

BLUE SKY ALTERNATIVES ACCESS FUND LIMITED (ASX:BAF)

ENTITLEMENT OFFER

OCTOBER 2017

Joint Lead Managers and
Authorised Intermediaries

ORD MINNETT



TAYLOR COLLISON

Co-Managers

Shaw **and** Partners

Morgans IN ALLIANCE WITH  **CIMB**

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

ABOUT THE ALTERNATIVES FUND	- Blue Sky Alternatives Access Fund Limited (ASX:BAF) ('BSAAF') ('Alternatives Fund') is a listed investment company on the Australian Securities Exchange ('ASX') that allows investors to invest in a diverse portfolio of actively managed alternative assets - The Alternatives Fund is managed by a wholly-owned subsidiary of Blue Sky Alternative Investments Limited (ASX:BLA) ('Blue Sky') - The Alternatives Fund has delivered pre-tax fund performance of 9.8% per annum since inception¹
EQUITY RAISING	- The Alternatives Fund has announced a non-renounceable 1 for 4 Entitlement Offer to raise up to approximately \$48.9 million (before Offer costs) - Includes a Top Up Facility and a Shortfall Facility
OFFER PRICE	Offer price of \$1.14 which represents a: 5.8% discount to the last closing price on 13 October 2017 (\$1.21); and 6.4% discount to the 30-day volume weighted average price ('VWAP') ending on 13 October 2017 (\$1.22)
USE OF FUNDS	- Blue Sky continues to see a strong flow of investment opportunities across its alternative asset classes - Proceeds of the Entitlement Offer will provide the Alternatives Fund with additional capital for new investment opportunities in Blue Sky managed funds with the aim of achieving an attractive return for shareholders, driven by an increase in the Alternatives Fund's NTA over time and dividend income - It is anticipated that the proceeds of the Entitlement Offer will be invested within a 3-6 month period

1. Fund NTA performance to 30 September 2017 which includes growth in pre-tax NTA, plus dividends and franking credits paid. Unrealised investments are valued in accordance with the Accounting Standards and the Alternatives Fund's published valuation policy, which is available on the ASX and the Alternatives Fund's website. Inception date is 16 June 2014. Refer to slide 14 for more details.

EXECUTIVE SUMMARY

KEY DATES	▪ Ex-date for Entitlement Offer	Thursday, 19 October
	▪ Entitlement Offer and Top Up Facility opening date	Tuesday, 24 October
	▪ Entitlement Offer and Top Up Facility closing date	5pm AEDT on Friday, 3 November
	▪ Deferred settlement trading	Monday, 6 November
	▪ Shortfall Facility opening date (if required)	Thursday, 9 November
	▪ Normal trading for New Shares issued under the Entitlement Offer and Top-Up Facility	Monday, 13 November
CAPITAL STRUCTURE	▪ Existing Shares on issue	171,551,515
	▪ Approximate maximum number of New Shares to be issued	42,887,879
	▪ Approximate total number of Shares after issue of New Shares	214,439,394
	▪ Approximate amount to be raised under the Offer (before Offer Costs)	\$48,892,182
OFFER DETAILS	▪ The Entitlement Offer is not underwritten ▪ No minimum subscription amount ▪ No brokerage or stamp duty will be payable by Applicants ▪ Joint Lead Managers: Ord Minnett Limited, Taylor Collison Limited ▪ Co-Managers: Shaw and Partners Limited, Morgans Financial Limited	
HOW TO APPLY	▪ Eligible Shareholders will be sent a personalised Entitlement and Acceptance Form with a copy of the Prospectus ▪ Applications can be submitted by returning a completed Entitlement and Acceptance Form to the Company's Share Registry or by downloading an Entitlement and Acceptance Form online at www.blueskyfunds.com.au/invest-with-us/alternatives-access-fund/ ▪ Refer to section 3 of the Prospectus for more information on how to participate in the Offer	

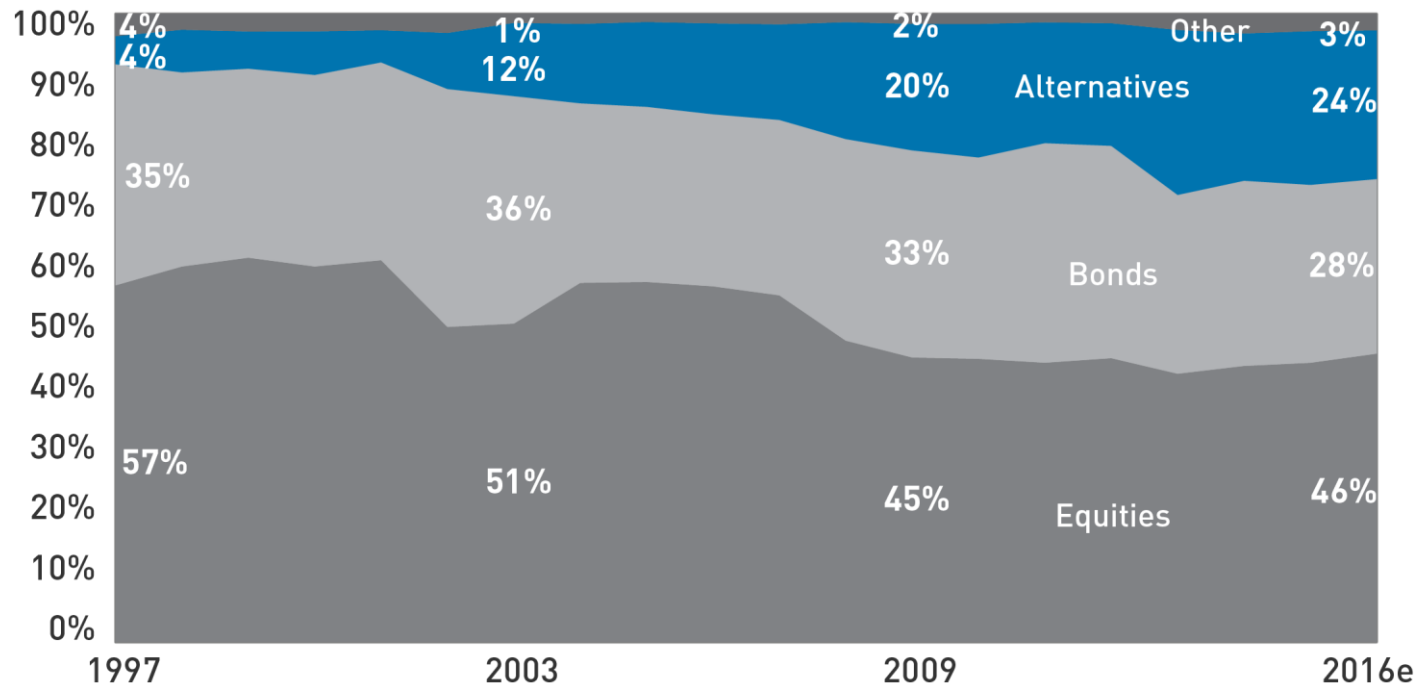
WHY ALTERNATIVES?

