

CH • RUS

Capital Notes Offer

May 2025

Joint Lead Managers:



Disclaimer

Please read carefully before the rest of this presentation

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- Should be read in conjunction with Chorus' audited consolidated financial statements for the year to 30 June 2024 and NZX and ASX market releases.
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- Has been prepared with due care and attention. However, Chorus and its directors and employees accept no liability for any errors or omissions.
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- Note that references made to \$ within this presentation refer to New Zealand dollars (NZD).

New Zealand's largest fixed line communications infrastructure business

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Introducing Chorus

New Zealand's largest fixed line communications business

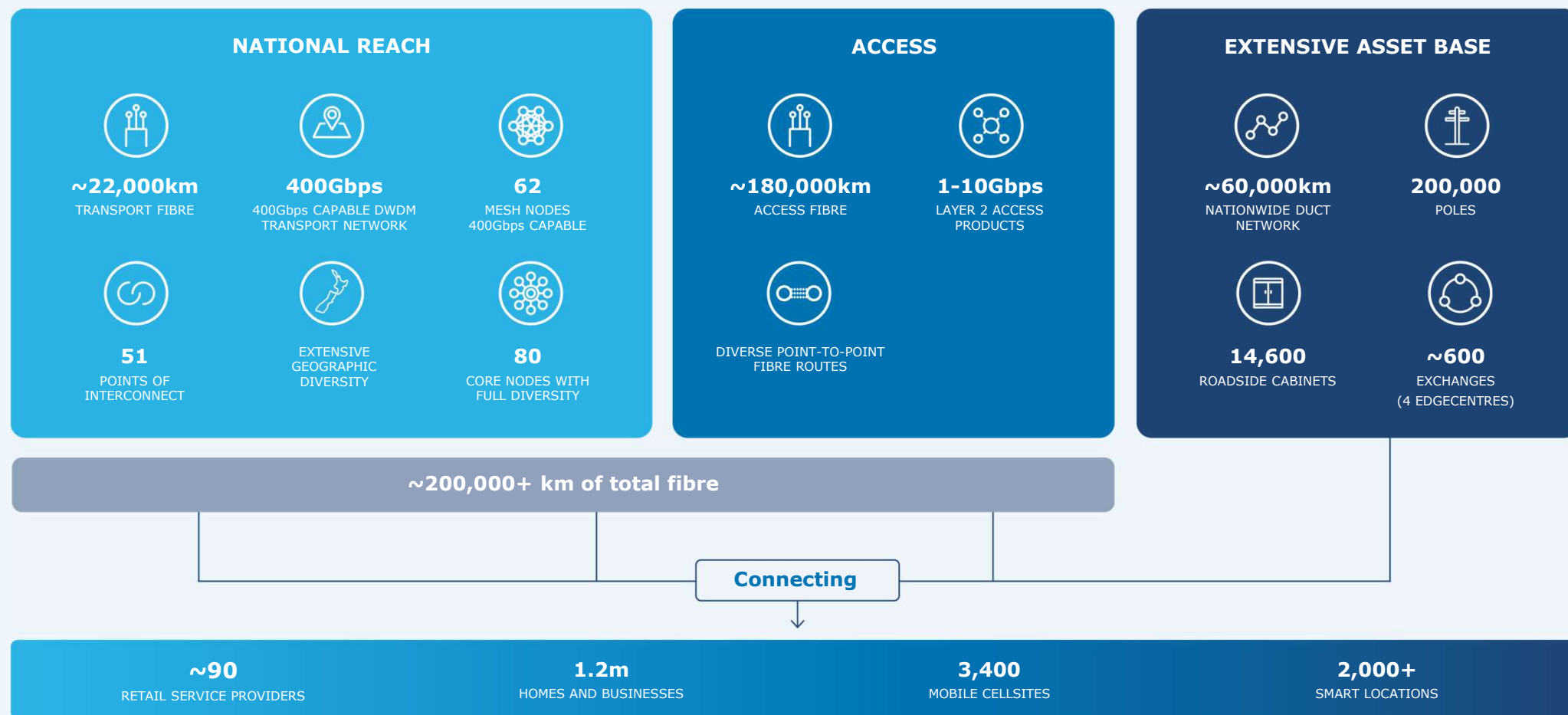
- wholesale-only business with ~90 retail service provider customers
- Chorus fibre passes 1.5m addresses, built under public-private-partnership
- ~72% uptake today, striving for 80% fibre uptake by 2030
- regulated asset base and revenue cap regime on fibre
- copper network retirement enabling removal of legacy costs
- exploring market adjacencies to leverage our infrastructure assets
- COVID and economic slowdown has proven fibre's utility value

Key credit highlights

- Chorus (CNU) is dual listed on ASX and NZX
- ~NZ\$3.5bn market cap at 22 May 2025
- strong operating cash flow and financial performance
 - EBITDA NZ\$700m (FY24)
- proven maintenance of investment grade credit rating
 - S&P "BBB" stable; Moody's "Baa2" stable
- financial flexibility via NZ\$450m bank facility and multi-currency bond programmes (EMTN, AMTN and NZD retail)

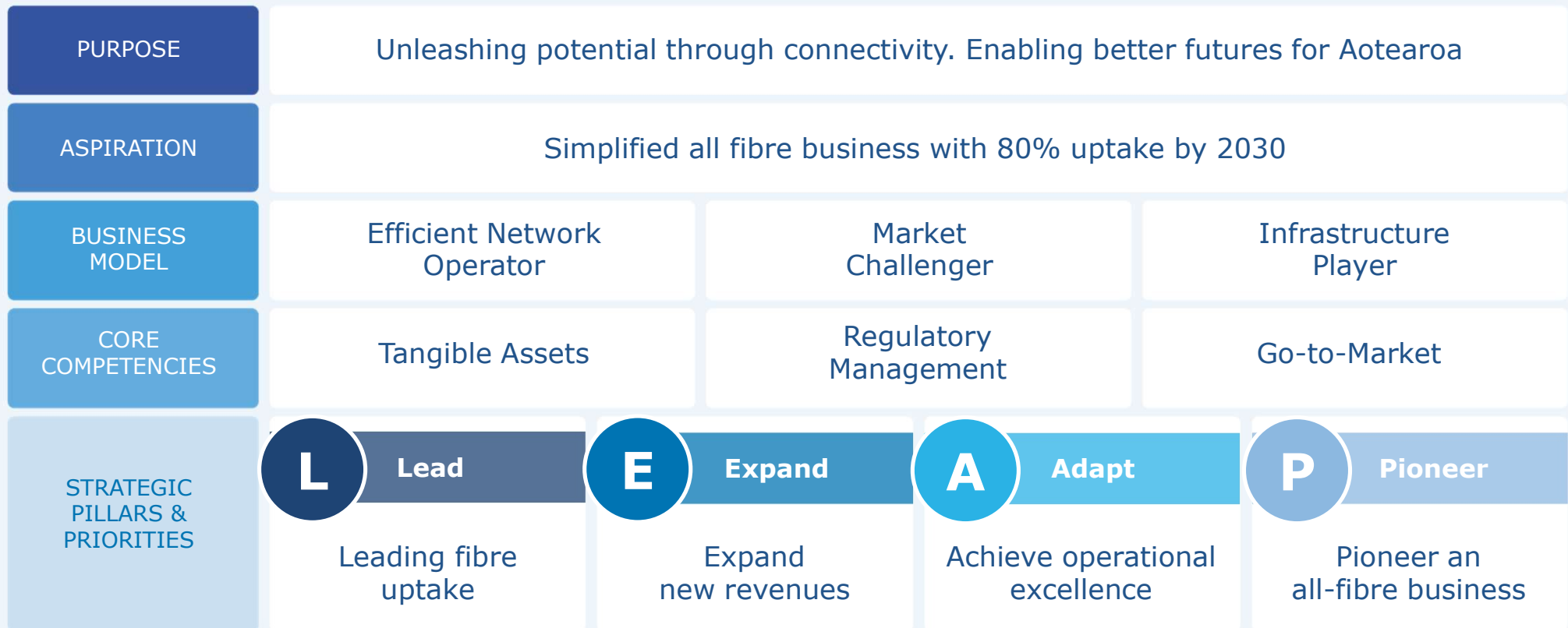


New Zealand's largest digital infrastructure 'neutral host'



