BLUE SKY ALTERNATIVES ACCESS FUND LIMITED (ASX:BAF)

INVESTOR WEBINAR & PORTFOLIO UPDATE

JULY 2016

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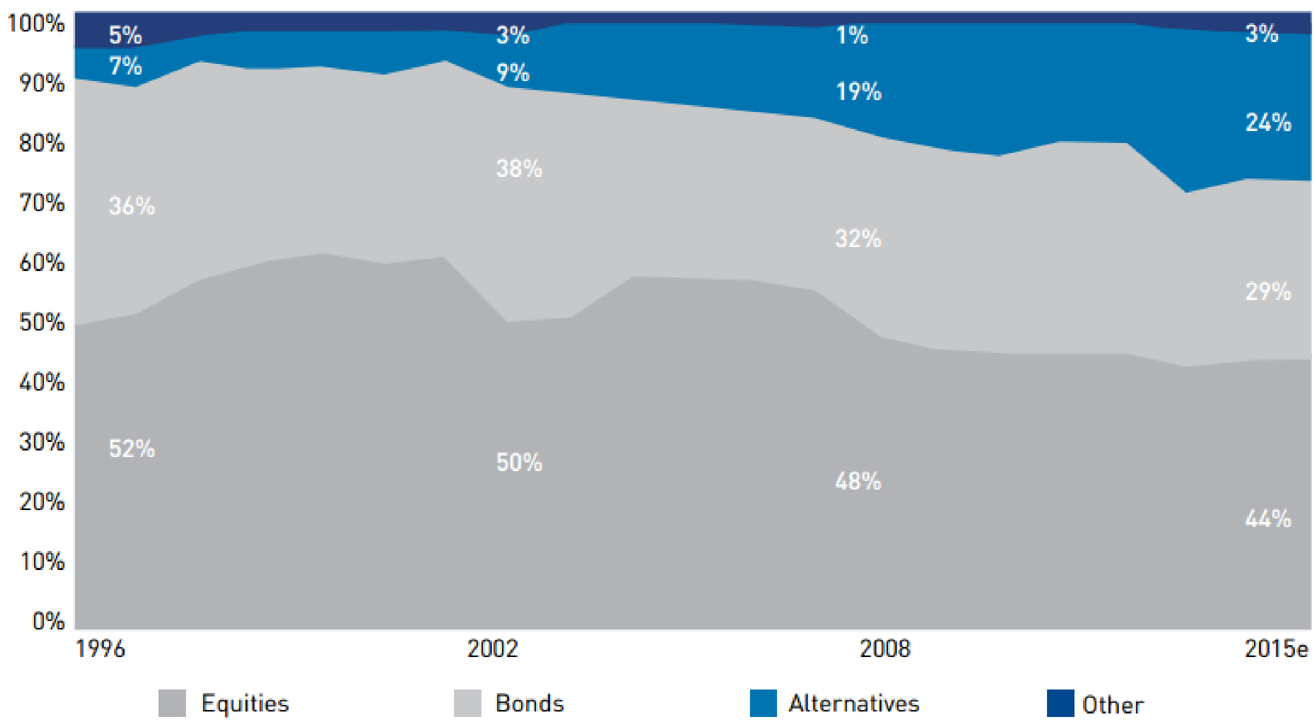
CONTENTS

