



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

Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

20 November 2019

Notification of issue of CIP securities

Chorus Limited has issued further Crown Infrastructure Partners (CIP) securities as per 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 | CIP1 Equity Securities (unquoted), CIP1 Debt Securities (unquoted), CIP1 Warrants (unquoted) & CIP2 Equity Securities (unquoted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,676,492 CIP1 Equity Securities (unquoted)
2,676,492 CIP1 Debt Securities (unquoted)
82,370 CIP1 Warrants (unquoted)
5,360,146 CIP2 Equity Securities (unquoted) |

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)

The CIP1 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.

The CIP1 Debt Securities are unsecured, non interest bearing and carry no voting rights at meetings of holders of ordinary Chorus shares.

The CIP1 Warrants are an option to acquire ordinary shares in Chorus on a specified exercise date at a set strike price.

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.

The terms of the issue for the CIP1 Equity Securities, CIP1 Debt Securities and the CIP1 Warrants are as set out in the subscription agreement between Chorus and Crown Infrastructure Partners Limited (CIP) dated 9 November 2011 as amended by agreements between Chorus and CIP dated 18 September 2016 and 26 January 2017 (**UFB1 Subscription Agreement**). Further details are set out in the summary of CIP1 Securities which is available at <https://company.chorus.co.nz/reports>.

The terms of the issue for the CIP2 Equity Securities are as set out in the subscription agreement between Chorus and 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 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>CIP1 Equity Securities No.</p> <p>On a liquidation or winding up of Chorus, holders of CIP1 Equity Securities will have the right to repayment of the issue price ranking behind creditors of Chorus but ahead of the ordinary Chorus shares. The CIP1 Equity Securities will otherwise carry no right to share in the surplus assets of Chorus on winding up or liquidation.</p> <p>CIP1 Debt Securities No.</p> <p>The principal amount of each CIP1 Debt Security will consist of a senior portion, equal to the present value of the sum repayable on the CIP1 Debt Security, and a subordinated portion equal to the remainder of the face value. The senior portion will rank equally with all other unsecured, unsubordinated creditors of Chorus. The subordinated portion will rank below all other indebtedness of Chorus. On winding up, dissolution or liquidation of Chorus, no payment shall be made to holders of CIP1 Debt Securities in respect of the subordinated portion until all other indebtedness of Chorus is repaid in full.</p> <p>CIP1 Warrants N/a</p> <p>CIP2 Equity Securities 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>
<p>5 Issue price or consideration</p>	<p>\$NZ1.00 per CIP1 Equity Security \$NZ1.00 per CIP1 Debt Security Nil per CIP1 Warrant \$NZ1.00 per CIP2 Equity Security</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Call notices issued by Chorus to CIP on 15 November 2019 pursuant to the terms of the UFB1 Subscription Agreement and UFB2 Subscription Agreement.</p> <p>The funds are to be used by Chorus in the construction of the Ultra-Fast Broadband network in New Zealand.</p>

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 in relation to the +securities the subject of this Appendix 3B, 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
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/a
6f	Number of +securities issued under an exception in rule 7.2	N/a
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/a
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/a
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/a

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

19 November 2019 for each of the CIP1 Equity Securities, CIP1 Debt Securities, CIP1 Warrants and CIP2 Equity Securities

8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
443,709,223	Fully paid ordinary shares
500,000,000	Euro Medium Term Notes

9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)

Number:	+Class
446,788,576	CIP1 Equity Securities (unquoted)
446,788,576	CIP1 Debt Securities (unquoted)
13,537,968	CIP1 Warrants (unquoted)
98,746,276	CIP2 Equity Securities (unquoted)

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

CIP1 Equity Securities

To the extent they have not been redeemed, dividends will become payable on an increasing proportion of the CIP1 Equity Securities from 2025 onwards. The dividend rate on the CIP1 Equity Securities will be equal to a reference rate plus a margin of 6% per annum.

Chorus is not obliged to declare any dividend on CIP1 Equity Securities in respect of any period, but if it does not make a scheduled dividend on the CIP1 Equity Securities it may not make any distribution on ordinary shares until a subsequent dividend on the CIP1 Equity Securities is paid in full. The dividends payable on the CIP1 Equity Securities are non-cumulative.

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 CIP1 Equity Securities.

Further details of the dividends for the CIP1 Equity Securities are set out in the summary of CIP1 Securities which is available at <https://company.chorus.co.nz/reports>.

CIP1 Debt Securities

N/a

CIP1 Warrants

N/a

CIP2 Equity Securities

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.