WHY ALTERNATIVES?

- Alternative assets are used to **enhance risk/return characteristics** of investment portfolios
 - Increase diversification
 - Potentially reduce overall volatility in an investment portfolio (given low correlations to more traditional investments)
 - Potential for delivery of attractive returns through periods of under performance in listed equities and bonds
- Potential for **strong returns**
 - Ability to selectively invest in private markets where pricing may be less efficient than public markets
 - Control or significant influence at the investee company / asset level
- Alternative asset managers' **incentives are typically based on absolute returns** (not relative returns)

INSTITUTIONAL ALLOCATIONS TO ALTERNATIVES >20% GLOBALLY

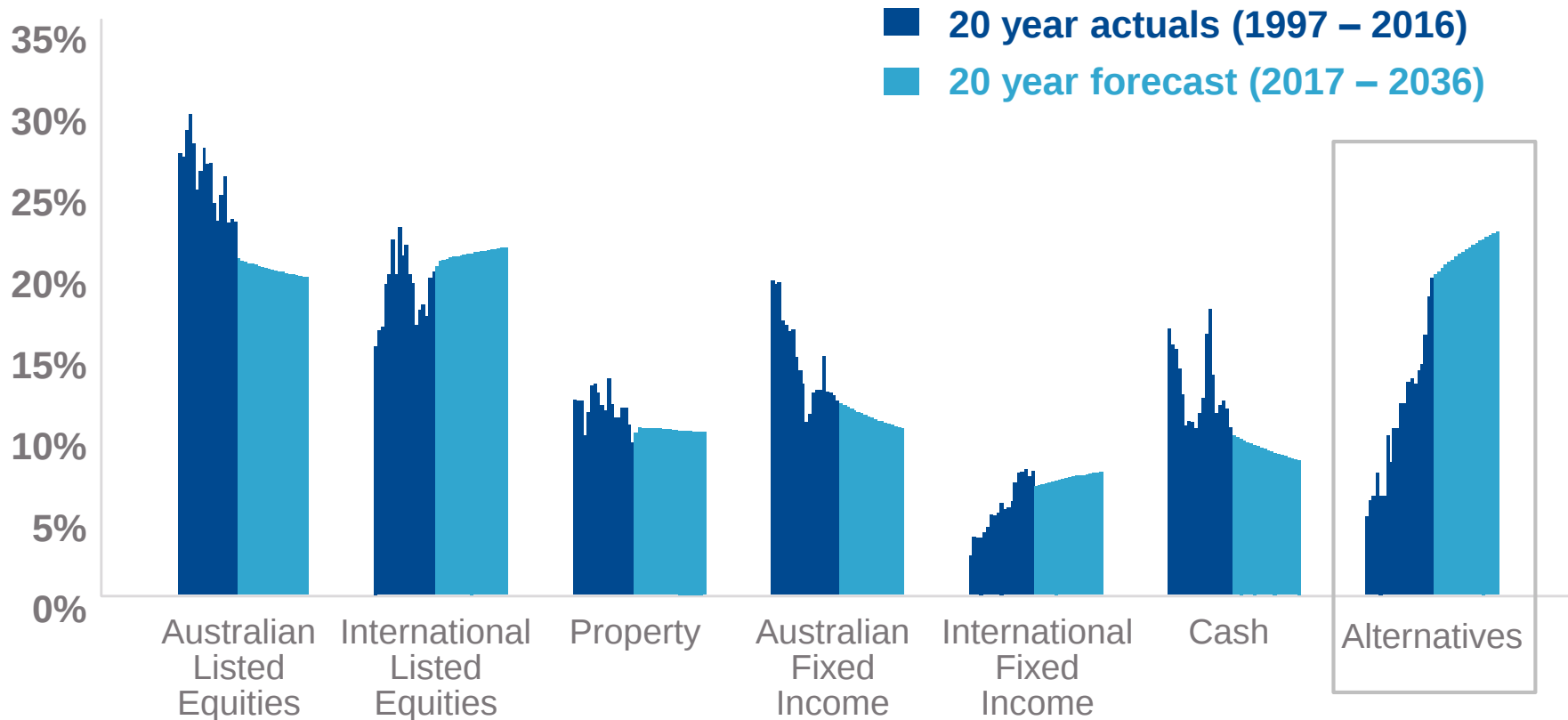
Global Pension Funds: Aggregate asset allocation from 1997 to 2016



Allocations to alternative assets by Pension Funds have increased from 4% in 1997 to 24% in 2016

Source: Global Pension Assets Study 2017, Willis Towers Watson (February 2017)

ALTERNATIVES ARE THE FASTEST GROWING ASSET CLASS IN AUSTRALIA



Source: Rainmaker Roundup – Volume 20 Number 3 (SEP Quarter 2016).

ABOUT THE ALTERNATIVES FUND

BLUE SKY ALTERNATIVES ACCESS FUND

Blue Sky Alternatives Access Fund Limited (Alternatives Fund) (ASX:BAF) is the only listed investment company on the ASX that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets, including:



Private Equity



Private Real Estate



Real Assets

The Alternatives Fund provides investors with:

- ✓ A **diverse portfolio** of directly managed alternative investments
- ✓ **Low expected correlation** of returns to traditional investment classes
- ✓ **Liquidity** as an ASX listed security
- ✓ Access to the **investment track record** of Blue Sky
- ✓ The ability to **co-invest alongside wholesale and institutional investors**
- ✓ An investment strategy aimed at achieving **attractive investment returns** via an **increase in NTA** over time and **dividend income**

INVESTMENT MANDATE

Diversity across asset classes

- No single asset class can exceed 40% of portfolio market value (as at the time the investment is made)
- Operates to prevent further allocations to an asset class, but does not force a sell down if >40% due to valuation increases