THE STRUCTURAL SHIFT TO ALTERNATIVES

ALLOCATIONS TO ALTERNATIVES >20% GLOBALLY

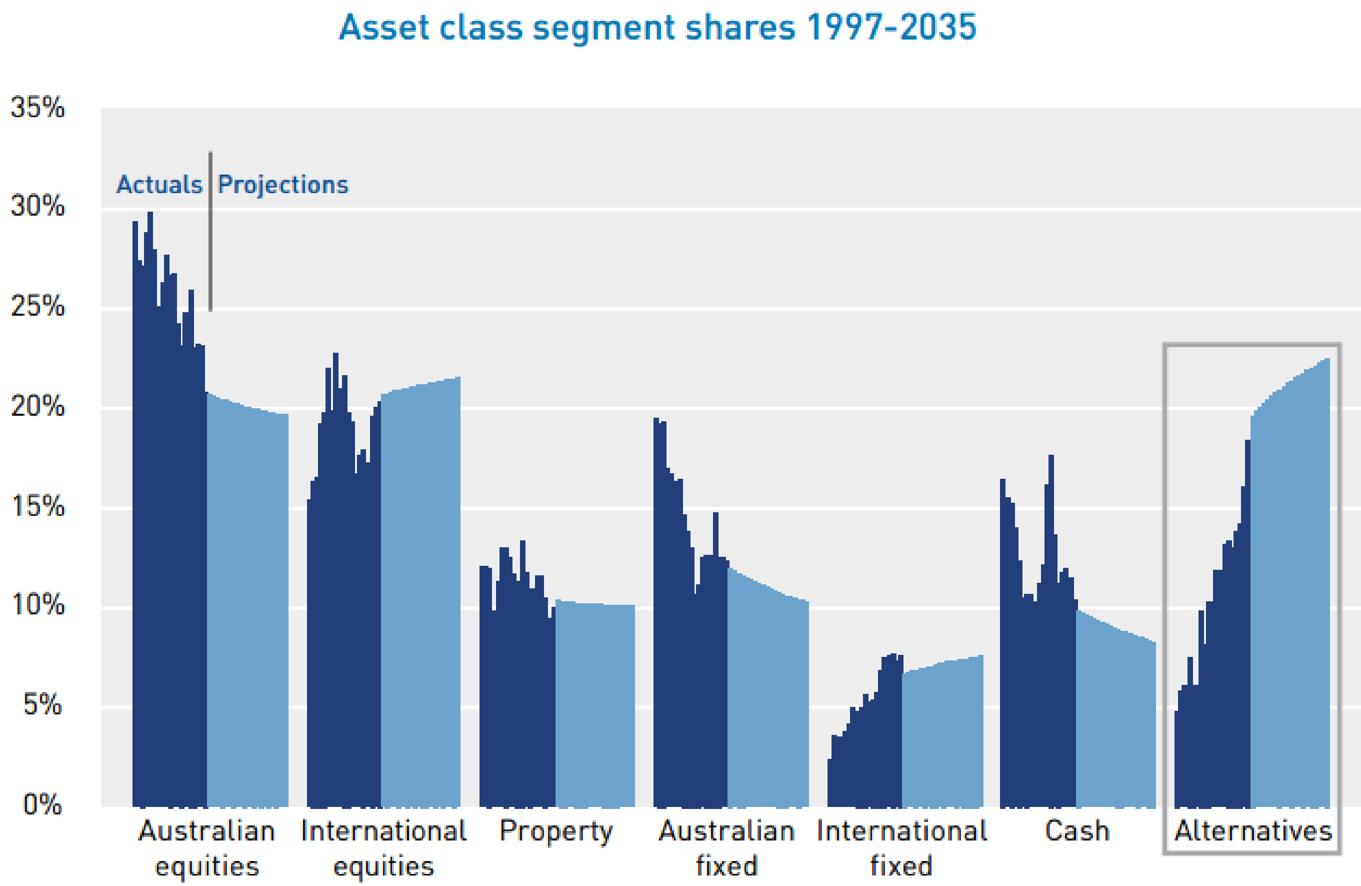
Global Pension Funds: Aggregate asset allocation from 1996 to 2015



Allocations to alternative assets have more than tripled from 7% in 1996 to 24% today

Source: *Global Pension Assets Study* 2016, Willis Towers Watson (February 2016)

ALTERNATIVES ARE THE FASTEST GROWING ASSET CLASS IN AUSTRALIA



Alternatives are projected to become Australia's largest asset class by 2021 (with international equities the next largest)

