

# Chorus Dividend Reinvestment Plan

Choose to have Chorus reinvest all or part of your future dividends in additional Chorus shares. It's a cost effective and convenient way for you to increase your investment in Chorus.



Offer Document

FEBRUARY 2016



# Dear shareholder

This booklet provides details of the Chorus Dividend Reinvestment Plan, so that you can decide if you'd like to participate. If you do not wish to participate in the Plan you do not need to do anything, and you will continue to receive all future dividends as cash.

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**This document is important. If you do not understand it, or are in any doubt as to how to act, you should consult your financial adviser.**

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## **How the Dividend Reinvestment Plan works**

The Plan enables eligible shareholders to choose to have Chorus reinvest all or part of their future dividend entitlements in additional Chorus shares (rather than receiving cash payments). This provides a cost effective and convenient way for shareholders to increase their investment in Chorus without brokerage charges.

Further details are provided in the terms and conditions attached.

## **Who can participate in the Plan?**

Shareholders are eligible to participate in the Plan if they are resident in New Zealand or Australia. Chorus has elected not to offer participation under the Plan to shareholders who are resident outside of New Zealand or Australia. This is to avoid the risk of breaching overseas laws and because of the costs and requirements involved in ensuring the Plan's compliance with laws of additional jurisdictions.

Any person residing outside New Zealand or Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Chorus that they can lawfully participate through their nominee.

## **How do you enrol in the Plan?**

Please read the enclosed information carefully. You should consult your own financial adviser if you have any questions.

If you do wish to enrol in the Plan you can either:

- a. Go to [www.investorcentre.com/nz](http://www.investorcentre.com/nz) and log in; or
- b. Complete and return a Participation Notice to Chorus' share registrar, Computershare.



Patrick Strange, Chairman

# Questions and answers

## 1. **How do shareholders participate in the Plan?**

Read this Offer Document and then confirm participation by either enrolling online or returning a Participation Notice to Chorus' share registrar, Computershare.

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## 2. **What does it cost to participate?**

There are no costs charged for eligible shareholders to participate in the Plan. Shares acquired under the Plan do not incur brokerage or commission costs.

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## 3. **How many shares do shareholders need to have to participate?**

There is no minimum shareholding requirement.

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## 4. **Can I reinvest just some of my dividends?**

Yes, shareholders can choose between full or partial participation in the Plan.

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## 5. **What price will shareholders pay for the shares?**

The price of shares is based upon the volume weighted average sale price of Chorus shares sold on the NZX Main Board over a period of five Business Days starting on the "Ex Date". The share price may be subject to a discount set by the Board from time to time.

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## 6. **Can shareholders still sell shares when they want?**

Yes, shares can be sold at any time when shareholders participate in the Plan.

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**7. Can shareholders opt out of the Plan in the future?**

Yes. If shareholders choose to join the Plan, they can opt out of it in the future by informing Chorus' share registrar, Computershare.

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**8. Can the Plan be changed or cancelled?**

Yes, Chorus' Board can change, suspend or cancel the Plan at its sole discretion. If that occurs, notice will be given through the NZX and ASX.

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**9. Are there any tax implications?**

For New Zealand and Australian income tax purposes, dividends reinvested in shares under a dividend reinvestment plan are generally treated in the same manner as a cash dividend. Chorus will provide details of the dividend, taxes withheld and credits available so shareholders can complete their tax returns. It is recommended that each shareholder contact their professional tax adviser for more information about their specific circumstances. Refer to clause 15 of the Terms and Conditions.

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# Terms and conditions

## 1. Introduction

The Plan enables Shareholders to reinvest the net proceeds of cash dividends payable or credited on all or some of their Shares by acquiring further fully paid Shares. The terms and conditions of the Plan (the "Terms and Conditions") as determined by the Board are set out below.

Words defined on page 12 of this Offer Document have the same meaning in these Terms and Conditions.

## 2. Participation in the Plan

- (a) Subject to these Terms and Conditions, Chorus offers to all Shareholders the right to elect to participate in the Plan.
- (b) Chorus may, in its absolute discretion, elect not to offer participation under the Plan to Shareholders who are resident outside New Zealand or Australia if Chorus considers that to do so would risk breaching the laws of places outside New Zealand or Australia and/or the costs and requirements to comply with these laws would be unreasonable. The Board may, in its sole discretion, elect to amend this policy at any time.
- (c) If Chorus does amend this policy, then Shareholders who apply to participate in the Plan and who reside outside New Zealand or Australia will represent and warrant to Chorus that the offer of the Plan and their participation in it would not breach any laws in their country of residence.
- (d) Any person residing outside New Zealand or Australia who holds Shares through a New Zealand or Australian resident nominee should not allow their nominee to participate in the Plan if participation in respect of their Shares would be contrary to the laws of their country of residence.
- (e) Any person residing outside New Zealand or Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Chorus that they can lawfully participate through their nominee.
- (f) Chorus accepts, and shall have, no responsibility for determining whether a person is able to participate in the Plan under laws applicable outside of New Zealand or Australia.

