

ANNUAL GENERAL MEETING

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

21 NOVEMBER 2014

Private Equity / Private Real Estate / Hedge Funds / Real Assets

BlueSky
Alternative Thinking

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Non-IFRS information:

This presentation contains certain non-IFRS financial information. The directors of Blue Sky believe the presentation of certain non-IFRS financial information is useful for users of this presentation as they reflect the underlying financial performance of the business. The non-IFRS financial information includes Blue Sky's underlying Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flow (collectively, the 'underlying results'). These underlying results are presented with all equity held by Blue Sky in the funds that it manages being accounted for at fair value using the same approach as *AASB 13 – Fair Value Measurement*. This differs from Blue Sky's statutory financial statements where a range of Blue Sky's equity holdings in the funds that it manages are either consolidated or equity accounted following the adoption of the revised *AASB 10 – Consolidated Financial Statements* accounting standard. A reconciliation of the underlying results and Blue Sky's statutory financial statements is included as an Appendix to this presentation.

The non-IFRS financial information has been subject to review by Blue Sky's auditor (Ernst & Young).

REVIEW OF FY14

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

SUMMARY

WHAT WE SAID WE'D DO (FY13 AGM)

- Increase assets under management to \$500m+ by 30 June 2014
- Maintain investment track record of >15% p.a. net of fees since inception¹
- Broaden approach to distribution (alternative structures, better use of technology)
- Retain (and build) the team

WHAT WE DELIVERED

- Grew AUM from ~\$350m at 30 June 2013 to ~\$700m at 30 June 2014
- At 30 June 2014, returns to investors net of fees since inception were 14.8% p.a. (and 14.9% to 31 Oct 2014)¹
- \$60m IPO of the 'Alternatives Fund' listed investment company (ASX: BAF)
- Launch of 'Blue Sky Fingerprint' investor portal
- Key hires made to build distribution team, investment teams and New York office

PRIORITIES FOR FY15

- Grow AUM to \$1b by 30 June 2015
- Investment track record of >15% p.a. net of fees since inception¹
- Complete institutional mandates in Real Assets division
- Deliver 3 – 5 exits from Private Equity division
- Retain (and build) the team

