- **504,000** connections (30 June: 415,000)
- **981,000** customers able to connect (30 June: 932,000)
- **738,000** premises passed (30 June: 700,000)



Premises to pass by Dec 2022	**~1,054,000***
Customers able to connect	**~1.36 million**

*Includes estimated 43k greenfields premises for UFB1

Financial performance

David Collins, Chief Financial Officer

Income statement

	H1 FY19 $m	H2 FY18 $m	H1 FY18 $m
Operating revenue	489	491	499
Operating expenses	(171)	(167)	(170)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**318**	**324**	**329**
Depreciation and amortisation	(196)	(195)	(192)
Earnings before interest and income tax	122	129	137
Net interest expense	(79)	(74)	(70)
Net earnings before income tax	43	55	67
Income tax expense	(13)	(17)	(20)
Net earnings for the period	**30**	**38**	**47**

- Total connections decreasing
- Increasing as a result of long life assets
- $500 million bond issued in December, Crown funding notional interest increasing

Revenue

	H1 FY19 $m	H2 FY18 $m	H1 FY18 $m
Fibre broadband (GPON)	136	108	90
Fibre premium (P2P)	37	38	40
Copper based voice	56	64	69
Copper based broadband	181	202	219
Data services copper	10	13	14
Field Services	39	35	35
Value added network services	16	16	17
Infrastructure	12	11	12
Other	2	4	3
Total	**489**	**491**	**499**

- revenue growing as fibre uptake increases
- some churn to lower input fibre services or other networks

copper revenues declining as customers migrate to fibre or competing fibre/wireless networks. Annual increase in regulated copper line and broadband pricing in mid December.

- increase in chargeable network relocation and subdivision activity

Expenses

	H1 FY19 $m	H2 FY18 $m	H1 FY18 $m
Labour	37	34	39
Provisioning	3	2	4
Network maintenance	38	44	43
Other network costs	18	19	15
IT	26	27	27
Rents, rates and property maintenance	13	13	11
Regulatory levies	8	6	7
Electricity	9	7	8
Consultants	4	2	3
Insurance	2	2	1
Other	13	11	12
Total	**171**	**167**	**170**

> 6% reduction in staff numbers from H1 FY18; offset partially by CPI increases

> fault volumes reducing overall, helped by fewer extreme weather events and retailers using API tools to reduce unnecessary truck rolls

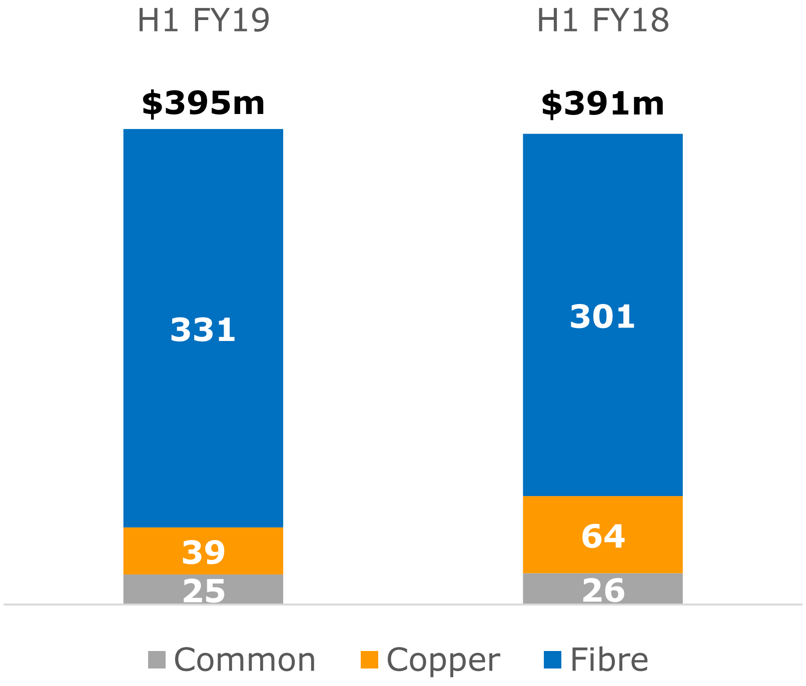
> increase in third party requests for network relocation activity

> rates increasing as fibre network expands

Gross Capex

H1 FY19 gross capex of **$395m** vs H1 FY18 $391m

- Fibre capex increased to 84% of gross capex (H1 FY18:77%) as fibre connections spend grew and copper capex reduced



Capex: common and copper

Common capex	H1 FY19 $m	H2 FY18 $m	H1 FY18 $m
Information technology	17	18	17
Building & engineering services	7	11	9
Other	1	3	0
Subtotal	**25**	**32**	**26**

Copper capex	H1 FY19 $m	H2 FY18 $m	H1 FY18 $m
Network sustain	19	29	16
Copper connections	1	1	1
Copper layer 2	6	18	16
Product	1	2	2
Customer retention costs	12	18	29
Subtotal	**39**	**68**	**64**

> ongoing investment in poles, proactive maintenance and roadworks projects

> reduced spend following end of ~$20m VDSL vectoring rollout in FY18

> reducing as incentives are more targeted and RSP focus shifts from VDSL to fibre uptake

Capex: Fibre

- **Cost per UFB1 premises passed (CPPP): ~$1,662** vs $1,500 - $1,600 guidance
- 38,000 premises passed (H1 FY18 32,000) included 13,000 UFB 2/2+ premises
- ~80,000 brownfields premises to be completed in H2 FY19

Fibre capex	H1 FY19 $m	H2 FY18 $m	H1 FY18 $m	
UFB communal	119	118	113	> UFB1 rollout $78m; UFB2/2+ rollout $41m
Fibre connections & layer 2	161	149	145	> 95,000 new installations in H1 FY19 (H1 FY18: 77,000)
Fibre products & systems	7	7	10	
Other fibre connections & growth	36	37	28	> pole replacement programme and growing housing demand
Customer retention costs	8	8	5	> targeted RSP campaigns to drive fibre uptake and win back off-net connections
Subtotal	**331**	**319**	**301**	

Capex: Fibre connections & layer 2

Connections capex of **$161m**

- **Cost per UFB1 premises connected (CPPC): $1,038*** vs $1,000 - $1,150 guidance
  * excludes layer 2 and includes standard installations, some non-standard single dwellings and service desk costs
- 95,000 single dwelling unit and apartment connections completed (includes 5,000 UFB2)
- Layer 2 spend reducing as UFB1 rollout comes to an end; ongoing spend for UFB2/2+, growth and bandwidth demand

Fibre connections & layer 2 capex	H1 FY19	H2 FY18	H1 FY18
Layer 2 (long run programme average of $100 per connection)	$9m	$16m	$16m
Premium business fibre connections	$4m 600 connections	$5m 600 connections	$6m 800 connections
Single dwelling units and apartments connections	$100m 95k connections	$79m 79k connections	$84m 77k connections
Backbone build: multi-dwelling units and rights of way * Estimated 55-60% requiring backbone build now completed	$48m 9.5k completed	$49m 7.3k completed	$39m 5.8k completed
TOTAL SPEND	**$161m**	**$149m**	**$145m**

FY19 guidance - updated

	H1 FY19 update	Prior FY19 guidance
FY19 EBITDA	No change	**$625 – 645m**
FY19 Gross capex	No change	**$820 – $860m**
Fibre capex	**$685m - $715m**	$660m - $690m
Fibre connections & layer 2 capex	**$310m - $340m** (based on mass market **175,000-195,000** fibre connections, and **19,000** backbone builds and including service desk costs)	$280 – $310m (based on mass market 155,000 – 175,000 fibre connections, and 14,000 backbone builds and including service desk costs)
Copper capex	**$75m - $95m**	$90m - $110m
Common capex	No change	**$55m - $70m**
UFB1 Cost Per Premises Passed (CPPP)	No change	**$1,500 - $1,600**
UFB2/2+ communal capex	No change	**$90m - $110m** (based on estimated starting premises of 45,000 to 55,000 and premises handed over of 25,000 to 35,000)
UFB1 Cost Per Premises Connected (CPPC)	No change	**$1,000 - $1,150** (excluding layer 2 and including standard installations and some non-standard single dwellings and service desk costs)

Capital management & FY19 dividend

H1 FY19 interim dividend of **9.5cps**, fully imputed

- supplementary dividend of 1.68cps payable to non-resident shareholders
- **record date**: 19 March 2019
- **payment date**: 16 April 2019
- **Dividend Reinvestment Plan** applies with 3% discount to prevailing market price; open to New Zealand and Australian resident shareholders

> **FY19 dividend guidance of 23 cps,** subject to no material adverse changes in circumstances or outlook.

> The Chorus Board considers that a 'BBB' credit rating or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management and financial policies consistent with these credit ratings.

> During the UFB build programme to 2020, the Board expects to be able to provide shareholders with modest dividend growth from a base of 20cps per share paid for FY16, subject to no material adverse changes in circumstances or outlook.

Debt

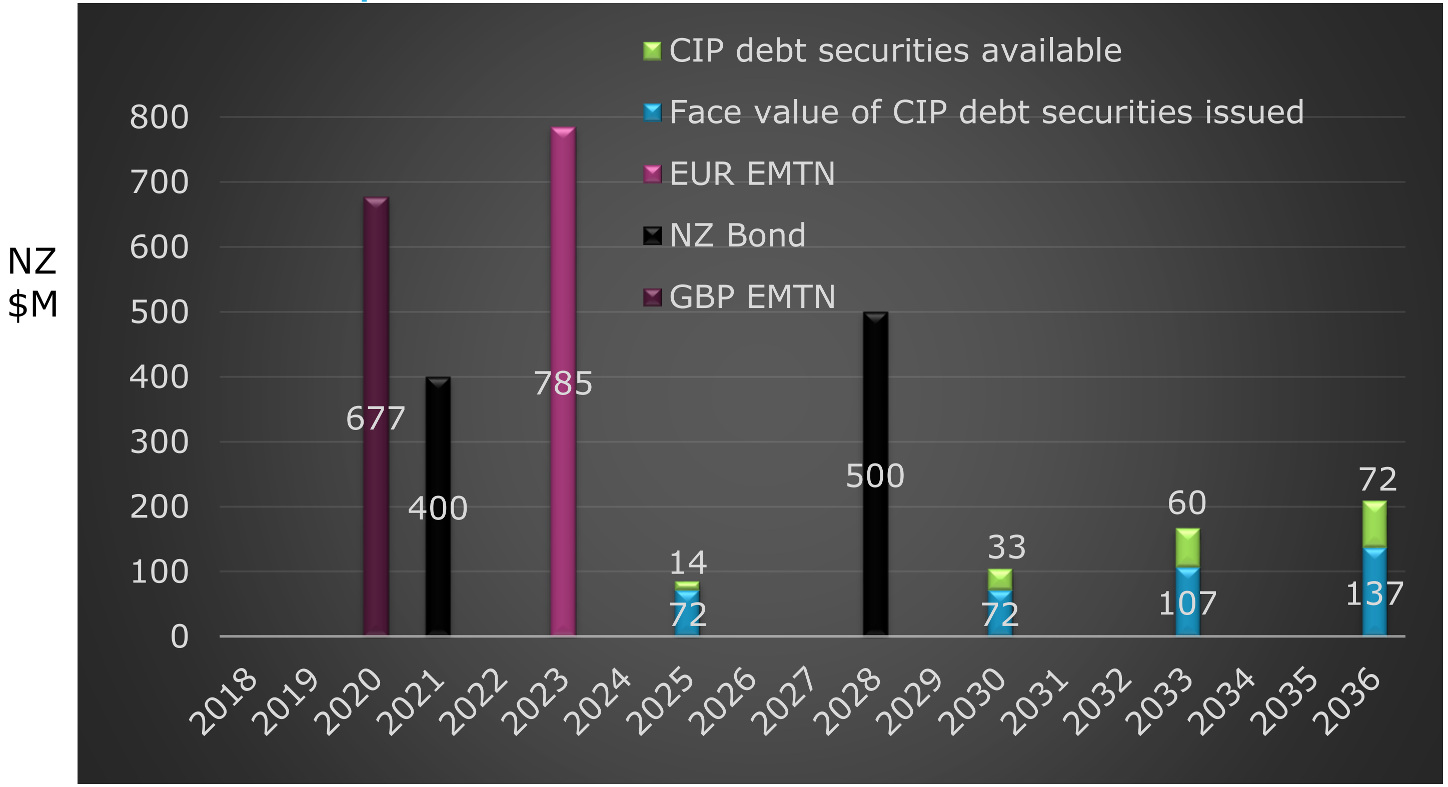
	As at 31 Dec 2018 $m
Borrowings	2,362
+ PV of CIP debt securities (senior)	137
+ Net leases payable	238
Sub total	2,737
- Cash	(281)
Total net debt	**2,456**
Net debt/EBITDA	3.82 times

