

C H ● R U S

Product Disclosure Statement

OFFER OF

31 year unsecured, subordinated, redeemable, cumulative, interest-bearing capital notes

ISSUED BY

Chorus Limited

DATE

9 May 2025

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz.

Chorus Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

JOINT LEAD MANAGERS



FORSYTH BARR

1. Key information summary

What is this?

This is an offer (**Offer**) of unsecured, subordinated, redeemable, cumulative, interest-bearing capital notes (**Capital Notes**). The Capital Notes are debt securities issued by Chorus Limited (**Chorus**). You give Chorus money, and in return Chorus promises to pay you interest and repay the money at the end of the term. If Chorus runs into financial trouble, you might lose some or all of the money you invested.

About the Chorus Group

Chorus and the companies it owns make up the Chorus Group. Chorus is New Zealand's largest fixed line telecommunications network operator providing wholesale telecommunications services to broadband retailers. The Chorus Group's fibre network offers individuals, communities, and businesses access to high-speed, reliable, and world-class fibre broadband. Chorus is listed on the NZX Main Board and ASX and, as at the date of this PDS, has a market capitalisation of approximately \$3.6 billion.

Purpose of this Offer

The proceeds of this Offer are expected to finance the repayment and redemption of Crown Funding Securities due 30 June 2025. See also section 4 of this PDS (*Purpose of the Offer*).

Key terms of the Offer

Issuer	Chorus Limited.
Description of the Capital Notes	Unsecured, subordinated, redeemable, cumulative, interest-bearing debt securities.
Term	31 years, maturing on the Maturity Date (3 June 2056) if not redeemed before that date.
Offer amount	Up to \$170 million.
Interest Rate	<p>The Interest Rate will be fixed for an initial period of six years, after which it will be reset on each Reset Date (if the Capital Notes are not redeemed prior).</p> <p>The Interest Rate from the Issue Date until the First Reset Date (3 June 2031) will be the greater of:</p> <ul style="list-style-type: none"> the sum of the 6 Year Benchmark Rate on the Rate Set Date (22 May 2025) plus the Initial Margin; and the Minimum Initial Interest Rate. <p>The initial Interest Rate and the Initial Margin will be determined by Chorus in conjunction with the Joint Lead Managers following the Bookbuild and will be announced by Chorus via NZX on or about the Rate Set Date.</p> <p>If not redeemed prior, the Interest Rate to apply from the First Reset Date, and each subsequent Reset Date up to but excluding the next Reset Date will be the sum of the 5 Year Benchmark Rate on the relevant Reset Date plus the Applicable Margin.</p> <p>The Applicable Margin means:</p> <ul style="list-style-type: none"> from (and including) the First Reset Date to (but excluding) the First Step-up Date (3 June 2036), the Initial Margin; from (and including) the First Step-up Date to (but excluding) the Second Step-up Date (3 June 2051), the Initial Margin plus 0.25% per annum; and from (and including) the Second Step-up Date, the Initial Margin plus 1.00% per annum. <p>If not redeemed prior, when the Interest Rate is reset on a Reset Date, the new Interest Rate will be announced by Chorus via NZX on or about the relevant Reset Date.</p> <p>See section 2 (<i>Key dates and Offer process</i>) and section 3 (<i>Terms of the Offer</i>) of this PDS for more information.</p>
Interest payments	Quarterly in arrear on 3 March, 3 June, 3 September and 3 December (or if that scheduled day is not a Business Day, the next Business Day) until and including the Maturity Date (unless redeemed earlier), with the First Interest Payment Date being 3 September 2025, subject to Chorus' right to defer the payment of interest as described below under 'Discretionary deferral of interest'.
Reset Dates	The date that is six years after the Issue Date (3 June 2031) and every five years thereafter.
First Step-up Date	3 June 2036 (11 years after the Issue Date) unless redeemed earlier.
Second Step-up Date	3 June 2051 (26 years after the Issue Date) unless redeemed earlier.

Discretionary deferral of interest	Chorus may, in its absolute discretion, defer payment of interest for up to five years. See section 3 of this PDS (<i>Terms of the Offer</i>) for more information.
Further payments, fees or charges	Taxes may be deducted from interest payments on the Capital Notes. See section 7 of this PDS (<i>Tax</i>) for further details. You are not required to pay brokerage or any other fees or charges to Chorus to purchase the Capital Notes. However, you may have to pay brokerage to the firm from whom you receive an allocation of Capital Notes. Please contact your broker for further information on any brokerage fees.
Selling restrictions	The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 3 of this PDS (<i>Terms of the Offer</i>).
Opening Date	Monday, 19 May 2025.
Closing Date	Thursday, 22 May 2025 at 11.00am.
Issue Date	Tuesday, 3 June 2025.
Minimum application amount	\$5,000 and multiples of \$1,000 thereafter.

No guarantee

Chorus is the issuer and the sole obligor in respect of the Capital Notes. No other person guarantees the Capital Notes.

How you can get your money out early

Early redemption by Chorus

The Capital Notes have a term of 31 years. However, the Capital Notes may be redeemed prior to the Maturity Date in certain circumstances. Chorus may elect to redeem some or all of your Capital Notes:

- (i) on any Reset Date;
- (ii) on any date falling in the period of three months prior to the First Reset Date;
- (iii) on any Interest Payment Date after a Reset Date; or
- (iv) at any time if a Tax Event or Rating Agency Event occurs.

Chorus may also elect to redeem all (but not some only) of your Capital Notes at any time if there are less than 100 million Capital Notes on issue.

The Supervisor may elect (and must elect if directed by a Noteholder Extraordinary Resolution) to demand repayment of all of your Capital Notes early if an Event of Default occurs which is continuing.

If not redeemed prior, Chorus will redeem all of your Capital Notes on the Maturity Date.

See section 3 of this PDS (*Terms of the Offer*) for more information.

Sale of Capital Notes

Chorus intends to quote these Capital Notes on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Capital Notes, the price you get will vary depending on factors such as the financial condition of Chorus and movements in the market interest rates. You may receive less than the full amount that you paid for them.

How Capital Notes rank for repayment

The Capital Notes are referred to as subordinated notes because they are subordinated to all other indebtedness of Chorus, other than indebtedness expressed to rank equally with, or subordinate to the Capital Notes.

On a liquidation of Chorus as Issuer, the Capital Notes will rank:

- behind liabilities which are preferred by law, guaranteed liabilities, other borrowings secured over assets of Chorus and other unsubordinated liabilities;
- equally with (and will be repaid at the same time and pro rata with) other Noteholders and with all other unsecured and subordinated financial indebtedness of Chorus (for example, any other notes ranking equally with the Capital Notes that may be issued by Chorus in the future); and
- ahead of claims of holders of ordinary shares in Chorus and holders of securities and other financial products and financial indebtedness that rank after the Capital Notes.

Further information on the ranking of the Capital Notes on the liquidation of Chorus can be found in section 5 of this PDS (*Key features of the Capital Notes*).

No security

The Capital Notes are not secured against any of Chorus' assets.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Chorus does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Capital Notes should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

Chorus considers that the most significant risk factors are:

- **Risks relating to ongoing market competition together with sustained downside economic pressures on both businesses and end-customers** – Chorus faces the dual risks of market competition and economic factors such as inflation, cost-of-living, interest rates, employment rates and immigration affecting the demand for Chorus' services.
- **Risks relating to regulation** – material changes to market regulation by the Government or regulators (such as the New Zealand Commerce Commission (**Commission**)) could have a material impact on Chorus' financial performance and affect its ability to deliver on Chorus' strategic priorities, such as retiring copper to become an all fibre business.

