



Notice of Annual General Meeting

Blue Sky Alternative Investments Limited | ACN 136 866 236

**THURSDAY, 2 NOVEMBER 2017
9:30 AM (BRISBANE TIME)
AT THE STAMFORD PLAZA BRISBANE HOTEL
CORNER EDWARD AND MARGARET STREETS,
BRISBANE, QUEENSLAND**

This notice of Annual General Meeting is an important document and should be read in its entirety.

If you are unable to attend the Annual General Meeting, please complete the enclosed Proxy Form and return it in accordance with the instructions set out in this notice.

Notice of Annual General Meeting



The 2017 Annual General Meeting of Blue Sky Alternative Investments Limited (the **Company**) will be held at the Stamford Plaza Brisbane Hotel, Corner Edward and Margaret Streets, Brisbane, Queensland at 9:30am (Brisbane time) on Thursday, 2 November 2017 (the **Meeting**).

IMPORTANT: The resolutions set out in this Notice of Annual General Meeting (Notice) should be read in conjunction with the Explanatory Memorandum which follows.

Ordinary Business

1. *Financial Statements and Reports*

To receive and consider the annual financial report, the directors' report and the auditor's report for the Company and its controlled entities for the financial year ended 30 June 2017.

2. *Resolution 1 – Adoption of the Remuneration Report*

To consider the Remuneration Report as it appears in the Annual Report for the Company for the financial year ended 30 June 2017 and, if thought fit, pass the following resolution as an **ordinary non-binding** resolution:

“THAT the Company's Remuneration Report for the financial year ended 30 June 2017 be adopted.”

Short explanation to resolution:

Pursuant to section 250R(3) of the Corporations Act 2001 (Cth) (**Corporations Act**), the vote on this ordinary resolution is advisory only and does not bind the Directors or the Company.

The Company will disregard any votes cast on this ordinary resolution by certain persons in contravention of section 250R or 250BD of the Corporations Act. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' on pages 8 and 9 of this Notice.

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3. *Resolution 2 – Re-election of Directors*

To consider and, if in favour, to pass the following resolutions as **ordinary** resolutions:

- a. *“THAT Tim Wilson, who retires by rotation under rule 48 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”*
- b. *“THAT Alexander McNab, who retires by rotation under rule 48 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”*
- c. *“THAT Philip Hennessy, who was appointed a Director by the Board on 17 February 2017 and will retire at the close of the Meeting in accordance with rule 47.2 of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”*
- d. *“THAT Michael Gordon, who was appointed a Director by the Board on 17 February 2017 and will retire at the close of the Meeting in accordance with rule 47.2 of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”*

Note: Information about the candidates appears in the Explanatory Memorandum.

Special Business

4. *Resolution 3 – Increase to Non-Executive Directors' fee pool*

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"THAT pursuant to and in accordance with ASX Listing Rule 10.17 and for all other purposes, the maximum aggregate amount of Directors' fees payable to Non-Executive Directors be increased by \$700,000 from \$300,000 to \$1,000,000."

5. *Resolution 4 – Approval of issue of options to Elaine Stead*

To consider and, if in favour, to pass the following resolution as an **ordinary** resolution:

"THAT approval be given under ASX Listing Rule 10.14 for the issue of 250,000 options to Elaine Stead under the Company's employee share option plan (ESOP) and on the terms summarised in the Explanatory Memorandum."

The Company will disregard any votes cast on this ordinary resolution by certain persons in accordance with ASX Listing Rules 10.14 and 14.11.

6. *Resolution 5 – Approval of issue of options to Nicholas Dignam*

To consider and, if in favour, to pass the following resolution as an **ordinary** resolution:

"THAT approval be given under ASX Listing Rule 10.14 for the issue of 250,000 options to Nicholas Dignam under the Company's ESOP and on the terms summarised in the Explanatory Memorandum."

The Company will disregard any votes cast on this ordinary resolution by certain persons in accordance with ASX Listing Rules 10.14 and 14.11.