- Financial covenants require senior net debt/EBITDA ratio to be no greater than **4.75 times**
- S&P rating down driver adjusted debt/EBITDA greater than 4x for a sustained period

> At 31 Dec, debt of $2,362m comprised:

- Long term bank facilities of $350m undrawn;
- NZ bond: $400m and $500m
- Euro Medium Term Notes $1,462m (NZ$ equivalent at hedged rates)

Term debt profile



Crown financing

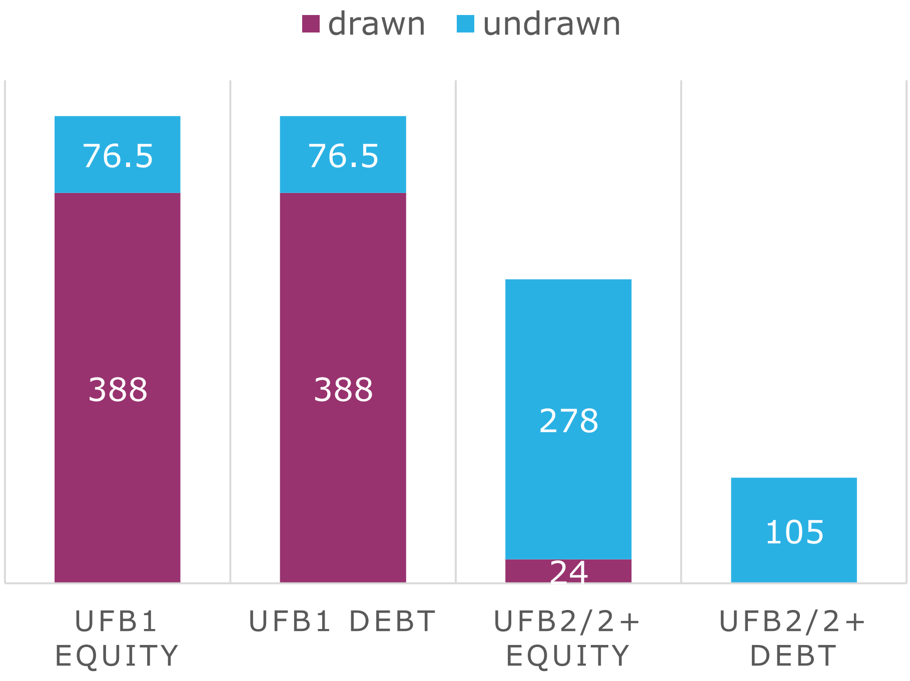
$800m received at 31 December from Crown Infrastructure Partners (CIP)

> **up to $1.33 billion available by 2023 (57:43 equity/debt)**

- **CIP equity securities**
  - unique class of security with no right to vote at shareholder meetings, but entitle the holder to a right to repayment preference on liquidation
  - an increasing portion of the securities will attract dividend payments from 30 June 2025 onwards
  - the dividend rate is based on 180 day NZ bank bill rate, plus 6% p.a. margin
  - may be redeemed at any time by cash payment of total issue price or the issue of Chorus shares (at a 5% discount to the 20-day VWAP for Chorus shares)

- **CIP debt securities**
  - unsecured, non-interest bearing and carry no voting rights at shareholder meetings
  - Chorus is required to redeem the securities in tranches from 30 June 2025 to 2036 by repaying the issue price to the holder

AS AT 31 DECEMBER



New start: transition to a regulated utility

Kate McKenzie, Chief Executive Officer

Implementation of new fibre framework

> **Commerce Commission granted deferral until 1 January 2022**
  - Input methodologies: emerging views paper due in May; draft decision in November

Transition period: 1 December 2019 to January 2022

UFB1 rollout contract ends Dec 2019

Chorus can charge up to the product price caps agreed with Crown Infrastructure Partners. Price caps 'frozen' until 2022, with annual CPI adjustment in July

- voice only: $25
- 30/10Mbps: $42.50
- 100/20Mbps: $46
- 200/20Mbps: $55
- 1Gbps: $65
- Direct Fibre Access Service: $355

Unbundled fibre (commercial price) to be available in UFB1 areas from January 2020.

First regulatory period: 1 January 2022 to January 2025

Start of first regulatory period under new RAB framework

Price caps and CPI adjustments continue for voice service, broadband service (product to be confirmed) and Direct Fibre Access Service

Price caps are removed from other products

Unbundled fibre to be available in UFB2/2+ areas from January 2026

Key implementation parameters

Parameters	Chorus view
Asset valuation	RAB to include all assets supporting fibre access services, including fibre in LFC areas. Valuation method defined by Act as actual cost incurred for post 2011 assets; book value for pre-existing. The Commission has acknowledged real financial capital maintenance as key principle underpinning the building block model.
Depreciation	Act requires straight line depreciation for initial RAB valuation.
Allocation of shared costs between fibre access and other services	No method prescribed in Act. The Commission will need to determine allocation for initial RAB valuation and then principles for cost allocation after the implementation date. Precedent is accounting based cost allocation, but more complexity for telco networks given high degree of asset sharing and rapidly growing fibre uptake.
Unrecovered losses	Act prescribes adding an asset to RAB to enable recovery of financial losses on investment prior to implementation. The Commission has proposed using a building block methodology.
Crown financing	Act requires actual cost of Crown financing to be considered in valuing the financial losses asset, but no method prescribed. Commission should recognise CIP financing was not costless given contractual terms and financing structure.
WACC	WACC to be set for loss calculation period and for post implementation period. Nature of Chorus/fibre business and international comparators support WACC uplift.

Copper deregulated in fibre areas from January 2020

Fibre uptake is above 71% in 10 exchange areas

Exchange area (>1,000 connections)	Region	Fibre penetration: % of total Chorus connections	Fibre penetration: % of Chorus broadband connections
Whitby	Wellington	82%	83%
Corstorphine	Dunedin	74%	78%
Lynmore	Rotorua	73%	78%
Ngongotaha	Rotorua	73%	77%
Halfway Bush	Dunedin	73%	79%
North East Valley	Dunedin	72%	76%
Kelvin Grove	Palmerston North	71%	79%
Browns Bay	Auckland	71%	76%
Belmont	Wellington	71%	74%
Gleniti	Timaru	71%	77%

- within our UFB1 areas, there are ~350 nodes (approx. 200 customers) with fewer than 10 copper connections remaining

Innovation

Fibre to the desktop (Passive Optical LAN)

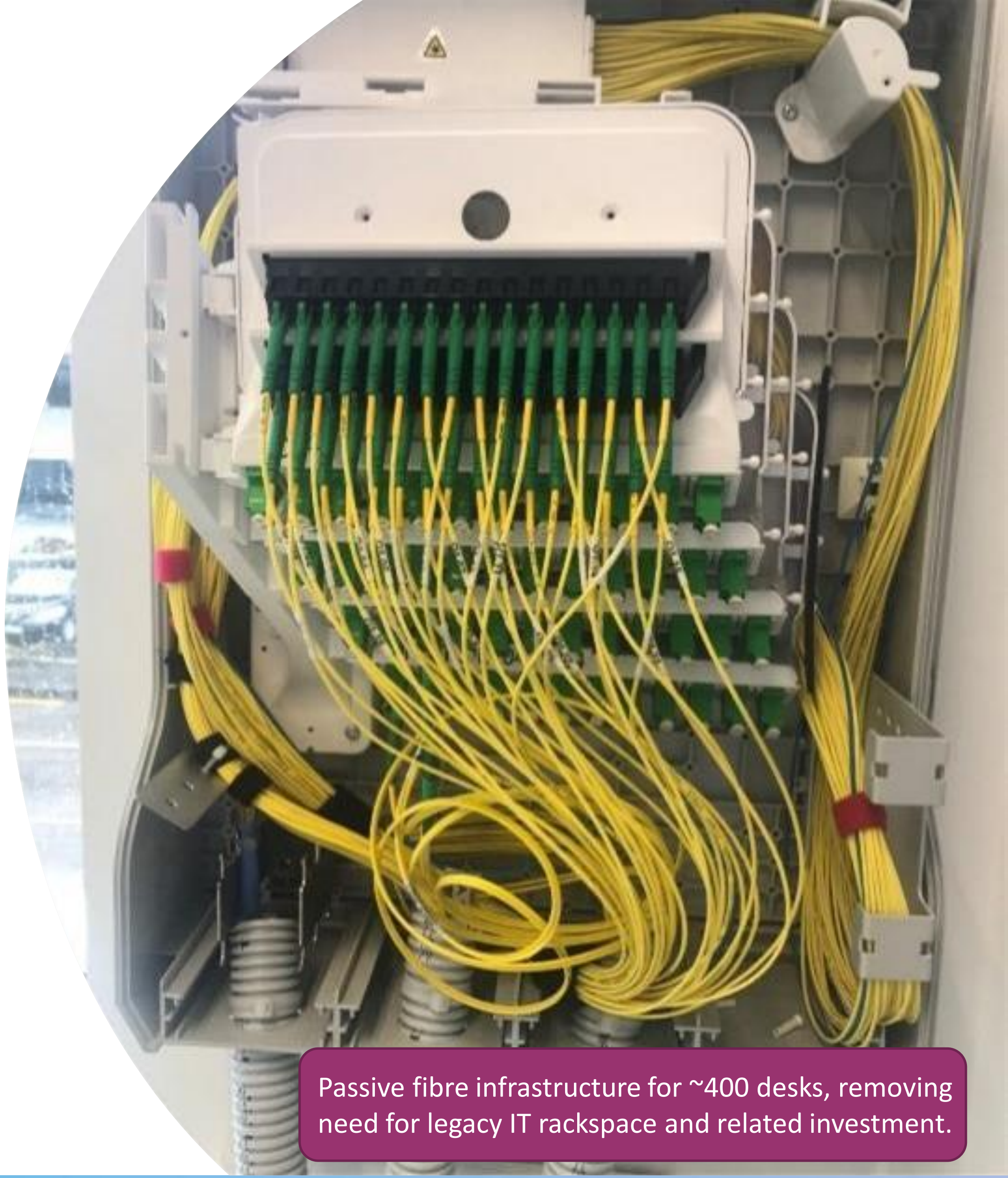
- concept trials in two schools and two new office premises (UCG, Network for Learning)

Network edge computing

- data centre sites on track for Q3 completion
- end-to-end management interface selected

Network capability

- trialling 10 Gigabit PON and wireless PON
- wi-fi capable ONT now being deployed

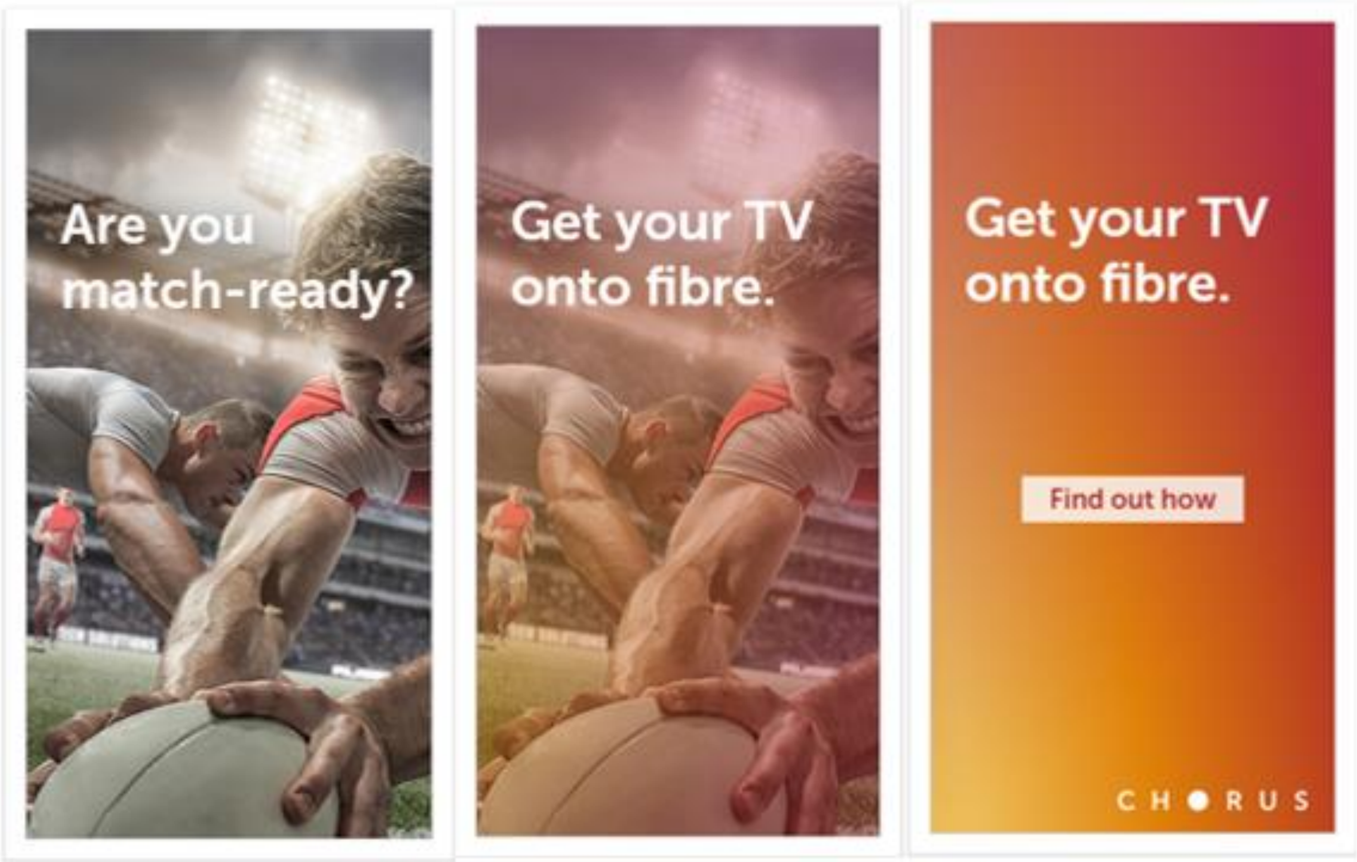


Passive fibre infrastructure for ~400 desks, removing need for legacy IT rackspace and related investment.