1. Rainmaker Roundup – Edition 72 (December 2015)

PRODUCT OVERVIEW

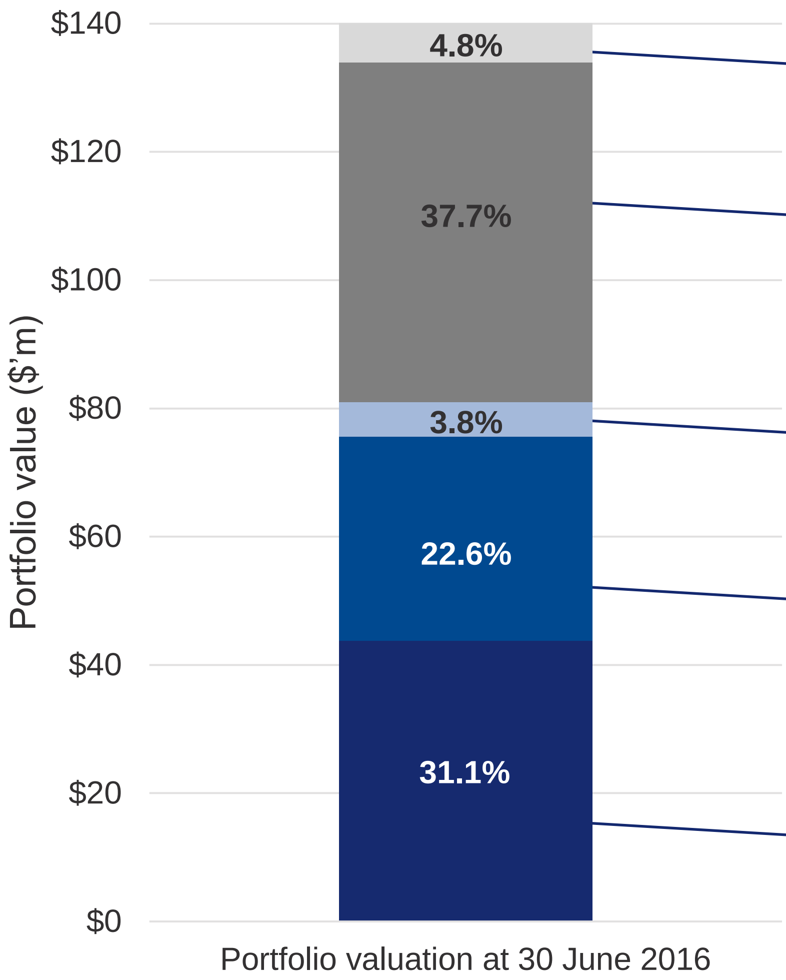
ALTERNATIVES FUND INVESTMENT HIGHLIGHTS

BlueSky Alternatives Access Fund

BAF provides investors:

- ✓ A **diverse portfolio** of Blue Sky managed alternative investments
- ✓ **Liquidity** as an ASX listed security
- ✓ Access to the **strong investment track record** of Blue Sky
- ✓ **Dividend income** and an increase in BAF's NTA
- ✓ **Low expected correlation** of returns to listed equities and fixed interest
- ✓ **Low cost** structure

A DIVERSIFIED AND BALANCED PORTFOLIO



Cash primarily provision for ongoing operating expenses.

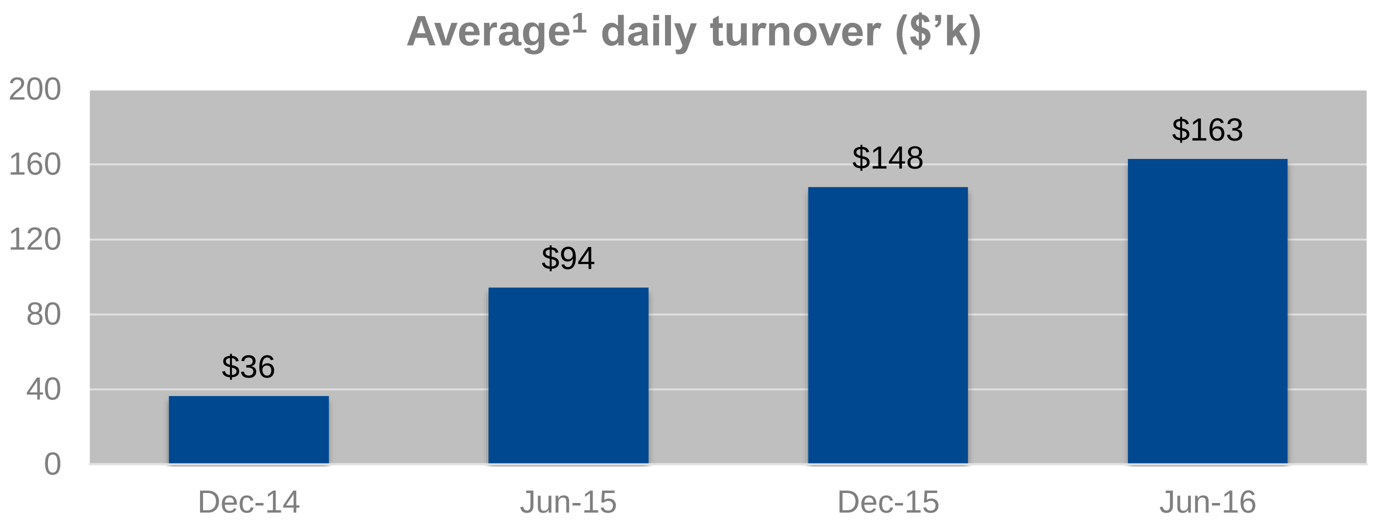
Private real estate: $18 million invested in 12 residential developments, $20 million invested in 6 purpose-built student accommodation projects, $11 million invested in management letting rights and commercial property.