1. Note that past performance is not a reliable indicator of future performance.

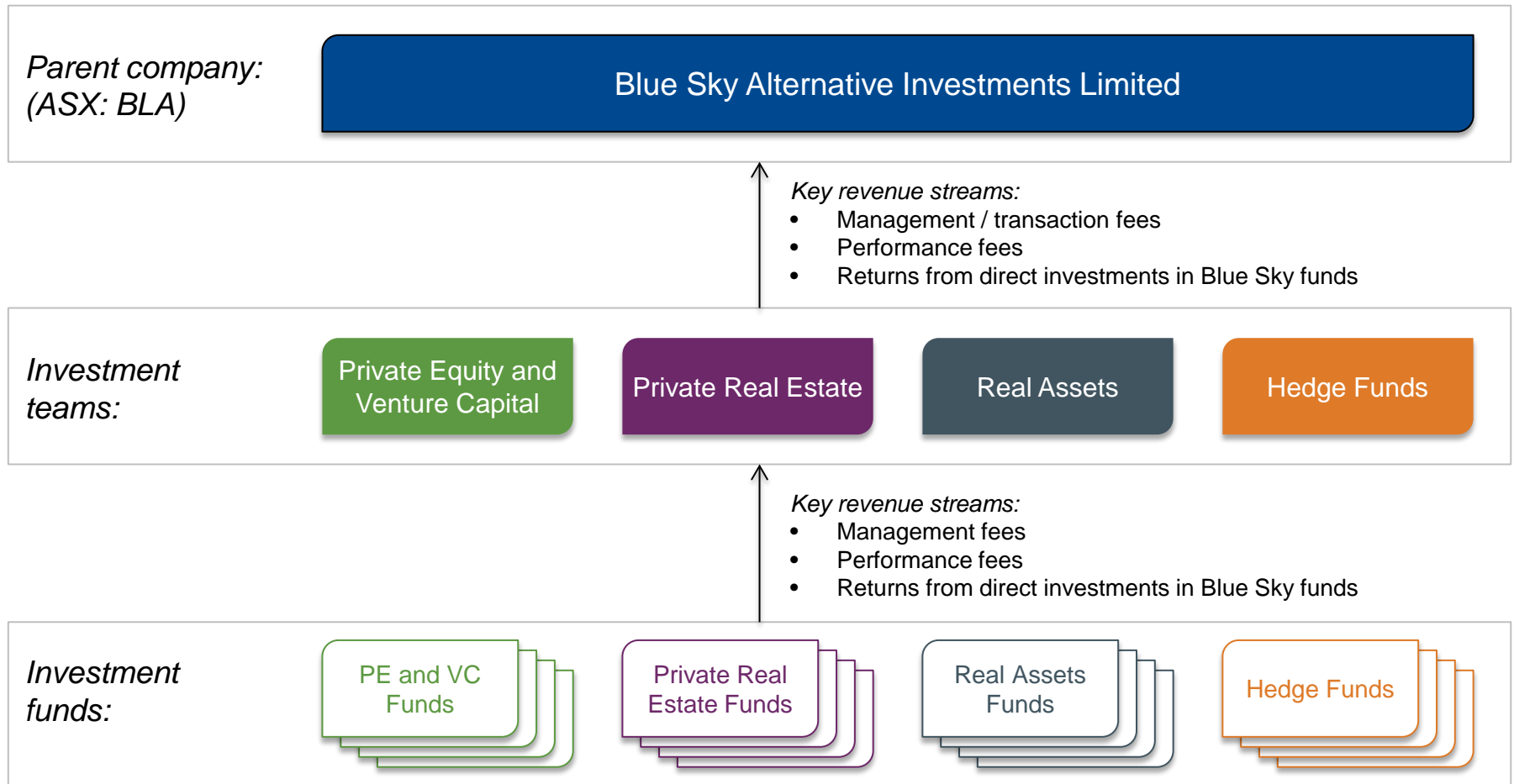
ABOUT BLUE SKY

- Blue Sky is an ASX listed funds management business founded in 2006, focused on the four major alternative asset classes:
 - Real assets (water entitlements, water infrastructure and agribusiness)
 - Private equity and venture capital
 - Private real estate
 - Hedge funds
- Our goal is to be Australia's leading diversified alternative asset manager
- Where we're at today:
 - \$158m market cap¹
 - Over \$700m in assets under management
 - Offices in Brisbane, Sydney, Melbourne, Adelaide and New York
 - 60 staff
 - Generated returns of 14.8% p.a. net of fees since inception to investors in our funds to 30 June 2014 (14.9% p.a. net of fees since inception to 31 Oct 2014)²

1. As at 18 November 2014.

2. Note that past performance is not a reliable indicator of future performance.

OUR BUSINESS MODEL



KEY FEATURES OF OUR BUSINESS MODEL

RESILIENT INCOME STREAMS

- As an alternative asset manager, Blue Sky's income stream is more resilient than fund managers that operate in traditional asset classes

HIGHER MARGINS

- Fund managers earn higher margins in alternative assets than traditional asset classes