Stream big

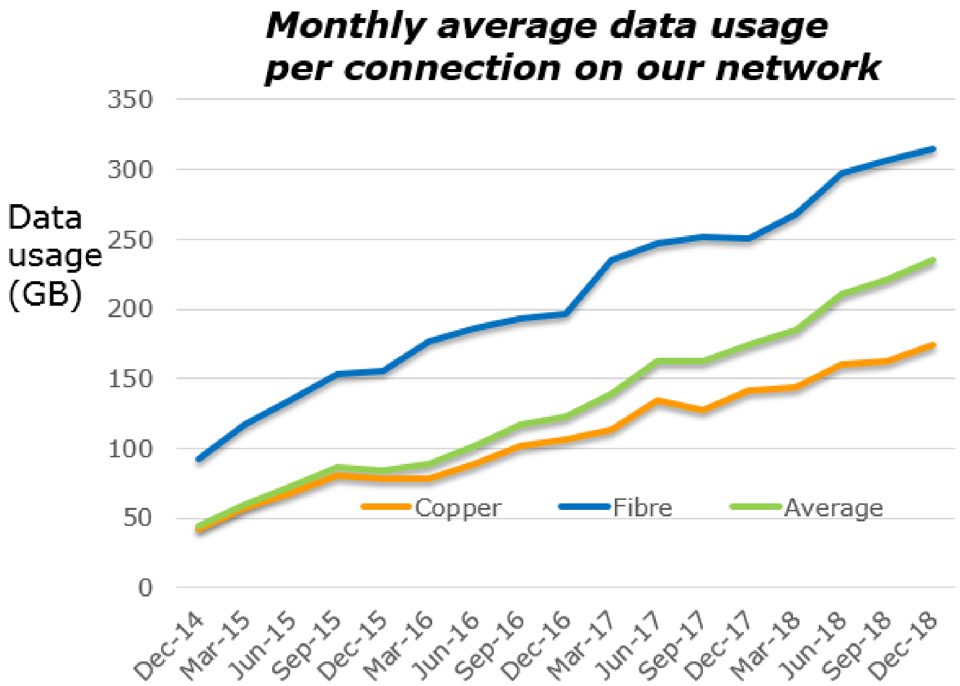
Shift to online delivery steps up

- new Freeview *smartvu* device streams channels without need for TV aerial or satellite dish
- Vodafone leveraging Sky Sport via their Vodafone TV platform
- Spark launching sports streaming service

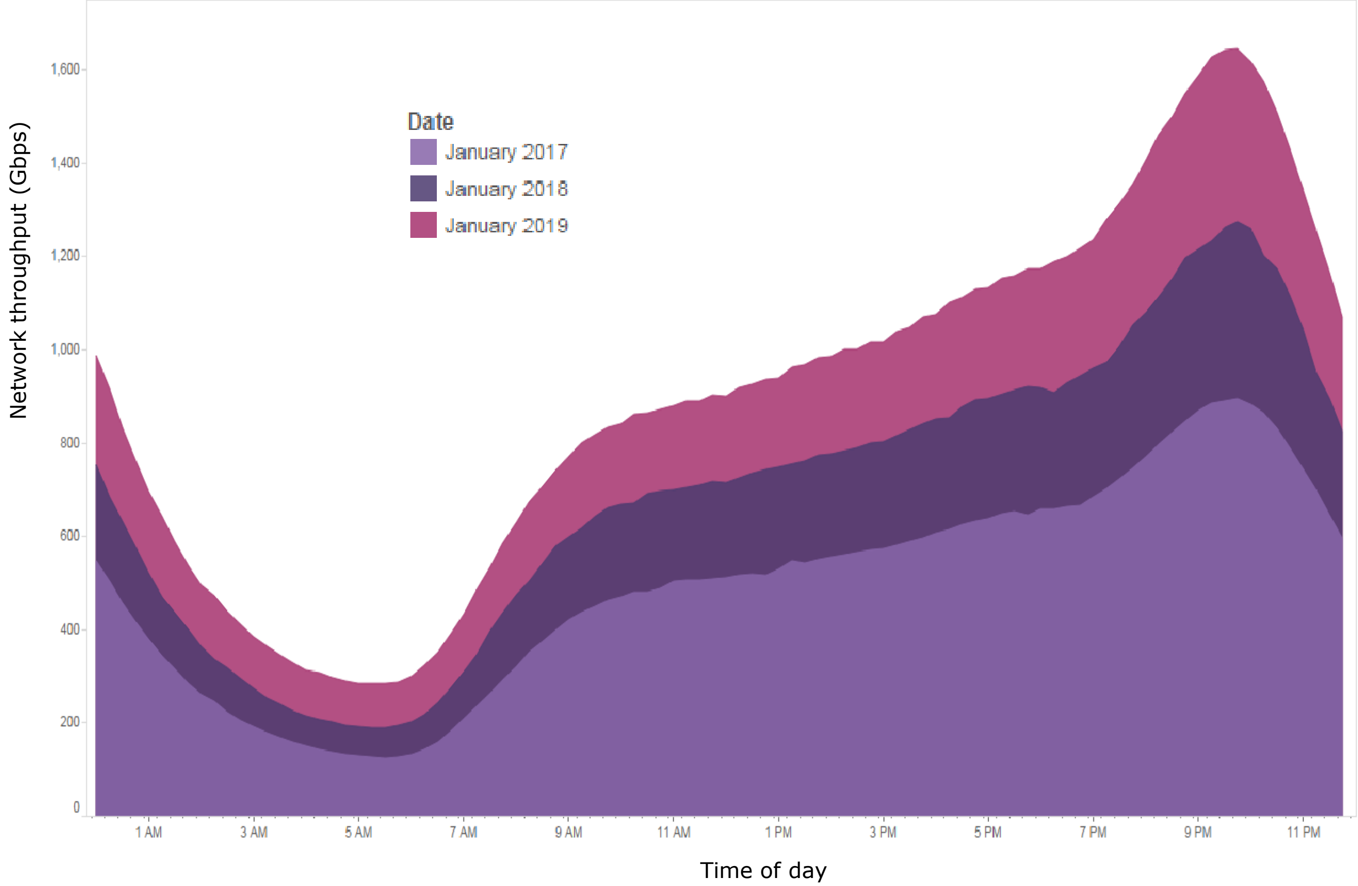


Data demand isn't slowing

> Monthly average data usage per connection on our network grew to **235GB** from **210GB** (June 2018)
- **315GB** on fibre (June:297GB)
- **174GB** on copper (June:160GB)



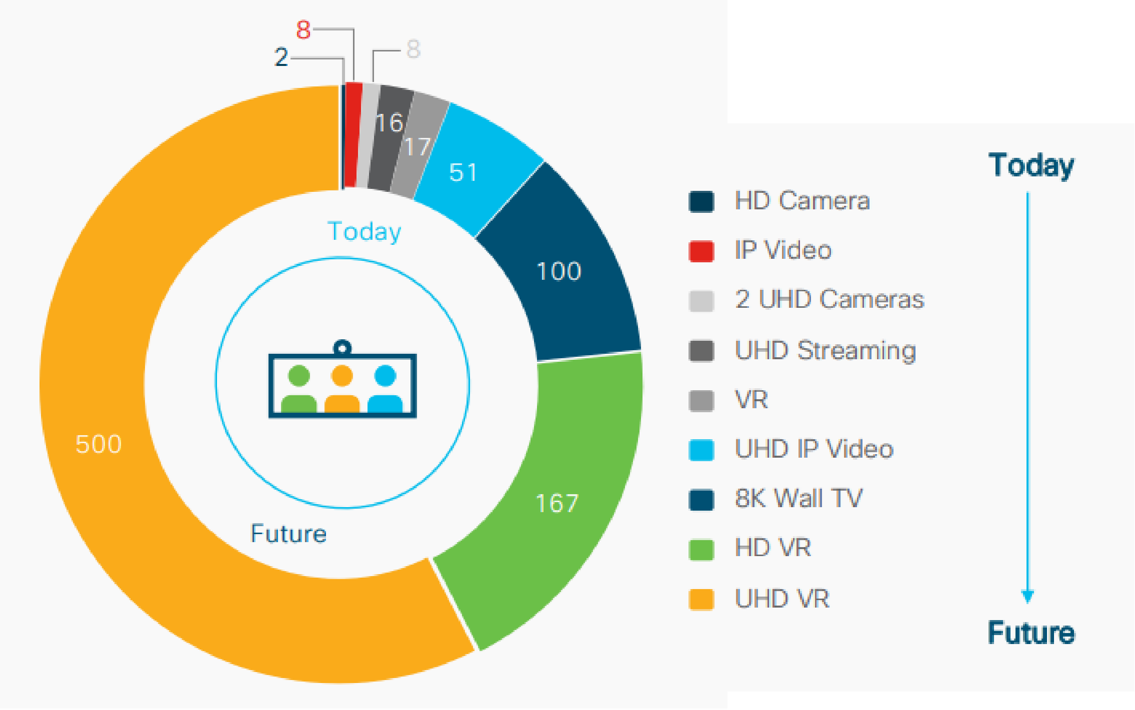
> Traffic at peak time has almost doubled since 2017



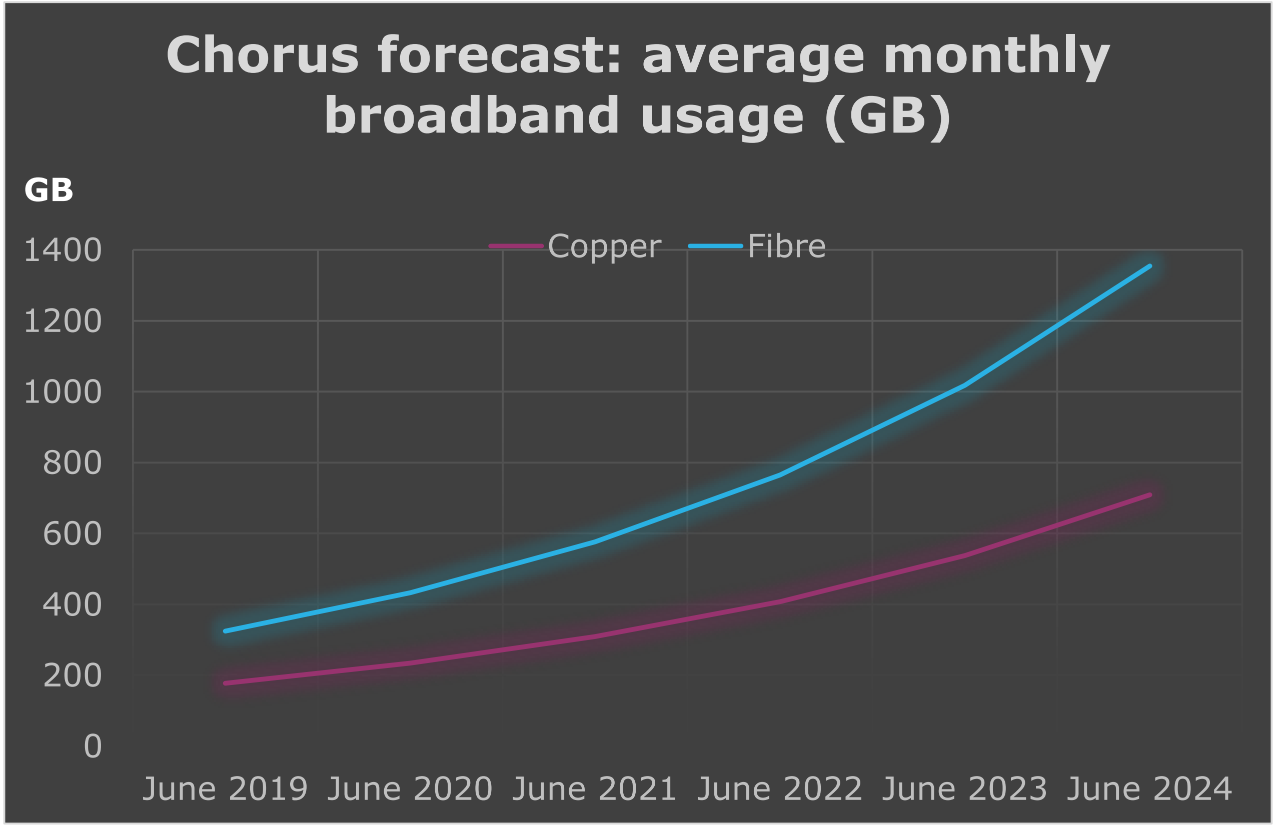
1,000 Gigabytes per month by 2023...