Our Road to 2030

Growth, Simplicity & Efficiency

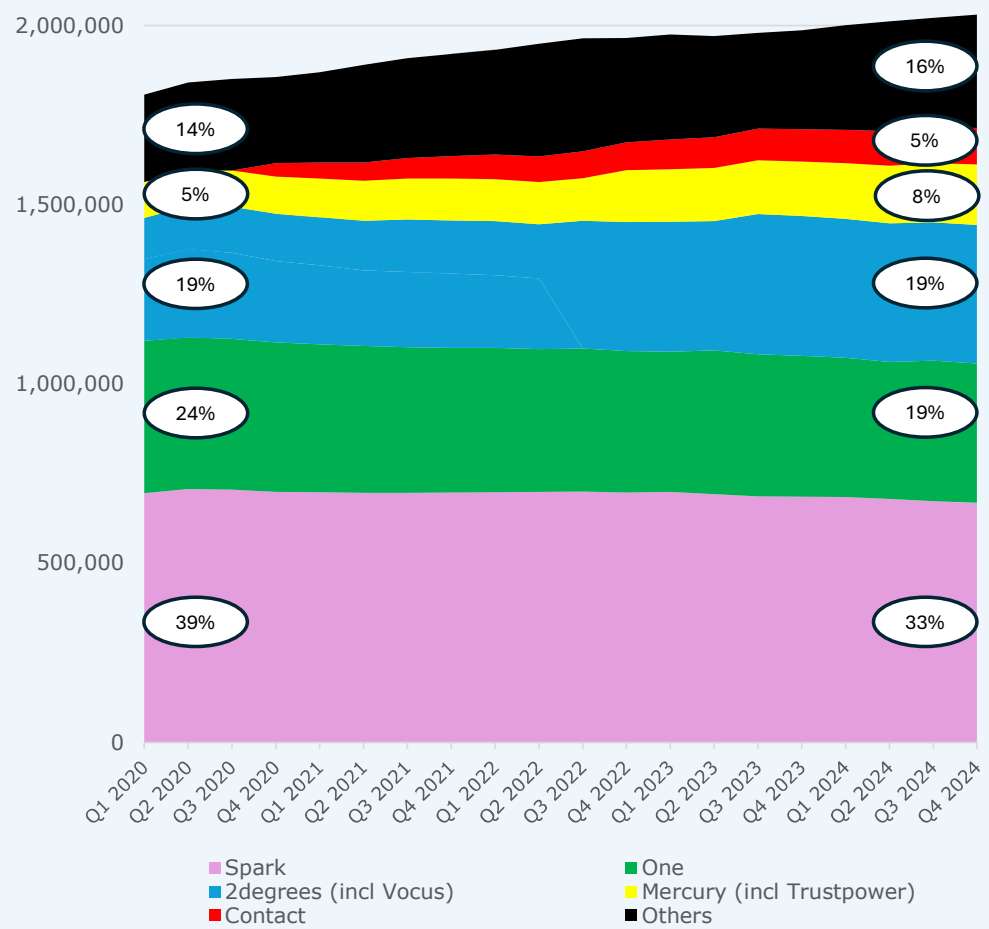


Our market context

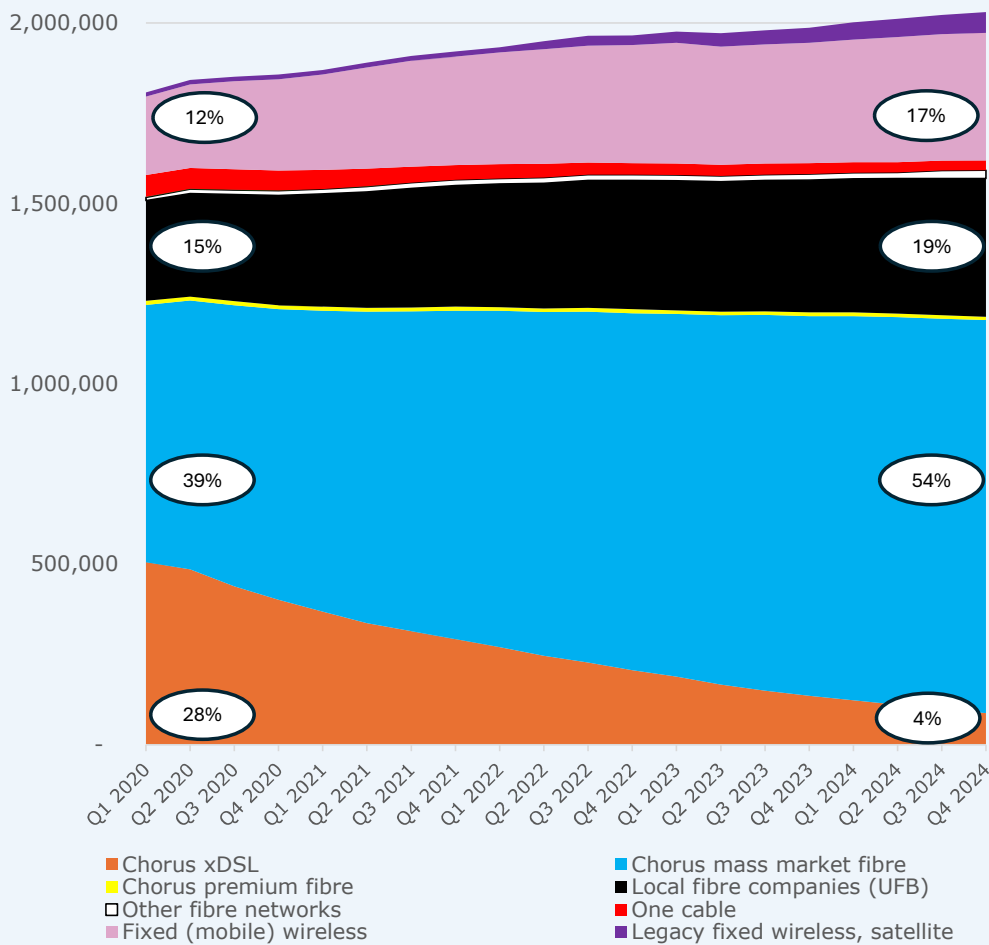


The New Zealand broadband market

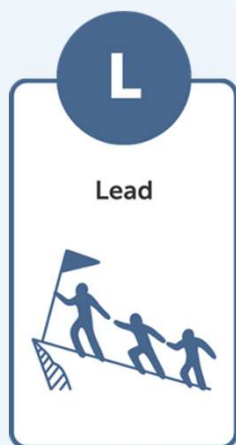
NZ broadband market – by retailer



NZ broadband market – by technology



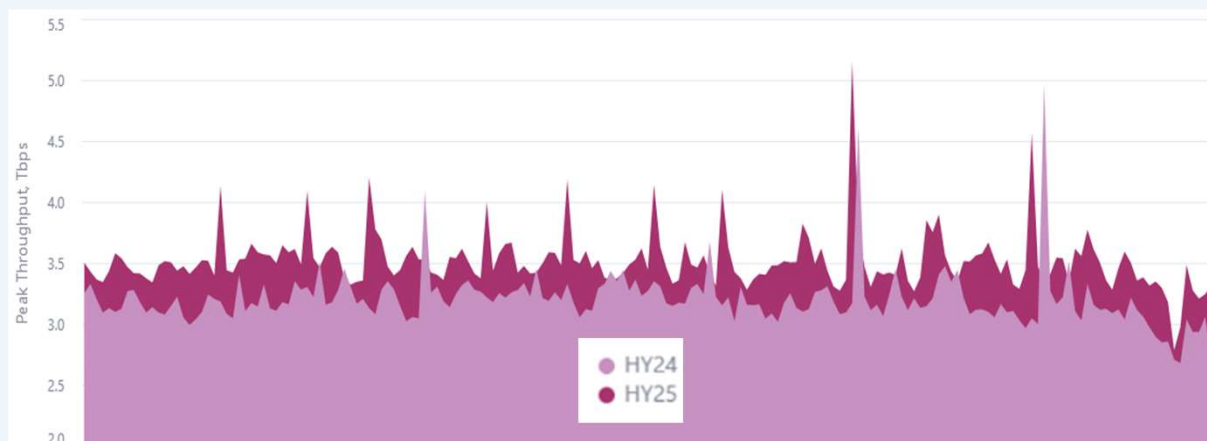
Source: IDC



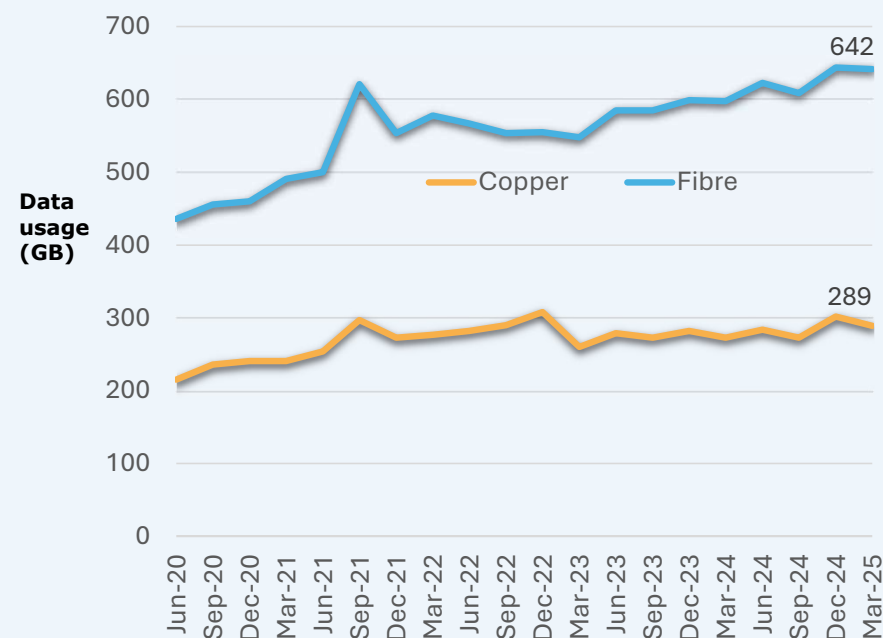
Record data use and more peak events

- monthly average data usage on fibre increased strongly to 642GB in March 2025 (June 2024: 623GB)
- the proportion of fibre connections using more than 1 terabyte of data was 17% (FY24: 16%)
- HY25 average daily peak traffic 10% higher than HY24
- 10 peak traffic events in HY25 vs 4 in HY24

Daily peak traffic on fibre network, July-December



Monthly average data usage per connection*



* includes upstream traffic

What's driving data growth?

Advances in customer-facing technology and services, together with new ways to use data and changing customer habits, are all combining to drive increased bandwidth demand.

Everything from homes to cars, to factories and hospitals, are becoming digitally smart. This Internet of Things is forecast to drive 1 Yottabyte* of data per year within a decade. Fibre is meeting the need for high-quality broadband because of its efficiency in carrying more data at multi-gigabit speeds, together with its high reliability and fast response time.



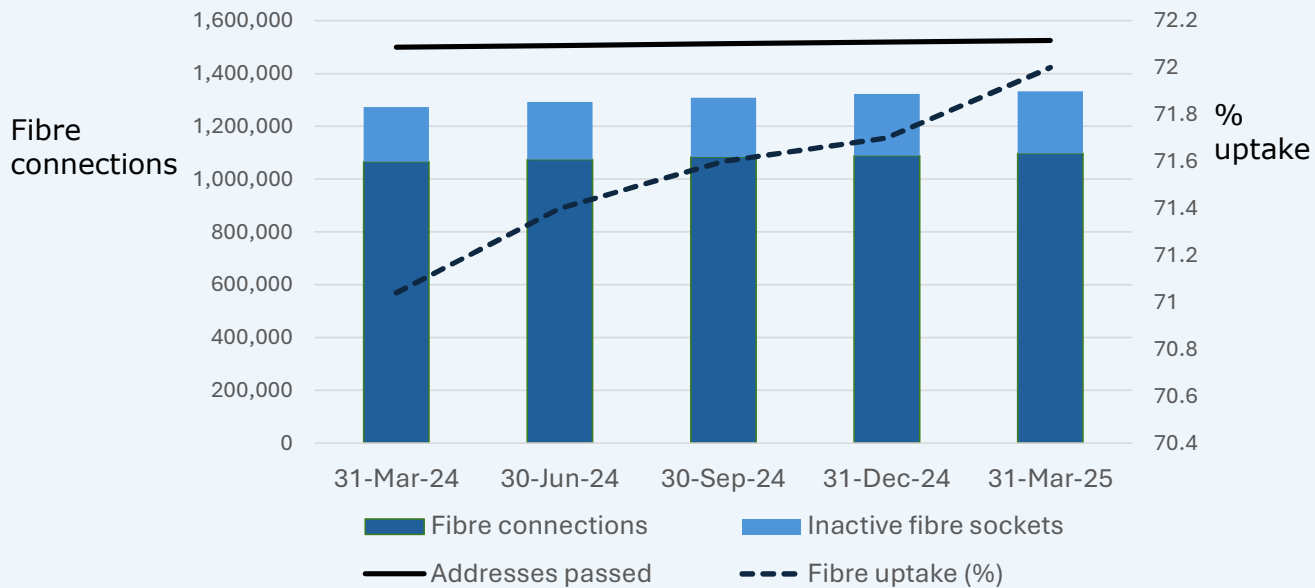
1YB* of data = 1 million trillion megabytes or the amount of data that would fit on DVDs stacked all the way to Mars. (225 million km)



