

Section 1: Issuer information	
Name of issuer	Chorus Limited
NZX ticker code	CNU
Class of financial product	CIP1 Equity Securities (unquoted) & CIP1 Warrants (unquoted)
ISIN	N/a
Currency	NZD
Section 2: Capital change details	
Number issued/acquired/redeemed	3,857,659 CIP1 Equity Securities (unquoted). 118,721 CIP1 Warrants (unquoted).
Nominal value (if any)	N/a.
Issue/acquisition/redemption price per security	NZ\$1.000000 per CIP1 Equity Security. Nil per CIP1 Warrant.
Nature of the payment (for example, cash or other consideration)	Cash for CIP1 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)	0.84% CIP1 Equity Securities 0.85% CIP1 Warrants
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.

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>.

Reason for issue/acquisition/redemption and specific authority for issue/acquisition/redemption/ (the reason for change must be identified here)	<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 16 January 2020 pursuant to the terms of the UFB1 Subscription Agreement; and a Chorus Board resolution passed on 3 April 2012.
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>458,174,288 CIP1 Equity Securities (unquoted) 13,888,369 CIP1 Warrants (unquoted)</p> <p>No CIP1 Equity Securities or CIP1 Warrants are held as treasury stock.</p>
In the case of an acquisition of shares, whether those shares are to be held as treasury stock	N/a.
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>Board resolution passed on 3 April 2012.</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>
Terms or details of the issue, acquisition, or redemption (for example: restrictions, escrow arrangements)	<p>The terms of issue 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>
Date of issue/acquisition/redemption	20 January 2020
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	21 January 2020
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