Video content and 4K, 8K to drive usage

Application requirements in Mbps



Source: Cisco VNI, Forecast and Trends, 2017-2022



Our focus for H2

- connecting more customers to fibre, while continuing to lift satisfaction levels
- growing broadband connections and enhancing our product portfolio
- continuing to shape our business for a fibre future

To achieve our objective to return to modest EBITDA growth in FY20, subject to no material changes in expected regulatory environment or competitive outlook

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

WE'RE FOCUSSED ON

CUSTOMER
Transform customer experience

OPTIMISATION
We improve by getting better at what we do

INNOVATION
New revenue opportunities

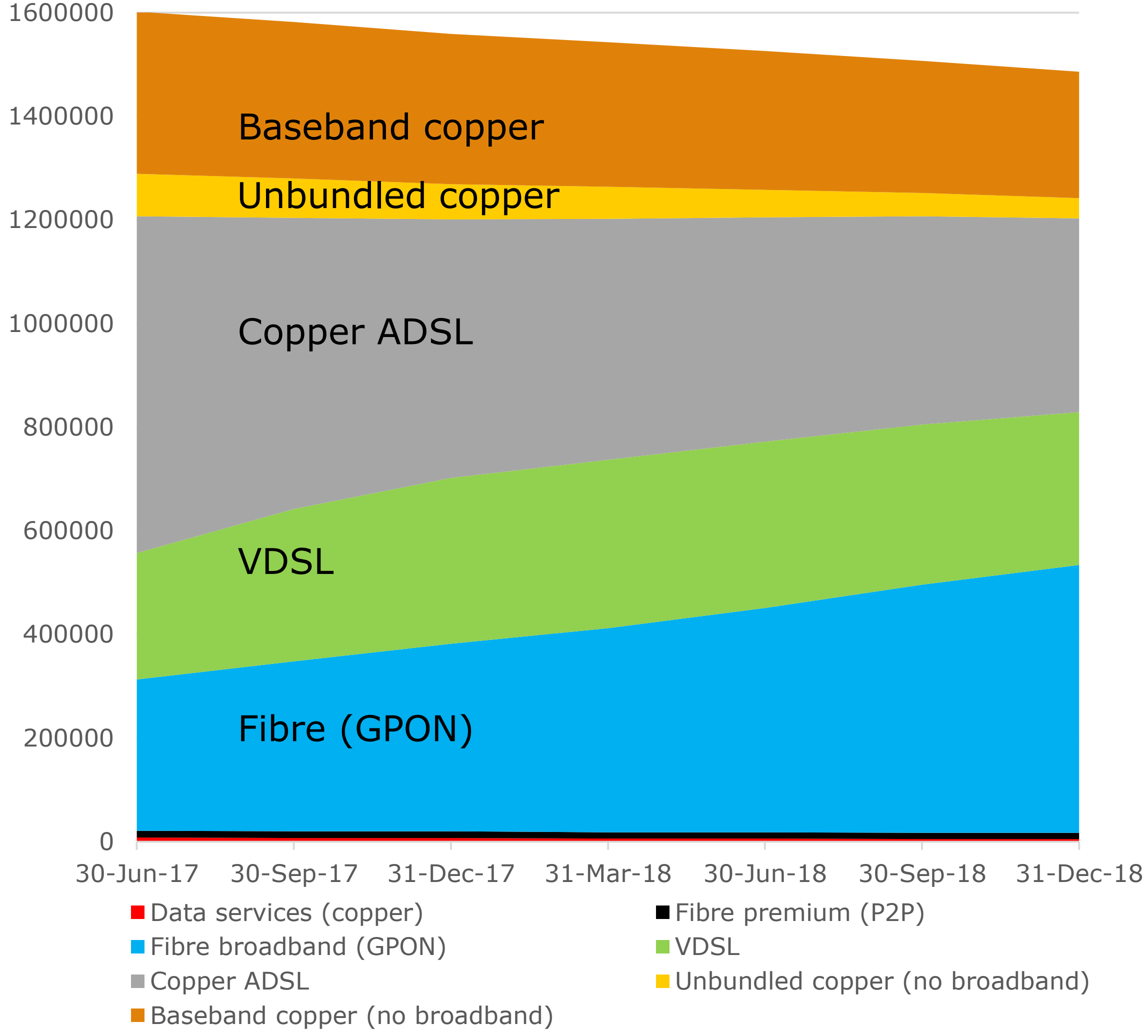
DIGITAL
Nothing happens if it's not digital

PEOPLE
We are committed to enabling our people

Appendices

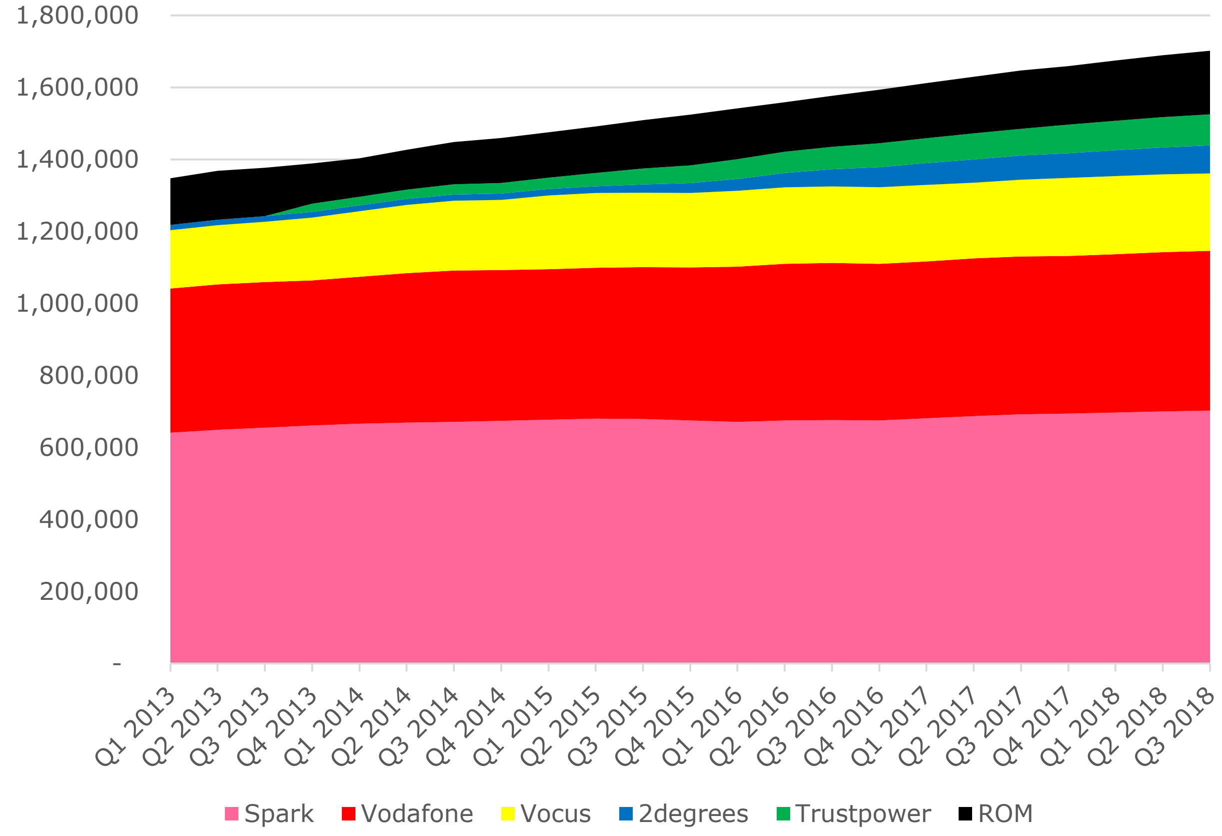
Appendix A: Connection trends

	31 Dec 2017	31 March 2018	30 June 2018	30 Sept 2018	31 Dec 2018
Unbundled copper	68,000	62,000	53,000	45,000	39,000
Baseband copper (no broadband)	290,000	279,000	268,000	255,000	244,000
Fibre broadband (GPON)	362,000	394,000	433,000	479,000	517,000
VDSL (includes naked)	320,000	325,000	321,000	309,000	295,000
Copper ADSL (includes naked)	499,000	465,000	433,000	402,000	374,000
Data services (copper)	7,000	6,000	6,000	5,000	5,000
Fibre premium (P2P)	13,000	12,000	12,000	12,000	12,000
Total connections	1,559,000	1,543,000	1,526,000	1,507,000	1,486,000



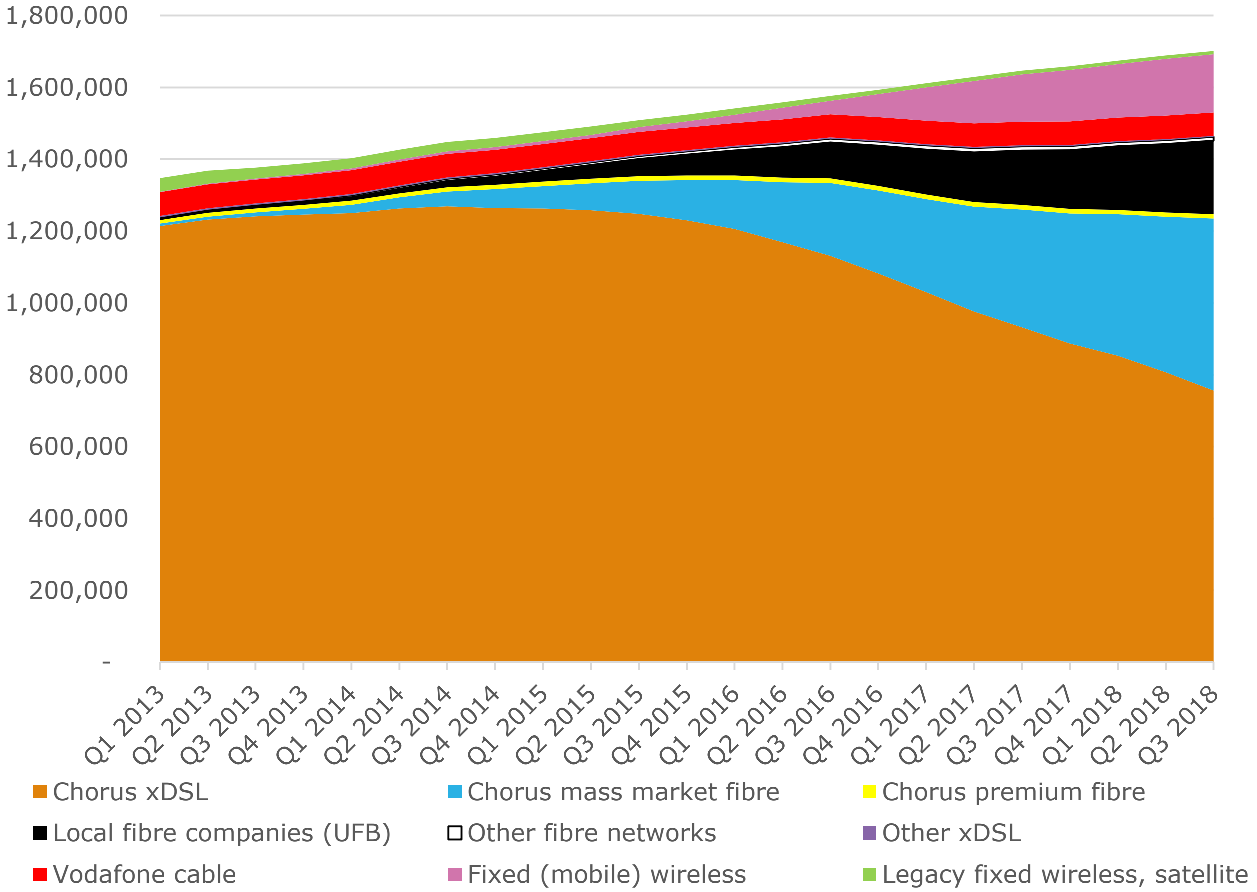
Appendix B: NZ market trends

Broadband uptake by retailer (all technology)