This summary does not cover all of the risks of investing in the Capital Notes. You should also read section 6 of this PDS (*Risks of investing*) and section 5 of this PDS (*Key features of the Capital Notes*).

What is Chorus' credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

Chorus has been rated by S&P Global Ratings (**S&P**) and Moody's Investors Service, Inc (**Moody's**).

S&P gives ratings from AAA through to C. S&P's ratings may be modified with a (+) or (-) sign to show relative standing within a rating category.

Moody's gives ratings from Aaa to Ca. Moody's ratings may be modified with a number, 1 to 3, indicating whether the obligation ranks at the higher end (1), mid-range (2), or lower end (3) of a rating category. As at the date of this PDS, Chorus has been assigned a long-term issuer credit rating of:

- BBB with a stable outlook by S&P; and
- Baa2 with a stable outlook by Moody's.

The Capital Notes are to be rated by S&P and Moody's. Chorus expects the initial issue credit rating from each Rating Agency to be lower than the respective issuer credit rating due to the subordination and other features of the Capital Notes described in the PDS. In particular, Chorus expects the initial issue credit rating assigned to the Capital Notes by S&P will be BB+. This is two notches below Chorus' S&P issuer credit rating. One notch is deducted for the Capital Notes being subordinated and a second notch is deducted because of the potential for interest payments to be deferred. Chorus expects the initial issue credit rating assigned to the Capital Notes by Moody's will be Baa3. This is one notch below Chorus' Moody's issuer credit rating.

S&P

				CHORUS' CREDIT RATING BBB (STABLE)	EXPECTED CAPITAL NOTE ISSUE CREDIT RATING BB+			
RATING	AAA	AA	A	BBB	BB	B	CCC	CC TO C
Summary description (capacity of issuer to meet its financial obligations)	EXTREMELY STRONG	VERY STRONG	STRONG	ADEQUATE	LESS VULNERABLE	MORE VULNERABLE	CURRENTLY VULNERABLE	CURRENTLY HIGHLY VULNERABLE
Approximate probability of default over 5 years*	1 in 600	1 in 300	1 in 150	1 in 30	1 in 10	1 in 5	1 in 2	

Moody's

				CHORUS' CREDIT RATING Baa2 (STABLE)	EXPECTED CAPITAL NOTE ISSUE CREDIT RATING Baa3				
RATING	Aaa	Aa	A	Baa	Baa	Ba	B	Caa	Ca
Summary description (credit risk)	MINIMAL	VERY LOW	LOW	MODERATE	MODERATE	SUBSTANTIAL	HIGH	VERY HIGH	LIKELY IN, OR VERY NEAR, DEFAULT
Approximate probability of default over 5 years*	1 in 600	1 in 300	1 in 150	1 in 30	1 in 30	1 in 10	1 in 5	1 in 2	

* The approximate, median likelihood that an investor will not receive repayment on a five-year investment on time and in full based upon historical default rates published by S&P and Moody's (source: Reserve Bank of New Zealand publication "Explaining Credit Ratings", dated November 2008).

Where you can find other market information about Chorus

This is a short form offer document that Chorus is permitted to use because these Capital Notes rank in priority to existing quoted financial products of Chorus. The existing quoted financial products are ordinary shares in Chorus, which are traded on the NZX Main Board.

Chorus is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Chorus' page on the NZX website, which includes information made available under the disclosure obligation referred to above, can be found at www.nzx.com/companies/CNU.

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2. Key dates and Offer process

Opening Date	Monday, 19 May 2025
Announcement of Minimum Initial Interest Rate and indicative Initial Margin range	Monday, 19 May 2025
Closing Date	Thursday, 22 May 2025 at 11.00am
Rate Set Date	Thursday, 22 May 2025
Issue Date and allotment date	Tuesday, 3 June 2025
Expected date of initial quotation and trading of the Capital Notes on the NZX Debt Market	Wednesday, 4 June 2025
Interest Payment Dates	3 March, 3 June, 3 September and 3 December in each year*
First Interest Payment Date	3 September 2025
First Reset Date	3 June 2031
First Step-up Date	3 June 2036
Second Step-up Date	3 June 2051
Expected date of equity content falling to 0%	3 June 2031 for S&P 3 June 2046 for Moody's
Maturity Date	3 June 2056 **

* If any Interest Payment Date is not a Business Day, payment will be made on the next Business Day. Interest payments may be deferred at Chorus' discretion, as described in this PDS.

** Unless redeemed before the Maturity Date as described in this PDS.

The timetable is indicative only and subject to change. Chorus may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, the Rate Set Date, Issue Date, expected date of initial quotation and trading of the Capital Notes on the NZX Debt Market, Interest Payment Dates, Reset Dates and Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Chorus reserves the right to cancel the Offer and the issue of the Capital Notes, in which case any application monies received will be refunded (without interest) as soon as practicable.

3. Terms of the Offer

Issuer	Chorus Limited.
Description of the Capital Notes	Unsecured, subordinated, redeemable, cumulative, interest-bearing debt securities.
Term	31 years, maturing on 3 June 2056.
Offer amount	Up to \$170 million. The final Offer amount will be determined by Chorus in conjunction with the Joint Lead Managers and announced via NZX on or about the Rate Set Date.
Issue price and Principal Amount	\$1.00 per Capital Note, being the Principal Amount of each Capital Note.
Who may apply under the Offer	All of the Capital Notes offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in the Bookbuild. There will be no public pool for the Capital Notes.
Equity content	S&P is expected to assign "intermediate" equity content to the Capital Notes. Where such equity content is assigned, S&P will consider that the Capital Notes comprise 50% equity when calculating its financial ratios for Chorus. The equity content is expected to fall to minimal (0%) from 3 June 2031. Moody's is expected to assign Basket 'M' equity treatment. Where such equity treatment is assigned, Moody's will consider that the Capital Notes comprise 50% equity when calculating its financial ratios for Chorus. The equity content is expected to fall to 0% from 3 June 2046.
Interest Rate	The Interest Rate will be fixed for an initial period of six years, after which it will be reset on each Reset Date (if not redeemed prior). The Interest Rate from the Issue Date until the First Reset Date (3 June 2031) will be the greater of: <ul style="list-style-type: none"> the sum of the 6 Year Benchmark Rate on the Rate Set Date (22 May 2025) plus the Initial Margin; and the Minimum Initial Interest Rate. The initial Interest Rate and the Initial Margin will be determined by Chorus in conjunction with the Joint Lead Managers following the Bookbuild and will be announced by Chorus via NZX on or about the Rate Set Date. If not redeemed prior, the Interest Rate to apply from the First Reset Date, and each subsequent Reset Date up to (but excluding) the next Reset Date will be the sum of the 5 Year Benchmark Rate on the Reset Date plus the Applicable Margin. The Applicable Margin means: <ul style="list-style-type: none"> from (and including) the First Reset Date to (but excluding) the First Step-up Date (3 June 2036), the Initial Margin; from (and including) the First Step-up Date to (but excluding) the Second Step-up Date (3 June 2051), the Initial Margin plus 0.25% per annum; and from (and including) the Second Step-up Date, the Initial Margin plus 1.00% per annum. If not redeemed prior, when the Interest Rate is reset on a Reset Date, the new Interest Rate will be announced by Chorus via NZX on or about the relevant Reset Date.
Indicative Initial Margin range and Minimum Initial Interest Rate	The indicative Initial Margin range and Minimum Initial Interest Rate will be determined by Chorus in conjunction with the Joint Lead Managers and announced via NZX on or about the Opening Date (19 May 2025).
Initial Margin	The Initial Margin will be determined by Chorus in conjunction with the Joint Lead Managers following the Bookbuild on the Rate Set Date and will be announced by Chorus via NZX on or about the Rate Set Date.
Interest Payment Dates	Quarterly in arrear on 3 March, 3 June, 3 September and 3 December (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date (unless redeemed earlier), subject to Chorus' right to defer payment of interest as described under 'Discretionary deferral of interest' below. The First Interest Payment Date is 3 September 2025.