- (g) Additional Shares to be issued to a Shareholder under the Plan will be issued on the terms set out in this Offer Document and subject to the same rights as Shares acquired by all other Shareholders who participate in the Plan.
- (h) Normal cash dividend payments will be paid out to those Shareholders not participating in the Plan and on a Participant's Non-Participating Shares, and will not be reinvested in further Shares.
- (i) Each time a Share is issued (or transferred) to a Participant under the Plan, the Participant will be deemed to have warranted to Chorus that the Participant is legally entitled to be issued (or transferred) that Share and that such issue (or transfer) does not result in the Participant or any other person breaching any law or provision in Chorus' constitution.

### **3. Participation Notice**

- (a) Election to participate in the Plan must be made on the prescribed Participation Notice or by electronic means specified by Chorus from time to time.
- (b) Participation will commence in relation to the net proceeds of cash dividends payable or credited on the first Election Date after receipt by the Registrar of a correctly completed Participation Notice, subject to any termination of the Plan becoming effective before then.

### **4. Degree of Participation**

- (a) Participation may be either full or partial.
- (b) In the case of full participation in the Plan, these Terms and Conditions will apply to the cash dividends payable or credited in respect of all the Participant's Shares from time to time registered in the Participant's name, until such number of Shares participating in the Plan is varied or participation in the Plan is terminated in accordance with clause 10 of these Terms and Conditions.
- (c) Partial participation applies only to the number or percentage of Shares nominated by the Participant in a Participation Notice, as varied from time to time in accordance with clause 10 of these Terms and Conditions. However, if at the relevant Record Date the number of Shares held by the Participant is less than the number of Participating Shares, then the provisions of the Plan will only apply to such lesser number of Shares.
- (d) If the Participation Notice does not indicate the degree of participation, it will be deemed to be an application for full participation provided it is otherwise correctly completed and signed.
- (e) A Participation Notice will not attach to the Shares in respect of which it has been given but will be personal to the Shareholder giving it.
- (f) Any Shares over which Chorus has a lien or charge under the Constitution or otherwise, for a sum which is presently payable, will not be eligible to participate in the Plan.

## 5. Operation of the Plan

- (a) By accepting this offer, each Participant directs Chorus to apply the net proceeds of every cash dividend payable or credited on the Participating Shares held by the Participant on the relevant dividend's Record Date as payment for the Shares to be issued to the Participant in accordance with the Plan. Such direction shall continue until the Participant or Chorus terminates the Participant's participation in the Plan in accordance with these Terms and Conditions and shall not apply during any period in which Chorus suspends the Plan or after Chorus has terminated the Plan.
- (b) Notice of termination of, or variation in, participation in the Plan must be received prior to 5pm on the relevant Election Date (New Zealand time) to be effective for a particular dividend.
- (c) The number of Shares to be issued to the Participant in each case will be determined in accordance with clause 6 of these Terms and Conditions.
- (d) The Board will, on the day that a Participant would have otherwise received the net proceeds of cash dividends on Participating Shares, either issue new Shares or arrange the transfer of existing Shares to the Participant in accordance with clause 6 of these Terms and Conditions.
- (e) Additional Shares issued to the Participant under the Plan will, from the date of allotment, rank equally in all respects with all other fully paid Shares.
- (f) Additional Shares acquired by the Participant under the Plan will be registered on the register where the Participant already holds Shares.

## 6. Additional Share Entitlement

- (a) The number of Shares to be issued under the Plan as fully paid (or transferred) to a Participant in return for a cash dividend will be calculated in accordance with the following formula:

$$N = \frac{PS \times D + B}{P}$$

Where:

**N** is the number of additional Shares which the Participant will receive;

**PS** is the number of Participating Shares;

**D** is the net proceeds per Share from Chorus (expressed in cents and decimals of cents, including any tax refunds and after deduction of any New Zealand withholding or other taxes, if any) of cash dividends paid or credited on each Share and which would otherwise have been paid to a Shareholder in cash if the Shareholder had not elected to participate in the Plan;

**B** is the amount, if any, held to the order of the Participant under the Plan in accordance with paragraph 6(e) below as a result of rounding Share entitlements when the Plan last operated; and

P is the volume weighted average sale price (expressed in cents and decimals of cents), for a Share, calculated on all price setting trades of Shares which took place through the NZX Main Board over a period of five Business Days commencing on the Ex Date (less a discount (if any) at the discretion of the Board, as contemplated by paragraph 12(a)(i) of these Terms and Conditions).