Source: IDC

NZ broadband market – by technology



Source: IDC

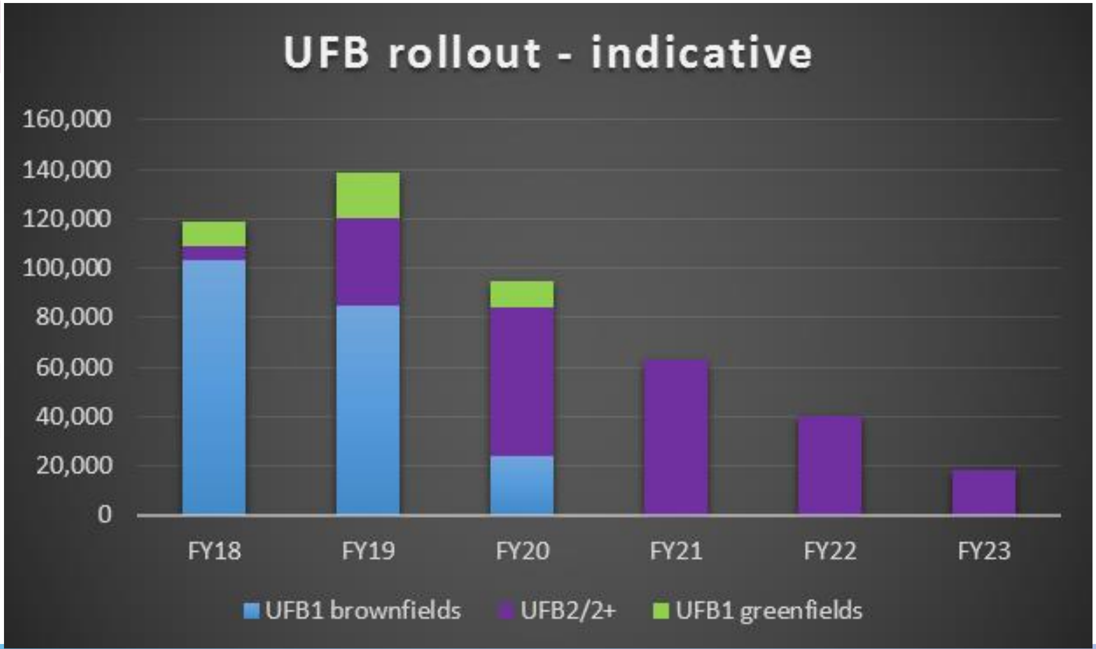
Appendix C: UFB programme overview

FY19 is peak communal build year

- ~120,000 brownfields premises across UFB1 and UFB2
- expect to claim another ~18k UFB1 greenfields premises already passed in prior years

Programme guidance		Notes
UFB1 communal	$1.75 - $1.8 billion	Tracking towards the top end of guidance and excludes growth (e.g. additional splitter investment)
UFB1 cost to connect (CPPC)	$1,050 - $1,250	For a standard residential connection, including layer 2 and service desk costs, and in 2011 dollars. Tracking towards the top half of the range.
UFB2* communal	$505 - $565 million	Combined guidance range for UFB2 and 2+
UFB2* cost to connect	$1,650 - $1,850	In 2017 dollars and including layer 2, backbone costs for MDUs and rights of way with 10 or fewer premises and service desk costs

* combined UFB2 and 2+ rollout plans



Letter to investors:
FY19 half year result

dear investors

We're pleased to provide you with our update on the progress your company is making towards our goal of keeping New Zealand new.

Recent changes to the NZX Listing Rules mean we're no longer required to publish a half year report, but we'll continue to provide you with a summary of key developments in this newsletter format, as well as making our management commentary and financial statements available online at www.chorus.co.nz/reports. The web page also has a link to the webcast of our half year result presentation, featuring our Chief Executive, Kate McKenzie, and Chief Financial Officer, David Collins. David joined us recently from Aurizon, Australia's largest regulated rail freight operator in Queensland.

Net profit for the six months to 31 December 2018 was $30 million and we achieved EBITDA[1] of $318 million. Our EBITDA guidance for the full year remains $625 million to $645 million. A fully imputed interim dividend of 9.5 cents per share will be paid on 16 April 2019.

Half year result overview

Fixed line connections

HY19	FY18
1,486,000	1,526,000

Broadband connections

HY19	FY18
1,186,000	1,187,000

Fibre connections

HY19	FY18
529,000	445,000

Dividend

HY19	HY18
9.5cps	9cps

EBITDA[1]

HY19	HY18
$318m	$329m

Net profit after tax

HY19	HY18
$30m	$47m

Legislation marks the beginning of our transition to a regulated utility

We reached a significant milestone in November with the Telecommunications (New Regulatory Framework) Amendment Act passing into law following bipartisan political support. This marked the culmination of about five years of policy review of the regulatory framework that applies to our business and the decision to transition to a utility-style framework for fibre access services. The Commerce Commission is now required to implement the new framework that transitions us from a contractual model into a regulatory model by establishing a regulated asset base and allowable revenues for fibre.

Our focus is on ensuring that the significant investments we've made in enabling fibre broadband, both through the ultra-fast broadband (UFB) rollout and the extensive shared infrastructure that underpins it, are fully and fairly reflected in the regulated asset base determined by the Commission. The Commission has requested, and been granted, a deferral of the implementation from 1 January 2020 until 1 January 2022 to complete its work.

Dividend reinvestment plan for shareholders

A dividend reinvestment plan is available to our Australian and New Zealand resident shareholders with a discount rate of 3% for the 16 April 2019 dividend payment.

If you haven't previously registered to participate and wish to do so, you'll need to have registered your participation by 5:00pm (NZ time) on 20 March 2019.

You can register by logging into our Computershare profile at www.investorcentre.com/nz or downloading the Participation Notice at www.chorus.co.nz/dividends and returning it to Computershare.

The full terms of the reinvestment plan can be read in our Offer Document dated February 2016 at www.chorus.co.nz/dividends, or you can request a copy free of charge. Our most recent audited financial statements, and auditor's report, are included in our 2018 annual report, which is available free of charge on request and at www.chorus.co.nz/financial-results.

1 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure. We monitor this as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of the business.

CHORUS

An indicative implementation timeline has been published for its various workstreams. We know investors would like further regulatory clarity sooner rather than later, and we'll do what we can to support the Commission's concurrent workstreams and expedite certainty within the process.

The transition to the new regulatory framework has provided us with the clarity necessary to begin increasing our debt maturity profile to better align with the long term nature of our assets. In December, strong investor interest saw us issue $500 million of 10-year unsecured, unsubordinated bonds maturing in 2028.

Demand for fibre continues to surge

Our market research shows that New Zealanders' recognise fibre broadband as the premium technology for a broadband connection and this is evident in the continued strength of fibre demand. We added another 84,000 fibre connections nationwide in this six-month period, and fibre uptake grew to 51% across our UFB footprint, up from 45% at the end of June. This includes smaller, recently completed UFB2[2] towns, such as Hokitika and Horotiu, where we are seeing uptake rates of 43% and 52% respectively within a very short time.

The ongoing rollout of our fibre network, together with the investment we made in enhanced copper broadband technology in some areas last year, are helping us win cable and fixed wireless broadband customers back from other networks. However, the popularity of fibre broadband means other fibre companies continue to reduce our copper broadband connections in areas where we're not the Government's UFB partner. Our voice only copper connections, for which we receive lower revenue than a broadband connection, also continue to decline as customers take up broadband or migrate to alternative fibre, mobile or fixed wireless networks.

The net effect of these trends was a decline of 40,000 connections in total fixed line connections in the six-month period to a total of 1,486,000. This was higher than the 33,000 disconnections in the six months to 30 June 2018, but the months prior to Christmas are typically characterised by higher disconnections.

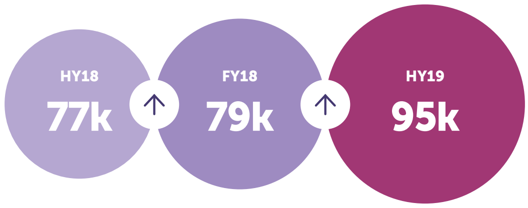
The number of connections taking a broadband service decreased by just 1,000 connections in the six months, to a total of 1,186,000. This is the same number of broadband connections we had at 30 June 2017. In our UFB rollout areas, broadband connections grew by 18,000 connections across the six months. This reflects the degree to which premises growth and increasing broadband penetration, as broadband becomes the fourth utility, is helping offset ongoing line loss to the other local fibre company networks.

A very pleasing aspect of the demand for fibre is the improvements we're starting to see with customer satisfaction with the fibre installation experience. We've put a lot of focus on improving our processes, as well as working closely with individual retailers on theirs, to lift customer satisfaction scores. We know the need to be at home for several technician visits isn't convenient for customers and our goal by Christmas was to start completing 50% of installations with just one visit. We achieved that goal and recorded our highest ever customer satisfaction score of 7.9 out of 10 in December, up from 7.5 in June. Moreover, we installed fibre in 95,000 homes and businesses in the six months to the end of December, compared to 79,000 installations in the six months to the end of June.

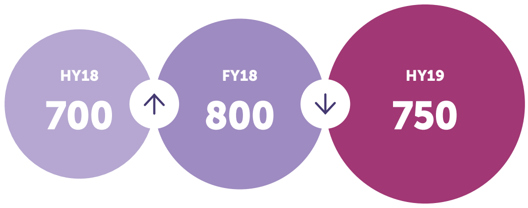
These customer results also reflect the efforts of the service company subcontractors undertaking installation work on our behalf. Our ability to draw upon this subcontractor workforce has been critical to help us address the rapid growth in demand for fibre broadband. We were, therefore, very disappointed when the government Labour Inspectorate announced early findings of breaches of employment standards by some subcontractors.

While there has been no suggestion of wrongdoing by Chorus, we believe anyone working on our behalf should be treated fairly and within the law. Our primary contractors, Visionstream and UCG, have initiated their own independent audits and stood down a handful of subcontracting firms. We're working with our primary contractors to try to minimise disruption to any affected workers, by helping those workers find roles with other subcontractors. We're also working closely with the Labour Inspectorate and commissioned an independent review into the work practices of our subcontractors to identify what improvements we could make. We'll share the outcomes of this review when it is completed.

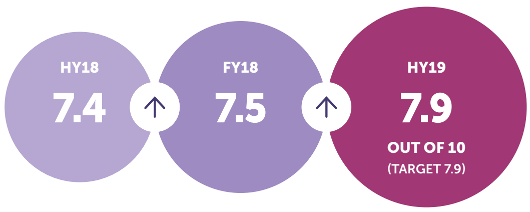
Completed installations



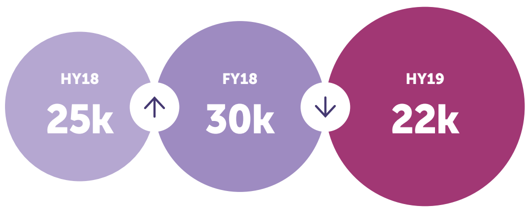
Fibre installation crews



Customer satisfaction



Work in progress (fibre orders)



2 UFB2 refers to the additional UFB rollout areas agreed with the Government in 2017

Outlook

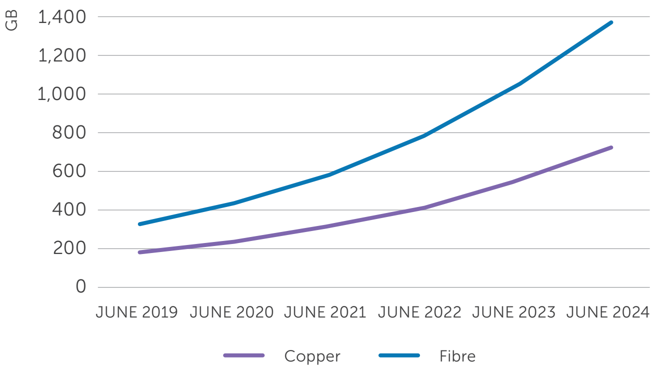
The second half of FY19 seems likely to set a new record for fibre demand. Orders are already tracking ahead of our expectations leading into what is typically a busy seasonal connection period, with the return of university students and the completion of approximately 80,000 more premises in our UFB rollout areas scheduled by the end of June. Spark's plans to launch a sports streaming service and broadcast the 2019 Rugby World Cup online, together with other retailers' individual marketing strategies and our own migration campaigns, should give fibre demand added momentum.

Our objective is simply to connect as many customers to our fibre network as fast as we can, while continuing to lift customer satisfaction. To do this, we'll keep working with our service company partners and retailers to improve our connection processes and productivity. Our new target is to be completing 75% of installations in a single visit by the end of June.

