

EXECUTION VERSION



Supplemental Deed

in respect of Series 2016-1
Fixed Rate Bonds

Chorus Limited (as Issuer)

The New Zealand Guardian Trust Company
Limited (as Supervisor)



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SUPPLEMENTAL DEED

Date: 30 March 2016

PARTIES

Chorus Limited (company number 3454251) (the *Issuer*)

The New Zealand Guardian Trust Company Limited (company number 115240) (the *Supervisor*)

INTRODUCTION

This deed is a supplemental trust deed entered into pursuant to clause 2 of the Master Trust Deed to provide for the constitution and issue of the Bonds described in this Supplemental Deed.

COVENANTS

1 INTERPRETATION

1.1 Master Trust Deed

The terms of the Master Trust Deed (including, without limitation, the definitions, the references, the rules of construction and miscellaneous provisions set out in clauses 1.1, 1.2, 1.3 and 1.4 of the Master Trust Deed) shall apply in this Supplemental Deed and to the Bonds constituted by this Supplemental Deed except to the extent modified in this Supplemental Deed. To that extent, or in the event of any conflict between the provisions of this Supplemental Deed and those of the Master Trust Deed, the provisions of this Supplemental Deed shall prevail over those of the Master Trust Deed.

1.2 Additional or modified defined terms

In this Supplemental Deed, unless the context otherwise requires:

Agency Agreement means the registry services agreement dated 1 November 2014 between Chorus New Zealand Limited and the Registrar, as novated and amended and restated by a novation, amendment and restatement deed dated on or about 30 March 2016 made between the Issuer, Chorus New Zealand Limited and the Registrar, under which the Registrar is appointed as the registrar, paying agent and Calculation Agent for the Bonds.

Bonds means the unsubordinated, unsecured, fixed rate debt instruments which are to be issued pursuant to this Supplemental Deed.

Downgrade Event means the existence of either of the following events:

- (a) the credit rating of the Bonds is BB+ or below on Standard & Poor's credit rating scale (or at or below the equivalent rating of any other internationally recognised rating agency that has rated the Bonds at the written request of the Issuer); or
- (b) if the Bonds are not rated by at least one internationally recognised rating agency either:



- (i) the long term corporate credit rating of the Issuer is BB+ or below on Standard & Poor's credit rating scale (or at or below the equivalent rating of any other internationally recognised rating agency that has provided a long term corporate credit rating of the Issuer at the written request of the Issuer); or
- (ii) the Issuer does not hold at least one long term corporate credit rating from an internationally recognised rating agency.

For the purposes of paragraphs (a) or (b)(i) above, where two or more internationally recognised rating agencies rate the Bonds or provide a long term corporate credit rating of the Issuer (as the case may be), a Downgrade Event exists if one or more of the credit ratings of the Bonds or the long term corporate credit ratings of the Issuer (as the case may be) are at the rating level described in those paragraphs.

Interest Payment Date means:

- (a) each date that is an integral multiple of three (3) Months preceding the Maturity Date, with the first Interest Payment Date being after the Issue Date; and
- (b) the Maturity Date,

as recorded in the Register as being the interest payment dates in respect of the Bonds.

Interest Period means, in respect of each Bond and an Interest Payment Date, each period from (and including) the preceding Interest Payment Date (or in the case of the first period, the Issue Date) to (but excluding) that Interest Payment Date (which, in the case of the last period, is the Maturity Date or any earlier redemption date of that Bond).

Interest Rate means the rate determined by the Issuer in the manner specified in the Offer Document in relation to this Series, on the Interest Rate Set Date, which will be announced via NZX on or about Interest Rate Set Date.

Interest Rate Set Date means the date on which the Interest Rate for the Bonds will be determined by the Issuer in accordance with the Offer Document in relation to this Series.

Master Trust Deed means the master trust deed dated on or about the date of this Supplemental Deed between the Issuer, Chorus New Zealand Limited and the Supervisor.