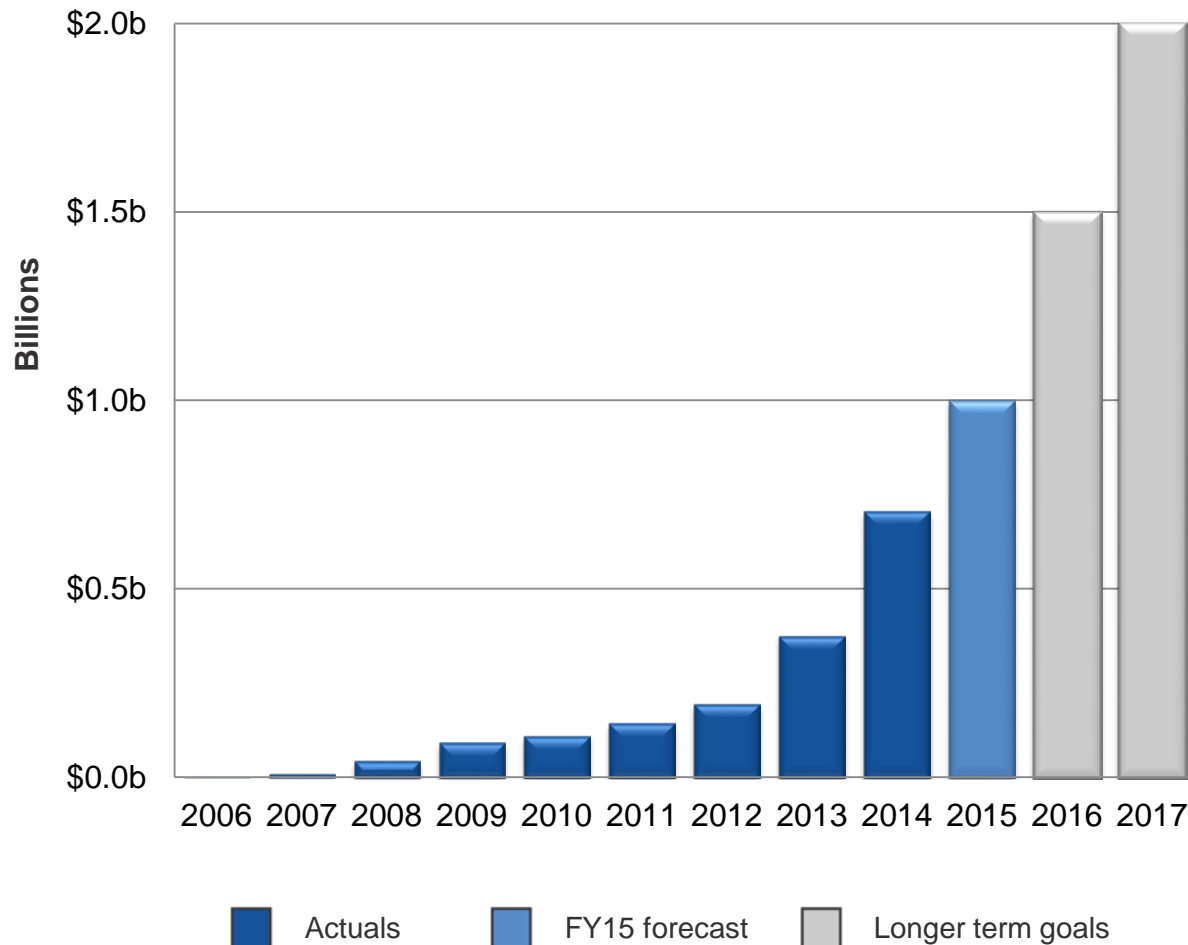
DIVERSIFIED DISTRIBUTION

- Blue Sky has diversified distribution channels and continues to raise capital from three key areas:
 - Institutions and family offices
 - High net worth individuals and sophisticated investors
 - Retail clients