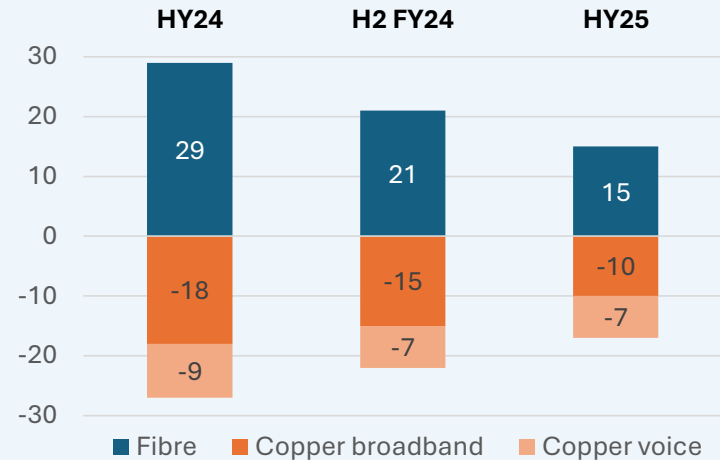
Fibre growth has continued in slower market

- 72% fibre uptake across Chorus fibre area as at Q3 FY25 (target: 80% by 2030)
- 1.1m total fibre connections, with slowing tailwind from copper migration
- growing fibre footprint with 1,525,000 addresses passed

Fibre uptake in Chorus fibre area (% of addresses passed)



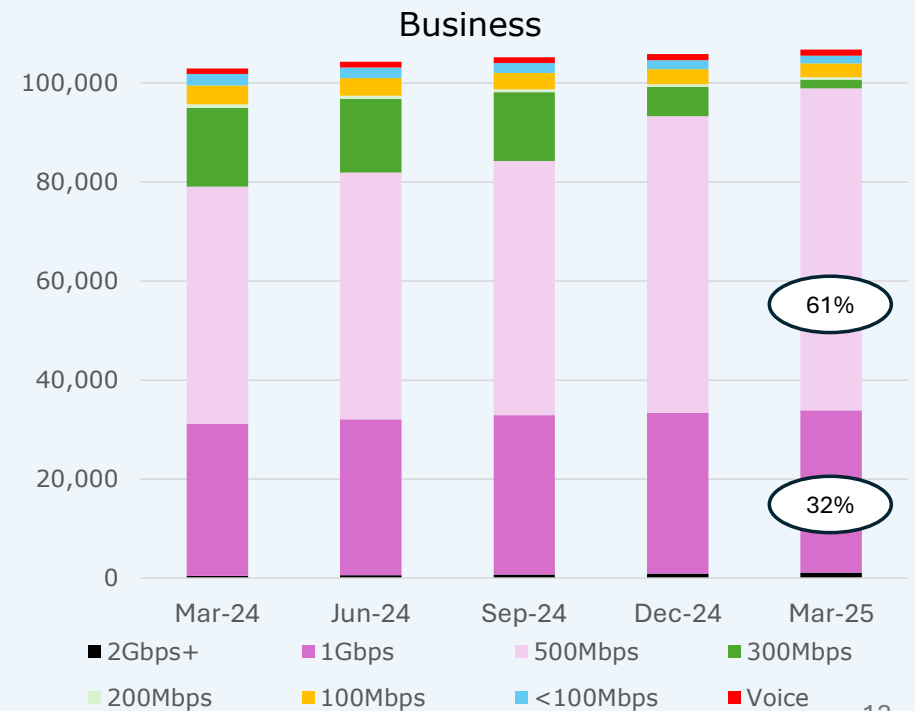
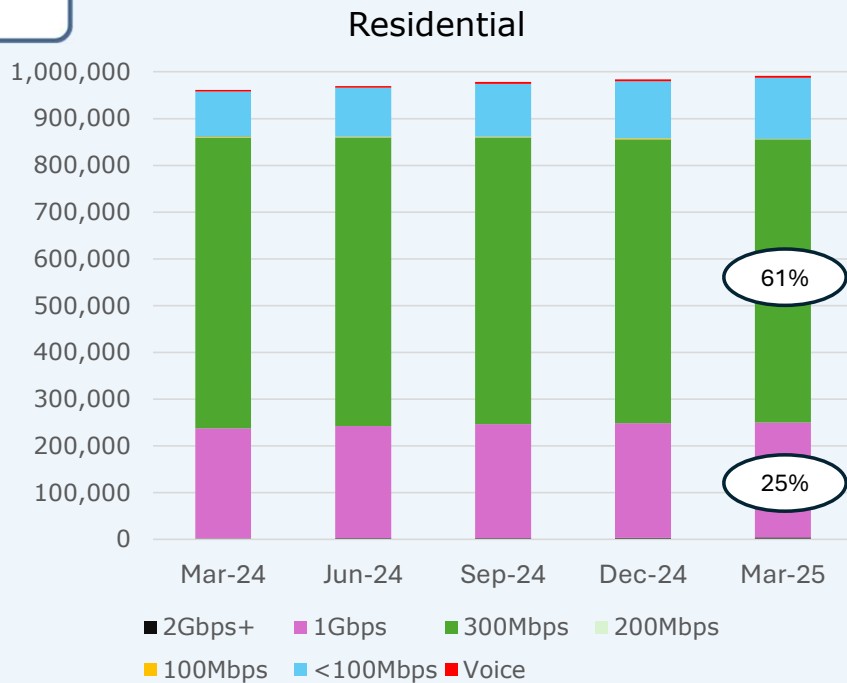
Change in mass market connections in Chorus fibre area ('000s)





Offnet demand drives majority of continued 50Mbps growth

- *Home Fibre Starter* (50Mbps) connections grew by net 9k connections to 77k in Q3 FY25; 66% of gross adds were from new fibre connections or offnet (up 4% from Q2 FY24), 25% were from higher speed plans, and 9% from legacy 50Mbps plans
- 1Gbps+ residential connections grew 2k in Q3 FY25 and comprise 25% of residential plans
- business 500Mbps+ connections grew by 6k in Q3 FY25, driven by simplification of business plans as at Q3 FY25



Fast track to an all-fibre future



E

Expand



Driving digital infrastructure revenue growth

- infrastructure revenues \$77m in HY25 (target: annual \$180m-\$200m by 2030)
- 'greenfield' property activity stabilising back at pre-Covid levels (~20k-25k lots p.a.)
- steady growth in data connectivity demand (e.g. smart locations, mobile backhaul, EdgeCentre)
- IoT: proof of value trials with councils/utilities
- Sub sea cable: feasibility work underway on trans-Tasman cable

Existing expertise and revenues

Exploring adjacent opportunities

FOCUS
AREAS

A

Adapt



Regulatory certainty on fibre to 2029

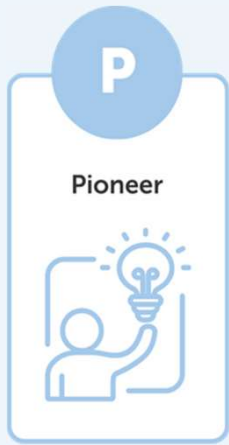
- final maximum allowable revenue (MAR) decision (December 2024) defers \$256m of core fibre asset depreciation from price-quality period 2* (PQP2)
- we expect opening core regulated asset base (RAB) to grow from \$4.99bn (Commission forecast at 13 Dec 2024) to ~\$5.4bn through PQP2, based on final capex allowances and core asset depreciation

PQP2 MAR	2025	2026	2027	2028
Final MAR	\$956.9m	\$1,001.0m	\$1,040.8m	\$1,079.7m
PQP2 allowances	2025	2026	2027	2028
Opex**	\$197.0m	\$203.6m	\$208.0m	\$210.9m
Capex***	\$327.6m	\$290.6m	\$261.3m	\$260.0m

**PQP2 is the second regulatory period, determined by the Commission on 28 February 2023 as the 4-year period from 1 January 2025 to 31 December 2028*

*** opex allowance excludes ~\$20m p.a. of pass-through costs included in MAR. Chorus expects to add \$10m-\$20m opex p.a. (to be recovered via wash-up) as copper shuts down in CNU fibre areas*