First right

- The Alternatives Fund has the first right, but not the obligation, to invest in all new or open-ended Blue Sky funds (up to its co-investment limit)
- The Alternatives Fund's investment committee can only make an allocation decision when a new fund is launched, and this decision cannot be subsequently revisited

Co-investment rule

- The Alternatives Fund may only take up to 50% of the equity available in any Blue Sky fund
- The Alternatives Fund must be matched by wholesale or institutional direct investors on the same terms (other than management and performance fees)

No fee double-dipping

- The Alternatives Fund will pay BSAAF Management Pty Ltd (100% subsidiary of Blue Sky) (the 'Manager') a management fee and performance fee based on fund size and benchmark outperformance
- Management fees and performance fees charged to underlying funds are rebated in full to the Alternatives Fund
- Fees and fee rebates are disclosed in the Alternatives Fund's financial statements

Management fee

- 1.20% p.a. (excluding GST) of Portfolio Net Asset Value, calculated and paid monthly in arrears

Performance fee

- 17.50% (excluding GST) of outperformance over an 8.0% p.a. fixed benchmark
- Performance below hurdle to be set off against future performance fees

The above provides a summary of the Management Agreement. Refer to the IPO Prospectus for further details regarding the terms of the Management Agreement

FUND PERFORMANCE

Fund performance ¹ (NTA growth plus dividends and franking credits paid)		
	Pre-Tax	Post-Tax
1 month	0.7%	0.4%
3 months	2.8%	2.4%
6 months	8.8%	7.1%
12 months	10.4%	10.4%
Annualised since inception ³	9.8%	8.9%

Total shareholder return (Performance of ASX:BAF plus dividends and franking credits paid)
ASX:BAF ²
4.3%
5.6%
12.1%
11.6%
11.1%

1. Fund NTA performance to 30 September 2017 which includes growth in NTA, plus dividends and franking credits paid. Unrealised investments are valued in accordance with the Accounting Standards and the Alternatives Fund's published valuation policy, which is available on the ASX and the Alternatives Fund's website.
2. Includes the growth in share price from IPO (\$1.00) to the closing price of ASX:BAF as at 13 October 2017 (\$1.21), plus dividends and franking credits paid. No adjustment has been made for brokerage, transaction costs or indexation. Inception date is 16 June 2014.

Past performance is not a reliable indicator of future performance.

THE ALTERNATIVES FUND INVESTMENT HIGHLIGHTS

1. Fund Performance and Total Shareholder Return of 10.4% and 11.6% respectively over last twelve months¹

2. 48 underlying investments across Private Equity (26.7%); Real Assets (27.0%); and Private Real Estate (40.6%)²

3. Realised investments have delivered a combined internal rate of return ('IRR') of 19.5% per annum since inception³

- Recent exits build on a track record of realisations across Private Equity, Private Real Estate and Real Assets
- Further detailed information on the Alternatives Fund's investment performance is available in the appendices to this presentation

1. Fund Performance is to 30 September 2017 and includes growth in pre-tax NTA, plus dividends and franking credits paid. Unrealised investments are valued in accordance with the Accounting Standards and the Alternatives Fund's published valuation policy, which is available on the ASX and the Alternatives Fund's website. Total Shareholder Return includes closing price of ASX:BAF as at 13 October 2017, plus dividends and franking credits paid. No adjustment has been made for brokerage, transaction costs or indexation.
2. The allocation to Private Real Estate exceeded the mandated 40% allocation limit as at 30 September 2017 due to the payment of the FY17 final dividend. No further deployment will be made into this asset class until such time as the allocation is less than 40%.
3. The returns are an equity-weighted composite IRR from realised investments and redemptions, inclusive of franking credits, and before management and performance fees.

Past performance is not a reliable indicator of future performance.

THE ALTERNATIVES FUND INVESTMENT HIGHLIGHTS (CONT.)

4. Yield

- On 26 May 2016, the Board announced **guidance in relation to dividend intentions**:
 - Annual dividends targeting at least **4.0% of closing NTA** at 30 June of each year (provided the Alternatives Fund has sufficient profit and cash flow to do so)
 - **Franked** to the maximum extent possible
 - **Interim** dividends commenced being paid in FY17
- FY17 dividends:
 - **4.0 cents** per share fully franked final dividend paid in September 2017
 - **1.0 cent** per share fully franked interim dividend paid in March 2017
- Note: BAF may be eligible for a reduction in its corporate tax rate (to 27.5%) in FY18 and/or FY19, which may impact the maximum franking credits that can be attached to dividends paid in those years.

Past performance is not a reliable indicator of future performance.

ABOUT BLUE SKY

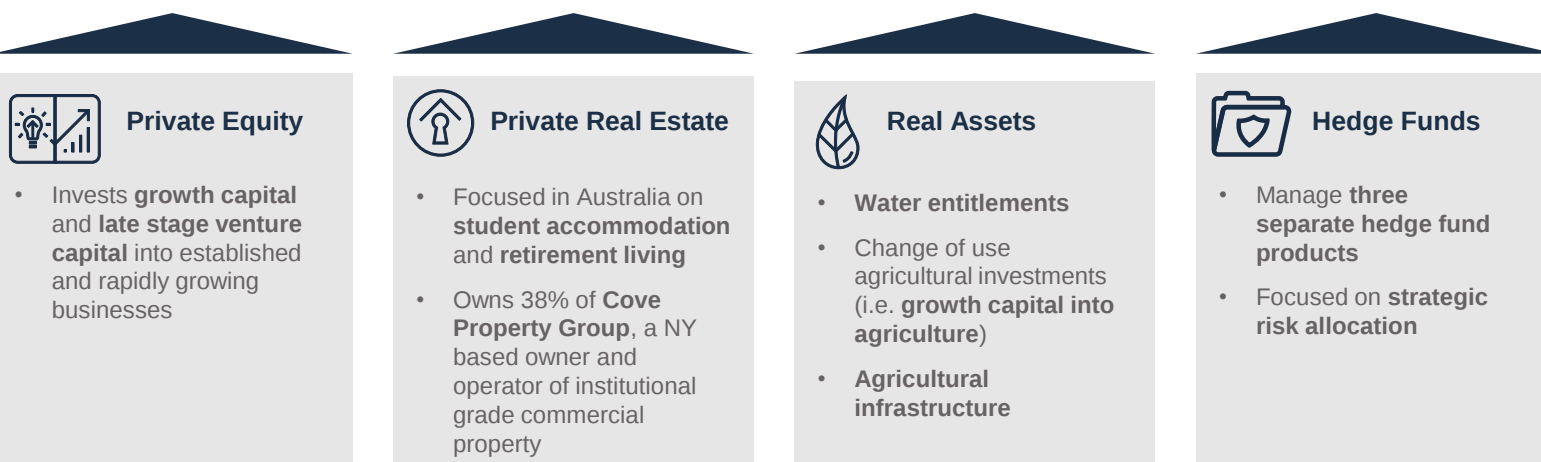
ABOUT BLUE SKY

Manager:

