

ASX Release

ConnectEast.com.au

19 December 2008

SUCCESSFUL COMPLETION OF \$450 MILLION CAPITAL RAISING

ConnectEast Group is pleased to announce the successful completion of its Offer announced on 24 November 2008, comprising an accelerated non-renounceable 3 for 8 pro-rata entitlement offer (**Entitlement Offer**) and institutional placement (**Placement**), each at 55 cents per unit (**Offer Price**).

ConnectEast realised significant demand under the Offer, issuing all available units and raising the maximum amount of \$450 million.

In light of continued uncertainty in global capital markets, ConnectEast sought to proactively manage its future refinancing commitments. The net offer proceeds will be used to reduce ConnectEast's net debt and create a more robust capital structure.

The Retail Entitlement Offer closed on Monday 15 December 2008, raising approximately \$156.5 million from existing unitholders and sub-underwriting commitments provided by several existing institutional unitholders, including CP2.

Settlement of the New Units issued under the Retail Entitlement Offer occurred on Friday 19 December 2008. New Units not taken up under the Retail Entitlement Offer were first applied to satisfy demand from the existing retail unitholders who applied for Additional Units. The remaining New Units were taken up by sub-underwriters at the Offer Price.

CP2's voting power following completion of the Entitlement Offer and Placement will be approximately 27%. CP2 is a committed long-term investor in ConnectEast.

Managing Director of ConnectEast, Mr John Gardiner, said "We are very pleased with the high level of support for the capital raising from institutional and retail investors. The successful completion of the Entitlement Offer and Placement has ensured a more robust capital structure for ConnectEast and reduced future refinancing risk to protect long term value for ConnectEast unitholders".

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The New Units under the Retail Entitlement Offer will be allotted on Monday 22 December 2008 and will commence trading on the ASX on Tuesday 23 December 2008.

Ineligible Unitholders

Entitlements of ineligible unitholders were offered for sale through an institutional bookbuild on Monday 15 December 2008. The bookbuild did not achieve a clearing price, net of expenses, in excess of the Offer Price. As a result, there are no proceeds to be paid to ineligible unitholders in respect of those entitlements.

Tony Hudson
Company Secretary
ConnectEast Group

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