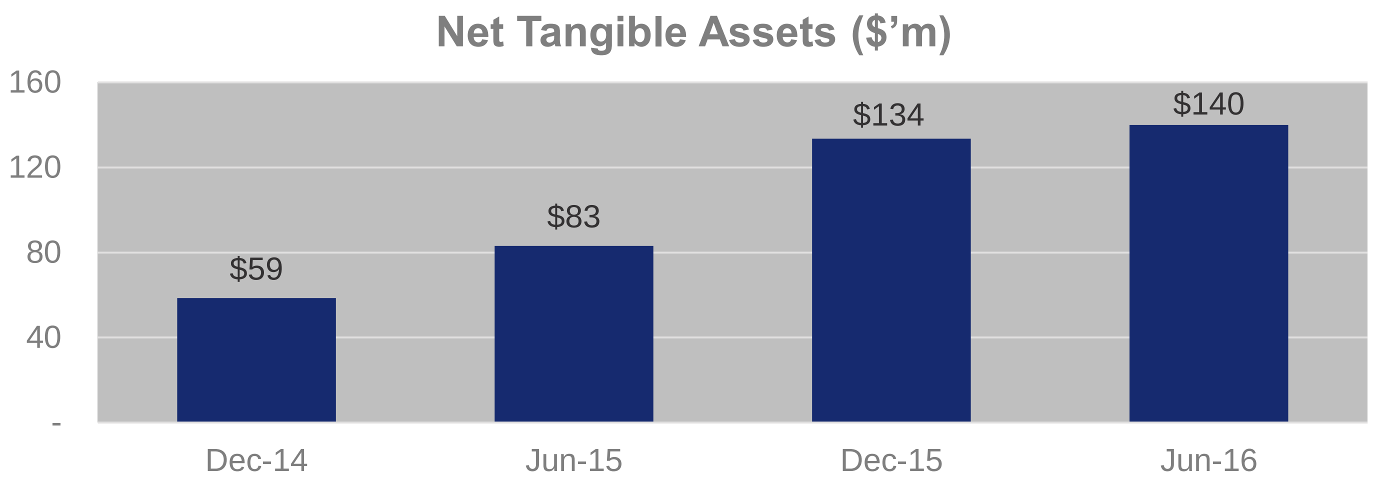
Hedge funds: $5 million invested in the Dynamic Macro Hedge Fund – a portfolio constructed using proprietary quantitative and econometric models to Strategic Risk Allocation targets.

Private equity and venture capital: $23 million invested over 7 private equity deals and $8 million in 3 venture capital funds.

Real assets: $24 million invested in the Blue Sky Water Fund with $12 million invested across 4 agricultural infrastructure and private-equity style investments.

