NZ RegCo
NZ'S LISTED
MARKET REGULATOR

9 November 2026

NZ RegCo Decision

Chorus Limited (CNU)

Application for waiver from NZX Listing Rules 2.3.2, 4.1.1, 4.1.2, 4.2.1 and ruling from NZX Listing Rule 4.9.1

Background

1. This waiver decision re-documents a prior waiver and ruling decision granted by NZX Regulation dated 3 April 2020.
2. The information on which these decisions are based is set out in Appendix One. These waivers will not apply if that information is not, or ceases to be, full and accurate in all material respects.
3. The NZX Listing Rules (**Rules**) to which these decisions relate are set out in Appendix Two.
4. Capitalised terms that are not defined in these decisions have the meanings given to them in the Rules.

Waivers from Rules 2.3.2(c) and 2.3.2(d)

Decision

5. Subject to the condition in paragraph 6 below, and on the basis that the information provided to NZ RegCo by CNU is complete and accurate in all material aspects, NZ RegCo grants CNU waivers from Rules 2.3.2(c) and 2.3.2(d), to enable CNU's constitution to include a restriction on who can be a Director of CNU, namely prohibiting Associated Persons of Telecommunications Services in New Zealand from being CNU Directors.
6. The waiver in paragraph 5 is granted on the condition that this waiver is summarised in each annual report of CNU (or the annual report contains a reference to where this information can be found on CNU's website), and any announcement made by CNU under Rule 2.3.2(c) and 2.3.2(d).

Reasons

7. In coming to the decision to provide the waiver set out in paragraph 6 above, NZ RegCo has considered that:
    a. the Crown required CNU to enter into a Deed as a condition to CNU's participation in the UFB initiative which provides for restrictions on who can be a CNU Director; and
    b. the restrictions on CNU Director nominations will be appropriately highlighted to CNU shareholders by virtue of the condition contained in paragraph 6 above.

Waivers from Rules 4.1.1, 4.1.2 and 4.2.1.

Decision

8. On the basis that the information provided to NZ RegCo by CNU is complete and accurate in all material aspects, NZ RegCo grants CNU waivers from the requirement contained in Rules 4.1.1, 4.1.2 and 4.2.1 for CNU to obtain specific shareholder approval, by Ordinary Resolution, for the issue of NIFFCo Equity Securities and NIFFCo Warrants.

Reasons

9. In coming to the decision to provide the waiver set out in paragraph 8 above, NZ RegCo has considered that:
    a. CNU submitted, and NZ RegCo has no reason not to accept, that it would be impossible for shareholders to vote separately on the issue of the NIFFCo Equity Securities and NIFFCo Warrants as the issue of those Securities was a condition of the Demerger;
    b. the Demerger was undertaken to allow CNU to participate in the UFB initiative;

c. the NIFFCo Equity Securities and NIFFCo Warrants were an integral part of the successful bid for CNU to participate in the UFB initiative;

d. the terms and conditions of the issue of the NIFFCo Equity Securities and NIFFCo Equity Warrants have been settled following extensive negotiations between TEL and NIFFCo; and

e. all material details of the NIFFCo Equity Securities and NIFFCo Warrants, including all material details of their terms of issue, and conversion and exercise, and the fact that in certain circumstances CNU shares could be issued pursuant to the terms of the NIFFCo Equity Securities and/or the NIFFCo Warrants in a manner that is dilutive to CNU shareholders were disclosed in the Scheme Booklet.

Ruling on Rule 4.9.1(b)

Decision

10. On the basis that the information provided to NZ RegCo by CNU is complete and accurate in all material aspects, for the purpose of Rule 4.9.1(b) in relation to CNU, NZ RegCo rules that:

    a. any conversion of NIFFCo Equity Securities into CNU ordinary shares;

    b. any conversion of NIFFCo Equity Securities into Preference Shares;

    c. any conversion of Preference Shares into CNU ordinary shares; and

    d. any exercise of the NIFFCo Warrants in relation to which CNU issues CNU ordinary shares;

    falls within the ambit of Rule 4.9.1(b)