**** capex allowance may increase subject to installation demand and any future incentive proposal*

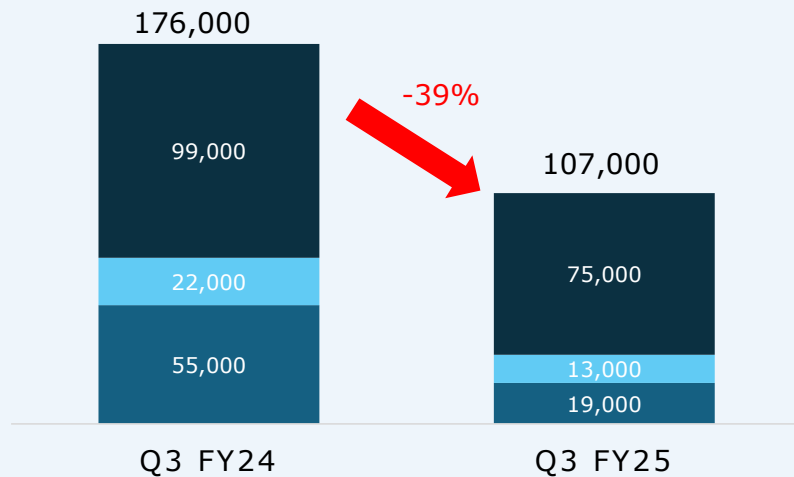


Copper retirement is coming into focus

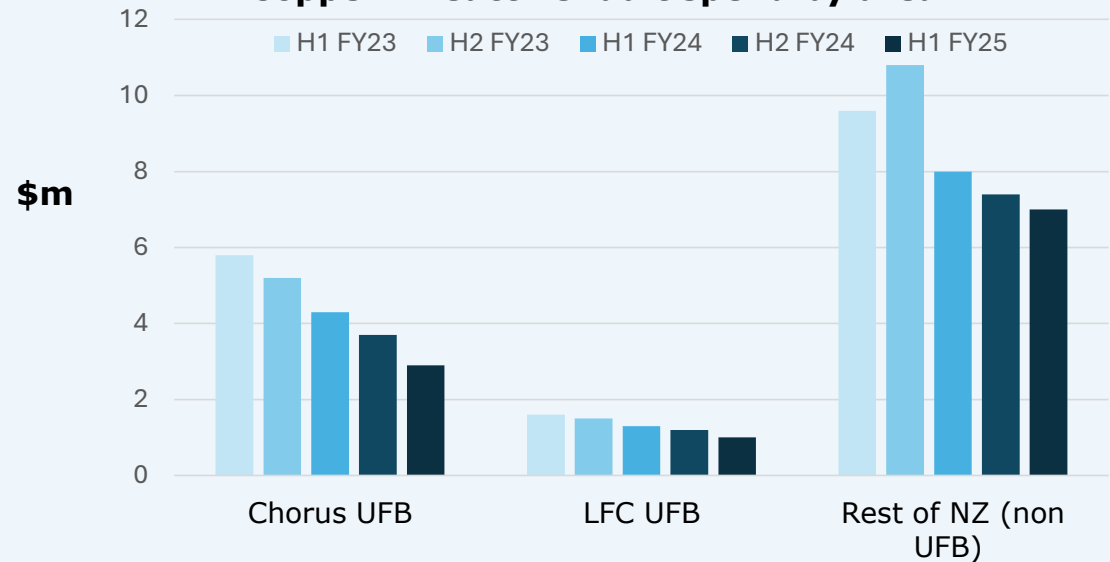
- shutdown of copper in Chorus fibre areas now expected by end FY26; fewer than 19k lines in service
- 24% reduction in non-fibre area copper lines since Q3 FY24 (target: copper shutdown by 2030)
- Chorus' ~10k premises fibre rollout is reducing copper further with 2.5k premises ready for service and 700 connected to date (4.5k expressions of interest)
- Commerce Commission draft recommendation that regulation of copper voice and broadband services is no longer needed to promote competition. Final report due to Government by end of 2025

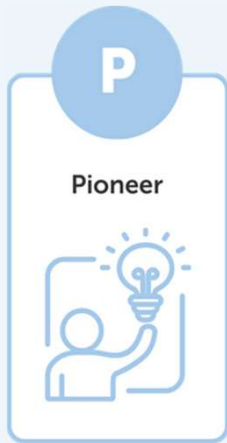
Remaining copper lines

■ CNU fibre area ■ LFC fibre area ■ Non-fibre area



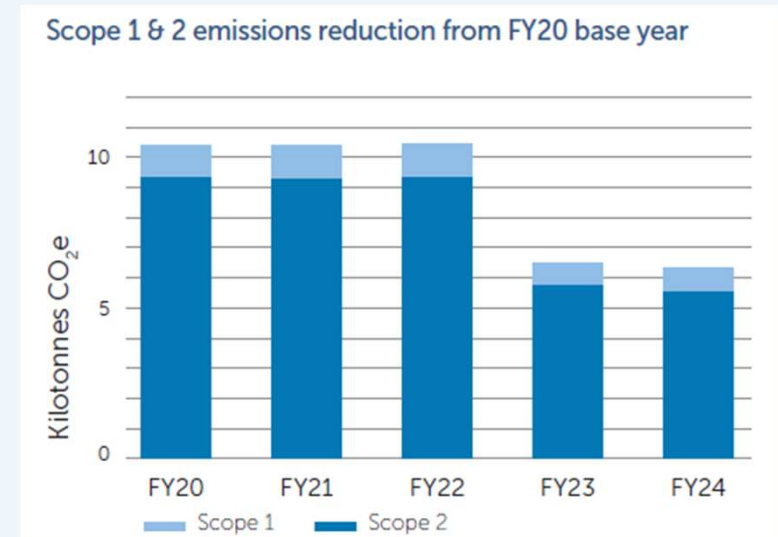
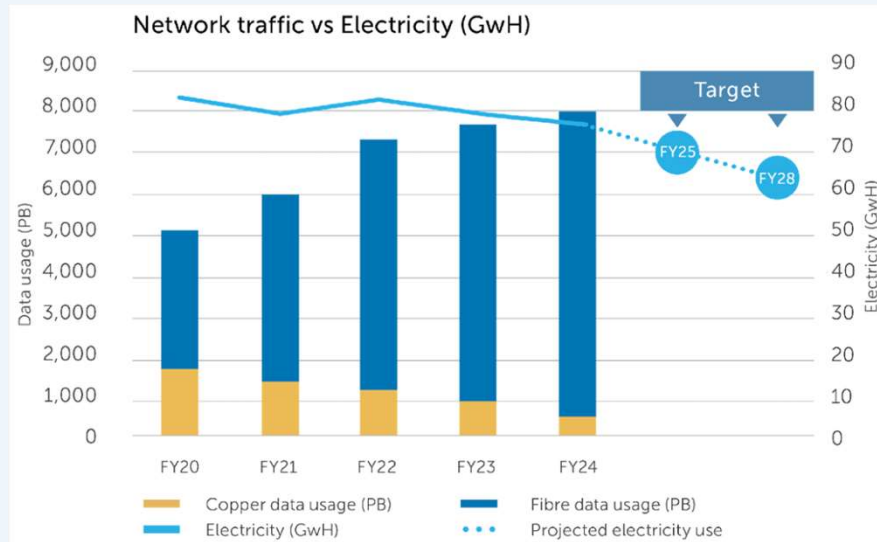
Copper – reactive fault spend by area





Fibre enables a more resilient future

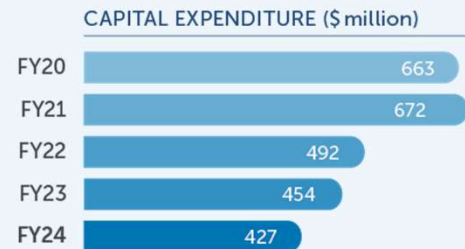
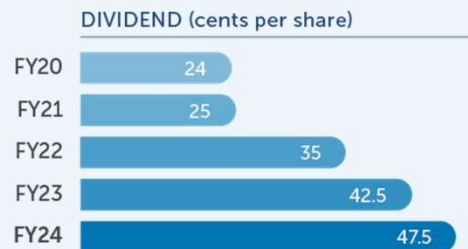
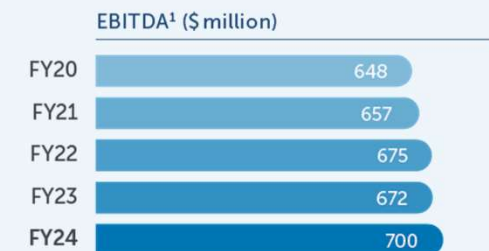
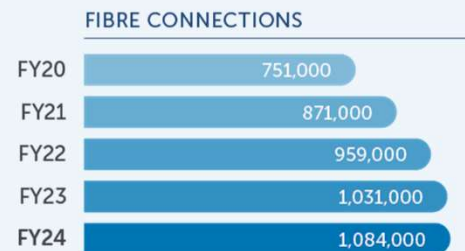
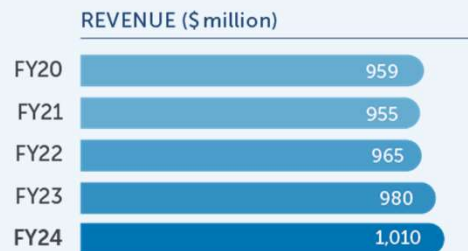
- fibre broadband has a much lower fault rate than copper (~5% vs ~30% per annum) and is widely recognised as the most energy efficient broadband technology
- Chorus carried 8% more data traffic in FY24, but reduced electricity usage by 3% by removing legacy equipment
- reduced electricity use and ~87% renewable generation in the NZ electricity grid (March 2024) saw our FY24 Scope 1 & 2 emissions reduce by 39% against our FY20 base year (target = 62% reduction by FY30)



Financial highlights



FY24 overview



1 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure without a standardised meaning for comparison between companies. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

2 3% reduction in electricity use in FY24 against FY23.

3 39% reduction in scope 1 & 2 emissions against our base year of FY20.

4 As at 31 December

Leverage: 4.54x net debt/EBITDA

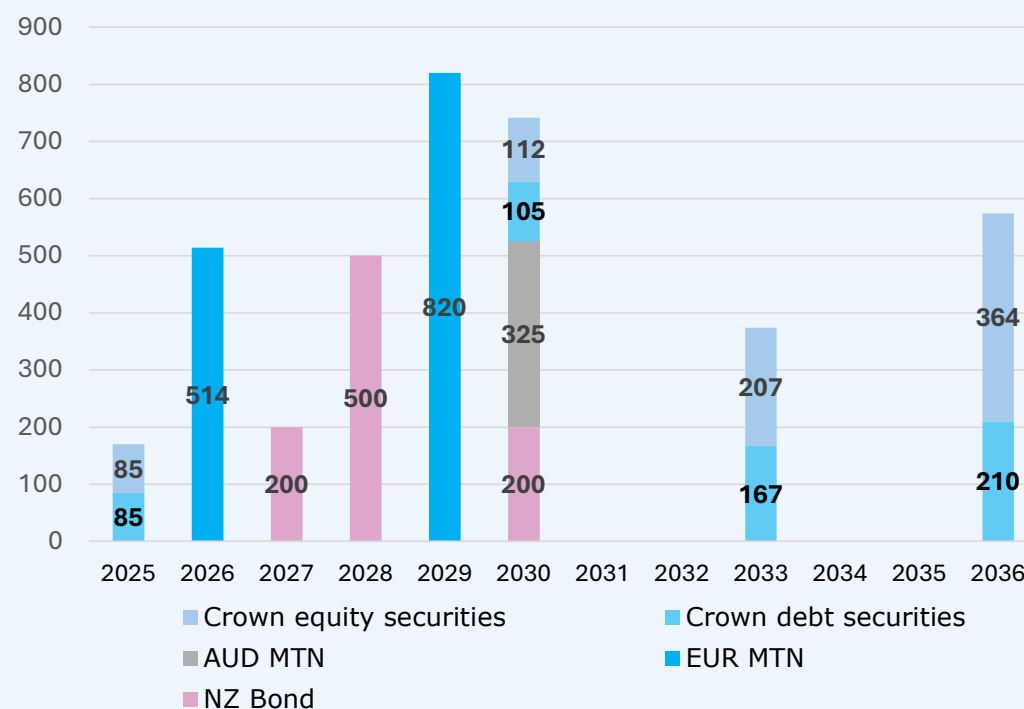
As at 31 Dec 2024	(\$m)
Borrowings	2,774
+ PV of crown debt securities (senior portion)	314
+ Net leases payable	<u>166</u>
Sub total	3,254
- Cash	83
Total net debt	3,171
Net debt/EBITDA*	4.54x