Interest payments and entitlement	<p>Regular scheduled payments of interest will be of equal quarterly amounts. Any other payment of interest on the Capital Notes which will be calculated based on the number of days in the relevant period and a 365-day year, and shall accrue in respect of the period from (and including) the previous Interest Payment Date until (but excluding) the date for payment of that interest.</p> <p>Interest will be payable on an Interest Payment Date and (if the date on which redemption is to occur is not an Interest Payment Date) the date in respect of which any Capital Notes are to be redeemed, to the person registered as the Noteholder as at the relevant Record Date.</p> <p>The Record Date for interest payments is 5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day). If the Record Date falls on a day which is not a Business Day, the Record Date will be the immediately preceding Business Day.</p>
Discretionary deferral of interest	<p>Chorus may, in its absolute discretion, defer payment of interest for up to five years by notifying Noteholders. Where an interest payment has not been paid on a scheduled Interest Payment Date, notice of the deferral shall be deemed to have been given. A failure to pay interest that has been deferred is not an Event of Default.</p> <p>If an interest payment is not made, the interest payable will accrue interest at the Interest Rate on the Capital Notes until the Interest Payment Date on which the Unpaid Interest is paid.</p> <p>Chorus' right to defer interest does not apply to interest that is due to be paid on the Maturity Date or on any other date on which Chorus has elected to redeem Capital Notes.</p>
Distribution Stopper	<p>The Distribution Stopper will apply if and for so long as any Unpaid Interest is outstanding.</p> <p>The Distribution Stopper prevents Chorus from:</p> <ul style="list-style-type: none"> • being able to pay any dividends, distributions or payments of interest on any shares or securities ranking in liquidation pari passu with or after the Capital Notes; or • being able to acquire, redeem or repay any share or other security ranking in liquidation pari passu with or after the Capital Notes (or provide financial assistance for the acquisition of such shares or securities), in each case, without obtaining a Noteholder Extraordinary Resolution (together, the Restrictions on Deferral).
Minimum application amount	\$5,000 and multiples of \$1,000 thereafter.
How to apply	<p>Application instructions are set out in section 11 of this PDS (<i>How to apply</i>).</p> <p>Chorus reserves the right to refuse all or any part of any application for Capital Notes under the Offer without giving a reason.</p>
No underwriting	The Offer is not underwritten.
Quotation	<p>Application has been made to NZX for permission to quote the Capital Notes on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Capital Notes have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>NZX ticker code CNU050 has been reserved for the Capital Notes.</p>
Transfer restrictions	Chorus may decline to accept or register a transfer of the Capital Notes if the transfer would result in the transferor or the transferee holding or continuing to hold Capital Notes with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.

Ranking	<p>The Capital Notes are referred to as subordinated notes because they are subordinated to all other indebtedness of Chorus, other than indebtedness expressed to rank equally with, or subordinate to the Capital Notes.</p> <p>On a liquidation of Chorus as Issuer, the Capital Notes will rank:</p> <ul style="list-style-type: none"> • behind liabilities which are preferred by law, guaranteed liabilities, other borrowings secured over assets and other unsubordinated liabilities; • equally with (and will be repaid at the same time and pro rata with) other Noteholders and with all other unsecured and subordinated financial indebtedness of Chorus (for example, any other notes ranking equally with the Capital Notes that may be issued by Chorus in the future); and • ahead of claims of shareholders of Chorus and holders of securities and other financial products and financial indebtedness that rank after the Capital Notes. <p>Further important information on the ranking of the Capital Notes on the liquidation of Chorus and its subsidiaries can be found in section 5 of this PDS (<i>Key features of the Capital Notes</i>).</p>
No guarantee	<p>The Capital Notes are unsecured, and Chorus is the issuer and sole obligor. No other person guarantees the Capital Notes.</p>
Optional early redemption by Chorus	<p>The Capital Notes have a term of 31 years. However, the Capital Notes may be redeemed prior to the Maturity Date in the circumstances listed below.</p> <p>Chorus may, by giving Noteholders prior written notice, elect to redeem some or all of the Capital Notes:</p> <ul style="list-style-type: none"> • on any Reset Date for the Redemption Amount; • on any date falling in the period of three months prior to the First Reset Date for the Redemption Amount; • at any time if a Tax Event has occurred for the Redemption Amount; • on any Interest Payment Date after a Reset Date for the Alternative Redemption Amount; or • at any time if a Rating Agency Event has occurred for the Alternative Redemption Amount, <p>provided that after any partial redemption, at least 100 million Capital Notes are outstanding. Any partial redemption will be done on a proportionate basis and may include adjustments to take account of the effect on marketable parcels and other logistical considerations.</p> <p>Chorus may elect to redeem all (but not some only) of the Capital Notes for the Redemption Amount if there is less than 100 million Capital Notes on issue.</p>
Redemption following an Event of Default	<p>If an Event of Default occurs and is continuing, the Supervisor may in its discretion, and shall immediately upon being directed to do so by a Noteholder Extraordinary Resolution, declare that the Notes are due and payable by notice in writing to Chorus.</p> <p>A failure to pay interest that has been deferred is not an Event of Default. Chorus may defer payment of interest for up to five years at any time at its sole discretion.</p> <p>The Events of Default are set out in clause 1.2 of the Supplemental Deed, a copy of which is contained on the Disclose Register and are summarised in section 5 of this PDS (<i>Key features of the Capital Notes</i>).</p>
Further payments, fees or charges	<p>Taxes may be deducted from interest payments on the Capital Notes. See section 7 of this PDS (<i>Tax</i>) for further details.</p> <p>You are not required to pay brokerage or any other fees or charges to Chorus to purchase the Capital Notes. However, you may have to pay brokerage to the firm from whom you receive an allocation of Capital Notes. Please contact your broker for further information on any brokerage fees.</p>
Selling restrictions	<p>This Offer is only made in New Zealand.</p> <p>You may only offer for sale or sell any Capital Notes in conformity with all applicable laws and regulations in which it is offered, sold or delivered.</p> <p>Chorus has not taken and will not take any action which would permit a public offering of Capital Notes, or possession or distribution of any offering material in respect of the Capital Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Capital Notes may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).</p> <p>By subscribing for or otherwise acquiring any Capital Notes, you agree to indemnify among others, Chorus, the Supervisor, the Arranger and the Joint Lead Managers for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.</p>

Capital structure	Chorus believes that hybrid securities such as the Capital Notes that are assigned an equity content are an effective capital management tool. Chorus intends to maintain such instruments as a key feature of its capital structure going forward.
Governing law	New Zealand.
Supervisor	The New Zealand Guardian Trust Company Limited.
Securities Registrar	Computershare Investor Services Limited.