INVESTMENT TRACK RECORD

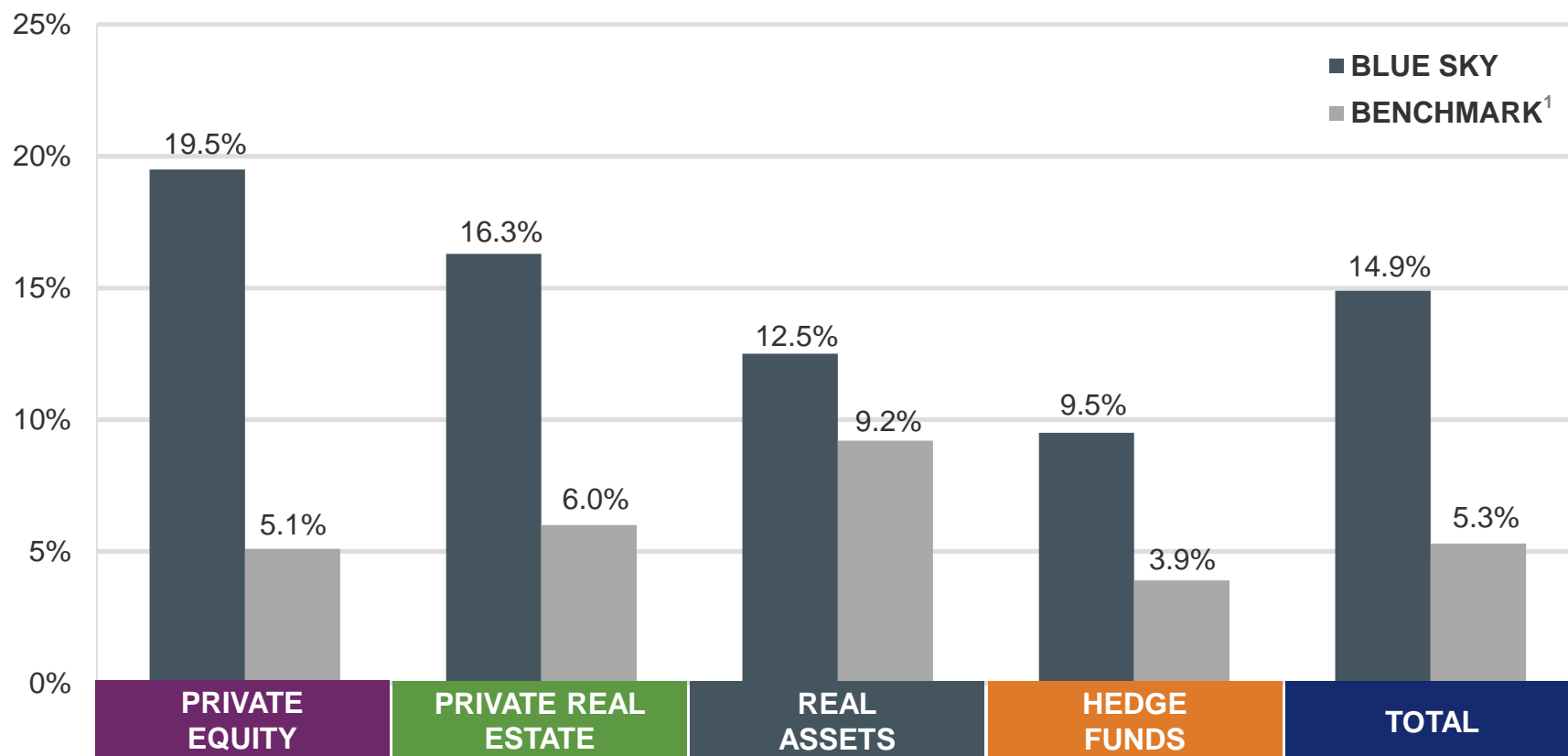
- Blue Sky has an eight year investment track record across the four major alternative asset classes that is extremely difficult for others to replicate

ASSETS UNDER MANAGEMENT WERE OVER \$700M (AT 30 JUNE 2014)



- AUM approximately doubled from 30 June 2013 to 30 June 2014
- All four asset classes contributed to the growth in AUM
- Forecast to have \$1b in AUM by 30 June 2015

INVESTOR RETURNS: 14.9% P.A. NET OF FEES SINCE INCEPTION (1/2)



1. Benchmarks are measured over the same time period as the returns for each division and are sourced from Chant West's July 2014 media release. **Hedge Fund** – Chant West Hedge Fund performance over 7 years. **Real Assets** – Average of Chant West Unlisted Infrastructure performance over 1 and 3 years. **Private Equity** – Chant West Private Equity performance over 7 years. **Private Real Estate** – Chant West Australian Unlisted Property performance over 7 years. **Overall** – ASX200 accumulation index since July 2006.