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7. *Resolution 6 – Approval of grant of share acquisition rights to Philip Hennessy*

To consider, and if in favour, to pass the following resolution as an **ordinary** resolution:

“That approval be given under Listing Rule 10.14 for the Company to grant to the Company’s Non-Executive Director, Philip Hennessy, share acquisition rights under the Company’s Sacrifice Share Acquisition Plan (SSAP) and on the terms summarised in the Explanatory Memorandum.”

The Company will disregard any votes cast on this ordinary resolution by certain persons in accordance with ASX Listing Rules 10.14 and 14.11.

8. *Resolution 7 – Approval of grant of share acquisition rights to Michael Gordon*

To consider, and if in favour, to pass the following resolution as an **ordinary** resolution:

“That approval be given under Listing Rule 10.14 for the Company to grant to the Company’s Non-Executive Director, Michael Gordon, share acquisition rights under the Company’s SSAP and on the terms summarised in the Explanatory Memorandum.”

The Company will disregard any votes cast on this ordinary resolution by certain persons in accordance with ASX Listing Rules 10.14 and 14.11.

How to Vote

You may vote by attending the Meeting in person or by proxy. A body corporate may vote by appointing a corporate representative.

Voting in Person

To vote in person, attend the Meeting on Thursday, 2 November 2017 at Stamford Plaza Brisbane Hotel, Corner Edward and Margaret Streets, Brisbane, Queensland. The Meeting will commence at 9:30am (Brisbane time).

Voting Entitlement

For the purpose of voting at the Meeting, persons holding fully paid ordinary shares in the capital of the Company at 7:00 pm (Sydney time) on Tuesday, 31 October 2017 will be treated as shareholders of the Company. This means that if you are not the registered holder of a relevant share at that time, you will not be entitled to vote in respect of that share at the Meeting.

Voting Exclusions

The Corporations Act and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on certain resolutions to be considered at the Meeting.

For the purpose of these voting exclusions:

- The relevant interpretation of **associate** is the interpretation in section 11 and sections 13 to 17 of the Corporations Act, with section 13 to be applied as if it was not confined to associate references occurring in Chapter 7 of the Corporations Act.
- The **Key Management Personnel (KMP)** of the Company's consolidated group are those persons having authority and responsibility for planning, directing and controlling the activities of the Company's consolidated group either directly or indirectly. It includes all Directors (executive and non-executive) and selected members of the management team.
- A **Closely Related Party (CRP)** of a member of the KMP means:
 - a spouse or child of the member;
 - a child of the member's spouse;
 - a dependent of the member or the member's spouse;
 - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company's consolidated group; or
 - a company that the member controls.

The voting exclusions are set out in the table on the following page.

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RESOLUTION NO.	RESOLUTION DESCRIPTION	WHO IS EXCLUDED			FROM VOTING ON THE RESOLUTION?	
		As a shareholder?		As holder of a directed proxy?	As holder of an undirected proxy?	
1	Adoption of the Remuneration Report.	KMP named in the Remuneration Report and their CRP.		Proxy holder for KMP named in the Remuneration Report or their CRP.	Proxy holder for KMP named in the Remuneration Report or their CRP (subject to the Note below).	
2(a)	Re-election of Tim Wilson as Director.	No exclusions.		No exclusions.	No exclusions.	
2(b)	Re-election of Alexander McNab as Director.	No exclusions.		No exclusions.	No exclusions.	
2(c)	Re-election of Philip Hennessy as Director.	No exclusions.		No exclusions.	No exclusions.	
2(d)	Re-election of Michael Gordon as Director.	No exclusions.		No exclusions.	No exclusions.	
3	Increase to Non-Executive Directors' Fee Pool.	Directors, their associates and their CRP.		Proxy holders for Directors, their associates or their CRP.	Proxy holders for Directors, their associates or their CRP (subject to the Note below).	
4	Approval of issue of options to Elaine Stead.	Directors, their associates and their CRP.		Proxy holders for Directors, their associates or their CRP.	Proxy holders for Directors, their associates or their CRP (subject to the Note below).	
5	Approval of issue of options to Nicholas Dignam.	Directors, their associates and their CRP.		Proxy holders for Directors, their associates or their CRP.	Proxy holders for Directors, their associates or their CRP (subject to the Note below).	
6	Approval of grant of share acquisition rights to Philip Hennessy.	Directors, their associates and their CRP.		Proxy holders for Directors, their associates or their CRP.	Proxy holders for Directors, their associates or their CRP (subject to the Note below).	
7	Approval of grant of share acquisition rights to Michael Gordon.	Directors, their associates and their CRP.		Proxy holders for Directors, their associates or their CRP.	Proxy holders for Directors, their associates or their CRP (subject to the Note below).	