Documents

The terms of the Capital Notes, and other terms key to the Offer, are set out in the Trust Deed, as supplemented by the Supplemental Deed. You should read these documents. Copies may be obtained from the Disclose Register at www.disclose-register.companiesoffice.govt.nz.

4. Purpose of the Offer

The proceeds of the Offer are expected to be used to finance the repayment and redemption of Crown Funding Securities due 30 June 2025. The Crown Funding Securities were issued to NIFF by Chorus to partially finance the building of the UFB network. This purpose will not change, irrespective of the total amount that is raised.

See also section 5 of this PDS (*Key features of the Capital Notes*) for more information.

The Offer is not underwritten.

5. Key features of the Capital Notes

A number of key features of the Capital Notes are described in section 3 of this PDS (*Terms of the Offer*). The other key features of the Capital Notes are described below.

The Supervisor

The Supervisor has been appointed to act as supervisor for the Noteholders on the terms contained in the Trust Deed.

You can only enforce your rights under the Capital Notes, through the Supervisor. However, you can enforce your rights under the Capital Notes only against Chorus directly if the Supervisor is obliged to enforce but has failed to do so within a reasonable period.


Ranking

The Capital Notes constitute unsecured, subordinated, debt obligations of Chorus.

On a liquidation of Chorus, amounts owing to Noteholders rank equally with all other unsecured, subordinated obligations of Chorus.

The ranking of the Capital Notes on a liquidation of Chorus is summarised in the diagram below. The diagram is a summary of indicative amounts only and in the event of a liquidation of Chorus, the actual priority amounts may differ.

Diagram showing ranking of Capital Notes on liquidation of Chorus

 <p>HIGHER RANKING EARLIER PRIORITY</p> <p>LOWER RANKING LATER PRIORITY</p>	RANKING ON LIQUIDATION	TYPE OF LIABILITY/EQUITY	AMOUNT ¹
	Liabilities that rank above the Capital Notes	Liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) ²	\$19 million
		Other borrowings secured over assets of Chorus	\$0 million
		Unsubordinated and unsecured liabilities, including Chorus' bank debt, NZX-listed senior bonds, Euro Medium Term Notes and Australian Medium Term Notes, and the Senior Portion of the Crown Funding Debt Securities	\$3,088 million
	Liabilities that rank equally with the Capital Notes	Capital Notes ³	\$170 million
	Liabilities that rank below the Capital Notes	Subordinated Portion of the Crown Funding Debt Securities	\$253 million
		Other subordinated liabilities (Crown Funding Equity Securities)	\$768 million
	Equity ⁴	Shares, reserves and retained earnings	\$662 million

1. Amounts shown above are indicative based on the financial position of Chorus as at 31 December 2024, adjusted for the issue of the Capital Notes and the repayment and redemption of the Crown Funding Securities due 30 June 2025. They are subject to rounding adjustments.

2. Liabilities that may, depending on the source of payment, rank above the Capital Notes on liquidation include employee entitlements for unpaid salaries and wages, holiday pay and bonuses, and PAYE, and amounts owing to the Inland Revenue for unpaid taxes and goods and services tax. There are typically other liabilities which are preferred by law or secured, including enforcement costs and similar, which arise when a company is in liquidation which are not possible to foresee and cannot therefore be quantified.

3. Assuming \$170 million of Capital Notes are issued under the Offer. If less than \$170 million of Capital Notes are issued, the amount of the shortfall may be reflected in a higher amount for Chorus' "Other subordinated liabilities" and/or "Unsubordinated and unsecured liabilities."

4. The amount of equity stated above includes an amount in relation to Chorus' existing quoted equity securities (i.e., Chorus' ordinary shares which are quoted on the NZX Main Board).

Restrictions on borrowing

The terms of the Capital Notes do not limit the ability of Chorus to borrow further money. The Trust Deed does not contain any restrictions on the ability of Chorus to borrow or incur further indebtedness.

Chorus could therefore, at any time after the Issue Date, create further liabilities that rank equally with, or in priority to, the Capital Notes. These further liabilities could, for example, be a new borrowing facility with a bank, or the issue of further senior NZX-listed bonds, Euro Medium Term Notes or Australian Medium Term Notes.

Restrictions on granting security

Chorus has agreed with the Supervisor for its senior bonds and its banks that it will not charge or secure its assets in favour of other creditors, subject to certain exclusions. These exclusions allow Chorus to secure its assets.

The exclusions include:

- if the aggregate principal amount secured does not exceed 5% of the total tangible assets of Chorus; or
- in certain other limited circumstances set out in the senior bond documents (including if the security arises by operation of law, relates to the acquisition of an asset or a project, is already in existence when the relevant asset was acquired or before the entity granting that security became a guarantor, substitutes an existing permitted security, is over cash or financial investments to secure amounts borrowed that are consistent with ordinary banking practice, is created with the consent of the Supervisor for its senior bonds or relates to intangible assets).

The Capital Notes are unsecured. Noteholders do not, and will not, have the benefit of the restrictions and other terms in the senior bond documents and bank documents and these documents may be amended or waived without the consent of or notice to the Noteholders.

Guarantees

Chorus as Issuer is solely responsible for repaying, and paying interest on, the Capital Notes. The Capital Notes are not guaranteed by any person. For the avoidance of doubt, Noteholders do not, and will not, have the benefit of the guarantees granted in favour of the Supervisor in respect of Chorus' senior bonds.

Events of Default

The Events of Default are contained in the Supplemental Deed. They include:

- Chorus fails to pay any deferred interest (plus all accrued but unpaid interest on the deferred interest) by the fifth anniversary of its original deferral and such non-payment is not remedied within three Business Days;
- a failure by Chorus to comply with the Restrictions on Deferral (when in force);
- where Chorus fails to pay any amount required to be paid on a redemption of the Capital Notes and such non-payment is not remedied within two Business Days; and
- an insolvency event of Chorus occurs.

For full details of the Events of Default see clause 1.2 of the Supplemental Deed. If an Event of Default occurs and is continuing, the Supervisor may in its discretion, and must upon being directed to do by a Noteholder Extraordinary Resolution, declare the Principal Amount and any accrued interest of the Capital Notes due and payable. If this occurs, Chorus must repay to Noteholders the Redemption Amount.

Rating Agency Event

If a Rating Agency Event occurs, Chorus may choose to redeem all or some of the Capital Notes for the Alternative Redemption Amount via an announcement on the NZX (which will also contain the date of redemption).

Full details and the requirements for a Rating Agency Event are contained in clause 6 of the Supplemental Deed.

Tax Event

If a Tax Event occurs, Chorus may choose to redeem all or some of the Capital Notes for the Redemption Amount via an announcement on the NZX (which will also contain the redemption date).

Before making an election to redeem the Capital Notes, Chorus must receive an opinion from a reputable legal counsel or other reputable tax adviser that, as a result of an amendment, change or clarification of legislation, regulation, etc., the interest payments on the Capital Notes would no longer be fully deductible for tax purposes.