Reasons

11. In coming to the decision to provide the ruling set out in paragraph 10 above, NZ RegCo has considered that:

    a. CNU submitted that the NIFFCo Equity Securities are convertible into CNU ordinary shares and into voting preference shares (which carry the right to convert into ordinary CNU shares on equivalent terms to the NIFFCo Equity Securities);

    b. CNU also submitted that the NIFFCo Warrants provide the holder of a NIFFCo Warrant with a right to purchase CNU ordinary shares at a specified strike price;

    c. the material terms of the conversion of each of the NIFFCo Equity Securities and exercise of the NIFFCo Warrants were appropriately disclosed in the Scheme Booklet;

    d. Rule 4.9.1(b) allows an Issuer to issue Equity Securities upon conversion of an Equity Security, if the terms of those securities provide for conversion to the kind of security issued;

    e. as the issue of the NIFFCo Equity Securities and NIFFCo Warrants was an integral part of the Demerger and TEL shareholders voted on the Demerger, it would not be appropriate for the conversion of the NIFFCo Equity Securities and NIFFCo Warrants to be individually voted on by CNU shareholders; and

    f. the ruling would align with the above sought waivers from Rules 4.1.1, 4.1.2, and 4.2.1.

Waiver from Rule 4.14.1(e).

Decision

12. On the basis that the information provided to NZ RegCo by CNU is complete and accurate in all material aspects, NZ RegCo grants CNU a waiver from Rule 4.14.1(e) to the extent necessary to allow CNU to redeem the NIFFCo Equity Securities in accordance with their terms of issue.

Reasons

13. In coming to the decision to provide the waiver set out in paragraph 12 above, NZ RegCo has considered that:

    a. the NIFFCo Equity Securities provide CNU with a right of redemption in certain prescribed circumstances, but given the waiver granted to CNU in respect of Rules 4.1.1, 4.1.2, and 4.2.1 above, will not be issued in accordance with Rule 4.14.1(e);

    b. the material terms of the NIFFCo Equity Securities (including the material terms relating to the ability for CNU to redeem the NIFFCo Securities) were appropriately disclosed in the Scheme Booklet; and

    c. NZ RegCo accepts the redemption of the NIFFCo Equity Securities could have been effected pursuant to Rule 4.14.1(e) but for the fact that approval of the terms of issue were effectively given by TEL shareholders in the approval of the overall Demerger resolution, rather than specific approval being provided under Rule 4.14.1(e).

Appendix One

1. Chorus Limited (**CNU**) demerged from Telecom Corporation of New Zealand Limited (**TEL**) (now Spark New Zealand Limited) in 2011 to become a publicly listed network services operator. This demerger (**Demerger**) was a condition of the agreements providing for CNU's participation in the New Zealand Government's ultra-fast broadband (**UFB**) initiative.
2. The Demerger was implemented by way of a High Court Scheme of Arrangement under Part XV of the Companies Act 1993 following approval by TEL shareholders at its 2011 Annual Meeting (the **Demerger AGM**). TEL shareholders were provided with a Scheme Booklet (the **Scheme Booklet**) which was approved by NZX Regulation prior to the Demerger AGM.
3. National Infrastructure Funding and Financing Limited (**NIFFCo**) (formerly Crown Infrastructure Partners and Crown Fibre Holdings Limited) is the entity that was formed by the Government to, amongst other things, manage the UFB initiative. NIFFCo invested, at CNU's election, up to approximately $1.33 billion in CNU as the network was built via subscription for securities funded and issued in different build phases. For the first phase of the UFB network build (**UFB1**), the total funding received by CNU over the period of UFB1 network construction was $924 million in return for the following securities (**NIFFCo Securities**):
    a. Non-voting redeemable preference shares, which entitle the holder to a right to a repayment preference on liquidation and include the right to dividends in certain circumstances, and which are convertible into ordinary CNU shares in certain circumstances (**NIFFCo Equity Securities**);
    b. Non-interest bearing repayable debt securities (the **NIFFCo Debt Securities**);
    c. Warrants issued for nil consideration which allow the holder to subscribe for CNU shares on certain exercise dates, where the strike price is based on a total shareholder return on CNU shares of 16% per annum (**NIFFCo Warrants**).
4. For the second phase of the UFB network build (**UFB2 and UFB2+**), different funding rates applied. Total NIFFCo funding received by CNU for the second phase was $411 million. In return for the NIFFCo funding for UFB2 and UFB2+, NIFFCo Equity Securities and NIFFCo Debt Securities were issued on similar terms as UFB1 securities but have different dividend entitlement dates (for NIFFCo Equity Securities) and different redemption dates (for NIFFCo Debt Securities). There are no NIFFCo Warrants in relation to UFB2 and UFB2+ funding.
5. The Crown required that CNU enter into a Deed Relating to Certain Operational and Governance Undertakings (**Deed**) to protect the Crown's interest in its investment into CNU in the context of the UFB initiative.
6. Accordingly, CNU's Constitution currently reflects certain provisions of the Deed as follows:
    a. restrictions on candidates for director nominations – these are reflected in clause 17.3 of CNU's Constitution as follows: "No person who is an Associated Person of a person which provides Telecommunications Services in New Zealand (other than the services to be provided by Chorus) shall be appointed or hold office as a director."; and
    b. the issue of certain Equity Securities to NIFFCo, including the NIFFCo Equity Securities and NIFFCo Warrants.