Note: The chair of the Meeting (**Chair**) will be entitled to vote an undirected proxy if the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

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However, the Company need not disregard a vote if it is cast by:

- a person as proxy for a person who is entitled to vote, under the directions on the proxy voting form; or
- the person chairing the meeting as proxy for a person who is entitled to vote, under a direction on the proxy form to vote as the proxy decides.

Voting by Proxy

You may appoint any person to attend the Meeting and vote as your proxy, including the Chair. A proxy is not required to be a shareholder of the Company. A Proxy Form is enclosed with this Notice.

How is the Proxy to Vote

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions described on the previous page.

Appointing more than one Proxy

A shareholder entitled to cast two or more votes may appoint two proxies. If you appoint two proxies, you may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number of votes is specified, each proxy may exercise half of your votes (disregarding fractions).

How to appoint a Proxy

You can appoint a proxy in four ways:

- **ONLINE:** **www.linkmarketservices.com.au**
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgment facility, shareholders will need their 'Holder Identifier' (Security Holder Reference (SRN) or Holder Identification Number (HIN), as shown on the front of the Proxy Form).
- **BY MAIL:** **Blue Sky Alternative Investments Limited**
c/o Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
- **BY FAX:** In Australia (02) 9287 0309
From outside Australia +61 2 9287 0309
- **BY HAND:** Delivering it to
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12, 680 George Street
Sydney NSW 2000

To be valid, your proxy appointment must be made online or your Proxy Form must be received no later than 9:30 am (Brisbane time) on Tuesday, 31 October 2017 (being 48 hours before the commencement of the Meeting).

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

Chair's Intention

The Chair intends to vote all valid undirected proxies received in favour of each resolution subject to the voting exclusions on pages 8 and 9.

If you have any queries on how to cast your votes please call the Company on (07) 3270 7500 between 8:00am to 5:00pm (Brisbane time) Monday to Friday.

Explanatory Memorandum

This Explanatory Memorandum forms part of the notice convening the Annual General Meeting of the Company to be held at the Stamford Plaza Brisbane Hotel, Corner Edward and Margaret Streets, Brisbane, Queensland at 9:30am (Brisbane time) on Thursday, 2 November 2017.

Information relevant to the business to be conducted at the Meeting is provided in this Explanatory Memorandum and shareholders should read this document in full.

ORDINARY BUSINESS

1. Financial Statements and Reports

In accordance with the Corporations Act, the financial report, directors' report and auditor's report for the Company and its controlled entities for the financial year ended 30 June 2017 will be put before the Meeting.

Shareholders will have a reasonable opportunity at the Meeting to ask questions or make comments on these reports and on the business, operations and management of the Company.

The Company's auditor, Ernst & Young, will be present and will be provided with a reasonable opportunity to answer written questions that have been submitted to the Company no later than the fifth business day before the Meeting (in accordance with section 250PA(1) of the Corporations Act).

A reasonable opportunity will also be provided for shareholders at the Meeting to ask the auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. Resolution 1 – Adoption of the Remuneration Report

The Company's Remuneration Report for the financial year ended 30 June 2017, which is set out in pages 20-28 of the Annual Report, has been submitted to shareholders for consideration and adoption.

The Remuneration Report sets out the Company's remuneration arrangements for Directors and KMP.

A reasonable opportunity will be provided for shareholders to ask questions about, or make comments on, the Remuneration Report.

Shareholders should note that, in accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Company or its Directors. The Board will consider the outcome made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

As a result of amendments to the Corporations Act known generally as the 'two strikes rule', shareholders should note that the result of the vote on this item may affect the 2018 Annual General Meeting.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings (constituting **two strikes**), shareholders will be required to vote at the second of those annual general meetings on a resolution (a **spill resolution**) determining whether to hold a further meeting (within 90 days) to spill the Board as required by section 250V(1) of the Corporations Act (**spill meeting**) and, if approved, at the spill meeting all of the Directors must be re-elected.