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.

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.

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>.

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

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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)

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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: 19 November 2019
(~~Director~~/Company Secretary)

Print name: Elaine Campbell

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+ See chapter 19 for defined terms.

Section 1: Issuer information	
Name of issuer	Chorus Limited
NZX ticker code	CNU
Class of financial product	CIP1 Equity Securities (unquoted) CIP1 Warrants (unquoted) CIP2 Equity Securities (unquoted)
ISIN	N/a
Currency	NZD
Section 2: Capital change details	
Number issued/acquired/redeemed	2,676,492 CIP1 Equity Securities (unquoted). 82,370 CIP1 Warrants (unquoted). 5,360,146 CIP2 Equity Securities (unquoted)
Nominal value (if any)	N/a.
Issue/acquisition/redemption price per security	NZ\$1.000000 per CIP1 Equity Security. Nil per CIP1 Warrant. NZ\$1.000000 per CIP2 Equity Security.
Nature of the payment (for example, cash or other consideration)	Cash for CIP1 Equity Securities. Cash for CIP2 Equity Securities.
Amount paid up (if not in full)	N/a.
Percentage of total class of Financial Products issued/acquired/redeemed/ (calculated on the number of Financial Products of the Class, excluding any Treasury Stock, in existence)	0.60% CIP1 Equity Securities. 0.61% CIP1 Warrants. 5.74% CIP2 Equity Securities.
For an issue of Convertible Financial Products or Options, the principal terms of Conversion (for example the Conversion price and Conversion date and the ranking of the Financial Product in relation to other Classes of Financial Product) or the Option (for example, the exercise price and exercise date)	<p>CIP1 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 CIP1 Equity Securities from 2025 onwards, with the portion of CIP1 Equity Securities that attract dividends increasing over time.</p> <p>Chorus may redeem CIP1 Equity Securities at any time:</p> <ul style="list-style-type: none"> • by cash payment of the total issue price of CIP1 Equity Securities to be redeemed; or • by the issue of ordinary Chorus shares of a value equal to the total issue price of the CIP1 Equity Securities to be redeemed (with those

ordinary Chorus shares valued at a 5% discount to the 20-day VWAP for Chorus shares traded in ordinary trading on NZX).

In the event that the Network Infrastructure Project Agreement dated 24 May 2011 (**NIPA1**) between Chorus and Crown Infrastructure Partners Limited (**CIP**) is terminated, either for a material breach by Chorus or for a challenge by Chorus to the enforceability of liquidated damages, service default payments or material breach liquidated damages under NIPA1, or in the event that the Chorus Board resolves to pay a dividend on the CIP1 Equity Securities but that dividend is not paid, a holder of CIP1 Equity Securities can elect to:

- continue to hold the CIP1 Equity Securities;
- exchange the CIP1 Equity Securities for voting preference shares; or
- exchange the CIP1 Equity Securities for ordinary Chorus shares of a value equal to the lesser of the "fair value" and the issue price of the CIP1 Equity Securities (with those ordinary Chorus shares valued at a 5% discount to the 20-day VWAP for ordinary Chorus shares traded in ordinary trading on NZX).

CIP1 Warrants are an option to acquire ordinary Chorus shares on a specified exercise date at a set strike price.

CIP1 Warrants are issued for no consideration with each tranche of CIP1 Equity Securities.

Each CIP1 Warrant gives the holder the right, on a specified exercise date, to purchase an ordinary Chorus share at a set strike price. The strike price is based on a total shareholder return of 16% per annum on ordinary Chorus shares over the relevant period. Therefore, a holder of a CIP1 Warrant is only likely to exercise the CIP1 Warrant if total shareholder return on ordinary Chorus shares has exceeded 16% per annum over that period.

The exercise dates correspond to the repayment dates for the CIP1 Debt Securities and the dates on which dividends become payable on an increased proportion of CIP1 Equity Securities, and will therefore be between 2025 and 2036.

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 CIP2 Equity Securities that attract dividends increasing over time.

Chorus may redeem CIP2 Equity Securities at any time:

- by cash payment of the total issue price of CIP2 Equity Securities to be redeemed; or
- by the issue of ordinary Chorus shares of a value equal to the total issue price of the CIP2 Equity Securities to be redeemed (with those ordinary Chorus shares valued at a 5% discount to the 20-day VWAP for Chorus shares traded in ordinary trading on NZX).

