

31 July 2019

Market Update

The directors of Blue Sky Alternatives Access Fund Limited (**BAF**) note the announcement by the receivers and managers appointed to Blue Sky Alternative Investments Limited (**Blue Sky**) in relation to the restructuring of Blue Sky and its assets, a copy of which is attached to this announcement.

The Board notes that the restructuring is commencing with the change in control of Blue Sky's Real Assets business. BAF is a significant investor in the Water Fund and the Strategic Australian Agriculture Fund, and these investments represent a very significant part of the BAF portfolio. The Board would like to congratulate Kim Morison and Argyle Capital Partners Pty Ltd on the announcement that Kim and his team will continue to oversee investment management operations of the Real Assets business.

The Board also notes that the structure of the underlying funds in which BAF is invested is not impacted by the attached announcement. The Board will continue its discussions with Blue Sky to deepen our understanding of how the changes referred to in the announcement may impact BAF.

The Board also continues to be engaged in extensive discussions and activities, including receiving professional advice, to ensure the interests of BAF are adequately protected and expects to be in a position to provide an update on the management of BAF shortly.

For more information, please contact:

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Attachment

30 July 2019**MARKET UPDATE**

Following the completion of a strategic and operational review and after considering all options available to Blue Sky Alternative Investments Limited ('Blue Sky') and its subsidiaries in the circumstances, the receivers and managers of Blue Sky, Jarrod Villani and Mark Korda, have commenced a restructuring of Blue Sky and its assets. Given the complex nature of Blue Sky's corporate structure and the independent operating units within the group, the restructuring will be undertaken in phases. After a difficult period over the past 16 months, the restructuring offers a clear path forward for employees and investors in the underlying managed funds.

The restructuring will commence this week with the transfer of Blue Sky's Real Assets business (water and agriculture funds) to Australian Alternative Asset Partners Pte Ltd ('AAP'), a subsidiary of funds managed by the Special Situations group of Oaktree Capital Management L.P.

Consistent with the vital importance of a continuation of the Real Assets business and its investment team to deliver on fund investor outcomes, the receivers and managers understand that AAP will enter into arrangements with Argyle Capital Partners Pty Ltd ('ACP'), an entity majority-owned by Kim Morison, pursuant to which Mr Morison and his team will continue to oversee investment management operations of the Real Assets business, including, in some cases, pursuant to certain sub-advisory arrangements to be entered into with the Real Assets funds. It is intended that ACP will ultimately operate on a standalone basis under the leadership of Mr Morison and his management team.

Subsequent phases of the restructuring will involve the transition of certain assets and subsidiaries from Blue Sky to AAP and, in some cases, will involve partnerships with key existing management of the kind outlined above in respect of the Real Assets business. Other assets will remain in Blue Sky and be realised over time. These various elements of the transaction being in connection with the restructuring of Blue Sky's secured debt. The complex process of restructuring Blue Sky and its assets is expected to take months or years.

With the review completed, a number of positions regrettably are in the process of being made redundant. All entitlements will be met in full for affected employees.

Shares in Blue Sky will remain suspended from trading throughout the restructuring process. A return to shareholders is not anticipated based on current expectations. Accordingly, in the absence of any new material development not otherwise contemplated by this announcement, the receivers and managers do not expect to provide any further market updates in relation to the restructuring process.

MEDIA ENQUIRIES

All media enquiries in relation to this announcement should be directed to Michael Smith of InsidePR on 0411 055 306.

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