*based on S&P and bank covenant methodologies

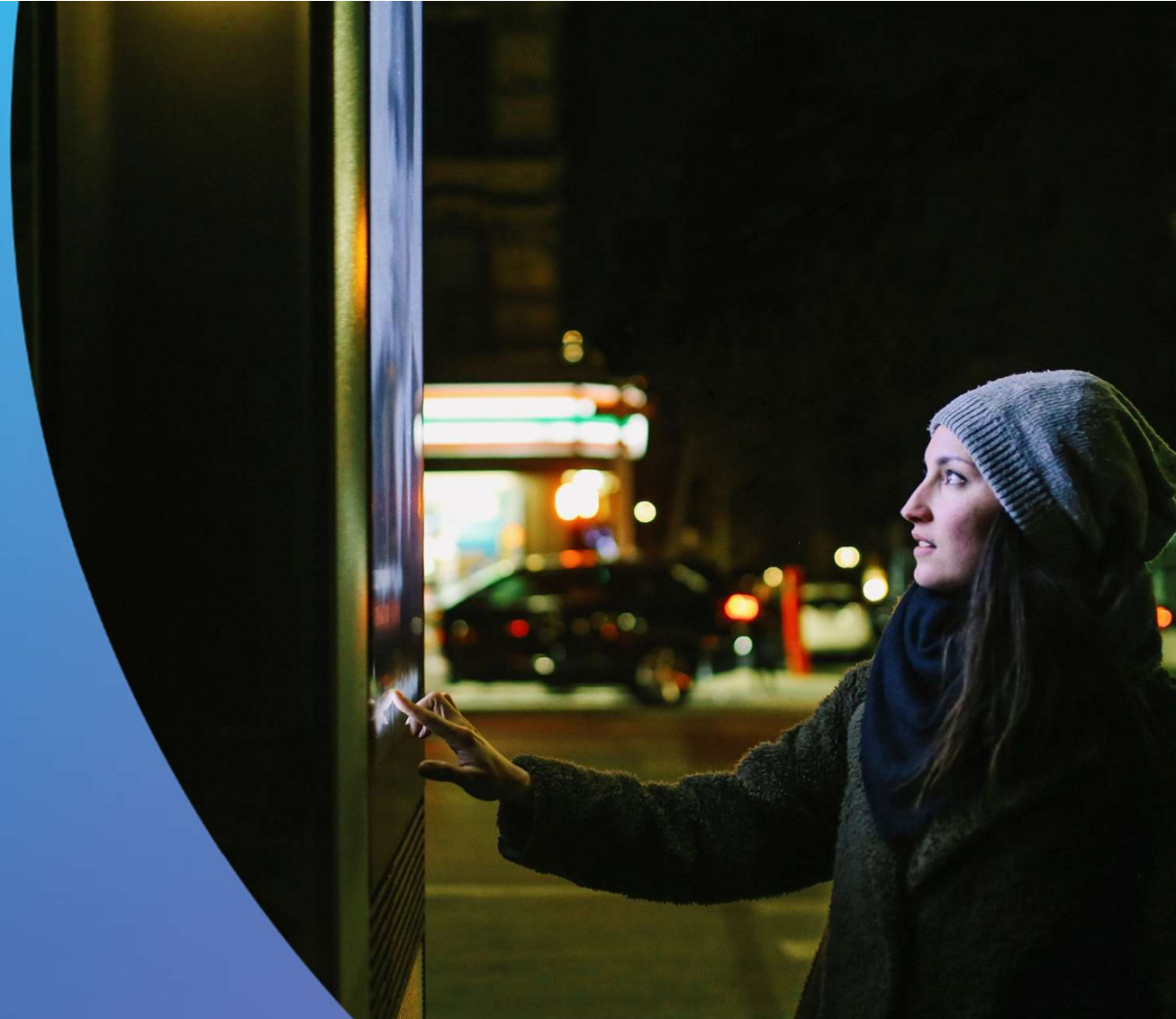
- prior periods ND/EBITDA: HY24 4.56x; FY24 4.42x
- ratings agency thresholds: S&P 5.0x, Moody's 5.25x
- financial covenants require senior debt ratio to be no greater than 5.5x
- borrowings increased \$105m from \$2,669m (FY24)
 - Long-term bank facilities of \$450m (\$215m drawn)
 - ~70% of interest rate exposure fixed for 3 years

NZ \$M

Term debt maturity profile



Transaction summary



Key terms of the Capital Notes

Issuer	Chorus Limited (" Chorus ")		
Description	Unsecured, subordinated, redeemable, cumulative, interest-bearing debt securities		
Purpose	Proceeds of the offer will be used to fund the partial repayment and redemption of the Crown Funding Securities due 30 June 2025		
No guarantee	Chorus is the issuer and the sole obligor in respect of the Capital Notes. No other person guarantees the Capital Notes		
Ranking	The Capital Notes will rank equally among themselves and will be subordinated to all other indebtedness of Chorus, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Notes		
Credit ratings		Chorus issuer credit rating	Capital Notes issue credit rating
	S&P Global Ratings ("S&P")	BBB (Stable)	BB+
	Moody's Investors Service, Inc ("Moody's")	Baa2 (Stable)	Baa3
	S&P's issue credit rating of the Capital Notes is two notches below S&P's issuer credit rating for Chorus. One notch is deducted due to the Capital Notes being subordinated and a second notch due to the potential for interest payments to be deferred Moody's issue credit rating of the Capital Notes is Baa3. This is one notch below Moody's issuer credit rating for Chorus		
Issue amount	Up to \$170m		
Term	31 years (maturing 6 June 2056)		
Reset Dates	6 June 2031 and every 5 years thereafter		
Optional early redemption by Chorus	On any date falling in the period of 3 months prior to the First Reset Date, any Reset Date, any Interest Payment Date after a Reset Date, or at any time if a Tax Event or Rating Agency Event occurs or if there are less than 100m Capital Notes on issue		
Interest Rate	The initial Interest Rate until the First Reset Date will be set following a bookbuild on 29 May 2025 as the sum of the 6 Year Benchmark Rate on the Rate Set Date plus the Initial Margin, subject to the Minimum Initial Interest Rate If not redeemed earlier, on each Reset Date the Interest Rate will be reset to the 5 Year Benchmark Rate on the relevant Reset Date plus the Applicable Margin		
Discretionary deferral of interest	Payment of interest can be deferred at any time for up to five years at the sole discretion of Chorus, with a distribution stopper in place while any unpaid interest remains outstanding Deferred interest is cumulative		
Quotation*	It is expected the Capital Notes will be quoted under the ticker code CNU050 on the NZX Debt Market		

Interest payments

Interest Rate

The Initial Margin and Interest Rate for the period until the First Reset Date (6 June 2031) will be set following the Bookbuild

If not redeemed prior, the Interest Rate to apply following the First Reset Date will be the sum of the 5 Year Benchmark Rate on the relevant Reset Date plus the Applicable Margin

The Applicable Margin means:

- from the First Reset Date to the First Step-up Date (6 June 2036), the Initial Margin
- from the First Step-up Date to the Second Step-up Date (6 June 2051), the Initial Margin plus 0.25% per annum
- from the Second Step-up Date, the Initial Margin plus 1.00% per annum

Interest deferral

An interest payment may be deferred at Chorus' discretion for up to 5 years

If deferred, the unpaid interest will remain owing and will itself accrue interest at the prevailing Interest Rate on the Capital Notes (in aggregate, the "**Unpaid Interest**")

If there is any Unpaid Interest outstanding, Chorus shall not:

- 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
- 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)

Issuer redemption rights

Chorus must redeem all the Capital Notes on the Maturity Date

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

Chorus also has a right to redeem all or some Capital Notes:

- (i) on any Reset Date
- (ii) on any date falling in the period of 3 months prior to the First Reset Date
- (iii) on any Interest Payment Date after a Reset Date
- (iv) at any time if a Tax Event or Rating Agency Event occurs

Chorus may also elect to redeem all Capital Notes at any time if there are less than 100m Capital Notes on issue

The redemption price will be:

If redemption is on the Maturity Date, following an Event of Default, on a Reset Date, on any date falling in the period of 3 months prior to the First Reset Date, where there are less than 100m Capital Notes on issue or due to the occurrence of a Tax Event:

- i) the Principal Amount plus Unpaid Interest plus accrued interest

If redemption occurs on any Interest Payment Date after a Reset date, or due to the occurrence of a Rating Agency Event, the higher of:

- i) the Principal Amount plus Unpaid Interest plus accrued interest; and
- ii) the market price, which will include accrued interest

A partial redemption will be permitted only to the extent there will be at least 100m Capital Notes outstanding after the partial redemption

Early redemption drivers

2031 - Year 6

- Capital Notes are redeemable at par whereas any subsequent call between Reset Dates will be at the higher of par and market value (unless less than 100m Capital Notes on issue or due to the occurrence of a Tax Event)
- S&P equity content expected to fall to minimal (0%), S&P treats the Capital Notes as 100% debt in Chorus' financial ratios
- The outcomes of not redeeming are not consistent with the rationale for the issue

2036 - Year 11

- First Step-up Date, after which the margin will increase by 0.25% (Applicable Margin = Initial Margin plus 0.25%)

2046 - Year 21

- Moody's equity content expected to fall to 0%, Moody's treats the Capital Notes as 100% debt in Chorus' financial ratios

2051 - Year 26

- Second Step-up Date, after which the margin will increase by 0.75% (Applicable Margin = Initial Margin plus 1.00%)

- Notwithstanding these early redemption drivers, Chorus considers that hybrid securities that are ascribed equity content, such as the Capital Notes, will be a key feature of its capital structure going forward
- As such, if Chorus chooses to redeem the Capital Notes early, current expectation is that equivalent replacement securities would be issued to fund that redemption

Chorus Capital Note vs Contact Energy capital bond - summary

	Chorus Capital Notes	Contact Energy capital bonds ²
Ranking	Unsecured and subordinated	Unsecured and subordinated
Interest payments	Quarterly	Quarterly
Interest deferral	Yes	Yes
Distribution Stopper	Yes	Yes
Cumulative	Yes	Yes
Term	31 years	30 years
First Reset Rate	6 years	5 years
Equity content	Intermediate ³ (S&P) - 50% Basket 'M' (Moody's) - 50%	Intermediate (S&P) - 50%
Step-ups	Two step-ups: <ul style="list-style-type: none"> 0.25% at year 11; plus 0.75% at year 26 (cumulative 1.00% above Initial Margin) 	Single step-up: <ul style="list-style-type: none"> 0.25% at year 5
Equity content cliff	S&P - year 6 ¹ Moody's - year 21 ¹	S&P - year 10 ¹
Issue credit ratings	S&P - BB+ Moody's - Baa3	S&P - BB+
Issuer early redemption rights	Reset Date, Tax Event, Rating Agency Event, any Interest Payment Date after Reset Date, <100m on issue, on any date during the period falling 3 months prior to First Reset Date	Reset Date, Tax Event, Rating Agency Event, any Interest Payment Date after Reset Date, <100m on issue
Election process	No	Yes