Blue Sky Alternative Investments Limited (ASX:BLA)

- Australia's leading listed diversified alternative asset manager, with funds across four major alternative asset classes: Private Equity, Private Real Estate, Real Assets and Hedge Funds

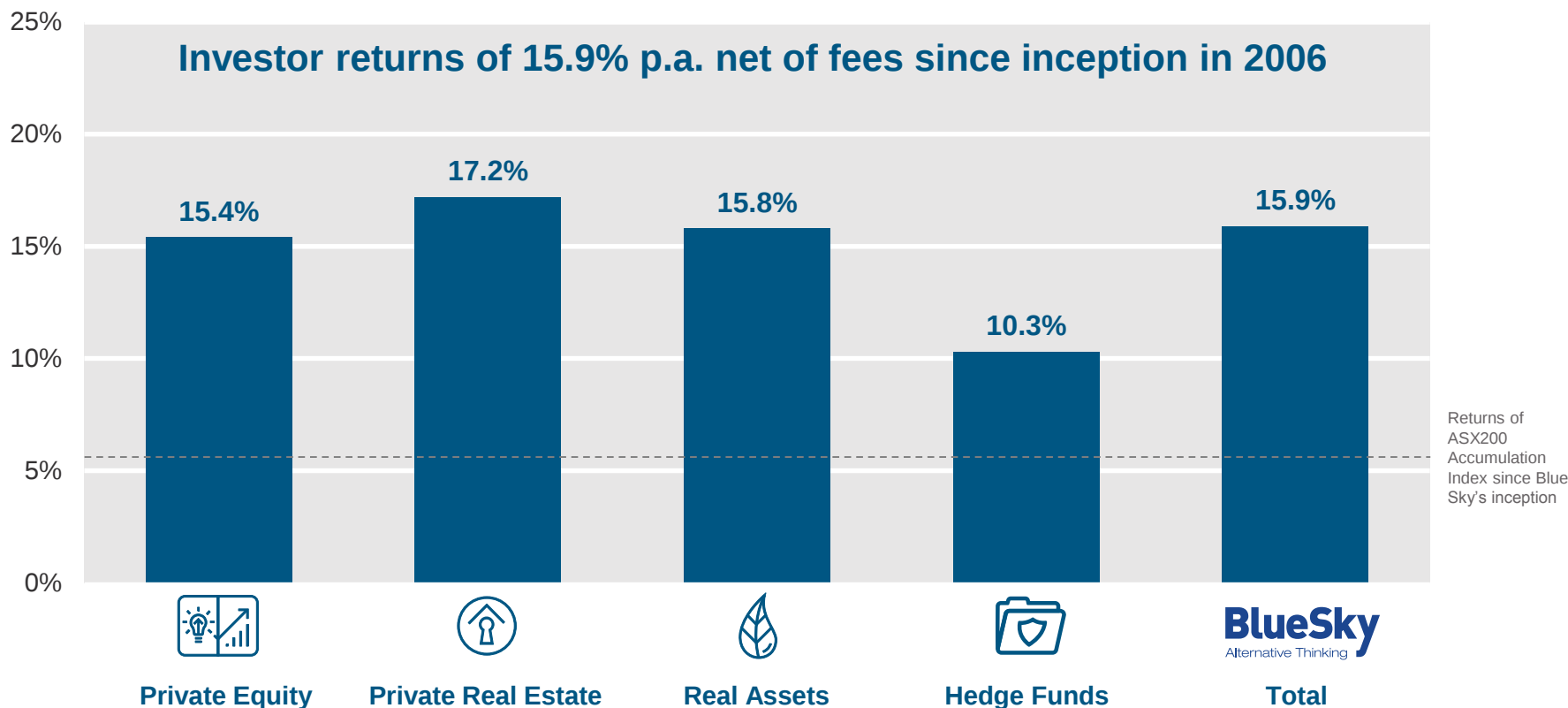
Investment management teams:



Investors:

Institutional investors	Sophisticated investors	Retail investors The Alternatives Fund (ASX:BAF)
• Institutional investors across private equity, private real estate, real assets and hedge funds • Domestic and international	• Family offices, high net worth individuals and self-managed super funds • Domestic and international	• Primary investment vehicle for retail investors is the Alternatives Fund (ASX:BAF)

