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## STOCK EXCHANGE ANNOUNCEMENT

29 May 2025

### Chorus releases final terms sheet for Capital Notes

Further to Chorus Limited's (**Chorus**) announcement earlier today, the final terms sheet relating to Chorus' issue of unsecured, subordinated, redeemable, cumulative, interest-bearing capital notes is attached.

For further details, investors can contact one of the Joint Lead Managers (details below), or their usual financial advice provider.

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# Capital Notes Final terms sheet

29 May 2025



# Final terms sheet

29 May 2025

This final terms sheet (**Terms Sheet**) sets out the key terms of an offer (**Offer**) by Chorus Limited (**Chorus**) of 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/](http://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.

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# 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"> <li>• <b>behind</b> 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;</li> <li>• <b>equally with</b> the claims of other Noteholders and holders of any other unsecured and subordinated indebtedness of Chorus that rank equally with the Capital Notes; and</li> <li>• <b>ahead</b> 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.</li> </ul> <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&amp;P Global Ratings has assigned "intermediate" equity content to the Capital Notes. Where such equity content is assigned, S&amp;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)
	Moody's Investors Service, Inc	Baa2 (Stable)
		BB+
		Baa3
	<p>S&amp;P Global Ratings' issue credit rating of the Capital Notes is two notches below S&amp;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	NZ\$170 million.
Term	31 years (maturing 6 June 2056 ( <b>Maturity Date</b> )) 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) is 5.90% per annum, being the sum of the 6 Year Benchmark Rate on the Rate Set Date (29 May 2025) plus the Initial Margin.</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"> <li>• from (and including) the First Reset Date to (but excluding) the First Step-up Date (6 June 2036), the Initial Margin;</li> <li>• 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</li> <li>• from (and including) the Second Step-up Date, the Initial Margin plus 1.00% per annum.</li> </ul> <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>
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	The Initial Margin for the Capital Notes is 2.05% per annum.
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.</p> <p>If any interest payment is deferred, the unpaid interest will remain owing and will itself bear interest.</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> <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"> <li>• 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</li> <li>• 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).</li> </ul> <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"> <li>• on any date falling in the period of three months prior to the First Reset Date;</li> <li>• on any Reset Date;</li> <li>• on any Interest Payment Date after a Reset Date; or</li> <li>• at any time if a Tax Event or Rating Agency Event occurs.</li> </ul> <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"> <li>• 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</li> <li>• Chorus ceases to hold an issuer credit rating from at least one Rating Agency.</li> </ul>
Rating Agency	<p>S&amp;P Global Ratings or Moody's Investors Service, Inc.</p>
Events of Default	<p>In summary:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Chorus fails to comply with the Restrictions on Deferral;</li> <li>• 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</li> <li>• an insolvency event of Chorus occurs.</li> </ul>
Amount payable on redemption or purchase	<p>If the Capital Notes are redeemed:</p> <ul style="list-style-type: none"> <li>• on the Maturity Date;</li> <li>• on any date falling in the period of three months prior to the First Reset Date;</li> <li>• following an Event of Default;</li> <li>• on a Reset Date; or</li> <li>• at any time if a Tax Event occurs or there are less than 100 million Capital Notes on issue,</li> </ul> <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"> <li>• on any Interest Payment Date after a Reset Date; or</li> <li>• at any time if a Rating Agency Event occurs,</li> </ul> <p>Noteholders will receive an amount equal to the greater of:</p> <ul style="list-style-type: none"> <li>• the Principal Amount, any Unpaid Interest and all accrued but unpaid interest; or</li> <li>• the market price of the Capital Note (as determined in accordance with the Supplemental Deed) which will include accrued interest at the relevant time,</li> </ul> <p>for each Capital Note repaid.</p>

<b>Record Date</b>	In relation to payments of interest, the close of business on the 10 <sup>th</sup> 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.
<b>Minimum application amount</b>	NZ\$5,000 with multiples of NZ\$1,000 thereafter.
<b>Transfer restrictions</b>	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.
<b>NZX Debt Market quotation</b>	<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>
<b>ISIN</b>	NZCNUDT007C7
<b>Business Days</b>	<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>
<b>Governing law</b>	New Zealand.
<b>Who may apply for Capital Notes</b>	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.
<b>Securities Registrar</b>	Computershare Investor Services Limited.
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited.
<b>Arranger</b>	Forsyth Barr Limited.
<b>Joint Lead Managers</b>	Bank of New Zealand and Forsyth Barr Limited.
<b>Brokerage</b>	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).
<b>Selling restrictions</b>	<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>
<b>Non-reliance</b>	<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

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

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