Where fibre isn't available, or sports events drive short term shortages in workforce capacity, we'll continue to drive awareness of the availability of our high speed VDSL capability. The continuing growth in data usage - with monthly average household data usage of 235 gigabytes (GB) in December, compared to 210GB in June, and fibre customers consuming an average of 315GB – means customers are increasingly conscious of the limitations of fixed wireless networks. Data usage is growing across all our network technologies as streaming becomes mainstream and consumers adopt new bandwidth hungry devices. Freeview's new streaming device, for example, removes the need for a TV aerial or satellite dish by transferring their content entirely onto broadband. These technology developments support our own and independent forecasts that suggest average data usage by 2024 is likely to exceed 1,000GB a month.

Figure 1:

Chorus forecast: average monthly broadband usage (GB)



Our objective is to return to modest EBITDA growth in FY20, subject to no material changes in expected regulatory environment or competitive outlook. Maximising the number of connections on our network through broadband growth and our innovation programme are pivotal to this. At a cost level, we're maintaining a tight focus on capital and operating expenditure as we optimise our business. Our fibre rollout remains on time and on budget, and we're beginning to see some of the benefits of the migration to fibre flow through to reduced network maintenance and other operational costs.

The pace of this migration will continue to shape our business as we transition to a fibre future and the new regulatory framework. We look forward to updating you on our progress at the full year result in late August.

Thank you for your support of Chorus.

Kind regards

Patrick Strange
Chair

Half Year Result

For the six months ended 31 December 2018

CHORUS

Half year result overview

Fixed line connections

HY19	FY18
1,486,000	1,526,000

Broadband connections

HY19	FY18
1,186,000	1,187,000

Fibre connections

HY19	FY18
529,000	445,000

Dividend

HY19	HY18
9.5cps	9cps

EBITDA[1]

HY19	HY18
$318m	$329m

Net profit after tax

HY19	HY18
$30m	$47m

1 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure. We monitor this as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

Management commentary

We report earnings before interest, income tax, depreciation and amortisation (EBITDA) of $318 million for the six months ending 31 December 2018 (HY19). This was a decrease of $11 million on the same six months in FY18 (HY18), largely reflecting the revenue impact of declining copper connection numbers. This, and an increase in finance expenses due to a new $500 million bond issue in December, resulted in a net earnings decrease by $17 million between HY18 and HY19. Our EBITDA guidance for the full year remains $625 million to $645 million.

Operating revenue

Revenues of $489 million were down $10 million compared to HY18. This was largely a consequence of copper-based voice and broadband customers migrating to alternative fibre and wireless networks. Revenue from premium connections, comprising data services (copper) and fibre premium connections, also continued to decline as retailers transitioned customers from legacy services to our lower cost ultra-fast broadband (UFB) services, or to alternative fibre networks.

These declines in connections were mostly offset by strong ongoing growth in mass market fibre broadband connections, with HY19 fibre broadband revenues increasing $46 million relative to HY18. Average revenue per user has also improved as the proportion of customers taking fibre services above the entry level 50 megabits per second (Mbps) service grew to 73%, up from 64% at the end of HY18.

Approximately 44,000 customers were on 1 gigabit per second (Gbps) services, up from 20,000 customers at the end of HY18, including about 13,000 customers in the Dunedin 'Gigatown' area where pricing is sponsored at the 50Mbps level until July 2019.

Field services revenue was up $4 million from HY18 driven by higher activity related to chargeable network relocation activity, which is also reflected in the increase in other network costs.

Other revenue categories were largely flat period over period.

	CONNECTIONS 31 DECEMBER 2018	CONNECTIONS 30 JUNE 2018	CONNECTIONS 31 DECEMBER 2017
Fibre broadband (GPON)[2]	517,000	433,000	362,000
Fibre premium (P2P)[3]	12,000	12,000	13,000
Copper VDSL	295,000	321,000	320,000
Copper ADSL	374,000	433,000	499,000
Data services over copper	5,000	6,000	7,000
Unbundled copper	39,000	53,000	68,000
Baseband copper	244,000	268,000	290,000
Total fixed line connections	**1,486,000**	**1,526,000**	**1,559,000**

Expenses

Expenditure remained flat from HY18 at $171 million. This reflects a continued tight focus on cost, with reduced network maintenance expenses offset by increases in other network costs, rent and rates.

Labour

Labour costs of $37 million represent staff costs that are not capitalised. Staff numbers have continued to reduce and we had 914 permanent and fixed term employees at 31 December 2018, down from 971 employees at 31 December 2017. This 6% reduction in our internal workforce was the main contributor to reduced labour costs across the two periods, offset partially by CPI-related increases.

Network maintenance

Network maintenance costs reduced by $5 million compared to the same period in FY18, largely as a consequence of fewer network faults and truck rolls. The main contributors to this outcome were:

- this period featured fewer extreme weather events than the particularly wet weather we noted in the first half of FY18.
- retailers are using our new Application Programming Interface tools to better identify which faults don't require Chorus truck rolls.
- underlying fault levels are reducing as our customer base reduces and a greater proportion migrate to the newer fibre network.

While the volume of truck rolls reduced, the average cost per fault increased. This is because the mix of faults shifted from lower cost work at customer premises, which may be recovered as Field Services revenue, to higher cost faults within our fibre and copper street network.

2 GPON: Gigabit Passive Optical Network
3 P2P: Where two parties or devices are connected point-to-point via fibre.

Other network

Other network costs increased by $3 million compared to HY18. This reflected an increase in third party requests for network relocation activity that cannot be capitalised, although it may be recovered as Field Services revenue. Other network costs also include costs associated with service partner contracts, engineering services, fibre access from third parties, warehousing, fibre order cancellations and network spares.

Rent and rates

Rent and rates increased by $2 million, compared to HY18, because the UFB rollout results in higher council rateable values for our network infrastructure.

Depreciation and amortisation

Depreciation continues to increase as a consequence of our ongoing programme of significant investment in long life network assets for the UFB rollout. This is partially offset by the increasing amortisation of Crown funding against these assets.

Amortisation of customer retention assets has slowed as capitalised provisioning activity has reduced and the useful life of these assets increased, from three to four years, to reflect the increasing proportion of fibre customers.

Finance expense

Interest on debt (European Medium Term Notes, fixed rate NZD bonds and syndicated bank facilities) has increased in the current period due to the issuance of a new NZD $500 million domestic bond. Notional interest on Crown Infrastructure Partners (CIP) securities has also increased in line with the increase in Crown funding. There was a one-off $2 million expense for restructuring of forward dated interest rate swaps.

Capital expenditure

Gross capital expenditure for HY19 was $395 million, up slightly from $391 million in HY18. The proportion invested in fibre has grown from 77% to 84% between the two periods. This reflects more premises being passed in HY19 as the UFB2 and 2+ rollout ramps up and the UFB1 rollout reaches its peak, the continued growth in fibre installation volumes, and reduced copper investment following the conclusion of our VDSL upgrade programme.

We invested $119 million in the UFB rollout during the period, with $78 million spent in UFB1 areas and $41 million spent on the UFB2 and 2+ rollout. A total of 38,000 premises were passed, up from 32,000 premises in HY18. This included 13,000 UFB2/2+ premises.

The average cost per premises passed for UFB1 premises was $1,662. This is expected to reduce to within our guidance range of $1,500-$1,600 by the end of FY19, as significantly more premises are completed in the second half.

Fibre connections and layer 2 spend was $161 million, driven largely by the cost to connect fibre to 95,000 homes and businesses (UFB1 90,000; UFB2 5,000). This was up significantly from 77,000 homes and businesses in HY18. The average cost per premises connected in UFB1 areas during the period was $1,038. This was in the lower half of the FY19 guidance range of $1,000 to $1,150 (for a standard residential connection, excluding layer 2 and including standard installations and some non-standard single dwellings and service desk costs).

Spend on other fibre connections and growth was $36 million, up from $28 million in HY18 as demand for connections to new housing subdivisions grew and our pole replacement programme continued in UFB areas.

Copper capital expenditure reduced from $64 million in HY18 to $39 million in the current period. Customer retention costs reduced by $17 million as uptake of copper broadband reduced and retailer campaigns focused more on fibre customer acquisition. Copper layer 2 spend reduced by $10 million following the conclusion of our programme to deploy VDSL vectoring technology outside our UFB areas.

Dividends, equity and capital management

We will pay an interim dividend of 9.5 cents per share on 16 April 2019 to all holders registered at 5:00pm 19 March 2019. The dividends paid will be fully imputed, at a ratio of 28/72, in line with the corporate income tax rate. A supplementary dividend of 1.68 cents per share will be payable to shareholders who are not resident in New Zealand.

The dividend reinvestment plan will apply for the interim dividend at a discount rate of 3%. Shareholders who have previously elected to participate in the dividend reinvestment plan do not need to take any further action. For those shareholders who wish to participate, election notices to participate must be received by 5:00pm (NZ time) on 20 March 2019.

A final dividend of 13.5 cents per share is expected to be declared in August 2019, subject to no material adverse changes in circumstances or outlook. During the UFB build programme to 2020, the Board expects to be able to provide shareholders with modest dividend growth from a base of 20 cents per share paid for FY16.

On 6 December 2018 Chorus issued $500 million ten-year unsecured, unsubordinated, fixed rate bonds. The interest rate for the first five years has been set at 4.35% per annum. The funds raised will be used for general corporate purposes including paying down Chorus' existing bank facility and partially funding repayment of its GBP Euro Medium Term Notes in April 2020.

The Board considers that a 'BBB' or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management policies and financial policies consistent with these credit ratings. At 31 December 2018, we had a long term credit rating of BBB/stable outlook by Standard & Poor's and Baa2/stable by Moody's Investors Service.

Financial statements

Condensed consolidated income statement

For the six months ended 31 December 2018

(Dollars in millions)	Notes	SIX MONTHS ENDED 31 DECEMBER 2018 UNAUDITED $M	SIX MONTHS ENDED 31 DECEMBER 2017 UNAUDITED $M	YEAR ENDED 30 JUNE 2018 AUDITED $M
Fibre broadband (GPON)		136	90	198
Fibre premium (P2P)		37	40	78
Copper based broadband		181	219	421
Copper based voice		56	69	133
Data services copper		10	14	27
Value added network services		16	17	33
Infrastructure		12	12	23
Field services products		39	35	70
Other		2	3	7
Total operating revenue		**489**	**499**	**990**
Labour		(37)	(39)	(73)
Provisioning		(3)	(4)	(6)
Network maintenance		(38)	(43)	(87)
Other network		(18)	(15)	(34)
Information technology		(26)	(27)	(54)
Rent and rates		(7)	(5)	(9)
Property maintenance		(6)	(6)	(15)
Electricity		(9)	(8)	(15)
Insurance		(2)	(1)	(3)
Consultants		(4)	(3)	(5)
Regulatory levies		(8)	(7)	(13)
Other		(13)	(12)	(23)
Total operating expenses		**(171)**	**(170)**	**(337)**
Earnings before interest, income tax, depreciation and amortisation		**318**	**329**	**653**
Depreciation	1	(150)	(139)	(283)
Amortisation	2	(46)	(53)	(104)
Earnings before interest and income tax		**122**	**137**	**266**
Finance income		4	4	7
Finance expense		(83)	(74)	(151)
Net earnings before income tax		**43**	**67**	**122**
Income tax expense		(13)	(20)	(37)
Net earnings for the period		**30**	**47**	**85**
Earnings per share				
Basic earnings per share (dollars)		**0.07**	**0.12**	**0.20**
Diluted earnings per share (dollars)		**0.05**	**0.10**	**0.16**

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2018

(Dollars in millions)	Note	SIX MONTHS ENDED 31 DECEMBER 2018 UNAUDITED $M	SIX MONTHS ENDED 31 DECEMBER 2017 UNAUDITED $M	YEAR ENDED 30 JUNE 2018 AUDITED $M
Net earnings for the period		**30**	**47**	**85**
Other comprehensive income				
Items that will be reclassified subsequently to the income statement when specific conditions are met				
Movements in effective cash flow hedges	8	(14)	2	(3)
Amortisation of de-designated cash flow hedges transferred to income statement	8	(1)	(1)	(1)
Movement in cost of hedging reserve	8	(1)	1	(3)
Other comprehensive income net of tax		**(16)**	**2**	**(7)**
Total comprehensive income for the period net of tax		**14**	**49**	**78**

Condensed consolidated statement of financial position

As at 31 December 2018

(Dollars in millions)	Notes	31 DECEMBER 2018 UNAUDITED $M	31 DECEMBER 2017 UNAUDITED $M	30 JUNE 2018 AUDITED $M
Current assets				
Cash and call deposits		281	40	50
Income tax receivable		12	11	12
Trade and other receivables		214	211	154
Derivative financial instruments	8	4	1	3
Finance lease receivable		5	5	5
Total current assets		**516**	**268**	**224**
Non-current assets				
Derivative financial instruments	8	43	32	74
Trade and other receivables		5	7	7
Software and other intangibles	2	181	185	182
Network assets	1	4,634	4,195	4,439
Total non-current assets		**4,863**	**4,419**	**4,702**
Total assets		**5,379**	**4,687**	**4,926**
Current liabilities				
Trade and other payables		359	341	370
Lease payable		6	10	6
Derivative financial instruments	8	18	1	19
Total current liabilities excluding Crown funding		**383**	**352**	**395**
Current portion of Crown funding	5	23	20	21
Total current liabilities		**406**	**372**	**416**
Non-current liabilities				
Derivative financial instruments	8	222	203	210
Lease payable		237	200	237
Debt	3	2,224	1,781	1,807
Deferred tax payable		225	215	224
Total non-current liabilities excluding CIP and Crown funding		**2,908**	**2,399**	**2,478**
Crown Infrastructure Partners (CIP) securities	4	299	219	273
Crown funding	5	756	684	737
Total non-current liabilities		**3,963**	**3,302**	**3,488**
Total liabilities		**4,369**	**3,674**	**3,904**
Equity				
Share capital		620	571	590
Reserves		(52)	(27)	(36)
Retained earnings		442	469	468
Total equity		**1,010**	**1,013**	**1,022**
Total liabilities and equity		**5,379**	**4,687**	**4,926**

The financial statements are approved and signed on behalf of the Board.