For full details of, and requirements for, a Tax Event see clause 6 in the Supplemental Deed.

Other relevant information about the Trust Deed

The Trust Deed for the Capital Notes contains a number of standard provisions, including in relation to the powers and duties of the Supervisor, and the process for amending the Trust Deed. You can find a copy of the Trust Deed on the Disclose Register. You should read the Trust Deed for further information.

6. Risks of investing

Introduction

This section 6 describes the following potential key risk factors:

- general risks associated with an investment in the Capital Notes; and
- specific risks relating to Chorus' creditworthiness.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS. There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

Where practicable, Chorus seeks to implement risk mitigation strategies to minimise exposure to some of the risks outlined below. However, there can be no assurance that these risk mitigation strategies will fully protect Chorus from all or any risks.

You should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Capital Notes. This summary does not cover all of the risks in investing in the Capital Notes.

Before making any investment decision it is important that investors consider the suitability of an investment in the Capital Notes in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than Chorus.

You should also carefully consider the features of the Capital Notes which differ from the features of a standard senior note. Those features include the ability of Chorus to defer interest, optional early redemption rights for Chorus, margin step-ups and the subordinated nature of the Capital Notes.

General Risks

An investment in the Capital Notes is subject to the following general risks.

Credit Risk on Chorus

If Chorus encounters severe financial difficulty or becomes insolvent it may be unable to meet its obligations under the Capital Notes and you may not be able to recover your full principal investments and/or any interest due and unpaid.

See section 5 of this PDS (*Key features of the Capital Notes*) for more information on the ranking of the Capital Notes in the event of a liquidation of Chorus.

Secondary Market Risk

The market price of the Capital Notes on the NZX Debt Market may fluctuate. The market price may be below the Issue Price due to factors related to Chorus' creditworthiness, or because of other factors, such as:

- the Capital Notes may never develop a trading market, or, if it develops, it may not be very liquid. The subordinated nature, and interest payment deferral and optional redemption features of the Capital Notes are also likely to limit their market value, and the secondary market of the Capital Notes;
- the level, direction and volatility of market interest rates. If market interest rates go up, the market value of the Capital Notes would typically be expected to go down and vice versa;
- Noteholders seeking to sell relatively small or relatively large amounts of Capital Notes may not be able to do so at prices comparable to those available to other Noteholders; and
- the Capital Notes may be more sensitive generally to adverse changes in Chorus' financial condition than other debt securities.

As a result, if you wish to sell your Capital Notes before maturity there is a risk:

- you may be unable to find a buyer; or
- the price at which you are able to sell them may be less than the amount you paid for them.

Specific risks relating to Chorus' creditworthiness

Risks relating to the Chorus Group's network and business

Demand for the Chorus Group's services may decrease as a result of market factors

Chorus' revenue may reduce from any one or more factors, including greater numbers of retail service providers (RSPs) and/or business and retail customers using competing fixed line, fixed wireless, mobile, satellite or other alternative technologies. In areas where Chorus does not offer fibre network services, customers are migrating to competing networks as Chorus retires its copper network (targeted to be achieved by 2030). The Chorus Group is likely to lose market share and copper revenue as a result. However, Chorus currently expects this loss of revenue to be proportionately offset by reduced operating costs as the copper network is retired (the copper network carries higher electricity and maintenance costs than the fibre network).

Material loss of market share and any resulting material loss of revenue, would have an adverse impact on the Chorus Group's earnings and profitability.

Demand for fibre services may vary

The Chorus Group's future revenues and profitability are impacted by:

- the growth in demand for fibre services as customers migrate from alternative networks or new premises are connected;
- the mix of fibre services sold between basic plans and higher-priced premium services; and
- the reduction in copper and other legacy service revenues as customers migrate to alternative networks, the copper network is shutdown and Chorus' legacy equipment is withdrawn.

Demand growth for fibre services may also be affected by retail and business consumer confidence, inflation (reduced disposable income), changes in migration trends, employment rates, and attributed utility (e.g., risk of negative impact if the work from home or streamed video content trends reverse).

Market growth for fibre services is partly determined by the number of new dwellings being built and released into the market. Risks to the development of new premises include supply chain shortages, as well as local and central government policies that contribute to cost escalations. Financial instability of property developers impacted by general market conditions, such as slow upstream property sales, may also hamper new premises growth. There are also demand-related risks such as population decline due to negative net migration and cost inflation reducing affordability of new builds leading to low occupancy.

The Chorus Group supplies fibre services to businesses, so demand for these services is driven by a number of factors including the health of the wider economy and availability of competing services.

The Chorus Group's profitability is also driven by the impact of inflation on input costs such as service company work, electricity and network equipment costs. There is a risk that high inflationary pressures cannot be offset by increases in pricing, leading to reduced profitability.

The above risk factors either individually or in combination may reduce the Chorus Group's revenues, increase its costs or otherwise adversely impact its financial and competitive positions and performance. These risks could be increased if the Chorus Group fails to deliver adequate performance and an appropriate experience to its RSPs and customers.

Concentration of the customer base

The Chorus Group has a concentrated customer base consisting predominantly of a small number of RSPs. The concentration of RSPs heightens the risk that a dispute with an RSP, or an RSP's failure to pay for services on an ongoing basis (whether as a result of a dispute or an RSP experiencing financial difficulty), will have an adverse effect on the Chorus Group's collectability of receivables and cash flow.

Field services risk and customer experience

The Chorus Group engages external suppliers to build, operate and maintain its network and to supply services, equipment and materials. Significant failure by these parties could impact the Chorus Group's ability to meet its other obligations. For example, failure of a supplier could result in Chorus breaching its obligations to an RSP and could affect the Chorus Group's financial position and performance.

Given the fibre network build is largely complete, declining work volumes and difficulty in accurately forecasting build work increases the risk that third party contractors and the skilled technicians employed by them seek alternative work. The Chorus Group is also dependent on its own skilled and experienced employees to provide its services. If the Chorus Group is unable to attract and retain employees with key technical, service or institutional knowledge, this may impact the Chorus Group's ability to deliver its future plans and materially affect its financial performance. It may also impact Chorus' service performance – i.e. the service provided may not meet fibre customer or RSP partner expectations, or regulatory requirements under price-quality regulation.

Potential risks to the Chorus Group's ability to retain skilled and experienced people include employee exposure to significant work related pressures, including changes to Chorus' adaptive operating model as the Chorus Group moves to being a simpler all-fibre business by 2030.

The Chorus Group may require significant capital resources to fund its business

The Chorus Group may have large funding requirements from time to time, particularly if it determines to invest in growth opportunities that either leverage the Chorus Group's existing assets or grow its infrastructure. Such opportunities may also expose Chorus to risks related to infrastructure and construction projects, including unexpected costs and delays requiring additional or different funding.

The Chorus Group's ability to refinance maturing debt and other securities on favourable terms (including the current \$1.34 billion of refinancing for the Crown Funding Securities as they fall due in tranches over the next 11 years) or raise new debt, may be adversely affected if it experiences a decline in its operating performance or revenues, if there is a material and unexpected increase in capital expenditure, if financial market conditions are volatile or if it is unable to maintain its investment grade credit rating.

This could limit the Chorus Group's access to funding and/or increase its funding costs.