BLUE SKY INVESTOR RETURNS

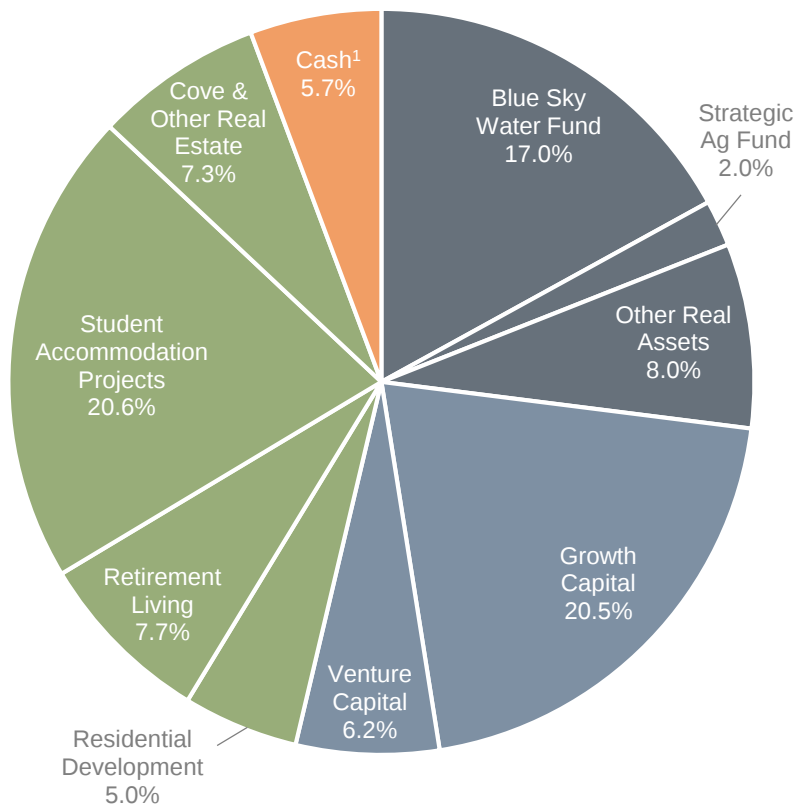


- As published on the ASX by the Manager (ASX:BLA) on 15 August 2017 in its FY17 results presentation. In reading and interpreting the above returns, you should refer to disclosures made by the Manager in its announcements.
- Investor returns are equity-weighted returns since inception through to 30 June 2017.
- Returns are net of fees and before tax.
- Returns include both realised investments and a material portion of unrealised investments, for all investment strategies originated and managed by Blue Sky and its joint venture partners.
- Returns exclude funds where there has been no change in the value of investments i.e. recent investments.
- Blue Sky's overall return is an equity-weighted composite of asset-class composite IRRs.
- All returns are nominal in nature and have not been indexed or otherwise adjusted for inflation.
- **Past performance is not a reliable indicator of future performance.**

THE ALTERNATIVES FUND'S CURRENT INVESTMENT PORTFOLIO

CURRENT ASSET ALLOCATION

Sector weightings as at 30 September 2017



1. Includes capital to fund the remaining \$11.25 million of the \$15.0 million commitment to the Strategic Australian Agriculture Fund, which will be called progressively over a three year investment period which commenced in July 2017.
2. The allocation to Private Real Estate exceeded the mandated 40% allocation limit at 30 September 2017 due to the payment of the FY17 final dividend. No further deployment will be made into this asset class until such time that the allocation is less than 40%.



Real Assets:

- Cornerstone position in the Blue Sky Water Fund
- Investment in the Strategic Australian Agriculture Fund
- 3 agricultural investments
- 1 renewable energy investment



Private Equity:

- 12 Growth Capital funds
- 5 late stage Venture Capital funds



Private Real Estate:²

- 8 purpose-built student accommodation assets
- 5 retirement living projects
- Commercial property in Australia and New York
- Residential developments allocation is now 5% of the portfolio

REAL ASSETS

- **Blue Sky Water Fund ~**
Investment focus is primarily on building and managing a portfolio of **water entitlements** (the perpetual right to water) across Australia's largest irrigated farming region, the Murray-Darling Basin
- **Agribusiness private equity strategy ~**
Change of use strategies backed by real assets with **direct exposure** to Australia's **globally competitive agribusinesses**
- Real assets opportunities offer **compelling risk adjusted returns**, uncorrelated with most other asset classes. Deliver a mix of **capital growth and cash yield**

Snapshot of current investments

Water Fund	Holds a diversified portfolio of agricultural water entitlements, largely in the Southern Murray-Darling Basin	
Agriculture Fund	Holds equity in Gundaline Pty Ltd, the owner and operator of a large-scale irrigated cropping business east of Hay in NSW	
Agriculture Fund II	Holds the freehold property and business assets comprising Hillston Citrus, an irrigated citrus orchard near Hillston in NSW	
Premium Beef Development Fund	A fund to invest in certain elements of Australia's premium beef value chain	
Strategic Australian Agriculture Fund	A fund to acquire and manage a diversified portfolio of agricultural assets in Australia	

PRIVATE EQUITY

Expansion capital into rapidly growing small and medium-sized enterprises

- Invest equity *alongside founders*
- **Sector agnostic**, but an investment theme around **'the essentials'** (non-discretionary consumption)
- Key differentiator is emphasis on a **partnership model** and **deal sourcing strategy** which consistently delivers **proprietary opportunities**

We look to invest in businesses with the following characteristics:

- An **established track record** of profitable operations
- Positive market trends / **tail-winds**
- **Outstanding management team** committed to driving future growth
- A **well defined growth plan** and a **clear path to exit** within 3-5 years

Examples of current investments

Growth Capital

Growth equity strategy focused on rapidly expanding businesses



Venture Capital

Late stage venture capital investment focus



PRIVATE REAL ESTATE

An active approach ('private equity into real estate') that invests in different parts of the market depending on the cycle

Student Accommodation



- Developing purpose-built student accommodation in Australia in partnership with Goldman Sachs
- The portfolio has grown to over 5,000 beds across nine sites that are currently either operational or in development. All sites are in strategic, inner-city locations very close to universities
- Blue Sky and Goldman Sachs jointly own Atira (an established and experienced operator formerly trading as 'The Pad'), the management company responsible for operating these assets
- Thematic is supported by attractive fundamentals: large and growing industry (international student numbers in Australia grew by 70,000 over the last 12 months),¹ defensive and historic under-investment in the sector
- Once operational, the funds deliver a regular yield to investors

Retirement Living



- Developing modern, vertical retirement living communities in strategic suburban locations with associated amenity
- Blue Sky is responsible for the development of each site and also owns 50% of Aura (alongside former executives of Retire Australia), a deeply experienced management company which operates and markets these assets
- The portfolio now has five projects in development
- Thematic is supported by exposure to Australia's ageing population and increasing demand for retirement living. The population of Australians aged over 65 is forecast to increase from 3.8 million today to 4.2 million in 2020,² requiring 31,000 new ILUs by 2020 across Australia's capital cities³

1. Department of Education and Training, International Student Data monthly summary - July 2017

2. Australian Bureau of Statistics, 3222.0 Population Projections, Australia, 2012-2101, TABLE A9. Population projections, By age and sex, Australia - Series A, released 26 November 2013

3. Source: Knight Frank, 2015. ILUs are Independent Living Units (specifically-designed apartments, townhouses or other dwellings either freestanding or in a multi-dwelling building)

PRIVATE REAL ESTATE (CONT.)