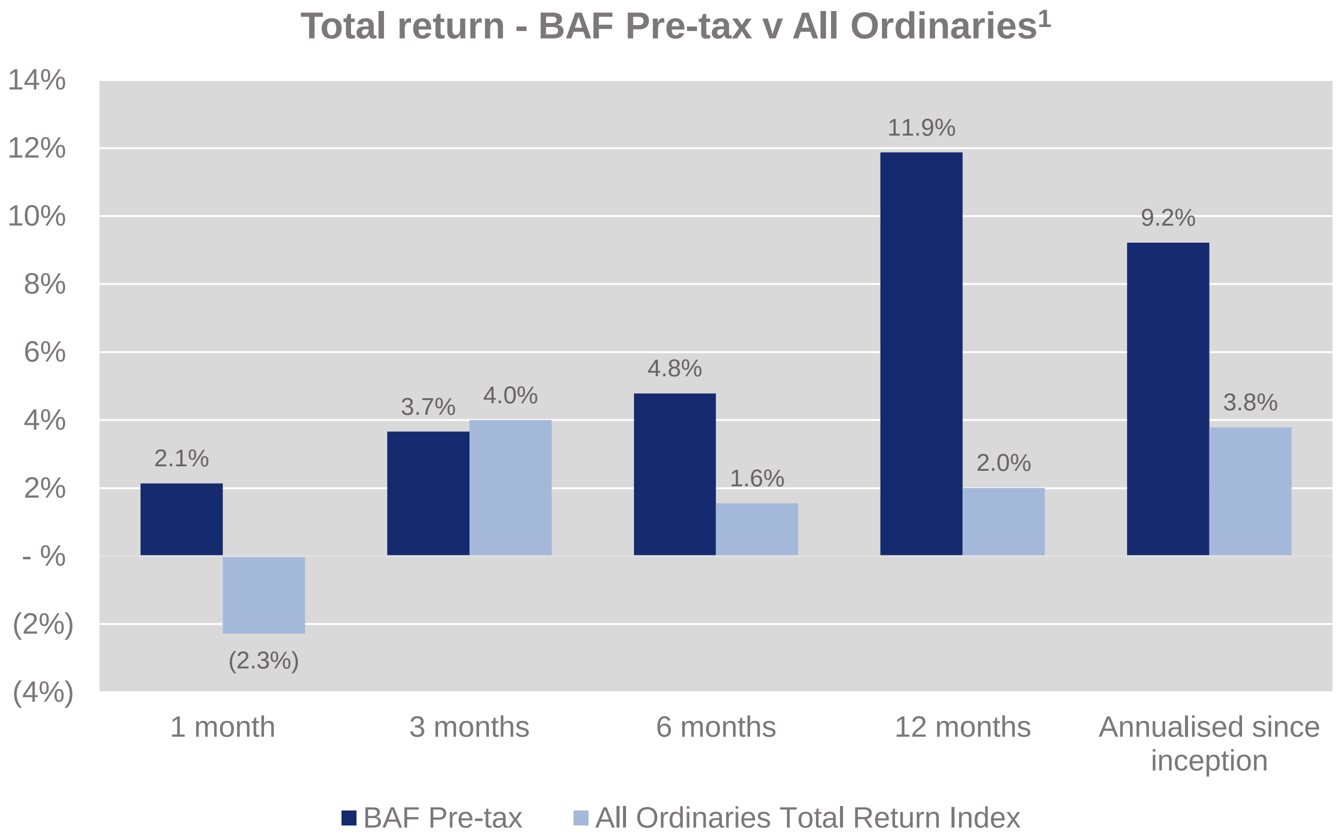
LIQUID ACCESS TO ALTERNATIVES





[1] Daily turnover on rolling 6 month average basis. Source: S&P Capital IQ.

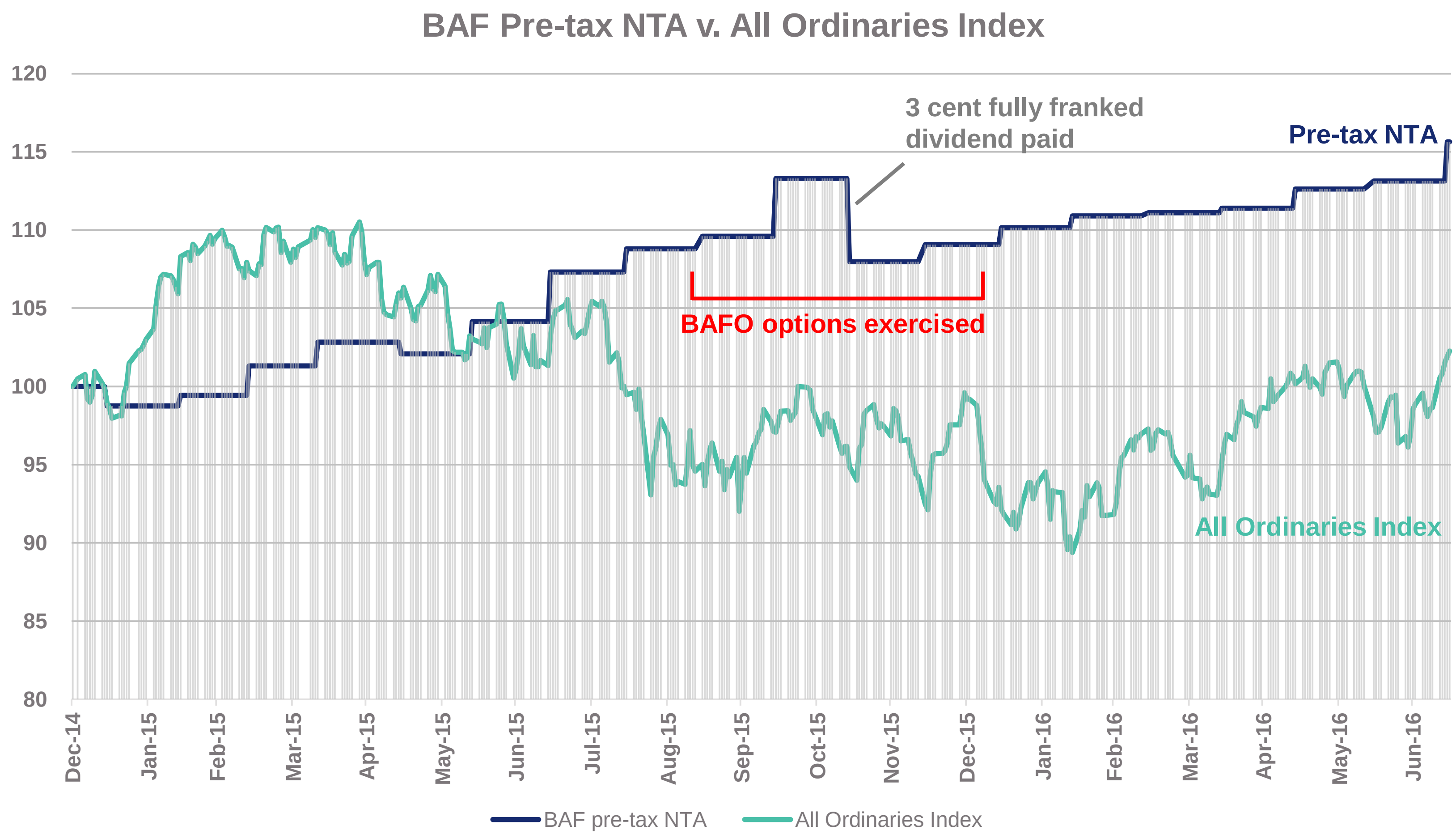
RETURNS IN LINE WITH BLUE SKY OVERALL TRACK RECORD



[1] To 30 June 2016. BAF total return includes NTA growth, dividends & franking credits.
Comparison is to All Ordinaries Total Return Index - includes all cash dividends reinvested on the ex-dividend date (excluding franking credits).
Inception date is 16 June 2014.
Past performance is not a reliable indicator of future performance.