Patrick Strange
Chair

Kate McKenzie
Chief Executive Officer and Managing Director

Authorised for issue on 25 February 2019

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2018

(Dollars in millions)	Note	Share capital $M	Retained earnings $M	Hedging-related reserves $M	Total $M
Balance at 1 July 2017		**520**	**473**	**(29)**	**964**
Comprehensive income					
Net earnings for the period		–	85	–	**85**
Other comprehensive income					
Changes in cash flow hedge reserve		–	–	(3)	**(3)**
Amortisation of de-designated cash flow hedges transferred to income statement		–	–	(1)	**(1)**
Movement in cost of hedging reserve		–	–	(3)	**(3)**
Total comprehensive income		**–**	**85**	**(7)**	**78**
Contributions by and (distributions to) owners:					
Dividends	7	–	(90)	–	(90)
Supplementary dividends		–	(10)	–	(10)
Tax credit on supplementary dividends		–	10	–	10
Dividend reinvestment plan		47	–	–	47
Issue of new shares		23	–	–	23
Total transactions with owners		**70**	**(90)**	**–**	**(20)**
Balance at 30 June 2018 (AUDITED)		**590**	**468**	**(36)**	**1,022**
Comprehensive income					
Net earnings for the period		–	30	–	**30**
Other comprehensive income					
Changes in cash flow hedge reserve		–	–	(14)	**(14)**
Amortisation of de-designated cash flow hedges transferred to income statement		–	–	(1)	**(1)**
Movement in cost of hedging reserve		–	–	(1)	**(1)**
Total comprehensive income		**–**	**30**	**(16)**	**14**
Contributions by and (distributions to) owners:					
Dividends	7	–	(56)	–	(56)
Supplementary dividends		–	(7)	–	(7)
Tax credit on supplementary dividends		–	7	–	7
Dividend reinvestment plan		30	–	–	30
Total transactions with owners		**30**	**(56)**	**–**	**(26)**
Balance at 31 December 2018 (UNAUDITED)		**620**	**442**	**(52)**	**1,010**

Condensed consolidated statement of changes in equity (continued)

For the six months ended 31 December 2018

(Dollars in millions)	Note	Share capital $M	Retained earnings $M	Hedging-related reserves $M	Total $M
Balance at 1 July 2017		**520**	**473**	**(29)**	**964**
Comprehensive income					
Net earnings for the period		–	47	–	47
Other comprehensive income					
Changes in cash flow hedge reserve		–	–	2	2
Amortisation of de-designated cash flow hedges transferred to income statement		–	–	(1)	(1)
Movement in cost of hedging reserve		–	–	1	1
Total comprehensive income		**–**	**47**	**2**	**49**
Contributions by and (distributions to) owners:					
Dividends	7	–	(51)	–	(51)
Supplementary dividends		–	(6)	–	(6)
Tax credit on supplementary dividends		–	6	–	6
Dividend reinvestment plan		28	–	–	28
Issue of new shares		23	–	–	23
Total transactions with owners		**51**	**(51)**	**–**	**–**
Balance at 31 December 2017 (UNAUDITED)		**571**	**469**	**(27)**	**1,013**

Condensed consolidated statement of cash flows

For the six months ended 31 December 2018

(Dollars in millions)	SIX MONTHS ENDED 31 DECEMBER 2018 UNAUDITED $M	SIX MONTHS ENDED 31 DECEMBER 2017 UNAUDITED $M	YEAR ENDED 30 JUNE 2018 AUDITED $M
Cash flows from operating activities			
Cash was provided from/(applied to):			
Cash received from customers	447	448	1,002
Finance income	–	2	3
Payment to suppliers and employees	(209)	(204)	(350)
Taxation paid	(7)	(25)	(30)
Interest paid	(55)	(56)	(117)
Net cash flows from operating activities	**176**	**165**	**508**
Cash flows applied to investing activities			
Cash was provided from/(applied to):			
Purchase of network and intangible assets	(401)	(384)	(766)
Capitalised interest paid	(2)	(1)	(4)
Net cash flows applied to investing activities	**(403)**	**(385)**	**(770)**
Cash flows from financing activities			
Cash was provided from/(applied to):			
Net (outflow)/inflow from leases	(5)	(5)	(15)
Crown funding (including CIP securities)	49	25	117
Issuance of share capital	–	23	23
Proceeds from debt	500	70	70
Repayment of debt	(60)	–	(10)
Dividends paid	(26)	(23)	(43)
Net cash flows from financing activities	**458**	**90**	**142**
Net cash flow	**231**	**(130)**	**(120)**
Cash and call deposits at the beginning of the period	50	170	170
Cash and call deposits at the end of the period	**281**	**40**	**50**

Notes to the financial statements

Reporting entity and statutory base

Chorus includes Chorus Limited together with its subsidiaries as at and for the six months ended 31 December 2018.

Chorus is New Zealand's largest fixed line communications infrastructure services provider. It maintains and builds a network predominantly made up of fibre and copper cables, local telephone exchanges and cabinets.

Chorus Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

The condensed consolidated interim financial statements (financial statements) have been prepared in accordance with the New Zealand equivalent to International Accounting Standard No. 34: "Interim Financial Reporting" and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of Chorus as at and for the year ended 30 June 2018.

These financial statements are expressed in New Zealand dollars. All financial information has been rounded to the nearest million, unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of financial instruments as identified in the specific accounting policies disclosed in the notes to the consolidated financial statements for the year ended 30 June 2018 and described in note 8 to these financial statements.

Accounting policies and standards

The accounting policies adopted and methods of computation have been applied consistently throughout the periods presented in these financial statements.

The financial statements for the six months ended 31 December 2018 and comparative information for the six months ended 31 December 2017 are unaudited. The comparative information for the year ended 30 June 2018 is audited.

Reclassification and re-statement of comparatives

Where management have reclassified items in the financial statements, the related comparative disclosures have been adjusted to provide a like-for-like comparison.

Accounting estimates and judgements

In preparing the financial statements, management has made estimates and assumptions about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

In preparing the financial statements, the significant judgements made by management in applying Chorus' accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018.

Note 1 – Network assets

(Dollars in millions)	31 DECEMBER 2018 UNAUDITED $M	31 DECEMBER 2017 UNAUDITED $M	30 JUNE 2018 AUDITED $M
Cost			
Opening balance	9,626	8,940	8,940
Additions	353	323	721
Other	4	–	7
Disposals	(18)	(17)	(42)
Closing balance	9,965	9,246	9,626
Accumulated depreciation			
Opening balance	(5,187)	(4,918)	(4,918)
Depreciation	(162)	(150)	(305)
Other	–	–	(2)
Disposals	18	17	38
Closing balance	(5,331)	(5,051)	(5,187)
Net carrying amount	**4,634**	**4,195**	**4,439**

Depreciation

The Crown funding amortisation that was released against depreciation for the six months ended 31 December 2018 was $12 million (31 December 2017: $11 million; 30 June 2018: $22 million). See note 5.

Additions

Additions also includes the net movement within capital work in progress in the period.

Other – property exchanges

Chorus has leased exchange space and commercial co-location space owned by Spark which is subject to finance lease arrangements (included within right of use assets). Chorus in turn leases exchange space and commercial co-location space owned by Chorus to Spark under a finance lease arrangement.

For sites that it does not own, Chorus recognises its share of the assets based on occupancy percentage, as well as a liability for the future payments due. For sites that it does own, Chorus derecognises the share of the asset used by Spark, as well as recognising a receivable for the future receipts due.

The 'Other' cost and accumulated depreciation movement related to property exchanges in the six months to 31 December 2018 is nil (31 December 2017: nil; 30 June 2018: $5 million) as no reassessment of the extent of Spark's use of Chorus owned sites and Chorus' use of Spark's sites has occurred within the period.

Capital commitments

There are no restrictions on Chorus network assets or any network assets pledged as security for liabilities.

At 31 December 2018 the contractual commitment for acquisition of network assets was $395 million (31 December 2017: $529 million; 30 June 2018: $448 million), mainly relating to UFB build activity.

Right of use assets

Network assets comprise of owned and right of use (leased) assets. The value of right of use assets at 31 December 2018 was $222 million (31 December 2017: $200 million; 30 June 2018: $226 million).

(Dollars in millions)	Fibre cables	Ducts, manholes and poles	Property	Total
Balance at 1 July 2017	6	21	179	206
Additions (net of relinquishments)	3	7	23	33
Depreciation charge	–	(2)	(11)	(13)
Balance at 30 June 2018	**9**	**26**	**191**	**226**
Additions (net of relinquishments)	–	2	–	2
Depreciation charge	–	(1)	(5)	(6)
Balance at 31 December 2018	**9**	**27**	**186**	**222**
Balance 1 July 2017	6	21	179	206
Depreciation charge	–	(1)	(5)	(6)
Balance at 31 December 2017	**6**	**20**	**174**	**200**

Additions to right of use assets during the period to 31 December 2018 were largely CPI adjustments to ducts, manholes and poles leases, and additions to pole leases related to the UFB build activity.

Note 2 – Software and other intangibles

(Dollars in millions)	31 DECEMBER 2018 UNAUDITED $M	31 DECEMBER 2017 UNAUDITED $M	30 JUNE 2018 AUDITED $M
Cost			
Opening balance	824	708	719
Additions	45	69	117
Disposals	(10)	–	(12)
Closing balance	859	777	824
Accumulated depreciation			
Opening balance	(642)	(539)	(550)
Amortisation	(46)	(53)	(104)
Disposals	10	–	12
Closing balance	(678)	(592)	(642)
Net carrying amount	**181**	**185**	**182**

There are no restrictions on Chorus software and other intangible assets, or any pledged as security for liabilities.

Capital commitments

At 31 December 2018, the contractual commitment for acquisition of software and other intangible assets was $12 million (31 December 2017: $12 million; 30 June 2018: $11 million).

Note 3 – Debt

(Dollars in millions)	31 DECEMBER 2018 UNAUDITED $M	31 DECEMBER 2017 UNAUDITED $M	30 JUNE 2018 AUDITED $M
Syndicated bank facility – May 2020	–	70	60
Euro medium term notes GBP – Apr 2020	493	495	507
Euro medium term notes EUR – Oct 2023	848	829	852
Fixed rate NZD Bonds – May 2021	400	400	400
Fixed rate NZD Bonds – December 2028	500	–	–
Less: facility fees	(17)	(13)	(12)
	2,224	**1,781**	**1,807**
Current	**–**	**–**	**–**
Non-current	**2,224**	**1,781**	**1,807**

On 6 December 2018 Chorus issued a $500 million bond at a fixed interest rate for five years of 4.35%. The bond will mature in December 2028, with a rate reset in December 2023. The exposure of the floating rate at reset date has been hedged using interest rate swaps (see note 8).

As at 31 December 2018 Chorus had $350 million committed syndicated facilities on market standard terms and conditions (31 December 2017: $350 million; 30 June 2018: $350 million). The amount undrawn of the syndicated bank facility that is available for future operating activities is $350 million (31 December 2017: $280 million; 30 June 2018: $290 million). The syndicated bank facility is held with bank and institutional counterparties rated – A to AAA, based on rating agency Standard & Poor's ratings.