Maturity Date means 6 May 2021, being the date recorded in the Register as the maturity date of the Bonds.

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.



Registrar means Computershare Investor Services Limited or any successor agent appointed under the Agency Agreement.

Series means the series of bonds constituted by this Supplemental Deed, such series to be referred to as the Series "2016-1 Fixed Rate Bonds".

Step-up Margin means one per cent (1%) per annum.

1.3 **Modification of other terms in Master Trust Deed**

In this Supplemental Deed, the terms *Holder* and *Register* have the meanings given in the Master Trust Deed but, in this Supplemental Deed, refer only to the Holders of the Bonds and to the Register in relation to this Series.

2 **CONDITIONS PRECEDENT**

2.1 **Documentary Conditions Precedent**

The Issuer is not entitled to issue any Bonds until the Supervisor has confirmed to the Issuer in writing that it has received the following in form and substance satisfactory to it:

- (a) duly executed originals of the following documents:
 - (i) this Supplemental Deed; and
 - (ii) the Master Trust Deed;
- (b) a copy of the Agency Agreement;
- (c) a copy of the Offer Document in relation to this Series that has been lodged with the Registrar of Financial Service Providers;
- (d) a copy of the certificate of lodgement given by the Registrar of Financial Service Providers under the FMCA in respect of the Offer Document in relation to this Series;
- (e) evidence that this Supplemental Deed and the Master Trust Deed have been lodged with the Registrar of Financial Service Providers under the FMCA;
- (f) a legal opinion from the solicitors to the Issuer regarding the due execution and enforceability of this Supplemental Deed and the Master Trust Deed; and
- (g) confirmation from the solicitors to the Issuer that this Supplemental Deed, the Master Trust Deed and the Offer Document in relation to this Series comply with the FMCA and all other applicable laws, including the Listing Rules.

2.2 **Representations and Warranties**

In addition to the requirements set out in clause 2.1 (*Documentary Conditions Precedent*), the Issuer agrees not to issue any Bonds unless the representations and warranties in clause 11.1 of the Master Trust Deed are true and correct in all material respects by reference to the facts and circumstances existing as at the Issue Date.



3 **ISSUE OF BONDS**

3.1 **Maximum Principal Amount**

The aggregate Principal Amount of Bonds which may be issued under this Supplemental Deed, including over-subscriptions, is NZ\$400,000,000.

3.2 **Issue Price and Principal Amount of Bond**

Each Bond is to be issued for an Issue Price of NZ\$1.00, with a Principal Amount of NZ\$1.00.

3.3 **Status of Bonds**

The Bonds are:

- (a) unsecured, unsubordinated fixed rate bonds; and
- (b) a Retail Series which will be Listed.

4 **TERMS OF BONDS**

4.1 **Minimum Principal Amount**

The Minimum Principal Amount for the Bonds is NZ\$5,000 and thereafter multiples of NZ\$1,000.

4.2 **Ranking of Bonds**

The Bonds constitute direct, unsecured, unsubordinated and unconditional debt obligations of the Issuer. The Bonds rank, and will at all times rank, equally and without preference or priority among themselves and at least equally with all present and future unsubordinated and unsecured indebtedness of the Issuer (except indebtedness preferred by operation of law and subject to laws affecting creditors' rights generally and equitable principles of general application).

4.3 **Interest Rate and Calculation of Interest**

- (a) The Bonds shall accrue interest from, and including, the Issue Date.
- (b) Subject to paragraphs (c) and (d) below, the interest payable on each Bond on an Interest Payment Date shall be equal to the Interest Rate per annum on the Principal Amount of that Bond divided by four, and shall be payable to the Holder in arrears on each Interest Payment Date.
- (c) Subject to paragraph (d) below, where a Downgrade Event exists on the first day of an Interest Period in respect of an Interest Payment Date, then the interest payable on each Bond to the Holder on that Interest Payment Date shall be equal to the aggregate of the Interest Rate and the Step-up Margin per annum on the Principal Amount of that Bond divided by four.
- (d) If an Interest Period is shorter or longer than other Interest Periods because it starts or ends on the Issue Date or Maturity Date or any other date that does not correspond with other Interest Payment Dates, interest shall be calculated on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest will accrue daily and shall be payable to the Holder in arrears on the Interest Payment Date falling immediately after that Interest Period.