- (b) If no sales of Shares occur during such period then the volume weighted average sale price will be deemed to be the sale price for a Share on the first price setting trade of Shares on the NZX Main Board which takes place after such period.
- (c) Any volume weighted average sale price so determined may be reasonably adjusted by the Board to allow for any bonus or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the volume weighted average sale price so determined, the Board may make such adjustments to that sale price as it considers reasonable.
- (d) Where the number calculated in accordance with the preceding provisions is not a whole number, then the number of Shares a Participant receives will be rounded down to the nearest whole number of Shares.
- (e) Any net proceeds per Share as described in the definition of "D" in clause 6(a) above which are not applied to acquire a part of a Share because of clause 6(d) above shall be held to the order of the Participant and applied under the Plan on the Participant's behalf the next time the Plan operates.
- (f) Should the Participant:
  - (i) terminate his or her participation in the Plan under clause 10(a)(ii) of these Terms and Conditions; or
  - (ii) cease to be a shareholder of Chorus,any amount above NZ\$2.00, which at the time is held to the order of the Participant under clause 6(e), will be paid in cash to the Participant on the next dividend payment date. Amounts of NZ\$2.00 or less which are held to the order of the Participant at that time shall be forfeited.

## **7. Statements to Participants**

- (a) Chorus will send to each Participant, promptly after each dividend payment date, a statement detailing in respect of that Participant:
  - (i) the number of Participating Shares as at the relevant Record Date;
  - (ii) the amount of cash dividend reinvested in respect of Participating Shares and the amount of dividend paid in cash on the Non-Participating Shares (if applicable);
  - (iii) the amount of any taxation deduction made;
  - (iv) the number of Shares the Participant has received under the Plan;
  - (v) advice as to the amount of any taxation credits;

- (vi) advice as to the amount held to the order of the Participant under the Plan; and
- (vii) such other matters as are required by law with respect to dividends and/or their reinvestment.

(b) Participants should contact the Registrar if they need to change their contact details.

## **8. No Brokerage or Commission Costs to Participants**

No brokerage or commission costs will be payable by Participants in respect of the Shares they receive under the Plan.

## **9. Source of Additional Shares**

Additional Shares to be acquired by Participants under the Plan may, at the Board's discretion, be:

- (a) new Shares issued by Chorus; or
- (b) existing Shares acquired by Chorus or its nominee or agent and transferred to Participants; or
- (c) any combination of (a) and (b) above.

## **10. Variation or Termination of Participation**

- (a) A Participant may, at any time, by giving written notice to the Registrar and subject to any additional requirements determined by Chorus in its discretion:
  - (i) increase or decrease the number or percentage of Participating Shares participating in the Plan; or
  - (ii) terminate participation in the Plan.
- (b) Such alteration or termination will take effect immediately upon receipt by the Registrar of the written notice; provided that any notice received between an Election Date and the corresponding dividend payment date will take effect on the day following such dividend payment date.
- (c) If a Participant dies, receipt by the Registrar of a notice of death in a form acceptable to Chorus will be treated as notice under clause 10(a)(ii) of these Terms and Conditions. Death of one of two or more joint holders will not automatically terminate participation.

## **11. Non-Participating Shares Transferred First**

Where a Participant with partial participation disposes of part of his or her holding of Shares and that Participant has elected to participate in the Plan in respect of a specified number of Shares, then, unless the Participant advises the Registrar otherwise:

- (a) the Shares disposed of will be deemed to be the Participant's Non-Participating Shares; except
- (b) if the number of Shares disposed of is more than the number of the Participant's Non-Participating Shares, the balance will be attributed to Participating Shares.