Technological security and resilience

The Chorus Group relies on information technology (IT) systems. The Chorus Group's own IT systems, and the third party systems it relies on (including shared legacy systems with Spark New Zealand Limited) are within a complex technical and operating environment. The Chorus Group continues to reduce its risk by migrating services off shared legacy systems where possible. However, the retiring copper network continues to be supported by such systems.

Chorus has a complex and evolving set of IT systems to support its wholesale fibre network, associated processes and enterprise capability. While leveraging industry standard/leading technologies and suppliers with appropriate support arrangements, these systems are not immune to risk of failure.

The Chorus Group has significant contingency strategies in place to address business disruption events (including cyber threats), and mitigate associated risks, including those relating to operation of the Chorus Group's network and IT systems and those of third parties on which it relies. However, a major failure could still occur requiring significant and additional unexpected expenditure. Any interruption to the operations of the Chorus Group's network could result in lost revenue, additional capital expenditure requirements, higher operating costs, damage to the Chorus Group's reputation and liability to RSPs or customers. If failures occur in the regulated fibre access network, the Chorus Group may breach Commission quality standards and negatively impact customer perception of fibre reliability resulting in lower fibre uptake.

The Chorus Group has made commitments to the Commission to keep network congestion below certain levels. Rapid growth in network traffic could congest parts of the network and require additional unforeseen investment in capacity.

The Chorus Group's network infrastructure is vulnerable to damage or interruption from a range of risks, including equipment failure, cable cuts, power failures, earthquake, fire and intentional damage, as well as climate-related events (such as extreme weather events).

The Chorus Group's insurance programme covers all risks (subject to standard exclusions) of physical damage and business interruption for above-ground assets. Specific cover is provided for damage to underground cables in Auckland, Hamilton, Wellington and Dunedin.

Risks relating to the regulatory environment

At the date of this PDS, the majority of the Chorus Group's revenue comes from regulated fibre and copper services.

The Chorus Group's regulated fibre revenues were estimated to be 84% of total revenue in the six months to 31 December 2024. Fibre services provided by the Chorus Group are subject to information disclosure regulations and a portion of these are also subject to price quality regulation by the Commission under the New Zealand Telecommunications Act 2001 (**Telco Act**). The majority of Chorus Group's remaining copper services have pricing and terms regulated by the Commission, with annual CPI adjustments.

The Commission's Copper Withdrawal Code enables the Chorus Group to withdraw copper services in areas where fibre is available, including other local fibre company fibre areas, subject to certain conditions.

The Commission has recently released a draft report recommending the full deregulation of the Chorus Group copper network in non-fibre areas. There are a number of process steps before the final outcome, detail and timing of any deregulation is confirmed. The details of the final deregulation requirements may mean the Chorus Group is required to spend more on maintaining copper services than it would otherwise choose to.

Maximum revenue

The maximum revenue the Chorus Group can earn in any regulatory year is specified by the Commission in a Price-Quality Determination (**PQ Determination**), principally with reference to the efficient costs the Chorus Group is expected to incur in each regulatory period, including a return of and on invested capital. The Commission sets the Chorus Group's maximum revenue in the first year of each regulatory control period, and that amount is then inflated by CPI in each subsequent year. Because the maximum allowable revenue is determined by the Commission prior to the commencement of the regulatory period (currently 1 January 2025 to 31 December 2028) on the basis of forecast costs, there is a risk that actual costs will diverge from forecast. There are only limited mechanisms to re-open the revenue cap in the course of each regulatory control period.

Quality standards

The Commission's PQ Determination in December 2024 sets certain quality standards that the Chorus Group must meet in providing fibre fixed line access services. The Chorus Group may incur penalties if it fails to achieve these quality standards.

Changes in regulation may require significant further investment without substantial return and have other consequences

Any further changes in regulation, regulatory reviews or determinations affecting the prices of fibre and copper services may impact demand for those services.

Changes to service specifications and/or non-price terms may also require the Chorus Group to invest in its network or do other things without price increases, other compensation, or in ways which do not provide appropriate cost recovery or an adequate return on investment. Any such changes may adversely affect the Chorus Group's revenue and profitability.

Future government policies, ministerial decisions, regulator decisions or other regulatory outcomes could adversely impact the Chorus Group's operations, market share, competitiveness, financial performance and financial position.

The Chorus Group is subject to other material regulation

The Chorus Group is subject to other regulatory determinations of the Commission including annual fibre information disclosure requirements, a contribution towards the Telecommunications Development Levy imposed under the Telco Act and Commission costs. In addition to enforceable regulatory determinations of the Commission, the Chorus Group is subject to other obligations including open access obligations and telecommunications service obligations under the Telco Act and deeds with the Crown.

Furthermore, certain regulatory and legislative rules limit the Chorus Group's ability to pursue certain business opportunities and activities and, consequently, may affect the returns it can generate on its assets. The Chorus Group's operations, market share, competitiveness and financial performance may be impacted by future government policies, ministerial decisions or regulatory outcomes.

Regulatory proceedings and investigations

Regulatory proceedings and investigations in relation to the Chorus Group may in the future require considerable resources and management attention to be diverted to them, which may adversely affect the Chorus Group's business and results of operations.

Risks associated with the Capital Notes specifically

Deferral of interest payments

There is a risk that interest payments on the Capital Notes will be deferred by Chorus for a period of up to five years, as described in section 3 of this PDS (*Terms of the Offer*). Chorus has a broad discretion to defer the payment of interest on the Capital Notes, and Noteholders will not have an immediate redemption right in those circumstances.

The Interest Rate may go down after a Reset Date

The Interest Rate will be fixed for an initial period of six years, after which it will be reset on each Reset Date (if the Capital Notes are not redeemed prior).

The Interest Rate after each Reset Date could be higher, the same or lower than the initial Interest Rate (or other previous Interest Rate). The Minimum Initial Interest Rate will only apply for the first six year period from the Issue Date to the First Reset Date.

Redemption prior to the Maturity Date

Although the Capital Notes have a term of 31 years, Chorus may choose to redeem the Capital Notes early in certain circumstances, as described in section 3 of this PDS (*Terms of the Offer*).

While some of those redemption triggers may appear to be unlikely to occur, history suggests that such events can occur, and Chorus will have the right to redeem after approximately six years and on each subsequent Reset Date.

If Chorus is entitled to redeem any of the Capital Notes, the method and date by which Chorus elects or is required to do so may not accord with the preference of individual Noteholders. This may be disadvantageous in light of market conditions or a Noteholder's individual circumstances.

Structure and ranking

Chorus is a holding company and accordingly substantially all its assets consist of its shareholding in Chorus New Zealand Limited (CNZL) (as the sole operating subsidiary of Chorus, at the date of this PDS). As such, a further activity of Chorus is to provide financing to CNZL and to refinance these obligations. CNZL does not guarantee the Capital Notes. The ability of Chorus to satisfy its obligations under the Capital Notes will depend upon payments to Chorus by CNZL and/or financial support it may obtain from CNZL.

The Capital Notes rank behind all of Chorus' unsubordinated obligations. In a liquidation of Chorus, the holders of the Capital Notes would be paid only after all amounts owing by Chorus to its bank lenders, holders of Chorus' NZX-listed senior bonds, Euro Medium Term Notes and Australian Medium Term Notes, the Senior Portion of the Crown Funding Debt Securities, and general and trade unsubordinated creditors, have been paid.

After payment of those amounts, there may be insufficient funds available to the liquidator to repay all or any of the amounts owing on the Capital Notes.