1. Expected

2. CEN060 and CEN090 capital bonds currently quoted on NZX Debt Market

3. S&P will treat any amount exceeding its 15% hybrid capitalisation threshold as 100% debt in its adjusted credit metrics

Note this is a high-level summary only, and does not purport to set out or compare all key terms of these issuances

Ranking of Capital Notes

	Ranking on liquidation	Type of liability/equity	Amount ¹
Higher ranking / Earlier priority  Lower ranking / Later priority	Liabilities that rank above the Capital Notes	Liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) ² Other borrowings secured over assets of Chorus 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	\$19m \$0m \$3,088m
	Liabilities that rank equally with the Capital Notes	Capital Notes ³	\$170m
	Liabilities that rank below the Capital Notes	Subordinated Portion of the Crown Funding Debt Securities	\$253m
		Other subordinated liabilities (Crown Funding Equity Securities)	\$768m
	Equity ⁴	Shares, reserves and retained earnings	\$662m

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 \$170m of Capital Notes are issued under the Offer. If less than \$170m 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)

Key information and timeline

Bookbuild process

Standard bookbuild process

NZX Firms, institutional investors and other approved parties to be invited to participate in the bookbuild process

No public pool

Minimum applications

\$5,000 and multiples of \$1,000 thereafter

Fees

Firm fees of 0.50%

Retail brokerage of 0.50%

Joint Lead Managers

Bank of New Zealand

Forsyth Barr

2025	Friday 23 May	Replacement PDS lodgement
	Monday, 26 May	Opening Date Indicative pricing announced
	Thursday, 29 May	Closing Date (11am) Rate Set Date
	Friday, 6 June	Issue Date
	Monday, 9 June	Quotation Date
	6 September	First Interest Payment Date
2031	6 June	First Reset Date S&P equity content expected to fall to 0%
2036	6 June	First Step-up Date
2046	6 June	Moody's equity content expected to fall to 0%
2051	6 June	Second Step-up Date
2056	6 June	Maturity Date

Appendices



Market information

	31 Dec 2023	31 March 2024	30 June 2024	30 Sept 2024	31 Dec 2024	31 March 2025
Baseband copper (no broadband)	57,000	51,000	45,000	40,000	34,000	29,000
Copper ADSL (includes naked)	68,000	62,000	56,000	49,000	44,000	39,000
VDSL (includes naked)	68,000	62,000	55,000	49,000	44,000	39,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000	NM
Fibre broadband (GPON)	1,052,000	1,064,000	1,074,000	1,083,000	1,089,000	1,098,000
Fibre premium (P2P)	10,000	10,000	10,000	9,000	9,000	9,000
Total connections*	1,256,000	1,250,000	1,241,000	1,231,000	1,221,000	1,214,000

Copper connections declined 16k in Q3 and total 107k

Total fibre connections grew 9k in Q3 and total 1,107k

*includes ~2,000 broadband connections Chorus is subsidising for lower socio-economic households

Pricing update

Fibre plan - consumer	Current wholesale price	Price before 1 Jan 2025	Notes
Voice line	\$30.59	\$29.11	
Home starter 50/10Mbps	\$38	\$35	Wholesale price applies where retail price is \$65. 50/10Mbps upgrades to 100/20Mbps from end FY25.
50/10Mbps	\$53.96	\$50.43	
100/20Mbps 300/100Mbps	\$56.28	\$53.54	100Mbps is anchor service. 300/100Mbps service upgrades to 500/100Mbps from end FY25.
1Gbps	\$66.19	\$61.86	
Hyperfibre 2Gbps	\$74.90	\$70	
Hyperfibre 4Gbps	\$90.95	\$85	
Hyperfibre 8Gbps	\$117.70	\$110	

Copper pricing	Current wholesale price	Price before 16 Dec 2024	Notes
Copper line	\$39.03	\$38.21	Annual CPI adjustment mid-December 2024
Copper broadband	\$52.18	\$51.08	

Our regulatory framework

- Chorus is required to provide wholesale services to retailers on a non-discriminatory basis
- Chorus fibre access services, excluding fibre in other fibre company areas, operate under a Regulated Asset Base (RAB) building blocks regime. The Commerce Commission sets a Maximum Allowable Revenue (MAR) that includes a mechanism for revenue wash-ups and inflation and is also used for electricity lines and gas network businesses.
- copper services can be withdrawn with 6 months' notice in areas where fibre is available and the Commerce Commission made a draft recommendation in March to deregulate copper services where fibre is not available.

Areas where fibre is available (~87% population)

- Chorus can withdraw copper services in accordance with Copper Withdrawal Code set by Commission
- a RAB building blocks regime with revenue cap applies to specified fibre access services outside of other fibre company areas
- the building blocks regime was first introduced for 2022-2024, with settings for the next period 2025-2028 just confirmed

Areas where fibre is not available (~13% population)

- Chorus supplies copper fixed line services to a diminishing customer base
- the Commerce Commission's final recommendation on copper deregulation is due to government by end of 2025
- a Telecommunications Service Obligation (TSO) for voice services applies to residential addresses that existed in 2001

Regulatory information

Final building blocks revenue components (\$m, nominal)	2025	2026	2027	2028
Total return on capital	255.1	270.4	269.4	266.1
Return on assets (RAB x WACC), Core fibre assets	384.6	396.6	404.3	408.5
Return on assets (RAB x WACC), Financial loss assets	74.0	63.8	54.6	46.2
Revaluations	-127.1	-116.7	-116.1	-115.3
Ex-ante stranding allowance	6.0	6.0	6.0	5.9
Benefit of Crown finance	-84.9	-81.9	-81.8	-81.7
TCS D allowance	2.5	2.5	2.5	2.4
Opex allowance	197.0	203.6	208.0	210.9
Total depreciation	452.8	447.3	450.8	439.4
Core fibre assets	299.4	310.0	327.5	328.3
Financial loss assets	153.4	137.2	123.3	111.1
Tax allowance	0.0	0.0	28.3	101.6
In-period smoothing	-13.3	11.6	13.5	-11.4
Total building blocks revenue	891.5	932.8	970.2	1,006.6
Pass-through costs	19.6	20.2	20.8	21.4
Wash-up amount (smoothed)	45.8	47.9	49.8	51.7
TOTAL	956.9	1,001.0	1,040.8	1,079.7

Income Statement

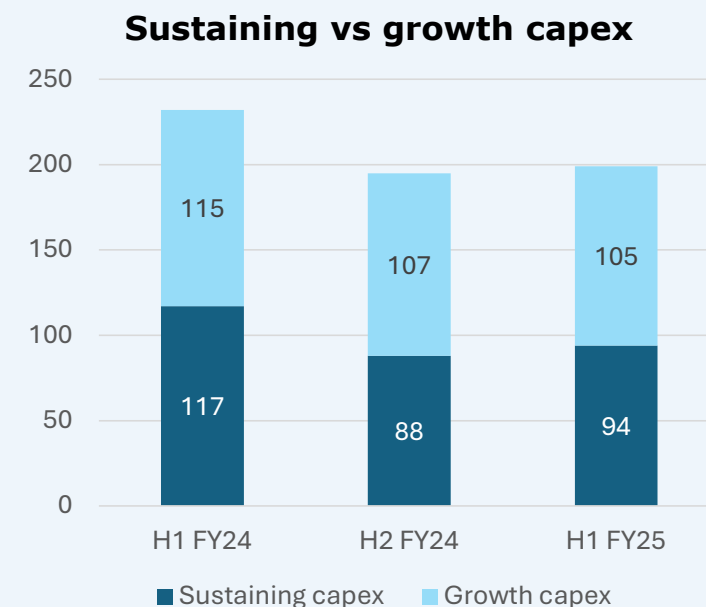
	H1 FY25 \$m	H2 FY24 \$m	H1 FY24 \$m	
Operating revenue	500	507	503	▪ decline in legacy revenues offsetting fibre growth
Operating expenses	(154)	(154)	(156)	▪ legacy costs reducing, but savings partly offset by inflation and spend to explore new revenue opportunities
Earnings before interest, tax, depreciation and amortisation (EBITDA)	346	353	347	
Depreciation and amortisation	(235)	(234)	(228)	▪ \$48m total depreciation across copper assets, up from \$45m in HY24 due to acceleration on copper related poles
Earnings before interest and income tax	111	119	119	
Net interest expense	(109)	(110)	(107)	▪ weighted average interest rate on debt reduced from 5.8% to 5.7% (includes accounting adjustments)
Net earnings before income tax	2	9	12	
Income tax expense	(7)	(23)	(7)	▪ H2 FY24 included \$15m non-cash expense from law change for deductibility of tax depreciation on buildings
Net (loss)/earnings	(5)	(14)	5	

Capex

Gross capex	H1 FY25 \$m	H2 FY24 \$m	H1 FY24 \$m
Sustaining capex*	94	88	117
Discretionary growth capex	105	107	115
Gross capex	199	195	232
Less Third-party contributions**	(24)	(25)	(30)
Net capex	175	170	202

***Sustaining capex** is investment to maintain, replace or improve an existing asset.

** **Third-party contributions** included \$2m of government grants that were applied to the balance sheet for specific projects. Other contributions were recognised as revenue.



Capex split

RAB capex*	H1 FY25 \$m	H2 FY24 \$m	H1 FY24 \$m
Extending the network – growth	45	26	29
Installations – growth	54	70	81
IT & Support - sustaining	27	33	31
Network capacity - sustaining	35	26	39
Network sustain & enhance - sustaining	18	16	19
Gross RAB capex	179	171	199
less Third-party contributions**	(18)	(15)	(24)
Net RAB capex	161	156	175

Non-RAB capex	H1 FY25 \$m	H2 FY24 \$m	H1 FY24 \$m
Copper - growth	2	4	1
Copper - sustaining	4	6	12
Other - growth	4	7	4
Other - sustaining	10	7	16
Gross non-RAB capex	20	24	33
less Third-party contributions	(6)	(10)	(6)
Net non-RAB capex	14	14	27

* HY25 unaudited. Final allocation for HY25 to be determined for 2025 Information Disclosure.