Removal of Ownership Threshold and Transfer Restrictions

7. As part of the Demerger, certain restrictions in respect of the ownership and transfer of CNU shares were included in CNU's constitution (Ownership and Transfer Restrictions). These constitutional arrangements were permitted by way of waivers from the Rules and required CNU, as a condition of these waivers, to bear a non-standard designation.

8. On 4 August 2026, CNU and the Crown executed an unconditional variation to the Deed to enable the removal of the Ownership and Transfer Restrictions from CNU's constitution subject to shareholder approval by special resolution at CNU's 2026 annual shareholders meeting.
9. On 4 November 2026, CNU's shareholders approved removal of the Ownership and Transfer Restrictions by adopting a replacement CNU constitution which became effective on 9 November. As the Ownership and Transfer Restrictions no longer apply, CNU does not require any waivers in relation to the Ownership and Transfer Restrictions.

Appendix Two

Rule 2.3.2 An Issuer must comply with the following Director nomination process:

(a) the closing date for nominations must be no more than two months before the date of the relevant meeting at which the election is to take place,

(b) the closing date for nominations must be announced to the market at least 10 Business Days prior to such closing date,

(c) there must be no restriction on who may be nominated as a Director, unless:

(i) the Governing Document requires Directors to hold certain Financial Products to qualify as a Director, or

(ii) applicable legislation restricts who may be a Director of the Issuer,

(d) subject to (c) above, there must be no precondition to the nomination of a Director other than compliance with the time limits in this Rule, and

(e) details of all nominations received prior to the closing date (and not later withdrawn) must be included in the notice of the relevant meeting.

Rule 4.1 Issue of New Equity Securities

Rule 4.1.1 Except as provided in Rule 4.1.2, an Issuer must only issue Equity Securities with approval by Ordinary Resolution in accordance with Rule 4.2.1.

Rule 4.1.2 An Issuer may issue Equity Securities, without approval by Ordinary Resolution, by way of:

(a) a pro-rata Rights offer, bonus issue or a Share Purchase Plan in accordance with Rule 4.3 and, if applicable, Rule 4.4,

(b) an issue under an Issuer's 15% placement capacity in accordance with Rule 4.5.1,

(c) an issue to Employees, in accordance with Rule 4.6, or

(d) other issues for dividend reinvestment plans, director remuneration, takeovers, amalgamation, conversions and Minimum Holdings in accordance with Rules 4.7 to 4.9.

Rule 4.2.1 Shareholder approval for Issues by Ordinary Resolution

For the holders of Equity Securities to approve an issue of Equity Securities by the Issuer, the precise terms and conditions of the issue must have been approved by:

(a) separate Ordinary Resolutions of each Class of Quoted Equity Securities whose rights or entitlements could be affected, or

(b) if a Class of Quoted Equity Securities were issued on terms that the holders would vote together with the holders of another Class or Classes of Equity Securities on a resolution of the nature referred to in Rule 4.2.1(a), a single resolution of all such Classes of Equity Securities voting together.