Supervisor's enforcement rights

Investors should be aware that even if the right to seek repayment of the Capital Notes is exercised following the occurrence of an Event of Default, the Supervisor has very limited powers to enforce these rights given the subordinated nature of the Capital Notes. For example, the Supervisor has no ability to appoint a receiver with a view to recovering amounts owing to Noteholders only, and is only entitled to file a conditional claim in the event of the liquidation of Chorus requiring repayment of the Capital Notes after all prior ranking indebtedness has been repaid in full.

7. Tax

If you are tax resident in New Zealand or otherwise receive payments of interest on the Capital Notes that are subject to the resident withholding tax rules, resident withholding tax will be deducted from payments of interest to you, unless you notify the Securities Registrar that you have RWT-exempt status (as that term is defined in the Income Tax Act 2007) and that status remains valid on the Record Date for the relevant Interest Payment Date.

If you receive payments of interest on the Capital Notes subject to the non-resident withholding tax rules, an amount equal to any AIL payable will be deducted from payments of interest to you in lieu of deducting non-resident withholding tax (except where you elect otherwise, or it is not possible under any law, in which case non-resident withholding tax will be deducted).

If the AIL regime applies, Chorus will apply the zero rate of AIL if possible, and otherwise pay AIL at the applicable rate.

Indemnity

If, in respect of any of your Capital Notes, Chorus becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Chorus in respect of such liability. Any amounts paid by Chorus in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Capital Notes. See the Trust Deed for further details.

Generally

There may be other tax consequences from acquiring or disposing of the Capital Notes, including income tax consequences. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Capital Notes.

8. Who is involved?

	NAME	ROLE
Issuer	Chorus Limited	Issuer of the Capital Notes.
Supervisor	The New Zealand Guardian Trust Company Limited	Holds certain covenants on trust for the benefit of the Noteholders, including the right to enforce Chorus' obligations under the Capital Notes.
Arranger	Forsyth Barr Limited	Provides advice and assistance to Chorus in arranging the Offer.
Joint Lead Managers	Forsyth Barr Limited Bank of New Zealand	<p>Assist with the Bookbuild for the Offer, and marketing and distribution of the Offer.</p> <p>Except as described above, the Joint Lead Managers are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the content of this PDS.</p> <p>This PDS does not constitute financial advice from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any Capital Notes. You must make your own independent investigation and assessment of the financial condition and affairs of Chorus before deciding whether or not to invest in the Capital Notes.</p>
Securities Registrar	Computershare Investor Services Limited	Maintains the register of Noteholders.
Solicitors to Issuer	Chapman Tripp	Provides legal advice to Chorus in respect of the Offer.
Solicitors to Supervisor	Simpson Grierson	Provides legal advice to the Supervisor in respect of the Offer.

9. How to complain

Complaints about the Capital Notes can be directed to:

Chorus Limited at

Treasurer

Level 10, 1 Willis Street

Wellington 6011

PO Box 632

Wellington 6140

New Zealand

Phone: +64 4 896 4014

Email: andrew.hopkinson@chorus.co.nz

The New Zealand Guardian Trust Company Limited at

Level 6, 191 Queen Street

Auckland 1010

Attn: Relationship Manager

Phone: +64 9 909 5100

Email: CT-Auckland@nzgt.co.nz

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL) and approved by the Ministry of Consumer Affairs.

If the Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing complaints@fscl.org.nz, or calling FSCL on 0800 347 257, or by completing the complaints form online at www.fscl.org.nz/complaints/complaint-form, or by writing to FSCL at PO Box 5967, Wellington 6140.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website www.fma.govt.nz.

10. Where you can find more information

Further information relating to Chorus and the Capital Notes is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at www.disclose-register.companiesoffice.govt.nz.

A copy of the information on that register is also available on request to the Registrar of Financial Service Providers. The information contained on that register includes a copy of the Trust Deed (including the Supplemental Deed), credit rating reports from S&P and Moody's in relation to Chorus and the Capital Notes, and any other material information.

Chorus is subject to a disclosure obligation in relation to its shares that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Chorus' page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found at www.nzx.com/companies/CNU and on the ASX website at www.asx.com.au/markets/company/cnu.

11. How to apply

The Offer will be open to institutional investors and members of the public who are resident in New Zealand.

All of the Capital Notes offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in the Bookbuild conducted by the Joint Lead Managers and Chorus.

There is no public pool for the Capital Notes. This means you can only apply for Capital Notes through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting www.nzx.com/investing/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for Capital Notes; and
- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the Capital Notes (including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

12. Contact information

Issuer

Chorus Limited
Level 10, 1 Willis Street
Wellington 6011
PO Box 632
Wellington 6140
Phone: 0800 600 100

Securities Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
Private Bag 92119
Victoria Street West
Auckland 1142
Phone: +64 9 488 8700

Arranger and Joint Lead Manager

Forsyth Barr Limited
Level 22, NTT Tower
157 Lambton Quay
Wellington 6011
Phone: 0800 367 227

Joint Lead Manager

Bank of New Zealand
Level 6, BNZ Place
80 Queen Street
Auckland 1010
Phone: +64 9 924 9602

Glossary

\$	New Zealand dollars.	Australian Medium Term Notes	Means the notes issued under Chorus' Australian Dollar Medium Term Note Programme.
5 Year Benchmark Rate	The mid-market NZD swap rate for a 5 year term commencing on the relevant Reset Date, (or if that is not a Business Day on the immediately following Business Day (unless that falls in the next calendar month, in which case it shall instead be on the immediately preceding Business Day)), determined according to market convention at or around 11.00am New Zealand time on the Reset Date, with reference to Bloomberg page 'ICNZ4' (or any successor page) and expressed as a percentage rate per annum on a quarterly basis (rounded to two decimal places, if necessary, with 0.005 rounded up).	Bookbuild	The process expected to take place on 22 May 2025 whereby certain parties lodge bids for Capital Notes and, on the basis of those bids, Chorus and the Joint Lead Managers determine the Initial Margin.
6 Year Benchmark Rate	The mid-market NZD swap rate for a 6-year term commencing on the Issue Date, determined according to market convention on the Rate Set Date, with reference to Bloomberg page 'ICNZ4' (or any successor page) and expressed as a percentage rate per annum on a quarterly basis (rounded to two decimal places, if necessary, with 0.005 rounded up).	Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington, except that in the context of the Listing Rules it means a day on which the NZX Debt Market is open for trading. If a payment date is not a Business Day, Chorus will make payment on the next Business Day, but no adjustment will be made to the amount of interest payable.
AIL	Means, in relation to payments of interest under a Capital Note, approved issuer levy payable by Chorus in accordance with section 86J of the Stamp and Cheque Duties Act 1971.	Capital Notes	The capital notes constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS.
Alternative Redemption Amount	In relation to a redemption of Capital Notes, the greater of: (a) the Redemption Amount; and (b) the market price of the Capital Notes (determined in accordance with clause 6.7(b)(ii) of the Supplemental Deed), which will include accrued interest at the relevant time.	Chorus or Issuer	Chorus Limited.
Applicable Margin	Means: <ul style="list-style-type: none"> from (and including) the First Reset Date to (but excluding) the First Step-up Date (3 June 2036), the Initial Margin; from (and including) the First Step-up Date to (but excluding) the Second Step-up Date (3 June 2051), the Initial Margin plus 0.25% per annum; and from (and including) the Second Step-up Date, the Initial Margin plus 1.00% per annum. 	Chorus Group or Group	Chorus and all of its subsidiaries.
Arranger	Forsyth Barr Limited.	Closing Date	Thursday, 22 May 2025 at 11.00am.
ASX	ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Securities Exchange.	CNZL	Chorus New Zealand Limited.
		Commission	The New Zealand Commerce Commission.
		Crown Funding Debt Security	The debt securities issued by Chorus to NIFF.
		Crown Funding Equity Security	The equity securities issued by Chorus to NIFF.
		Crown Funding Securities	The Crown Funding Debt Securities and Crown Funding Equity Securities.
		Disclose Register	Means the online offer register maintained by the Companies Office known as 'Disclose'.