The Euro Medium Term Note debt of GBP 260 million has been swapped to a hedged rate of $677 million (31 December 2017: $677 million; 30 June 2018: $677 million), and the Euro Medium Term Note debt of EUR 500 million has been swapped to a hedged rate of $785 million (31 December 2017: $785 million; 30 June 2018: $785 million), both using cross currency interest rate swaps (see note 8).

Note 4 – CIP securities

(Dollars in millions)	31 DECEMBER 2018 UNAUDITED $M	31 DECEMBER 2017 UNAUDITED $M	30 JUNE 2018 AUDITED $M
Fair value on initial recognition			
Opening balance	223	170	170
Additional securities recognised at fair value	15	8	53
Closing balance	238	178	223
Accumulated notional interest			
Opening balance	50	33	33
Notional interest	11	8	17
Closing balance	61	41	50
Total CIP securities	**299**	**219**	**273**

Note 5 – Crown funding

(Dollars in millions)	31 DECEMBER 2018 UNAUDITED $M	31 DECEMBER 2017 UNAUDITED $M	30 JUNE 2018 AUDITED $M
Fair value on initial recognition			
Opening balance	841	759	759
Additional funding recognised at fair value	33	17	82
Closing balance	874	776	841
Accumulated amortisation			
Opening balance	(83)	(61)	(61)
Amortisation	(12)	(11)	(22)
Closing balance	(95)	(72)	(83)
Total Crown funding	**779**	**704**	**758**
Current	**23**	**20**	**21**
Non-current	**756**	**684**	**737**

Ultra-Fast Broadband

Chorus receives funding from the Crown to finance construction costs associated with the development of the UFB network. During the period Chorus has recognised funding for 30,461 premises passed; 14,353 UFB1 and 16,108 UFB2 (31 December 2017: UFB1 21,655, UFB2 nil; 30 June 2018: UFB1 112,124, UFB2 1,953) where the premises were passed and tested by CIP at 31 December 2018. This brings the total number of premises passed and tested by CIP at 31 December 2018 to approximately 715,000 (31 December 2017: 594,000; 30 June 2018: 685,000).

Total CIP funding including accruals for UFB build as at 31 December 2018 is $812 million (31 December 2017: $664 million, 30 June 2018: $771 million).

Continued recognition of the full amount of the Crown funding is contingent on certain material performance targets being met by Chorus. The most significant of these material performance targets relate to compliance with certain specifications under user acceptance testing by CIP. Performance targets to date have been met.

Note 6 – Segmental reporting

Chorus has determined that it operates in one segment providing nationwide fixed line access network infrastructure. The determination is based on the reports reviewed by the Chief Executive Officer in assessing performance, allocating resources and making strategic decisions.

Note 7 – Equity

Dividends

On 9 October 2018 a fully imputed final dividend of 13 cents per share, $56 million, was paid to shareholders (31 December 2017: 12.5 cents per share, $51 million; 30 June 2018: 21.5 cents per share, $90 million). There was an issue of 6,433,813 shares under the Dividend Reinvestment plan offered to shareholders.

Net tangible assets per security

Net tangible assets per security for the period 31 December 2018 was $1.79 (31 December 2017: $1.95; 30 June 2018: $1.78).

Long-term performance share scheme

Chorus operates a long-term performance share scheme for selected key management personnel.

In August 2016 Chorus issued one three year grant. The shares have a vesting date of 22 September 2019 and an expiry date of 22 September 2020. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 9.8% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following twelve month period.

In August 2017 Chorus issued one three year grant. The shares have a vesting date of 8 September 2020 and an expiry date of 8 September 2021. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 10.6% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following twelve month period.

In August 2018 Chorus issued one three year grant. The shares have a vesting date of 27 August 2021 and an expiry date of 27 February 2022. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 10.4% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following six month period.

The combined option cost for the period ended 31 December 2018 of $141,000 has been recognised in the income statement (31 December 2017: $158,000; 30 June 2018: $268,000).

Note 8 – Derivative financial instruments

Finance expense includes any unrealised ineffectiveness arising from the Euro Medium Term Notes (EMTN) hedge relationship. Following the close out of the cross currency interest rate swaps and interest rate swaps relating to the EMTN (GBP), the hedge relationship was reset in December 2013 with a fair value of $49 million. The unamortised balance of this original fair value at 31 December 2018 is $6 million (31 December 2017: $12 million; 30 June 2018: $8 million). As long as the hedge remains effective, any future gains or losses will be processed through the hedge reserve; however, the initial fair value will flow to finance expense in the income statement at some time over the life of the derivatives as ineffectiveness. Neither the direction, nor the rate of the impact on the income statement can be predicted. Due to the complex nature of this instrument, practical expedients available in NZ IFRS 9 have been applied for the EMTN (GBP), so the designation remains unchanged. For the six months to 31 December 2018, a debit of $2 million ineffectiveness was recognised within finance expense in the income statement (31 December 2017: $3 million; 30 June 2018: $7 million).

In conjunction with the EMTN (EUR) 500 million issued in October 2016, Chorus entered into cross currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on the EMTN (EUR). These swaps have an aggregate principal of EUR 500 million on the receive leg and NZD 785 million on the pay leg. Using the cross currency interest rate swap, Chorus will pay New Zealand Dollar floating interest rates and receive EUR nominated fixed interest with coupon payments matching the underlying notes. Chorus designated the EMTN and cross currency interest rate swaps into three part-hedging relationships; a fair value hedge of EUR benchmark interest rates, a cash flow hedge of margin and a cash flow hedge of the principal exchange. For the period to 31 December 2018, there were no unrealised losses recognised in finance expense (31 December 2017: nil; 30 June 2018: $2 million credit). The cost of hedging (the fair value of the change in currency basis spread) recognised in the cost of hedging reserve, for the period to 31 December 2018 was $1 million credit (31 December 2017: $1 million debit; 30 June 2018: $3 million credit).

Chorus maintains one interest rate swap that is not designated for accounting purposes in a hedging relationship. The fair value re-measurement of unrealised gains or losses on interest rate swaps that are not held in a hedging relationship are recognised immediately in finance expense in the income statement. For the period to 31 December 2018, $2 million credit was recognised in finance expense (31 December 2017: $1 million; 30 June 2018: $3 million).

Chorus have entered into forward dated interest rate swaps which are all held in effective hedging relationships and their unrealised gains or losses are recognised in the cash flow hedge reserve. Two forward dated interest rate swaps with a combined face value of $500 million were restructured during the period in conjunction with the resettable fixed rate bond issued on 6 December 2018, to hedge interest rate exposure from December 2023. This restructure incurred a one off cost during the period of $2 million, recognised in finance expense.

Note 9 – Related party transactions

The gross remuneration of directors and key management personnel during the period was $8.1 million (31 December 2017: $6.5 million; 30 June 2018: $10.4 million).

The Company has loans to employees and nominees (Chorus LTI Trustee Limited) receivable at 31 December 2018 of $1.5 million (31 December 2017: $1.6 million; 30 June 2018: $1.6 million) relating to Chorus long term performance share scheme outlined in note 7. All loans outstanding are interest-free limited recourse loans.

Note 10 – Post balance date events

Dividends

On 25 February 2019 Chorus declared an interim dividend in respect of the six month period ending 31 December 2018. The total amount of the dividend is $41.4 million, which represents a fully imputed dividend of 9.5 cents per ordinary share.

CIP securities and Crown funding

There was one call notice issued on 18 January 2019 to CIP in respect to 2,955 premises (UFB2) with a total aggregate issue price of $5 million. These premises had been passed and tested by CIP before 31 December 2018 so were accrued for in these financial statements. A further 6,025 premises (UFB1) were passed and tested by CIP by 31 December 2018 for which $7 million was also accrued for in these financial statements.

Independent review report

To the shareholders of Chorus Limited

Report on the condensed consolidated interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Chorus Limited and its subsidiaries ("the Group") on pages 4 to 15 do not:

i. present fairly in all material respects the Group's financial position as at 31 December 2018 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated interim financial statements which comprise:

— the condensed consolidated statement of financial position as at 31 December 2018;

— the condensed consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the 6 month period then ended; and

— notes to the condensed consolidated interim financial statements, and other explanatory information.

Basis for opinion

A review of condensed consolidated interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Group in relation to regulatory audit services, tax compliance services, technical accounting training and other assurance services. These matters have not impaired our independence as reviewer of the Group. The firm has no other relationship with, or interest in, the Group.

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the condensed consolidated interim financial statements

The Directors, on behalf of the Group, are responsible for:

— the preparation and fair presentation of the condensed consolidated interim financial statements inaccordance with NZ IAS 34 Interim Financial Reporting;

— implementing necessary internal control to enable the preparation of condensed consolidated interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of condensed consolidated interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these condensed consolidated interim financial statements.

This description forms part of our Independent Review Report.

KPMG

KPMG
Wellington
25 February 2019

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Chorus Limited	
Reporting Period	6 months to 31 December 2018	
Previous Reporting Period	6 months to 31 December 2017	
	Amount (000s)	**Percentage change**
Revenue from ordinary activities	NZ$489,000	Down 2%
Profit (loss) from ordinary activities after tax attributable to security holder	NZ$30,000	Down 36%
Net profit (loss) attributable to security holders	NZ$30,000	Down 36%
Interim/Final Dividend		
Amount per Quoted Equity Security	NZ$ 0.095000	
Imputed amount per sec Quoted Equity Security	NZ$0.036944	
Record Date	19 March 2019	
Dividend Payment Date	16 April 2019	
	31 December 2018	31 December 2017
Net tangible assets per Quoted Equity Security	NZ$1.79	NZ$1.95
A brief explanation of any of the figures above necessary to enable the figures to be understood	This announcement should be read in conjunction with the attached management commentary and financial statements for the six months ended 31 December 2018, media release and investor presentation.	
Authority for this announcement		
Name of person authorised to make this announcement	David Collins Chief Financial Officer	
Contact phone number	+64 4 8964220	
Contact email address	David.Collins@chorus.co.nz	
Date of release through MAP	25/02/2019	

Unaudited, but reviewed financial statements accompany this announcement. The auditors have issued a clear review report.

NEW ZEALAND'S EXCHANGE

Corporate Action Notice

(for a Distribution)

<table>
<tr><th colspan="5">Section 1: issuer information</th></tr>
<tr><td>Name of issuer</td><td colspan="4">Chorus Limited</td></tr>
<tr><td>Financial product name/description</td><td colspan="4">Ordinary Shares</td></tr>
<tr><td>NZX ticker code</td><td colspan="4">CNU</td></tr>
<tr><td>ISIN (If unknown, check on NZX website)</td><td colspan="4">NZCNUE0001S2</td></tr>
<tr><td rowspan="3">Type of distribution
(Please mark with an X in the relevant box/es)</td><td>~~Full Year~~</td><td></td><td>~~Quarterly~~</td><td></td></tr>
<tr><td>Half Year</td><td>X</td><td>~~Special~~</td><td></td></tr>
<tr><td>DRP applies</td><td colspan="3">X</td></tr>
<tr><td>Record date</td><td colspan="4">Close of trading on: 19/03/2019</td></tr>
<tr><td>Ex-Date (one business day before the Record Date)</td><td colspan="4">18/03/2019</td></tr>
<tr><td>Payment date (and allotment date for DRP)</td><td colspan="4">16/04/2019</td></tr>
<tr><td>Total monies associated with the distribution</td><td colspan="4">$41,427,126</td></tr>
<tr><td>Source of distribution (for example, retained earnings)</td><td colspan="4">Retained earnings</td></tr>
<tr><th colspan="5">Section 2: distribution amounts</th></tr>
<tr><td>Total amount</td><td colspan="4">$0.131944</td></tr>
<tr><td>Cash per financial product</td><td colspan="4">$0.095000</td></tr>
<tr><td>Supplementary distribution</td><td colspan="4">$0.016765</td></tr>
<tr><th colspan="5">Section 3:</th></tr>
<tr><td rowspan="3">Is the distribution imputed</td><td colspan="4">Fully imputed</td></tr>
<tr><td colspan="4">~~Partial imputation~~</td></tr>
<tr><td colspan="4">~~No imputation~~</td></tr>
<tr><td>If fully or partially imputed, please state imputation rate as % applied</td><td colspan="4">100%</td></tr>
<tr><td>Imputation tax credits per financial product</td><td colspan="4">$0.036944</td></tr>
</table>

Resident withhold tax amount per financial product[1]	$0.006597	
Section 4: distribution re-investment plan (if applicable)		
DRP % discount (if any)	3%	
Start date and end date for determining market price for DRP	18/03/2019	22/03/2019
Date strike price to be announced *(if not available at this time)*	26/03/2019	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New issue	
DRP strike price per financial product	unknown	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	5pm (NZ time) 20/03/2019	
Section 5: authority for this announcement		
Name of person authorised to make this announcement	David Collins Chief Financial Officer	
Contact phone number	+64 4 896 4220	
Contact email address	David.Collins@chorus.co.nz	
Date of release via MAP	25/02/2019	