



Magellan Flagship Fund Limited
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16 March 2015

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Magellan Flagship Fund Limited Capital Raising – 1:4 Renounceable Rights Issue

Magellan Flagship Fund Limited (MFF) today announces that the Board has resolved to proceed with a pro-rata renounceable entitlement issue (**Offer**) of new fully paid ordinary shares (**New Shares**) to its shareholders on a 1-for-4 basis, at an issue price of \$1.60 per share. The Offer will raise up to \$143 million if it is fully subscribed.¹

The Offer Price of \$1.60 compares with the closing market price of MFF Shares of \$1.86 on ASX on Friday 13 March 2015.

The Offer will be made to holders of ordinary shares in MFF with a registered address in Australia or New Zealand (**Eligible Shareholders**) as at 7.00pm (Sydney time) on Monday 13 April 2015 (**Record Date**). Accordingly, this provides holders of MFF2017 Options with the opportunity to exercise and convert to ordinary shares in order to participate in the Offer if they wish. MFF is sending a letter to holders of MFF2017 Options this week.

Pursuant to the Offer Eligible Shareholders have the right to take up one (1) new share for every four (4) shares held as at the Record Date (**Entitlement**).

MFF is undertaking the Offer for the purposes of:

- raising additional investment funds to take advantage of future opportunities in global equity markets (at the appropriate time) and reduce the requirement to realise long-term investments to fund these opportunities;
- strengthening the Company's balance sheet by paying down debt and increasing the cash balance; and

¹ If all Options are exercised prior to the Record Date, the maximum amount that could be raised under the Offer will be approximately \$185 million. The \$185 million does not include the additional amount of approximately \$109 million that would be received by the Company if all Options were exercised.

- allowing Shareholders to increase their investment in MFF, lower MFF's management expense ratio and potentially improve the liquidity in the market for the Company's shares.

New Shares issued under the Offer will rank equally with existing Shares, except that the New Shares will not be entitled to receive the interim dividend for the half year ended 31 December 2014 announced by MFF on 5 February 2015 of \$0.01 unfranked, payable on 15 May 2015.

Entitlements may be traded on ASX between 9 April 2015 and 30 April 2015. An indicative timetable for the Offer is set out in the Annexure.

Taylor Collison Limited and Bell Potter Securities Limited are Joint Lead Managers to the Offer. The Offer is not underwritten.

Further information in relation to the Offer described in this announcement is set out in the Offer Booklet which MFF has filed with ASX today. You should read the Offer Booklet in its entirety, including the risks section. Nothing in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the Offer.

Further Information

Shareholders who require further information in relation to the Offer or would like assistance in dealing with their Entitlement should ring the MFF Shareholder Information Line on 1800 074 453.

Yours faithfully,

Geoffrey Stirton
Company Secretary

Annexure - Indicative Timetable

Announcement of Offer and lodgement of Offer Document with ASX	Monday, 16 March 2015
Last day for Optionholders to exercise their Options and participate in the Offer	Wednesday, 8 April 2015
Entitlement trading commences on ASX (and MFF shares trade ex entitlement)	Thursday, 9 April 2015
Record Date for eligibility for the Offer	7.00pm, Monday, 13 April 2015
Offer Document despatched to Shareholders and Offer opens	Thursday, 16 April 2015
Entitlement trading on ASX ends	Thursday, 30 April 2015
New Shares under the Offer commence trading on ASX on a deferred settlement basis	Friday, 1 May 2015
Interim dividend record date	Friday, 1 May 2015
Closing Date of the Offer	5.00pm, Thursday, 7 May 2015
Allotment of New Shares and dispatch of holding statements	Wednesday, 13 May 2015
New Shares commence trading on a normal settlement basis	Thursday, 14 May 2015
Interim dividend paid and Shares issued pursuant to the MFF Dividend Reinvestment Plan	Friday, 15 May 2015

**These dates are indicative only and are subject to change.*