Rule 4.9 Issues relating to takeovers, conversions, minimum holdings and amalgamations

Rule 4.9.1 An Issuer may issue Equity Securities if:

(a) the issue is in consideration of an offer made by the Issuer in accordance with:

(i) the Takeovers Code or a scheme of arrangement under Part 15 of the Companies Act 1993, or

(ii) the takeover regime of a jurisdiction other than New Zealand which NZX considers provides a similar or greater level of protection to the recipients of the offer as the Takeovers Code or Appendix 3, and

the offer is made to all holders (other than the Issuer) of any Equity Securities in any other entities Listed on the Main Board or on another stock exchange, except if the other entity is an Associated Person of the Issuer or of any Director of the Issuer,

(b) the issue of Equity Securities (**Security B**) is made on Conversion of any Financial Product (Security **A**), and

(i) the terms of issue of Security A provided for the Conversion to Security B and the issue of Security A was approved in the manner set out in Rule 4.2.1 or Security A was issued in accordance with any of Rules 4.3, 4.5.1, 4.6, 4.8 or 4.9.1(a) (whether or not any of the Rules quoted applied to the issue of Security A), or

(ii) the issue of Security B is approved in the manner set out in Rule 4.2.1, or Security B is issued in accordance with Rule 4.5.1 or Rule 4.6,

(c) the issue is made to bring an existing holder's holding up to a Minimum Holding, or

(d) the issue is made under an arrangement, amalgamation or compromise effected through Part 13 or Part 15 of the Companies Act 1993 or an equivalent statutory regime in a jurisdiction other than New Zealand which NZX considers is at least as useful to the recipients.

Rule 4.14 Buy Backs and Redemption of Equity Securities

Rule 4.14.1 An Issuer may only acquire or redeem Equity Securities of that Issuer by:

(a) an acquisition effected through NZX's order matching market or through the order matching market of an Issuer's Home Exchange,

(b) an acquisition effected in compliance with:

(i) section 60(1)(a) (read together with section 60(2)) of the Companies Act 1993,

(ii) section 60(1)(b)(ii) (read together with section 61) of the Companies Act 1993, and:

(A) not made from a Director, or an Associated Person of a Director, of the Issuer, and

(B) not of a size which would cause the number of Equity Securities of the same Class acquired under this Rule 4.14.1(b)(ii) either in the 12 months preceding the date of the acquisition or since the issuer was listed, whichever is earlier, to exceed 15% of the total number of Equity Securities of the same Class on issue at the commencement of that period,

(iii) section 61(7) of the Companies Act 1993, or

(iv) sections 110 or 118 of the Companies Act 1993, or other applicable legislation, if required by a shareholder pursuant to such sections or legislation,

(c) a redemption in compliance with section 69(1)(a) of the Companies Act 1993,

(d) an acquisition or redemption:

(i) approved in accordance with Rule 4.16.1,

(ii) of Equity Securities that were issued under Rule 4.6, or

(iii) from a holder who holds less than a Minimum Holding, or

(e) a redemption of Equity Securities issued in compliance with Rule 4.2.1 or 4.3, where the Issuer is bound or entitled to redeem those Equity Securities pursuant to their terms of issue,

provided that for the purposes of Rule 4.14.1(b)(ii)(B):

(f) Financial Products which may convert to Quoted Equity Securities are deemed to be of the same Class as the Quoted Equity Securities into which they may convert, and

(g) the Financial Products referred to in paragraph (f) are deemed to be of the same number as the Quoted Equity Securities to which they may Convert, except that for the purpose of this calculation:

(i) in relation to the conversion ratio or conversion price, any reference to the market price (however described) of the underlying Quoted Equity Securities will instead be to the Average Market Price, and

(ii) any provisions for early Conversion at the option of a holder exercisable in limited circumstances (such as due to an event of default or change of control or similar) using a different formula or method will be disregarded.