***Note:** As detailed on the Proxy Form, if you appoint the Chairman as your proxy, and you do not provide voting directions, the Chairman is entitled to cast your vote in accordance with his stated intentions, even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel. The Chairman intends to vote all available proxies in favour of Resolution 1.*

If you appoint another director or member of the key management personnel as your proxy for Resolution 1, you must direct your proxy how to vote, otherwise your vote will not be counted. Follow the instructions on the proxy form to direct your proxy how to vote.

3. Resolution 2 – Re-election of Directors

Clause 48 of the Company's Constitution and ASX Listing Rule 14.5 requires an election of directors to take place at every Annual General Meeting. The Directors to retire under clause 48.2 of the Company's Constitution are those who have been in office the longest since being appointed.

The Board has determined that Tim Wilson and Alexander McNab will retire from office under clause 48.1 of the Constitution and stand for re-election.

Explanatory Memorandum

Tim Wilson and Alexander McNab have been employed by the Company since 2009 and 2010 respectively. Both Tim and Alex have an intimate knowledge of the business and have played an integral part as the Company has grown from approximately \$150 million in assets under management (**AUM**) at 30 June 2009 to \$3.25 billion in AUM at 30 June 2017.

As part of the Board renewal process, Philip Hennessy was appointed a Non-Executive Director on 17 February 2017 and Michael Gordon was appointed a Non-Executive Director on 17 February 2017. The ASX Listing Rules and the Company's Constitution require that a Director appointed by the other Directors retire from office at the end of the following Annual General Meeting of the Company.

In accordance with the ASX Listing Rules and clause 47.2 of the Company's Constitution, each of Philip Hennessy and Michael Gordon retires from office and offers himself for re-election.

RESOLUTION 2(a) - RE-ELECTION OF TIM WILSON

Tim is the Head of the Company's private equity division. He is responsible for leading this team, sourcing and negotiating deals, advising portfolio companies on financing, entry and exit negotiation and building the Company's network.

Tim has been involved in private equity since 1997 including with Blue Sky Private Equity, and previously through investment banking roles in London, Sydney and Brisbane. He began his career as a commercial lawyer in Brisbane with Minter Ellison before moving to London where he lived for seven years, working in investment banking roles with Paribas and Credit Suisse First Boston. Tim then returned to Australia and worked in finance roles with Babcock & Brown, Westpac Institutional Bank and Investec before joining Blue Sky in 2009 to run the private equity business.

Tim holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland, a Graduate Diploma of Applied Finance and Investment and a Master of Science in Finance from the London Business School. Tim has also undertaken the Private Equity and Venture Capital course at Harvard Business School, Boston, USA.

DIRECTORS' RECOMMENDATION

The Directors (with Tim Wilson abstaining) recommend that shareholders vote in favour of Resolution 2(a).

RESOLUTION 2(b) - RE-ELECTION OF ALEXANDER MCNAB

Alexander joined Blue Sky in 2010 as a partner in Blue Sky's private equity division. In that capacity, Alexander was responsible for sourcing potential investments, leading due diligence, negotiating and executing transactions and managing Blue Sky's portfolio of private equity investments.

In 2012 Alexander was appointed Blue Sky's Chief Investment Officer. In that capacity, Alexander is the chair or a member of each of Blue Sky's investment committees and is responsible for managing the investment process across each of Blue Sky's investing businesses.

Prior to joining Blue Sky, Alexander spent eight years at Bain & Company, a global strategy consulting firm. During his time at Bain & Company, Alexander formulated corporate and business unit strategies, led performance improvement projects and influenced management teams to drive results. In this capacity, Alexander worked with clients across a range of industries, including financial services, telecommunications, retail and technology.

Alexander holds a Bachelor of Economics (University Medal) and a Bachelor of Laws from the University of Queensland. Alexander is also an INSEAD graduate with a Masters of Business Administration (Honours).

DIRECTORS' RECOMMENDATION

The Directors (with Alexander McNab abstaining) recommend that shareholders vote in favour of Resolution 2(b).