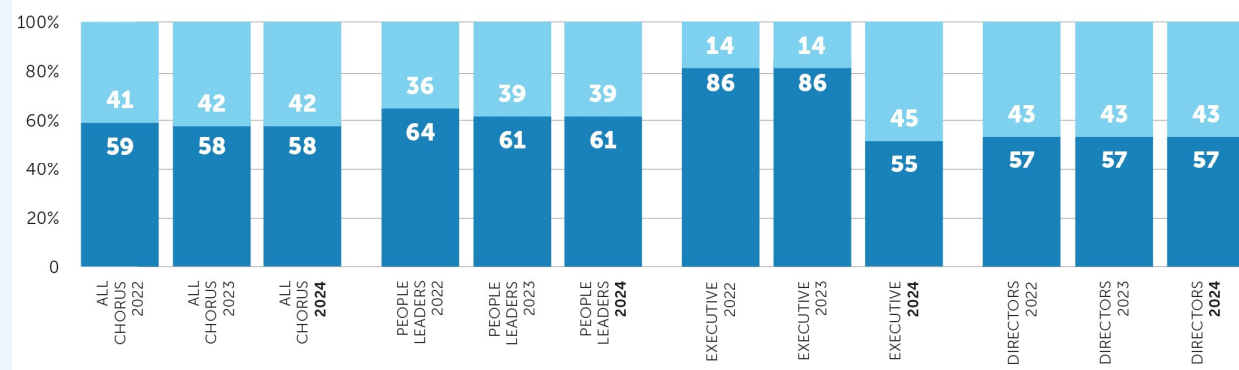
**Third-party contributions are deducted from capex when calculating the value of RAB assets

Sustainability

	FY22	FY23	FY24
Health & Safety: Recordable injuries	18	8	8
Electricity use (gigawatt hours)	81	77.4	75.1
Emissions Scope 1 & 2 (tonnes CO ₂ e)	10,456*	6,544*	6,387
Waste – tonnes (% recycled)	287 (67%)	368 (87%)	339 (93%)
Gender diversity (all Chorus)	41%F/59%M	42%F/58%M	42%F/58%M
Employee engagement (out of 10)	8.5	8.7	8.6

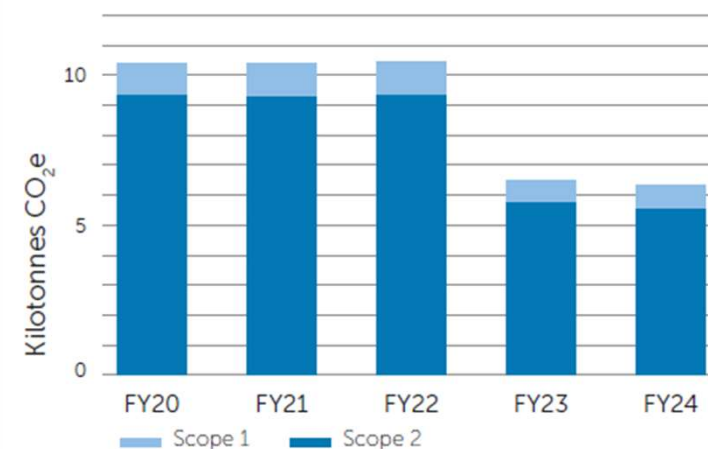
* Prior years emissions (FY22 and FY23) restated using retrospective emissions factor updates released by Ministry for the Environment in FY24, and reflecting improved data quality.

Gender by role - FY22 - FY24 (as of 30 April 2024)



<https://company.chorus.co.nz/sustainability>

Scope 1 & 2 emissions reduction from FY20 base year



Science-based target*



Progress against target



* Our targets follow guidance from the Science-based Targets Initiative (SBTi) for the Information Communications Technology (ICT) sector

The background is a photograph of a city at dusk. A large, semi-transparent blue circle is centered on the page, containing the text. In the background, the Sky Tower of Auckland is visible against a dark blue sky with a bright sun or moon low on the horizon, creating a lens flare effect. The foreground shows a paved area and a fence with vertical slats.

CHORUS

Capital Notes Indicative terms sheet

26 May 2025

Indicative terms sheet

26 May 2025

This indicative terms sheet (**Terms Sheet**) sets out the key terms of an offer (**Offer**) by Chorus Limited (**Chorus**) of up to NZ\$170 million of unsecured, subordinated, redeemable, cumulative, interest-bearing capital notes maturing on 6 June 2056 (**Capital Notes**).

This Terms Sheet is a summary only. It should be read together with the replacement product disclosure statement for the Capital Notes (**PDS**) dated 23 May 2025. The PDS is available free of charge on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number **OFR13938**) or can be obtained from the Joint Lead Managers or your usual financial advice provider.

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

Investors must obtain, and should read and carefully consider, a copy of the PDS (including the key risks discussed in section 6 of the PDS) before they apply for Capital Notes.

Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the PDS.

Key terms of the Offer

Issuer	Chorus Limited (Chorus).
Description	The Capital Notes are unsecured, subordinated, redeemable, cumulative, interest-bearing debt securities.
Ranking	<p>In a liquidation of Chorus, each Capital Note gives the Noteholder the right to payment of an amount equal to the Principal Amount plus all accrued but unpaid interest. The right of Noteholders to payment of this amount will rank:</p> <ul style="list-style-type: none"> • behind the claims of all creditors of Chorus (including under Chorus' bank debt, senior bonds, Euro Medium Term Notes, Australian Medium Term Notes, the Senior Portion of the Crown Funding Debt Securities, and any amounts owing to unsubordinated general and trade creditors, as well as indebtedness preferred by law and secured indebtedness), except for the claims and rights described below; • equally with the claims of other Noteholders and holders of any other unsecured and subordinated indebtedness of Chorus that rank equally with the Capital Notes; and • ahead of the rights of National Infrastructure Funding and Financing Limited in respect of its Subordinated Portion of its Crown Funding Debt Securities and its Crown Funding Equity Securities, Chorus' shareholders and holders of any other securities or obligations of Chorus that rank behind the Capital Notes. <p>In a liquidation of Chorus, it is unlikely that there will be surplus assets available for the liquidator to pay all amounts owing to Noteholders in respect of the Capital Notes.</p>
Purpose	Proceeds of the Offer will be used to fund the repayment and redemption of Crown Funding Securities due 30 June 2025.
No guarantee	Chorus is the issuer and the sole obligor in respect of the Capital Notes. No other person guarantees the Capital Notes.
Further indebtedness	Chorus may incur further debt without the consent of Noteholders. This means Chorus may, at any time, incur further debt that ranks equally with, or in priority to, the Capital Notes.
Equity content	<p>S&P Global Ratings has assigned "intermediate" equity content to the Capital Notes. Where such equity content is assigned, S&P Global Ratings will consider that the Capital Notes comprise 50% equity when calculating its financial ratios for Chorus*.</p> <p>The equity content is expected to fall to 0% from 6 June 2031.</p> <p>Moody's Investors Service, Inc has assigned Basket 'M' equity treatment. Where such equity treatment is assigned, Moody's Investors Service, Inc will consider that the Capital Notes comprise 50% equity when calculating its financial ratios for Chorus.</p> <p>The equity content is expected to fall to 0% from 6 June 2046.</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.

Credit ratings	Chorus issuer credit rating	Capital Notes issue credit rating
S&P Global Ratings	BBB (Stable)	BB+
Moody's Investors Service, Inc	Baa2 (Stable)	Baa3
<p>S&P Global Ratings' issue credit rating of the Capital Notes is two notches below S&P Global Ratings' issuer credit rating for Chorus. One notch is deducted due to the Capital Notes being subordinated and a second notch due to the potential for interest payments to be deferred.</p> <p>Moody's Investors Service, Inc's issue credit rating of the Capital Notes is Baa3. This is one notch below Moody's Investors Service, Inc's issuer credit rating for Chorus.</p> <p>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.</p> <p>A credit rating is not a recommendation by any rating organisation to buy, sell or hold Capital Notes. The above issuer credit ratings are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.</p>		

* S&P will treat any amount exceeding its 15% hybrid capitalisation threshold as 100% debt in its adjusted credit metrics.

Issue amount	Up to NZ\$170 million. The Offer is not underwritten.
Term	31 years (maturing 6 June 2056 (Maturity Date)) unless redeemed earlier.
Reset Dates	The First Reset Date for the Capital Notes is the date that is six years after the Issue Date (6 June 2031). There is a further Reset Date every five years after that.
First Step-up Date	6 June 2036 (11 years after the Issue Date) unless redeemed earlier.
Second Step-up Date	6 June 2051 (26 years after the Issue Date) unless redeemed earlier.
Issue price and Principal Amount	NZ\$1.00 per Capital Note.
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 not redeemed prior).</p> <p>The Interest Rate from the Issue Date until the First Reset Date (6 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 (29 May 2025) plus the Initial Margin; and the Minimum Initial Interest Rate. <p>The initial Interest Rate and the Initial Margin 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 (6 June 2036), the Initial Margin; from (and including) the First Step-up Date to (but excluding) the Second Step-up Date (6 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>
Minimum Initial Interest Rate	<p>5.50% per annum.</p> <p>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.</p>
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).
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).
Initial Margin	<p>The indicative Initial Margin range for the Capital Notes is 2.10-2.25% per annum.</p> <p>The actual Initial Margin for the Capital Notes (which may be above or below the indicative Initial Margin range) will be determined by Chorus (in consultation with the Joint Lead Managers) through the Bookbuild and will be announced by Chorus via NZX on or about the Rate Set Date.</p>
Payment of interest	<p>Interest will be payable in equal amounts on each scheduled Interest Payment Date.</p> <p>If the Capital Notes are redeemed on a date that is not a scheduled Interest Payment Date, the interest payable on the date of redemption will be calculated on the basis of the number of days from (and including) the previous Interest Payment Date to (but excluding) the date of redemption.</p> <p>Interest payments will be made to the Noteholder on the relevant Record Date.</p>