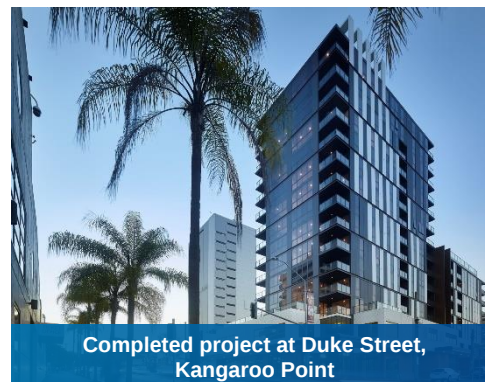
An active approach ('private equity into real estate') that invests in different parts of the market depending on the cycle

Cove Property Group



2 Rector Street, Financial District NYC

Residential Development



Completed project at Duke Street, Kangaroo Point

- Cove is a US-based Blue Sky joint venture focused on investing in institutional quality commercial real estate in New York, one of the most liquid commercial property markets in the world
- The Cove team has over 50 years' experience successfully investing in and managing commercial property in New York City
- Two projects underway in New York City:
 - 2 Rector Street located in the Financial District which is nearing completion and due to become operational during the final quarter of CY17
 - 441 Ninth Avenue located adjacent to Hudson Yards which is progressing through the design, procurement of contracts and initial refurbishment phase of the project
- Boutique apartment developments in South-East Queensland targeting the affordable segment (\$350k - \$600k)
- Geographically selective: high demand rental catchments in close proximity and access to infrastructure
- Individual projects have been monetised over the past 18 months. The Alternatives Fund's exposure to residential development is now 5% of the portfolio

DEPLOYMENT OPPORTUNITIES

The Alternatives Fund continues to see a strong flow of investment opportunities and anticipates the substantial deployment of the Entitlement Offer proceeds within a 3-6 month period



Real Assets

Blue Sky Water Fund:

- It is intended that the Water Fund will remain a cornerstone investment for the Alternatives Fund
- Australia has the world's **largest and most sophisticated** regulated water market
- An investible universe of over 400 different water entitlements **worth >\$30 billion** at today's prices

Agriculture:

- The Alternatives Fund made an initial commitment to the Strategic Australian Agriculture Fund in June 2017
- The Strategic Ag Fund employs a diversified investment strategy across water entitlements, agricultural infrastructure assets and agribusiness expansion capital, providing strong diversification benefits and targeting returns through a combination of yield and capital growth
- The Alternatives Fund will look to top up its allocation to the Strategic Ag Fund as appropriate over time



Private Equity

- Growth and venture capital opportunities provide the potential for outsized returns, with a number of attractive opportunities currently in due diligence
- There are over **50,000 private businesses** in Australia with between 20 – 199 employees¹ (which is typical of the size of businesses our private equity team invests in)
- In contrast, there are only **~1,100 publicly listed businesses** with a market capitalisation of >\$20 million on the ASX²
- Overall, the value of privately held businesses in Australia is **71% larger** than the market capitalisation of the Australian stock market³



Private Real Estate

Student accommodation, retirement living and the Cove US joint venture continue to deliver exposure to attractive long term investment themes

Student Accommodation:

- Education is Australia's **3rd largest export industry** (behind iron ore and coal)⁴
- **International student numbers in Australia grew by 70,000** over the last 12 months,⁵ outstripping the growth in supply of beds

Retirement:

- Australians aged over 65 are forecast to increase from 3.8 million today to 4.2 million in 2020,⁶ requiring **31,000 new ILUs** by 2020 across Australia's capital cities⁷

Cove:

- Exposure to commercial real estate in New York, one of the most liquid commercial property markets in the world

1. Australian Bureau of Statistics, 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016, released 21 February 2017
 2. S&P Capital IQ, ASX screening report as at 20 September 2017
 3. Australian Bureau of Statistics, 5232.0 Australian National Accounts: Finance and Wealth, Mar 2017, released 29 June 2017
 4. Department of Foreign Affairs and Trade (DFAT), Figures based on ABS trade data on DFAT STARS database and ABS catalogues 5368.0 and 5429.0; Austrade Benchmark Report 2017

5. Department of Education and Training, International Student Data monthly summary - July 2017
 6. Australian Bureau of Statistics, 3222.0 Population Projections, Australia, 2012-2101, TABLE A9. Population projections, By age and sex, Australia - Series A, released 26 November 2013
 7. Source: Knight Frank, 2015. ILUs are Independent Living Units (specifically-designed apartments, townhouses or other dwellings either freestanding or in a multi-dwelling building).

OFFER STRUCTURE AND KEY DATES

OFFER STRUCTURE

ENTITLEMENT OFFER

Ratio	1 for 4 non-renounceable entitlement offer
Offer Price	\$1.14 per New Share (5.8% discount to last traded price on 13 October 2017; 6.4% discount to 30 day VWAP)
Offer Size	Up to approximately \$48.9 million (before Offer costs)
Eligibility	Alternatives Fund shareholders who have a registered address in Australia or New Zealand as at the Record Date

TOP-UP FACILITY

Description	Eligible Shareholders may apply for additional shares in excess of their 1 for 4 entitlement
Offer Price	\$1.14 per New Share
Application Amount	No limit on size of applications under the Top-Up Facility
Potential Scaleback	Shares available under the Top-Up Facility will not exceed the total number of shares not taken up by Eligible Shareholders pursuant to their Entitlements Applications under the Top-Up Facility may be subject to scale back, at the Directors' discretion

SHORTFALL FACILITY

Description	Shares not taken up by Eligible Shareholders under the Entitlement Offer or Top-Up Facility may be offered to investors under a Shortfall Facility
Offer Price	\$1.14 per New Share
Joint Lead Managers: Co-Managers:	Ord Minnett Limited, Taylor Collison Limited Shaw and Partners Limited, Morgans Financial Limited

TIMETABLE

Announcement of the Entitlement Offer	Tuesday, 17 October 2017
Details of the Entitlement Offer sent to shareholders	Tuesday, 17 October 2017
Ex-date for Entitlement Offer	Thursday, 19 October 2017
Record date for Entitlement Offer	7:00pm, Friday, 20 October 2017
Prospectus and Entitlement & Acceptance Form dispatched	Tuesday, 24 October 2017
Entitlement Offer and Top-Up Facility opening date	Tuesday, 24 October 2017
Entitlement Offer and Top-Up Facility closing date	5:00pm, Friday, 3 November 2017
Deferred settlement trading	Monday, 6 November 2017
Company notifies ASX of under subscriptions and Shortfall (if any)	Wednesday, 8 November 2017
Shortfall Facility opening date (if required)	Thursday, 9 November 2017
Allotment of New Shares issued under the Entitlement Offer and Top-Up Facility	Friday, 10 November 2017
Despatch of holding statements for New Shares issued under the Entitlement Offer and Top-Up Facility	Monday, 13 November 2017
Normal trading for New Shares issued under the Entitlement Offer and Top-Up Facility	Monday, 13 November 2017