RESOLUTION 2(c) - RE-ELECTION OF PHILIP HENNESSY

Philip stood down as Queensland Chair of KPMG in February 2013 after 12 years in the role and retired from the partnership in July 2013.

Over the past 30 years, Philip has been involved in corporate insolvency and reorganisation across a variety of industries including construction, real estate, mining, manufacturing, professional services, hospitality, tourism, agriculture and financial services. He has served as a Chair and Director on a number of government owned corporations focused on water storage, treatment and transport services to industrial and mining customers and for household use, and also involving the construction of pipelines, dams and other infrastructure. Philip has also been a Director of various not-for-profit organisations serving intellectually disabled women, children with chronic health issues, hospitals and education.

Explanatory Memorandum

Philip is currently an independent company director and adviser to public, private and not-for-profit organisations.

Philip also chaired KPMG's Audit Committee Institute in Queensland, which provided a forum for chairs, audit committee chairs and non-executive directors to focus on emerging trends and best practices for public company boards, as well as serving as a member of KPMG's Ethics and Independence Disciplinary Committee. Through these roles and his other directorships, Philip has developed significant experience in driving good governance and risk management, communicating with shareholders/stakeholders and maximising shareholder value.

Philip holds a Bachelor of Business (Accountancy) from the Queensland University of Technology. Philip is also a Fellow, Chartered Accountants Australia and New Zealand.

DIRECTORS' RECOMMENDATION

The Directors (with Philip Hennessy abstaining) recommend that shareholders vote in favour of Resolution 2(c).

RESOLUTION 2(d) - RE-ELECTION OF MICHAEL GORDON

Michael has over thirty years' experience in the financial services and funds management industry, in Australia, the UK and Asia. Most recently, Michael was Group Executive for Perpetual Investments where he was responsible for over \$30 billion of funds under management for institutional and retail clients. In this role, Michael was responsible for all aspects of investment management, distribution, products and operations. Prior to Perpetual, Michael held roles as a global Chief Investment Officer (CIO) at BNP Paribas Investment Partners in London, global CIO at Fidelity International worldwide and as joint Managing Director and CIO for Schroders in Australia.

Michael brings to the Board deep operational experience to oversee a regulated business across multiple geographies and a deep knowledge of institutional capital. Michael is also a Fellow of the Australian Institute of Company Directors.

Michael holds a Bachelor of Business (Finance) from the University of Technology, Sydney.

DIRECTORS' RECOMMENDATION

The Directors (with Michael Gordon abstaining) recommend that shareholders vote in favour of Resolution 2(d).

Special Business

4. Resolution 3 – Increase to Non-Executive directors' fee pool

ASX Listing Rule 10.17 and the Company's Constitution provide that the maximum amount of Non-Executive Director remuneration must not be increased without the approval of the Company's shareholders in general meeting. At present, the maximum aggregate amount of fees that may be paid to the Company's Non-Executive Directors is \$300,000 per annum (**Total NED Fee Pool**). The Total NED Fee Pool has not been increased since it was originally approved by the Board in 2011.

The Board conducted a thorough process over the course of 2016 to identify the best possible candidates to serve as independent Non-Executive Directors. In September 2016, an independent report was commissioned from Ernst & Young on the quantum and structure of Board remuneration. To ensure that the Company attracts the best possible talent, total Non-Executive Director remuneration was set in the top quartile of comparable companies as identified in that report. In February 2017, two additional Non-Executive Directors, Philip Hennessy and Michael Gordon, were appointed to the Board.

Resolution 3 seeks shareholder approval to increase the Total NED Fee Pool to \$1,000,000 per annum as the Board wishes to attract and retain high quality Non-Executive Directors with an appropriate range of skills, expertise and diversity.

In accordance with the ASX Listing Rules, shareholders are advised:

- no shares or other securities in the Company have been issued by the Company to Non-Executive Directors under ASX Listing Rule 10.11 (Approval for issue of securities); and
- no shares or other securities in the Company have been acquired by Non-Executive Directors under ASX Listing Rule 10.14 (Approval required to acquire securities under an employee incentive scheme) in the preceding three years.

DIRECTORS' RECOMMENDATION

As the Directors have an interest in the outcome of Resolution 3, they have refrained from making a recommendation in relation to this resolution.