RETURNS UNCORRELLATED TO LISTED MARKETS

BlueSky
Alternatives Access Fund



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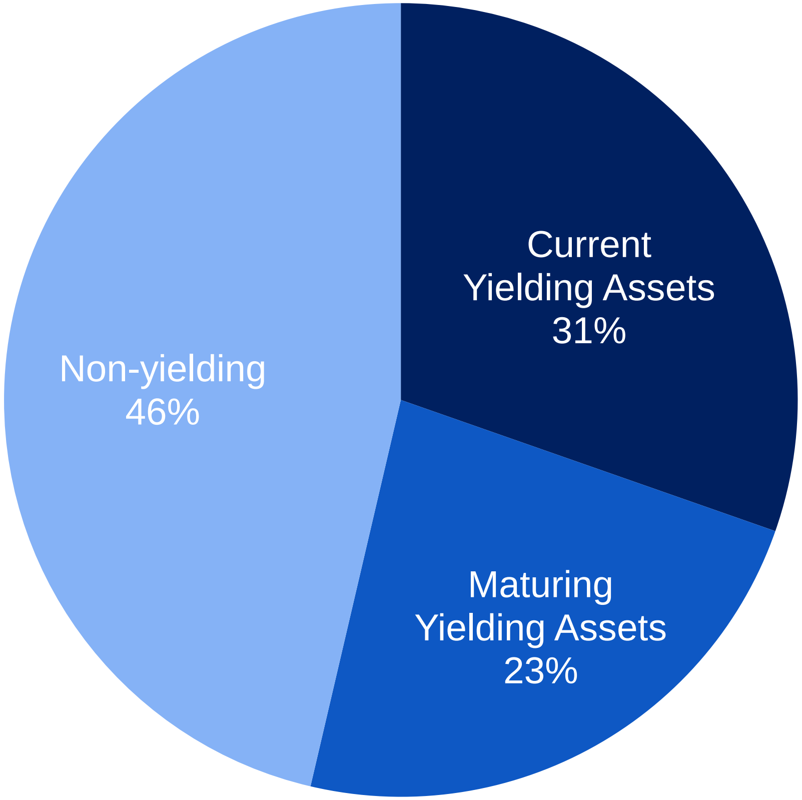
MEANINGFUL YIELD



Yield

- Targeting at least 4.0% of closing NTA
- Franked
- Interim from FY17
- Approximately 31% of the portfolio generates a cash yield (expected to increase as student accommodation and agricultural investments mature)