All references to time are to Australian Eastern Daylight Time (AEDT)

Dates are indicative and are subject to change at the Company's discretion, in accordance with the ASX Listing Rules and the Corporations Act

PRO FORMA BALANCE SHEET: POST ENTITLEMENT OFFER

	Derived from Audited Historical Balance Sheet as at 30 June 2017	Historical Balance Sheet as at 30 September 2017	Pro-forma, Post-Offer Historical Balance Sheet as at 30 September 2017
	\$'000	\$'000	\$'000
Assets			
Cash and cash equivalents	22,492	10,866	58,607
Trade and other receivables	2,919	1,826	1,826
Tax receivable	260	149	149
Financial assets held at fair value through profit and loss	187,787	191,234	191,234
Other assets	4,289	4,350	4,350
Total assets	217,747	208,425	256,166
Liabilities			
Trade and other payables	19,855	14,864	14,797
Deferred rebates	1,642	1,337	1,337
Deferred tax liabilities	4,393	5,051	4,726
Total liabilities	25,890	21,252	20,860
Net assets	191,857	187,173	235,306
Shareholders' equity			
Issued shares	174,692	174,692	223,584
Less Offer Costs	(2,153)	(2,153)	(2,912)
Retained profits	19,318	14,634	14,634
Total shareholders' equity	191,857	187,173	235,306
Net Tangible Assets per share (pre tax)	\$1.1452	\$1.1196	\$1.1187
Net Tangible Assets per share (post tax)	\$1.1210	\$1.0911	\$1.0973

Some values in the table above have been rounded.

- The Alternatives Fund made a \$15.0 million commitment to the Blue Sky Strategic Australian Agricultural Fund in June 2017 of which \$3.75 million has been funded to date. The remainder of the \$15.0 million commitment will be called progressively over a three year investment period which commenced in July 2017.
- The allocation to Private Real Estate exceeded the mandated 40% allocation limit at 30 September due to the payment of the FY17 final dividend. No further deployments will be made into this asset class until such time that the allocation is less than 40%.

Commentary:

- Cash** ~ The Alternatives Fund currently has \$10.9m in cash
- Receivables** ~ \$1.3m of fee rebates receivable and \$0.5m of distributions receivable from investments
- Financial assets** ~ the total fair market value of units held by the Alternatives Fund in underlying Blue Sky funds. The current allocation can be broken down as follows:
 - Private Equity = 26.7%
 - Real Assets = 27.0%¹
 - Private Real Estate = 40.6%²
 - Cash = 5.7%¹
- Other assets** ~ Accrued performance fee rebates receivable³ as investments exit (\$4.1m) and \$0.3m of prepaid expenses
- Dividend** ~ 4.0 cents per share fully franked dividend paid in September 2017 (reducing NTA by 4.0 cents)

Pro-forma adjustments:

- Gross proceeds** ~ approximately \$48.9m
 - Costs of the Offer** ~ approximately \$1.2m⁴
 - Other adjustments** ~ \$0.4m in deferred tax benefits
- Performance fee rebate accruals offset liabilities accrued at the underlying fund level in order to avoid duplication of fees in accordance with the Alternatives Fund's mandate.
 - Adjustments assume that the Offer is fully subscribed.

APPENDIX A: ADDITIONAL INFORMATION ON THE ALTERNATIVES FUND

REALISATIONS SINCE INCEPTION

Fund	Date invested	Date exited	IRR ³ (net of fees)	ROIC ³ (net of fees)
Hedge Funds - Diversified Quant (Redeemed)	Jun 2014	May 2016	-6%	0.9x
Software Services Fund II (Private Equity investment in Readify sold to Telstra)	Jun 2014	Jun 2016	36%	1.8x
Alice Street Kedron Trust (Residential Development)	Jul 2014	Jun 2016	35%	1.7x
Hedge Funds - Dynamic Macro (Redeemed)	Dec 2015	Aug 2016	7%	1.0x
Management Rights Income Fund IV (Southport Central real estate assets sold to Mantra Group)	Oct 2014	Sep 2016	22%	1.4x
37 Regent Street Woolloongabba Trust (Residential Development)	Jun 2014	Oct 2016	29%	1.7x
Water Utilities Australia Fund II ¹ (Water infrastructure asset sold to Colonial First State)	Oct 2014	Dec 2016	-4% (to date) 4% (forecast)	0.9x (to date) 1.1x (forecast)
Main Street Kangaroo Point Trust (Residential Development)	Aug 2014	Mar 2017	29%	1.8x
Regina Street Greenslopes Trust ² (Residential Development)	Jun 2014	Mar 2017	21% (to date) 24% (forecast)	1.6x (to date) 1.7x (forecast)
HPS Fund (Private Equity investment in Hospital Pharmacy Services sold to EBOS Limited)	Dec 2014	Jun 2017	34%	2.0x
Logan Road Greenslopes Trust ² (Residential Development)	Aug 2014	Jun 2017	-7% (to date) 16% (forecast)	0.8x (to date) 1.5x (forecast)
Grantson Street Windsor Trust ² (Residential Development)	Aug 2014	Jun 2017	11% (to date) 23% (forecast)	1.3x (to date) 1.8x (forecast)

1. Final distribution to be made Oct-17 (proceeds received from vendor and held on trust). Forecast returns represent current expectations as at 30 September 2017

2. Distributions made progressively as settlements complete. Final distribution to be made in 1H FY18. Forecast returns represent current expectations, and actual returns may vary

3. The returns presented are specific to the Alternatives Fund's investment and are net of fees, and inclusive of interim yield, franking credits and fee rebates

Past performance is not a reliable indicator of future performance

APPENDIX B: KEY RISKS

KEY RISKS

- Investors should be aware that subscribing for Shares in the Company involves a number of risks.
- A summary of the key risk factors of which investors should be aware when deciding whether to participate in the Offer is set out in this section.
- These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. More details about these and other risks associated with an investment in the Company can be found in the Prospectus.