4.4 Default Interest

For the purposes of clause 6.7 (*Default Interest*) of the Master Trust Deed, the default interest rate shall be the aggregate of the Interest Rate and two per cent (2%) per annum.

5 GENERAL

5.1 Counterparts

This Supplemental Deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this Supplemental Deed by signing any such counterpart.

5.2 Governing law

This Supplemental Deed shall be governed by and construed in accordance with New Zealand law.

6 DELIVERY

Without limiting any other mode of delivery, this Supplemental Deed will be delivered by each party on the earlier of:

- (a) physical delivery of an original of this Supplemental Deed, executed by each party, to the other party, or to the respective party's solicitors; or
- (b) transmission by each party of a scanned or facsimiled copy of an original of this Supplemental Deed, executed by each party, to the other party, or to the respective party's solicitors.

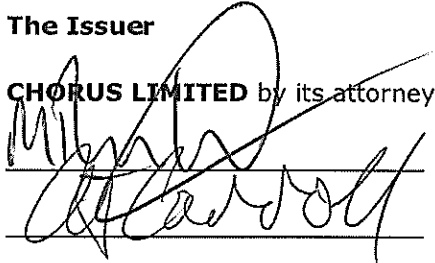


SIGNED AS A DEED

EXECUTION PAGE

The Issuer

CHORUS LIMITED by its attorneys:



in the presence of:



Name:

Jessica Louise Elder

Occupation:

Solicitor

Address:

Wellington

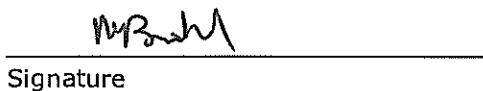
The Supervisor

**THE NEW ZEALAND GUARDIAN TRUST
COMPANY LIMITED** by: *wct07k*

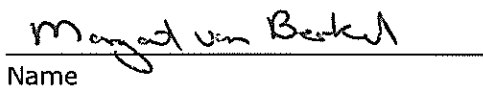
Authorised Signatory

Authorised Signatory

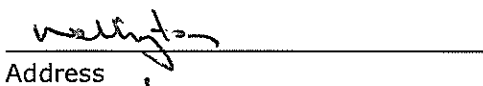
in the presence of:



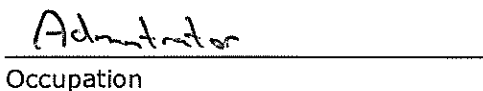
Signature



Name



Address



Occupation

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I, Mark Ratcliffe of Wellington, New Zealand, Chief Executive Officer of Chorus Limited, certify:

- 1 That by deed dated 22 March 2016, Chorus Limited, company number 3454251, a company incorporated in New Zealand and having its registered office at Level 10, 1 Willis Street, Wellington, New Zealand appointed me its attorney.
- 2 That I have not received notice of any event revoking the power of attorney.

Signed at Auckland this 30th day of March 2016

A handwritten signature in black ink, appearing to read 'Mark Ratcliffe', written over a horizontal line.

Mark Ratcliffe

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I, Andrew Carroll of Wellington, New Zealand, Chief Financial Officer of Chorus Limited, certify:

- 1 That by deed dated 22 March 2016, Chorus Limited, company number 3454251, a company incorporated in New Zealand and having its registered office at Level 10, 1 Willis Street, Wellington, New Zealand appointed me its attorney.
- 2 That I have not received notice of any event revoking the power of attorney.

Signed at *Wellington* this *30th* day of *March* 2016



Andrew Carroll