Interest Payment Dates	<p>Interest is scheduled to be paid quarterly in arrear on 6 March, 6 June, 6 September and 6 December in each year during the term of the Capital Notes and on the date on which the Capital Notes are repaid. Interest accrues on the Capital Notes from (and including) the Issue Date until (but excluding) the date on which they are redeemed.</p> <p>The First Interest Payment Date is 6 September 2025.</p>
Discretionary deferral of interest	<p>Chorus may, in its absolute discretion, defer any payment of interest on the Capital Notes for up to five years. If any interest payment is deferred, the unpaid interest will remain owing and will itself bear interest. 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> <p>Deferral of interest is not an Event of Default.</p> <p>See section 3 of the PDS (<i>Terms of the Offer</i>) for more information.</p>
Distribution Stopper	<p>While any unpaid interest is outstanding, Chorus must not:</p> <ul style="list-style-type: none"> • pay any dividend on, or make any other distribution in respect of, any of their ordinary shares or any of their other securities or obligations that rank, in liquidation, pari passu or after the Capital Notes; or • acquire, redeem or repay any of their ordinary shares or any of their other securities that rank, in liquidation, pari passu or after the Capital Notes (or provide financial assistance for the acquisition of such shares or securities). <p>These are the "Restrictions on Deferral".</p> <p>See section 3 of the PDS (<i>Terms of the Offer</i>) for more information.</p>
Optional early redemption by Chorus	<p>Chorus may choose to redeem the Capital Notes early in certain circumstances.</p> <p>Chorus may choose to redeem all or some of the Capital Notes:</p> <ul style="list-style-type: none"> • on any date falling in the period of three months prior to the First Reset Date; • on any Reset Date; • on any Interest Payment Date after a Reset Date; or • at any time if a Tax Event or Rating Agency Event occurs. <p>Chorus may choose to redeem all (but not some only) of the Capital Notes at any time if there are less than 100 million Capital Notes on issue.</p> <p>If Chorus chooses to redeem some (but not all) of the Capital Notes early, at least 100 million Capital Notes must remain outstanding after the partial redemption. Any partial redemption will be done on a proportionate basis but may include adjustments to take account of the effect on marketable parcels and other logistical considerations.</p> <p>See section 3 of the PDS (<i>Terms of the Offer</i>) for more information.</p>
Mandatory redemption	<p>Chorus must redeem all the Capital Notes on the Maturity Date.</p> <p>If an Event of Default occurs and is continuing, the Supervisor may (and must if directed by a Noteholder Extraordinary Resolution) declare the Principal Amount and any accrued interest of the Capital Notes due and payable.</p>
Tax Event	<p>In summary, 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 the legislation, regulation, etc., the interest payments on the Capital Notes would no longer be fully deductible for tax purposes.</p>
Rating Agency Event	<p>In summary:</p> <ul style="list-style-type: none"> • Chorus receives notice from a Rating Agency that, as a result of a change of criteria, the Capital Notes will no longer have the same equity content classification from that Rating Agency as they had immediately prior to the change in criteria; or • Chorus ceases to hold an issuer credit rating from at least one Rating Agency.
Rating Agency	<p>S&P Global Ratings or Moody's Investors Service, Inc.</p>

Events of Default	<p>In summary:</p> <ul style="list-style-type: none"> • 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; • Chorus fails to comply with the Restrictions on Deferral; • Chorus fails to pay any amount required to be paid on the redemption of the Capital Notes and such non-payment is not remedied within two Business Days; or • an insolvency event of Chorus occurs.
Amount payable on redemption or purchase	<p>If the Capital Notes are redeemed:</p> <ul style="list-style-type: none"> • on the Maturity Date; • on any date falling in the period of three months prior to the First Reset Date; • following an Event of Default; • on a Reset Date; or • at any time if a Tax Event occurs or there are less than 100 million Capital Notes on issue, <p>Noteholders will receive an amount equal to the Principal Amount (\$1.00), any Unpaid Interest and all accrued but unpaid interest for each Capital Note repaid or purchased.</p> <p>If the Capital Notes are redeemed:</p> <ul style="list-style-type: none"> • on any Interest Payment Date after a Reset Date; or • at any time if a Rating Agency Event occurs, <p>Noteholders will receive an amount equal to the greater of:</p> <ul style="list-style-type: none"> • the Principal Amount, any Unpaid Interest and all accrued but unpaid interest; or • the market price of the Capital Note (as determined in accordance with the Supplemental Deed) which will include accrued interest at the relevant time, <p>for each Capital Note repaid.</p>
Record Date	<p>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). If at any time the Record Date is not a Business Day, then the Record Date will be the immediately preceding Business Day.</p>
Minimum application amount	NZ\$5,000 with multiples of NZ\$1,000 thereafter.
Transfer restrictions	<p>Capital Notes may only be transferred in aggregate Principal Amount multiples of NZ\$1,000 and after any transfer the transferor and the transferee must each hold Capital Notes with an aggregate Principal Amount of no less than NZ\$5,000, or no Capital Notes.</p>
NZX Debt Market quotation	<p>Chorus intends to have the Capital Notes quoted on the NZX Debt Market. NZX ticker code CNU050 has been reserved for the Capital Notes.</p> <p>NZX takes no responsibility for the content of this Terms Sheet or the PDS.</p> <p>NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.</p>
ISIN	NZCNUDT007C7
Business Days	<p>A day (other than a Saturday or Sunday) on which banks are generally open for business in Auckland and Wellington.</p> <p>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.</p>
Governing law	New Zealand.
Who may apply for Capital Notes	Only clients of the Joint Lead Managers and other Primary Market Participants and approved financial intermediaries invited to participate in the Bookbuild can apply for the Capital Notes.
Securities Registrar	Computershare Investor Services Limited.
Supervisor	The New Zealand Guardian Trust Company Limited.

Arranger	Forsyth Barr Limited.
Joint Lead Managers	Bank of New Zealand and Forsyth Barr Limited.
Brokerage	Chorus will pay retail brokerage of 0.50% and firm allocation fees of 0.50% to Primary Market Participants and approved financial intermediaries (as applicable).
Selling restrictions	<p>The PDS only constitutes an offer of Capital Notes in New Zealand.</p> <p>Chorus has not taken and will not take any action which would permit a public or regulated offering of Capital Notes, or possession or distribution of any offering material in respect of the Capital Notes, in any country or jurisdiction other than New Zealand.</p> <p>The Capital Notes may only be offered for sale or sold in compliance with all applicable laws and regulations in any country or jurisdiction in which they are offered, sold or delivered.</p>
Non-reliance	<p>This Terms Sheet does not constitute a recommendation by the Arranger, the Joint Lead Managers, the Supervisor or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any of the Capital Notes.</p> <p>The Arranger, the Joint Lead Managers and the Supervisor have not independently verified the information contained in this Terms Sheet. None of the Arranger, the Joint Lead Managers, the Supervisor nor their respective directors, officers, employees, agents or advisers gives any warranty or representation that this Terms Sheet is accurate or reliable and they take no responsibility for it.</p>

Key dates

Lodgement of replacement PDS	Friday, 23 May 2025
Opening Date	Monday, 26 May 2025
Closing Date	Thursday, 29 May 2025 at 11.00am
Rate Set Date	Thursday, 29 May 2025 The initial Interest Rate and Initial Margin for the Capital Notes will be determined and announced on this date.
Issue Date and allotment date	Friday, 6 June 2025
Expected date of initial quotation and trading of the Capital Notes on the NZX Debt Market	Monday, 9 June 2025
First Reset Date	6 June 2031
First Step-up Date	6 June 2036
Second Step-up Date	6 June 2051
Maturity Date	6 June 2056

The Opening Date and the Closing Date may change. Chorus has the right in its absolute discretion to change the Opening Date and/or the Closing Date to be earlier or later. If Chorus changes the Opening Date and/or the Closing Date, the changes will be announced as soon as reasonably practicable by Chorus via NZX. If the Closing Date is changed, other key dates may be changed accordingly.

Chorus reserves the right to cancel the Offer and the issue of the Capital Notes.

Other information

The terms and conditions of the Capital Notes are set out in the Trust Deed, as supplemented by the Supplemental Deed. Noteholders are bound by, and are deemed to have notice of, the Trust Deed, as supplemented by the Supplemental Deed. You can obtain a copy of the Trust Deed and Supplemental Deed from the Disclose Register at www.disclose-register.companiesoffice.govt.nz (offer number OFR13938).

Before making any investment decision, you should consider the suitability of an investment in the Capital Notes in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial advice provider.

Contact details

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Arranger and Joint Lead Manager

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

C H ● R U S

ARBN 152 485 848

STOCK EXCHANGE ANNOUNCEMENT

26 May 2025

Chorus launches Capital Notes offer

Further to the announcement on 23 May 2025 by Chorus Limited (**Chorus**) that it had lodged a replacement Product Disclosure Statement for the offer of up to \$170 million of unsecured, subordinated, redeemable, cumulative, interest-bearing capital notes (**Capital Notes**) to investors in New Zealand (**Offer**), the Offer opens today, 26 May 2025, and is expected to close at 11.00am on 29 May 2025.

The Capital Notes will have a 31 year term, maturing on 6 June 2056, but may be redeemed early in certain circumstances from 6 March 2031, or earlier for tax or rating agency reasons.

The Interest Rate will be fixed for an initial period of 6 years, after which it will be reset on each Reset Date (6 years after the Issue Date and every 5 years after that), unless redeemed earlier by Chorus. Chorus may, in its absolute discretion, defer any payment of interest on the Capital Notes for up to 5 years.

The Interest Rate until the First Reset Date (6 June 2031) will be the greater of:

- the sum of the 6 Year Benchmark Rate on the Rate Set Date (29 May 2025) plus the Initial Margin; and
- the Minimum Initial Interest Rate.

The Minimum Initial Interest Rate is 5.50% per annum. 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.

The indicative Initial Margin range for the Capital Notes is 2.10% to 2.25% per annum. The actual Initial Margin (which may be above or below the indicative Initial Margin range) and the initial Interest Rate will be determined on the Rate Set Date following a bookbuild process and will be announced by Chorus via NZX on or about that date.

The Capital Notes have been assigned a credit rating of BB+ by S&P Global Ratings (**S&P**), which is two notches below S&P's issuer credit rating for Chorus reflecting their subordination and the potential for interest payments to be deferred. The Capital Notes have been assigned a credit rating of Baa3 by Moody's Investors Service, Inc (**Moody's**). This is one notch below Moody's issuer credit rating for Chorus.

The Capital Notes are expected to be issued on 6 June 2025 and quoted on the NZX Debt Market on 9 June 2025.

Details of the Offer and the Capital Notes are contained in the replacement PDS, which is available on the Disclose register at www.disclose-register.companiesoffice.govt.nz (offer number OFR13938). Updated copies of the indicative terms sheet and investor presentation have also been provided to NZX with this announcement.

Investors can register their interest by contacting any of the Joint Lead Managers (as detailed below) or their usual financial advice provider.

For further information please contact:

Arranger and Joint Lead Manager

Forsyth Barr Limited: 0800 367 227

Joint Lead Manager

Bank of New Zealand: 09 924 9602

Authorised by:

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ENDS

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