

**STOCK EXCHANGE ANNOUNCEMENT****19 August 2021****Commerce Commission releases draft RAB decision for Chorus' fibre business**

The Commerce Commission has released a draft decision proposing an initial regulated asset base (RAB) of \$5.427 billion for Chorus' regulated fibre business from January 2022. The Commission's draft RAB is made up of core fibre assets of \$3.98 billion and a financial loss asset of \$1.446 billion.

In March, Chorus proposed a conservative starting RAB of \$5.5 billion based on extensive modelling work by international experts Analysys Mason. The Commission used this RAB value to inform its draft Price-Quality decision on 27 May that referenced an annual revenue range of \$689 million to \$786 million, including pass-through costs, for the 2022 to 2024 regulatory period.

The Commission has noted in its draft RAB decision today that "If all other aspects of our draft PQ decision remained unchanged, our indicative estimate of the combined impact of these decisions would lead to a 2%-2.5% reduction in allowable revenue over the PQP1 period. This figure also includes the impact of updated WACC values applied in the pre-implementation period."

Chorus made submissions on the draft Price-Quality decision in July, with strong evidence to support changes to the Commission's proposed reductions in allowable operating and capital expenditure.

Chorus CEO JB Rousselot said Chorus will be analysing the detail of today's announcement and will make submissions based on its extensive modelling work.

"We welcome this step towards greater certainty for Chorus and our investors. Our aim is to ensure the final RAB reflects the full costs of structural separation required by the public-private partnership with the Government. We've used a lot of our existing infrastructure and spent billions more to rollout the fibre network over the last decade. It's critical that the true value of our participation in this partnership is recognised so we can keep investing in developing the capability and reliability of fibre broadband for New Zealand." he said.

The Commission is expected to give its next decision on the RAB in December.

Chorus will report its FY21 results on Monday 23 August.

Authorised by:

David Collins  
Chief Financial Officer

**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](mailto:Brett.Jackson@chorus.co.nz)

Steve Pettigrew  
Head of External Communications  
Mobile +64 (27) 258 6257  
Email: [Steve.Pettigrew@chorus.co.nz](mailto:Steve.Pettigrew@chorus.co.nz)