Investment strategy risk

The past performance of investments managed by Blue Sky Entities is not a guide to future performance of the Company. There are risks inherent in the investment strategy that the Manager employs for the Company including, but not limited to the following risks:

- one or more assets within the Investment Portfolio may not achieve their target returns due to economic, financial market or industry specific factors;
- as the Company invests in illiquid private market assets the timeframe taken to realise returns could be longer than anticipated;
- the correlation of alternative asset classes to mainstream asset classes (such as listed equities and bonds) may deviate from their long-term averages in certain market conditions;
- some of the underlying strategies can use leverage which has the influence of magnifying gains and losses;
- the Company may invest in entities which derive some or all of their returns in a foreign currency. Changes in the value of the Australian dollar against these foreign currencies may increase or decrease investment proceeds to the Company;
- the success of the Company partially depends on the Manager's capital allocation decisions, and ability to construct a diversified portfolio of quality alternative asset strategies that increase in value over time; and
- the value of the assets selected by the Manager may decline in value over time.

KEY RISKS

Manager risk	There are risks inherent in the Company's structure and its agreement with the Manager, including, but not limited to the following risks: a) the Blue Sky Entities may not generate sufficient investment opportunities for the Investment Portfolio; b) key people engaged by the Manager or the Blue Sky Entities may leave; c) the performance fee may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Company; and d) the ability of the Manager to continue managing the Investment Portfolio in accordance with the Corporations Act is dependent on the maintenance of BSPE AFSL and the Manager's authorised representative status under BSPE's AFSL.
Other risks	Other risks relating to funds and investments in which the Company invests include: a) the share price of the Company's shares may not reflect the underlying value of the Investment Portfolio; b) some funds and investments may not perform to the level expected by the Manager and could reduce in size or be terminated; c) managers (which are related parties of the Manager) of certain funds and investments within the Investment Portfolio may be removed by unitholders in those funds; d) a fund's performance may be adversely affected if the AFSL of the relevant fund manager was subjected to limitations as a result of misconduct; e) unfavourable economic movements including any change to government fiscal or monetary policy can impact on the Company's ability to deploy capital effectively and the returns generated by funds invested in; f) fluctuations in exchange rates may cause the value of investments to decline; g) the Company may be exposed to risks relating to its investments in entities located in foreign jurisdictions, where the laws of those foreign jurisdictions offer less legal rights and protections to holders of securities in such foreign entities as compared with the laws in Australia;

KEY RISKS

Other risks (continued)	h) taxation laws are often changed and those changes can materially affect funds and investments; i) the Company's monthly net asset value is partly based on accrued, but unrealised investment returns. By the time each underlying investment is realised, the actual return may vary significantly from previously recorded unrealised returns; j) the loss of reputation associated with the Manager's people, products and returns may impact the Manager's ability to execute the mandate given to it by the Company; k) each fund has its own risks and these risks could negatively impact the Company and there is a risk that deficiencies may exist in disclosure documents relating to one or more of the funds; and l) a change in the regulatory environment may lead to increased costs to the Company in order to maintain compliance with such regulations.
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- Investors should refer to the Prospectus for full details about the risks associated with the Company when considering whether to participate in the Offer.

APPENDIX C: GLOSSARY

GLOSSARY

TERM	DEFINITION
\$	Australian dollars
AEDT	Australian Eastern Daylight Time
AFSL	Australian Financial Services Licence
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires)
BAF OR BSAAF OR ALTERNATIVES FUND OR COMPANY	Blue Sky Alternatives Access Fund Limited ACN 168 941 704
BLUE SKY OR BLA	Blue Sky Alternative Investments Limited ACN 136 866 236
BLUE SKY ENTITIES	Blue Sky and any entity: (a) which is Controlled by Blue Sky or an Associate of Blue Sky; or (b) an entity which is Controlled by an entity described in (a)
BLUE SKY FUND ENTITIES	Any trust, company, partnership or joint venture other than a Co-Investment Vehicle which is owned (directly or indirectly, wholly or partially) or managed by a Blue Sky Entity or in respect of which a Blue Sky Entity is an Associate, trustee or responsible entity, and which trust, company, partnership or joint venture is within a Mandated Asset Class or holds or invests in assets which fall within one or more of the Mandated Asset Classes
BSPE	Blue Sky Private Equity Limited
CO-MANAGERS	Shaw and Partners Limited, Morgans Financial Limited
CORPORATIONS ACT	<i>Corporations Act 2001</i> (Cth)
DIRECTORS	The directors of Blue Sky Alternatives Access Fund Limited

GLOSSARY

TERM	DEFINITION
ELIGIBLE SHAREHOLDER	A Shareholder on the Record Date who: a) has a registered address in Australia or New Zealand or is a Shareholder that the Alternatives Fund and the JLMs have otherwise determined is eligible to participate; and b) is not in the United States and is not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States; and c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer
ENTITLEMENT AND ACCEPTANCE FORM	The Entitlement and Acceptance Form accompanying the Prospectus
ENTITLEMENT OFFER	The non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 4 Shares of which the Shareholder is the registered holder on the Record Date, at the Offer Price
INVESTMENT PORTFOLIO	The portfolio of investments held by the Company from time to time
IPO PROSPECTUS	Means the replacement prospectus lodged with ASIC on 13 May 2014
IRR	Internal rate of return
JOINT LEAD MANAGERS OR JLM	Ord Minnett Limited, Taylor Collison Limited
MANAGEMENT AGREEMENT	The management agreement dated 6 May 2014 between the Company and the Manager
MANAGER	BSAAF Management Pty Ltd ACN 168 923 279 (wholly-owned subsidiary of Blue Sky)
NEW SHARE	Shares to be allotted and issued under the Entitlement Offer

GLOSSARY

TERM	DEFINITION
NTA	Net Tangible Assets
OFFER PRICE	\$1.14 per New Share
P.A.	Per annum
PORTFOLIO NET ASSET VALUE	The market value of the assets of the investment portfolio, reduced by any accrued but unpaid expenses of the Company, but not provisions for tax payable, and after subtracting any borrowings drawn down and adding back any borrowings repaid
PROSPECTUS	The Entitlement Offer Prospectus issued under section 713 of the Corporations Act and lodged by the Alternatives Fund with ASIC on 16 October 2017
RECORD DATE	7:00pm AEDT on Friday 20 October 2017
ROIC	Return on invested capital
SHARE	Fully paid ordinary shares in the capital of the Alternatives Fund
SHAREHOLDER	A holder of Shares
VWAP	Volume weighted average price



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**JOINT LEAD MANAGERS AND AUTHORISED
INTERMEDIARIES**



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Shaw**and**Partners

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