Explanatory Memorandum

5. *Resolutions 4 and 5 – Approval of issue of options to directors*

Subject to the approval of shareholders, the Company proposes to issue:

- a. 250,000 options to Elaine Stead; and
- b. 250,000 options to Nicholas Dignam.

Under ASX Listing Rule 10.14, no Director can acquire securities under an employee incentive scheme without shareholder approval by ordinary resolution. Once approval is obtained pursuant to ASX Listing Rule 10.14, the Company is entitled to rely on ASX Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under ASX Listing Rule 10.11. Similarly, approval will not be required under ASX Listing Rule 7.1.

The options shall be issued under and subject to the terms of the ESOP approved by shareholders at the 2013 annual general meeting and subsequently renewed at the 2015 annual general meeting (**Options**). A copy of the rules of the ESOP is available upon request from the Company.

Shareholder approval is sought for the issue of the Options to Elaine Stead and Nicholas Dignam on the terms detailed below.

Entitlements	<p>Each Option is a right to acquire one share in the Company, subject to the Vesting Conditions and payment of the Exercise Price.</p> <p>Options do not carry any dividend or voting rights.</p>
Issue Date	<p>The Company will issue the Options no later than one month after this Annual General Meeting.</p>
Permitted Nominee	<p>The recipient can elect for its Options to be issued to a nominee permitted by the Company's Board.</p>
Consideration	<p>The Options are issued for nil consideration.</p>

Exercise Date	<p>The exercise date for the Options will be as follows:</p> <ul style="list-style-type: none"> (a) 33.3% of the Options: 36 months after the Issue Date; (b) 33.3% of the Options: 48 months after the Issue Date; (c) 33.3% of the Options: 60 months after the Issue Date.
Vesting Conditions	<p>That, at the relevant Exercise Date, none of the following apply:</p> <ul style="list-style-type: none"> (a) the recipient's employment (or contract if relevant) with the Company or its related bodies corporate (Group) has been lawfully terminated; (b) the recipient has resigned from his or her employment (or having terminated their contract) with the Group; (c) the recipient has been made redundant; (d) where the recipient has elected for its Options to be issued to a nominee permitted by the Company's Board, the recipient has ceased to control that nominee; and (e) the Company having fee earning assets under management of less than \$5 billion.
Disposal Restrictions	<p>The Options (and the shares issued on the exercise of the Options) may not be transferred or disposed of whilst the recipient is employed with, or engaged by, the Group.</p>
Expiry Date	72 months after the Issue Date.
Exercise Price	<p>Elaine Stead (Resolution 4) - \$10.00 per Option</p> <p>Nicholas Dignam (Resolution 5) - \$10.00 per Option</p>

Explanatory Memorandum

ADDITIONAL ASX LISTING RULE 10.15 DISCLOSURES

All Directors are potentially eligible to participate in the ESOP.

No Director has acquired options under the ESOP since it was approved by shareholders at the 2015 annual general meeting.

There are no loan arrangements with the Directors in relation to the acquisition of the Options.

CORPORATIONS ACT

Under Chapter 2E of the Corporations Act a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have, in a general meeting, approved the giving of that financial benefit to the related party.

Each of Elaine Stead and Nicholas Dignam are related parties of the Company due to the fact that they are Directors of the Company. The issue of the Options will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act.

The Board considers that the issue of the Options to Elaine Stead and Nicholas Dignam constitutes reasonable remuneration within the meaning of section 211(1) of the Corporations Act on the basis that the Options are an appropriate and necessary part of the incentive and remuneration package for Elaine Stead and Nicholas Dignam as directors of the Company.

6. *Resolutions 6 and 7 – Approval of grant of share acquisition rights to Philip Hennessy and Michael Gordon*

The Board has established a Sacrifice Share Acquisition Plan (**SSAP**) to provide an opportunity for Directors to build their shareholding in the Company and to assist them to meet and exceed the Company's minimum shareholding requirement of 2x total annual remuneration within 4 years of appointment as a Director and further align their interests with the interests of Shareholders. Directors are permitted to elect to sacrifice, on a pre-tax basis, a portion of their fixed annual remuneration to acquire equity in the form of share acquisition rights (**Rights**). Philip Hennessy and Michael Gordon have elected to participate in the 2018 Fee Sacrifice Offer.