In the event that the Network Infrastructure Project Agreement dated 26 January 2017 (**NIPA2**) between Chorus and CIP is terminated, either for a material breach by Chorus, a serious health and safety event, or for a challenge by Chorus to the enforceability of liquidated damages, service default payments or material breach liquidated damages under NIPA2, or in the event that the Chorus Board resolves to pay a dividend on the CIP2 Equity Securities but that dividend is not paid, a holder of CIP2 Equity Securities can elect to:

- continue to hold the CIP2 Equity Securities;
- exchange the CIP2 Equity Securities for voting preference shares; or
- exchange the CIP2 Equity Securities for ordinary Chorus shares of a value equal to the lesser of the “fair value” and the issue price of the CIP2 Equity Securities (with those ordinary Chorus shares valued at a 5% discount to the 20-day VWAP for ordinary Chorus shares traded in ordinary trading on NZX).

CIP or a Crown Entity (who has executed the applicable accession documentation) can also elect one of the options above in relation to the CIP2 Equity Securities it holds if a prescribed insolvency event occurs in relation to Chorus.

Further information regarding the terms of the CIP1 Equity Securities and the CIP1 Warrants is set out in the summary of CIP1 Securities which is available at <https://company.chorus.co.nz/reports>.

	<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>
<p>Reason for issue/acquisition/redemption and specific authority for issue/acquisition/redemption/ (the reason for change must be identified here)</p>	<p>The funds are to be used by Chorus in the construction of the Ultra-Fast Broadband network in New Zealand.</p> <p>The CIP1 Equity Securities and CIP1 Warrants have been issued pursuant to:</p> <ul style="list-style-type: none"> the terms of the subscription agreement between Chorus and CIP dated 9 November 2011, as amended by agreements between Chorus and CIP dated 18 September 2016 and 26 January 2017 (UFB1 Subscription Agreement); a call notice issued by Chorus to CIP on 15 November 2019 pursuant to the terms of the UFB1 Subscription Agreement; and a Chorus Board resolution passed on 3 April 2012. <p>The CIP2 Equity Securities have been issued pursuant to:</p> <ul style="list-style-type: none"> the terms of the subscription agreement between Chorus and CIP dated 26 January 2017 and amended 30 August 2017 (UFB2 Subscription Agreement); a call notice issued by Chorus to CIP on 15 November 2019 pursuant to the terms of the UFB2 Subscription Agreement; and a Chorus Board resolution passed on 24 August 2018.
<p>Total number of Financial Products of the Class after the issue/ acquisition/ redemption/ Conversion (excluding Treasury Stock) and the total number of Financial Products of the Class held as Treasury Stock after the issue/acquisition/redemption.</p>	<p>446,788,576 CIP1 Equity Securities (unquoted) 13,537,968 CIP1 Warrants (unquoted) 98,746,276 CIP2 Equity Securities (unquoted).</p> <p>No CIP1 Equity Securities, CIP1 Warrants or CIP2 Equity Securities are held as treasury stock.</p>
<p>In the case of an acquisition of shares, whether those shares are to be held as treasury stock</p>	<p>N/a.</p>
<p>Specific authority for the issue, acquisition, or redemption, including a reference to the rule pursuant to which the issue, acquisition, or redemption is made</p>	<p>For the CIP1 Equity Securities and CIP1 Warrants, Board resolution passed on 3 April 2012.</p> <p>For the CIP2 Equity Securities, Board resolution passed on 24 August 2018.</p>

	<p>The CIP1 Equity Securities and CIP1 Warrants have been issued under listing rule 4.2 pursuant to a waiver dated 30 November 2011.</p> <p>The CIP2 Equity Securities have been issued under listing rule 4.5.</p>
Terms or details of the issue, acquisition, or redemption (for example: restrictions, escrow arrangements)	<p>The terms of issue of the CIP1 Equity Securities and CIP1 Warrants are as set out in the UFB1 Subscription Agreement. Further information regarding the terms of the CIP1 Equity Securities is set out in the summary of CIP1 Securities which is available at https://company.chorus.co.nz/reports.</p> <p>The terms of issue of the CIP2 Equity Securities 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.</p>
Date of issue/acquisition/redemption	19 November 2019
Section 3: Authority for this announcement and contact person	
Name of person authorised to make this announcement	Elaine Campbell General Counsel & Company Secretary
Contact person for this announcement	Brett Jackson Investor Relations Manager
Contact phone number	+64 4 896 4039 +64 27 488 7808
Contact email address	Brett.Jackson@chorus.co.nz
Date of release through MAP	20 November 2019