Distribution Stopper	Means that, while there is any Unpaid Interest, Chorus cannot: <ul style="list-style-type: none"> • make any dividends, distributions or payments of interest on any shares or securities ranking in liquidation pari passu with or after the Capital Notes; or • acquire, redeem or repay any share or other security ranking in liquidation pari passu with or after the Capital Notes (or provide financial assistance for the acquisition of such shares or securities), in each case, without obtaining a Noteholder Extraordinary Resolution.	Listing Rules	The listing rules applying to the NZX Debt Market, as amended from time to time.
Euro Medium Term Notes	Means notes issued under Chorus' Euro Medium Note Programme.	Maturity Date	3 June 2056 unless redeemed earlier.
Event of Default	In relation to the Capital Notes, means each event set out in clause 1.2 of the Supplemental Deed, which are summarised in section 5 (<i>Key features of the Capital Notes</i>).	Minimum Initial Interest Rate	Means the minimum initial Interest Rate that will be announced by Chorus via NZX on or about the Opening Date. The Minimum Initial Interest Rate only applies to the determination of the initial Interest Rate. It does not apply to the determination of the Interest Rate when it is reset on any Reset Date.
First Interest Payment Date	3 September 2025.	NIFF	National Infrastructure Funding and Financing Limited (previously known as Crown Infrastructure Partners Limited).
First Reset Date	3 June 2031 (six years after the Issue Date) unless redeemed earlier.	Noteholder or you	The person whose name is entered in the Register as a holder of a Capital Note.
First Step-up Date	3 June 2036 (11 years after the Issue Date) unless redeemed earlier.	Noteholder Extraordinary Resolution	Means a resolution passed at a meeting of Noteholders, properly convened and held in accordance with the Trust Deed, at which not less than 75% of the aggregate Principal Amount of the Capital Notes held by those persons entitled to vote and voting on the question, or if a poll is properly demanded, not less than 75% of the aggregate Principal Amount of the Capital Notes eligible to vote on such a poll in favour of the resolution.
FMCA	Financial Markets Conduct Act 2013.	NZX	NZX Limited.
FSCL	Financial Services Complaints Limited.	NZX Debt Market	The debt security market operated by NZX.
Initial Margin	Means the margin determined by Chorus in conjunction with the Joint Lead Managers following the Bookbuild and announced via the NZX on the Rate Set Date.	NZX Firm	Any company, firm, organisation or corporation designated or approved by NZX as a Primary Market Participant from time to time.
Inland Revenue	The New Zealand Inland Revenue Department.	NZX Main Board	The main board equity security market operated by NZX.
Interest Payment Dates	3 March, 3 June, 3 September and 3 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 3 September 2025, subject to Chorus' ability to defer interest payments (as discussed in section 3 of this PDS (<i>Terms of the Offer</i>)).	Offer	The offer of Capital Notes made by Chorus under this PDS.
Interest Rate	The rate of interest for the Capital Notes in place from time to time, as described in section 3 of this PDS (<i>Terms of the Offer</i>).	Opening Date	Monday, 19 May 2025.
Issue Date	Tuesday, 3 June 2025.	PDS	This product disclosure statement for the Offer dated 9 May 2025.
IT	Chorus Group's information technology systems.	Primary Market Participant	Has the meaning given to that term in the NZX Participant Rules as amended from time to time.
Joint Lead Managers	Forsyth Barr Limited and Bank of New Zealand.	Principal Amount	\$1.00 per Capital Note.
		PQ Determination	Means a price-quality determination specified by the Commission.
		Rate Set Date	Thursday, 22 May 2025.
		Rating Agency	Means S&P Global Ratings or Moody's Investors Service, Inc.

Rating Agency Event	<p>A Rating Agency Event will occur if:</p> <ul style="list-style-type: none"> • a Rating Agency, as a result from a change of its criteria, notifies Chorus the Capital Notes will no longer have the same equity content classification from that Rating Agency; or • Chorus no longer holds a credit rating from at least one Rating Agency (or any subsequent rating agency). 	Tax Event	A Tax Event will occur if Chorus receives an opinion from a reputable legal counsel or other reputable tax adviser that, as a result of an amendment, change or clarification of legislation, regulation, etc., the interest payments on the Capital Notes would no longer be fully deductible under the Income Tax Act 2007.
Record Date	<p>Means in relation to payments of interest, the close of business on the 10th day before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day).</p> <p>If at any time the Record Date is not a Business Day, then the Record Date will be the immediately preceding Business Day.</p>	Telco Act	Telecommunications Act 2001.
Redemption Amount	The aggregate of the Principal Amount of the Capital Notes, any Unpaid Interest and any accrued but unpaid interest as at the applicable date of redemption.	Trust Deed	The master trust deed dated 9 May 2025 between Chorus and the Supervisor pursuant to which certain notes may be issued (as amended or supplemented from time to time), and where the context requires includes the Supplemental Deed.
Register	The register in respect of the Capital Notes maintained by the Securities Registrar.	UFB	Ultra-fast broadband.
Reset Date	The date occurring six years after the Issue Date, and every five years thereafter.	Unpaid Interest	The aggregate of interest payments that Chorus defers (in its absolute discretion), plus the cumulative interest accrued on such deferred interest payments (which will accrue at the Interest Rate on the Capital Notes) until paid.
Restrictions on Deferral	Means the restrictions Chorus must abide by while there is any Unpaid Interest.		
RSPs	Retail service providers.		
Second Step-up Date	3 June 2051 (26 years after the Issue Date) unless redeemed earlier.		
Securities Registrar	Computershare Investor Services Limited.		
Senior Portion	Means the portion of Crown Funding Debt Securities on issue ranking equally with Chorus' other unsecured, unsubordinated indebtedness.		
Subordinated Portion	The portion of Crown Funding Debt Securities on issue that are not part of the Senior Portion.		
Supervisor	The New Zealand Guardian Trust Company Limited or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.		
Supplemental Deed	The supplemental trust deed dated 9 May 2025 between Chorus and the Supervisor constituting and setting out the terms and conditions of the Capital Notes (as amended or supplemented from time to time).		

Directory

Registered Offices

NEW ZEALAND

Level 10, 1 Willis Street
Wellington, New Zealand
Phone: +64 800 600 100

AUSTRALIA

C/- MUFG Corporate Governance Pty Limited
Level 41, 161 Castlereagh Street,
Sydney, NSW 2000, Australia
Phone: +61 2 8280 7355

<https://company.chorus.co.nz/investors/services/bond-and-noteholders>

C H ● R U S

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