## **12. The Board's Discretion on Termination, Suspension and Modification**

- (a) In addition to any other clauses in these Terms and Conditions granting the Board discretion, the Board may also in its sole discretion resolve:
  - (i) that the price at which additional Shares are to be issued under the Plan shall contain a discount to market price;
  - (ii) that participation in the Plan will not apply to the whole or a part of the net proceeds of any cash dividend and that the applicable part will be paid out in cash and not be reinvested;
  - (iii) that a Participation Notice will cease to be of any effect;
  - (iv) that the terms and conditions of the Plan be modified, suspended or terminated;
  - (v) if the Plan is modified, then a Participation Notice will be deemed to be a Participation Notice under the Plan as modified unless such Participation Notice is subsequently changed or withdrawn by the Participant; and
  - (vi) in the event of the subdivision, consolidation or reclassification of Shares into one or more new classes of Shares, that a Participation Notice will be deemed to be a Participation Notice in respect of the Shares as subdivided, consolidated or reclassified unless such Participation Notice is subsequently changed or withdrawn by the Participants.
- (b) Notice of any modification, suspension or termination by Chorus under clause 12(a) will be advised to NZX and ASX.

## **13. Stock Exchange Listing**

Chorus will apply for Shares which may be issued under the Plan to be quoted on the NZX Main Board and the ASX promptly after they have been issued. NZX and the ASX Limited accept no responsibility for any statement in this Offer Document.

## **14. No Inside Information**

At each time the price for Shares is set under clause 6 of these Terms and Conditions, Chorus is required to, and will, ensure that it has no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Shares if the information were publicly available.

## **15. Taxation**

The taxation consequences for each Shareholder should they elect to participate in the Plan will differ depending upon their particular circumstances. Accordingly, each Shareholder should consult their own tax adviser as to the taxation implications of the Plan. Chorus does not accept any responsibility for the financial or taxation effects of a Shareholder's participation or nonparticipation in the Plan.

## **16. Information for Australian Shareholders**

- (a) The offer of Shares under the Plan does not require disclosure for the purposes of section 708 of the Corporations Act 2001 (Cth).
- (b) Australian resident Shareholders should note that Chorus is not licensed to provide financial product advice in relation to the Shares offered under the Plan. There is no cooling-off regime that applies in respect of the issue of Shares under the Plan.

## **17. Governing Law**

The Plan and its operation and these Terms and Conditions will be governed by the laws of New Zealand.

## **18. Available Information**

Copies of Chorus' most recent annual report, financial statements and auditor's report are available online at: [www.chorus.co.nz/investor-centre](http://www.chorus.co.nz/investor-centre).

A hard copy is also available free of charge on request from:

Chorus Limited  
Level 10  
1 Willis Street  
P O Box 632  
Wellington 6140  
New Zealand

Email: [company.secretary@chorus.co.nz](mailto:company.secretary@chorus.co.nz)

Website: [www.chorus.co.nz](http://www.chorus.co.nz)

Details of Chorus' dividend policy from time to time will be available from [www.chorus.co.nz](http://www.chorus.co.nz)

## **19. Registrar's Address**

The contact details of the Registrar are as follows:

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142  
Level 2, 159 Hurstmere Road, Takapuna,  
Auckland 0622  
New Zealand

Phone: 09 488 8777

Fax: 09 488 8787

Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

# Definitions

The following words have these meanings in this Offer Document:

**ASX:** Australian Securities Exchange operated by ASX Limited.

**Board:** Chorus' Board of Directors.

**Business Day:** A day on which NZX is open for trading.

**Chorus:** Chorus Limited.

**Constitution:** Chorus' constitution.

**Election Date:** The first Business Day after the Record Date or such later date set by the Board.

**Ex Date:** Has the meaning specified in the NZX Main Board listing rules.

**Issue:** In the case of existing Shares, includes transfer where the context requires.

**Non-Participating Share:** A Share registered in the name of a Participant, the dividends on which are not subject to the Plan, and in respect of a particular Election Date, the Non-Participating Shares that are not participating in the Plan on that date.

**NZX:** NZX Limited.

**NZX Main Board:** The main board equity security market operated by NZX.

**Participant:** Any eligible holder of Shares who has completed (and has not withdrawn) a Participation Notice which has been accepted by Chorus.

**Participating Share:** A Share registered in the name of a Participant, the net proceeds of cash dividends on which are subject to the Plan, and in respect of a particular Election Date, the Participating Shares participating in the Plan on that date.

**Participation Notice:** The Participation Notice for the Plan as approved by Chorus from time to time.

**Plan:** The Chorus Dividend Reinvestment Plan established by the Board pursuant to the Constitution on the terms and conditions set out in this Offer Document, as amended from time to time.

**Record Date:** The date and time fixed by the Board for determining entitlement to the relevant dividend.

**Registrar:** Computershare Investor Services Limited.

**Shares:** Ordinary Shares in Chorus.

**Shareholders:** Holders of Shares.