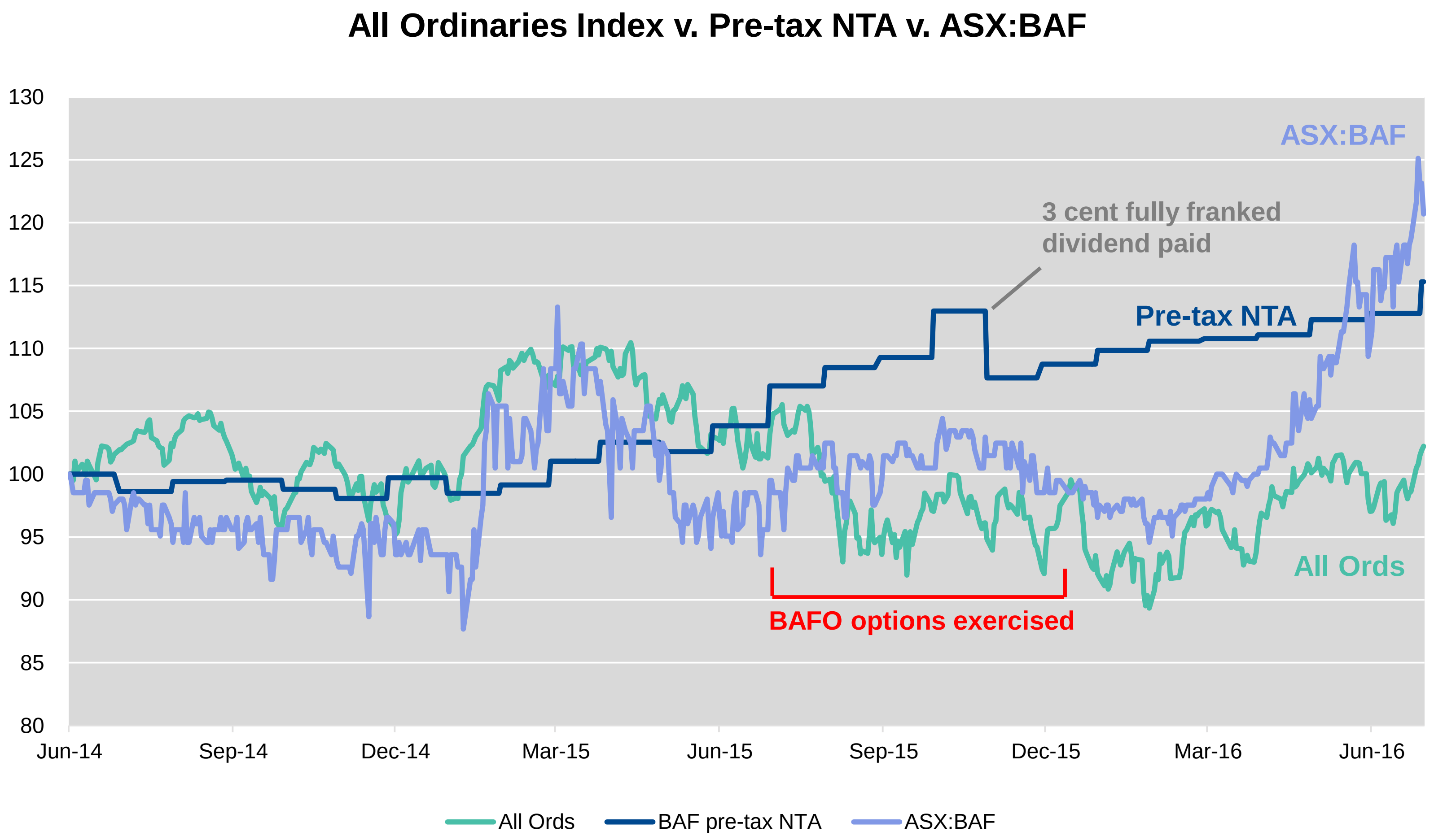
LOW FEES

Fees

- 1.2% Management Fee plus 17.5% performance fee (over 8% hurdle)
- ~$8 million in fee rebates paid to BAF so far

BlueSky Alternatives Access Fund

BAF SHARE PRICE



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FUND PERFORMANCE

Fund performance (NTA growth plus dividends and franking credits)[1]		
Period	**Pre-Tax**	**Post-Tax**
6 months	4.8%	4.6%
12 months	11.9%	10.1%
Annualised since inception[5]	9.2%	7.7%

Total shareholder return (Performance of ASX:BAF plus dividends and franking credits)[2]	
ASX:BAF[3]	**All Ords TR[4]**
19.2%	1.6%
24.3%	2.0%
10.4%	3.8%

Note: BAF accrued and paid its first dividend in October and November respectively (3.0 cents per share fully-franked with an ex-dividend date of 21 October 2015 and payment date of 6 November 2015)

1. To 30 June 2016. Includes NTA growth, dividends and franking credits.
2. To 30 June 2016.
3. Includes change in price of ASX:BAF, plus dividends and franking credits.
4. All Ordinaries Total Return Index - includes all cash dividends reinvested on the ex-dividend date (excluding franking credits).
5. Inception date is 16 June 2014.

Past performance is not a reliable indicator of future performance.

RECENT INVESTMENTS

FY16 INVESTMENTS

New Investments	
Private Equity	$6.1 million
Venture Capital	$4.0 million
Real Assets	$5.0 million
Student Accommodation	$4.3 million
Residential Development	$7.0 million
Commercial Property	$7.0 million
Hedge Funds	$5.0 million
	$38.3 million

Follow-on Investments[1]	
Private Equity	$2.0 million
Student Accommodation	$6.0 million
Residential Development	$2.0 million
Hedge Funds	$3.0 million
	$13.0 million

[1] Follow-on investments are only made where, at initial investment, BAF secures the right, but not the obligation (i.e. an option) to deploy further capital; these rights are subject to certain conditions, including investment performance and the availability of capital to invest.