Subject to the approval of shareholder, the Company proposes to grant:

- (a) a maximum of 4,950 Rights to Philip Hennessy; and
- (b) a maximum of 6,200 Rights to Michael Gordon.

Shareholders are asked to approve a maximum number of Rights as the actual number of Rights will only be known on the Grant Date, based on the market value of a Share at that time (see overleaf for further details).

Under ASX Listing Rule 10.14, no Director can acquire securities under an employee incentive scheme without shareholder approval by ordinary resolution. Once approval is obtained pursuant to ASX Listing Rule 10.14, the Company is entitled to rely on ASX Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under ASX Listing Rule 10.11. Similarly, approval will not be required under ASX Listing Rule 7.1.

Explanatory Memorandum

DISCLOSURES FOR THE PURPOSE OF ASX LISTING RULE 10.14

Entitlements	<p>Each Right is the right to acquire one Share, subject to the Director remaining a Director of the Company until the Vesting Date at which point the Rights will convert, subject to applicable Law and the Company's Share Trading Policy.</p> <p>Rights do not carry any dividend or voting rights.</p> <p>Rights are non-transferable, except in limited circumstances or with the consent of the Board.</p>
Grant Date	<p>10 November 2017 (being 6 business days following the AGM).</p>
Participant Contribution	<p>Philip Hennessy has elected to sacrifice 30% of his FY18 director's fees being \$165,000 (inclusive of superannuation) and Michael Gordon has elected to sacrifice 40% of his FY18 director's fees being \$155,000 (inclusive of superannuation). This equates to a Participant Contribution for Philip Hennessy of \$49,500 and a Participant Contribution of \$62,000 for Michael Gordon.</p>
Participation Period	<p>1 December 2017 to 30 June 2018 (7 months).</p> <p>During this period, the Director's pre-tax fees will be reduced in equal amounts each month over the 7-month period until all of the Participation Contribution has been made.</p>
Calculation of Number of Rights	<p>The number of Rights each Director receives will be determined by dividing the Participation Contribution by the Allocation Price (refer below).</p>

Allocation Price	The market value of a Share at the Grant Date to be calculated based on the 5 day volume weighted average price (VWAP) of the Company's Shares prior to the Grant Date.
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Vesting Date and Conversion of Rights	<p>Rights will vest on the business day following release of the Company's Appendix 4E and Full Year Report for the year ended 30 June 2018 to the ASX provided the relevant Director remains a Director on that date.</p> <p>Shares will be allocated to the Director upon vesting of Rights, on a one-for-one basis.</p>
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Trading Restriction and Restriction Period	<p>Shares allocated to the Director upon the vesting of Rights will be subject to a restriction on trading and transfer (Trading Restriction) during the Restriction Period.</p> <p>The Restriction Period commences on the Vesting Date and ends on the last day of the Restriction Period that the Director elects (which must be a minimum of thirty-six months).</p>
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ADDITIONAL ASX LISTING RULE 10.15 DISCLOSURES

All Directors are eligible to participate in the SSAP.

As the SSAP is newly established, no Rights have been granted under the SSAP to date.

There are no loan arrangements with the Directors in relation to the acquisition of the Rights.



Blue Sky Alternative Investments Limited

www.blueskyfunds.com.au

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Blue Sky Alternative Investments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **9:30am (Brisbane time) on Tuesday, 31 October 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Blue Sky Alternative Investments Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (Brisbane time) on Thursday, 2 November 2017 at the Stamford Plaza Brisbane Hotel, Corner of Edward and Margaret Streets, Brisbane (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 3, 4, 5, 6 and 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 3, 4, 5, 6 and 7 even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of grant of share acquisition rights to Philip Hennessy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2a Re-election of Director Tim Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of grant of share acquisition rights to Michael Gordon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b Re-election of Director Alexander McNab	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
2c Re-election of Director Philip Hennessy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
2d Re-election of Director Michael Gordon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Increase of Non-Executive Director's fee pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of issue of options to Elaine Stead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval of issue of options to Nicholas Dignam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BLA PRX1701D