SELECT RECENT INVESTMENTS

Private Equity

Aquila Fund

- **$4.0 million** invested in December 2015
- Holds equity in Aquila, an Australian retail business focusing on the men's footwear and smart casual fashion segment
- Investment thesis focuses on new store roll outs, with a focus on expanding its apparel range
- The brand has a rich heritage and longevity as a footwear specialist in the mid-premium consumer segment
- Partnering with a highly experienced and driven management team, complemented by a world class independent chairman
- Anticipated investment term is 3-5 years

Private Real Estate

Cove Property Group 2 Rector Street Trust

- **$7.0 million** invested in February 2016
- 26 storey building located at 2 Rector Street in the Financial District of Manhattan, New York
- The investment will be managed by Cove Property Group LLC, a joint venture between Blue Sky and Cove's principals who have over 50 years' experience successfully investing in and managing commercial property in New York City
- The Trust is investing alongside blue chip institutional investors to acquire, refurbish and re-let the property

SELECT RECENT INVESTMENTS

Private Equity

Blue Sky Digital Outdoor Advertising Fund

- **$2.1 million** invested February 2016
- To invest equity in a business that will construct, own and operate a network of digital billboards in a major metropolitan market in the USA
- Blue Sky is partnering with a highly regarded management team with extensive experience in the out-of-home advertising market and target geography, backing a business supported by attractive market dynamics, high barriers to entry and low operating leverage

Private Real Estate

Student Accommodation Fund VI

- **$1.25 million** invested in May 2016
- 550-bed purpose built tertiary student accommodation precinct in Toowong, Brisbane, in close proximity to the University of Queensland, with ready access to other tertiary education institutions in the CBD and Southbank area
- Being developed in partnership with a subsidiary of Goldman Sachs, and will be operated on completion by leading operator The Pad
- Initial development phase followed by an operating phase commencing in 1H19, delivering regular yield to the portfolio
- Anticipated 3 – 7 year hold

SELECT RECENT INVESTMENTS

Private Real Estate

Retirement Living Fund

- **$3.0 million** invested in June 2016
- To develop a multi-stage independent living retirement precinct in Brisbane
- The property has an existing development approval and a fully completed first stage of independent living units
- Blue Sky will continue to develop the facility by building a further four stages of independent living units as well as a community centre and associated amenity
- Blue Sky is undertaking the project in partnership with a group of retirement village operating specialists with deep experience and a strong track record
- It is anticipated that the project will be progressively completed over 5 years

REALISED INVESTMENTS

REALISED INVESTMENTS

Private Equity

Software Services Fund II

- Readify Pty Ltd is a leading Australian IT-services company focused on application development and platform deployment in the Microsoft environment
- During June 2016, Readify was sold to Telstra as a result of a trade sale process delivering a **34.3% IRR** and **72.1% return on equity**, inclusive of franking credits and fee rebates, since investing in June 2014

Private Real Estate

Alice Street Kedron Trust

- The Alternatives Fund received a **$1.44 million** first and final distribution during June 2016, comprising a return of the original $1.0 million capital outlay, a profit distribution (fully franked) and performance fee rebate
- This represents a **36.3% IRR** and **68.5% return on equity**, net of fees and inclusive of franking credits, since investing in July 2014
- The Alternatives Fund's capital assisted the Alice Street Kedron Trust to develop a boutique 38 apartment development known as Harvest, in the north Brisbane suburb of Kedron
- After reaching construction completion in April 2016, all apartments were successfully settled during June

REDEMPTIONS

REDEMPTIONS

Hedge Funds

Blue Sky Diversified Quant Fund

- During May, Blue Sky's Hedge Fund division elected to close the Diversified Quant Fund, with capital returned to investors
- This election was made following the resignation of Diversified Quant's lead portfolio manager
- The Alternatives Fund received a capital return from the investment of $4.3 million, which crystallised a loss on the $5.0 million carrying value at December 2015 (the time of the Alternatives Fund's most recent allocation)

FY17 AND BEYOND

TIMELINE – EXIT HORIZON FOR ALL INVESTMENTS

BlueSky Alternatives Access Fund

1H FY17	Grantson Street Windsor Trust Regina Street Greenslopes Trust Logan Road Greenslopes Trust 37 Regent Street Woolloongabba Trust
2H FY17	Duke St Kangaroo Point Trust Main Street Kangaroo Point Trust
CY17	Wild Breads Fund Management Rights Income Fund IV Early Learning Fund
1H FY18	Wellington Road East Brisbane Trust Flora Street Greenslopes Trust 19 Railway Terrace Milton Trust
2H FY18	High Street Lutwyche Trust Wellington Road East Brisbane Trust II
CY18	Darra Industrial Income Fund Water Utilities Australia Fund II
CY19	Origo Education Fund Hotel Fund Hospital Pharmacy Services Fund Aquila Fund
CY19-20	Vinomofo Fund
CY20	Student Accommodation Fund VC2014 Fund Agriculture Fund Shoes of Prey Fund
CY20 - CY21	Student Accommodation Fund II Student Accommodation Fund III Student Accommodation Fund IV Student Accommodation Fund V Student Accommodation Fund VI Digital Outdoor Advertising Fund
CY21	Retirement Living Fund
CY22	Agriculture Fund II
CY23	Cove Property Group 2 Rector Street Trust Livestock Opportunity Fund
Open-ended	SRA Alliance Fund (Dynamic Macro) Water Fund

QUESTIONS

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