Note that total returns are equity weighted returns since inception through to 30 June 2014 (for Private Equity and Private Real Estate) and 31 October 2014 (for Real Assets and Hedge Funds). All returns are net of fees. Past performance is not a reliable indicator of future performance.

INVESTOR RETURNS: 14.9% P.A. NET OF FEES SINCE INCEPTION (2/2)

OVERALL

- Investment performance in FY14 led to all four asset classes generating performance fees for Blue Sky

PRIVATE EQUITY

- Improved performance over last 12 months as several investments have matured and are approaching exit
- Anticipating 3-5 exits in FY15 (including Blue Sky Private Equity's first IPO exit)

PRIVATE REAL ESTATE

- Capitalised on momentum in residential property markets, which we anticipate to continue in Queensland through FY15
- Completed and returned capital to investors in 4 funds in FY14; anticipate completing a further 4-5 projects in FY15

REAL ASSETS

- Water fund has continued to deliver strong returns, reflecting long term global trends that are highly supportive of ongoing growth
- At 31 October 2014, the water fund was up 29.4% since inception (12.5% p.a.) and continues to attract significant net inflows

HEDGE FUNDS

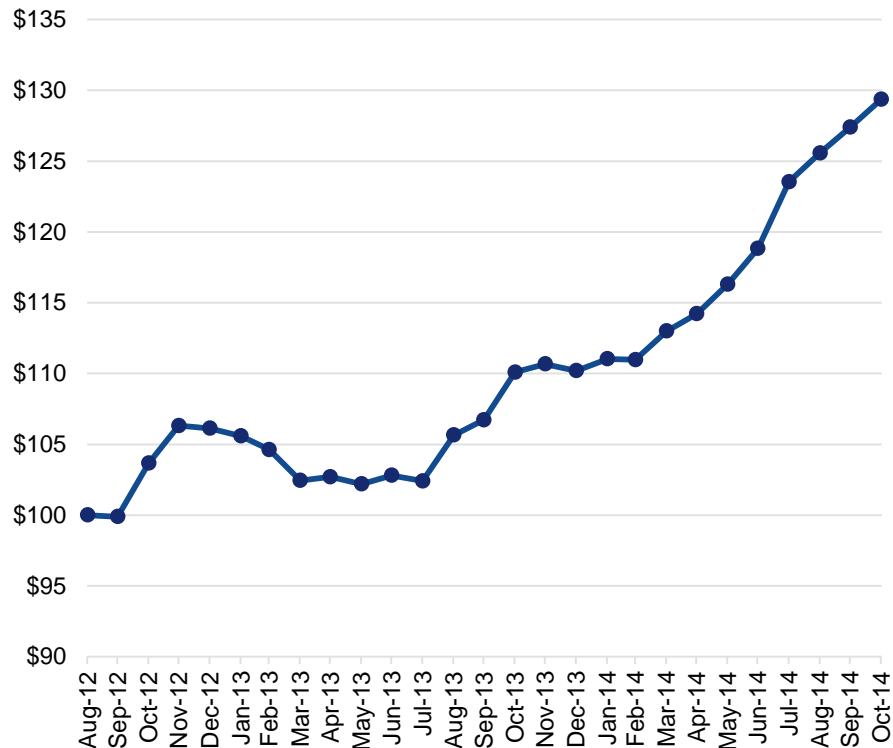
- Long term track record of outperformance maintained through FY14
- IS16Q fund up 17.4% in FY14 and was a finalist in the 2014 Australian Hedge Fund Awards

Note: Past performance is not a reliable indicator of future performance.

INVESTOR RETURNS: EXAMPLE – BLUE SKY WATER FUND

BLUE SKY WATER FUND

Value of \$100 Invested Since Inception



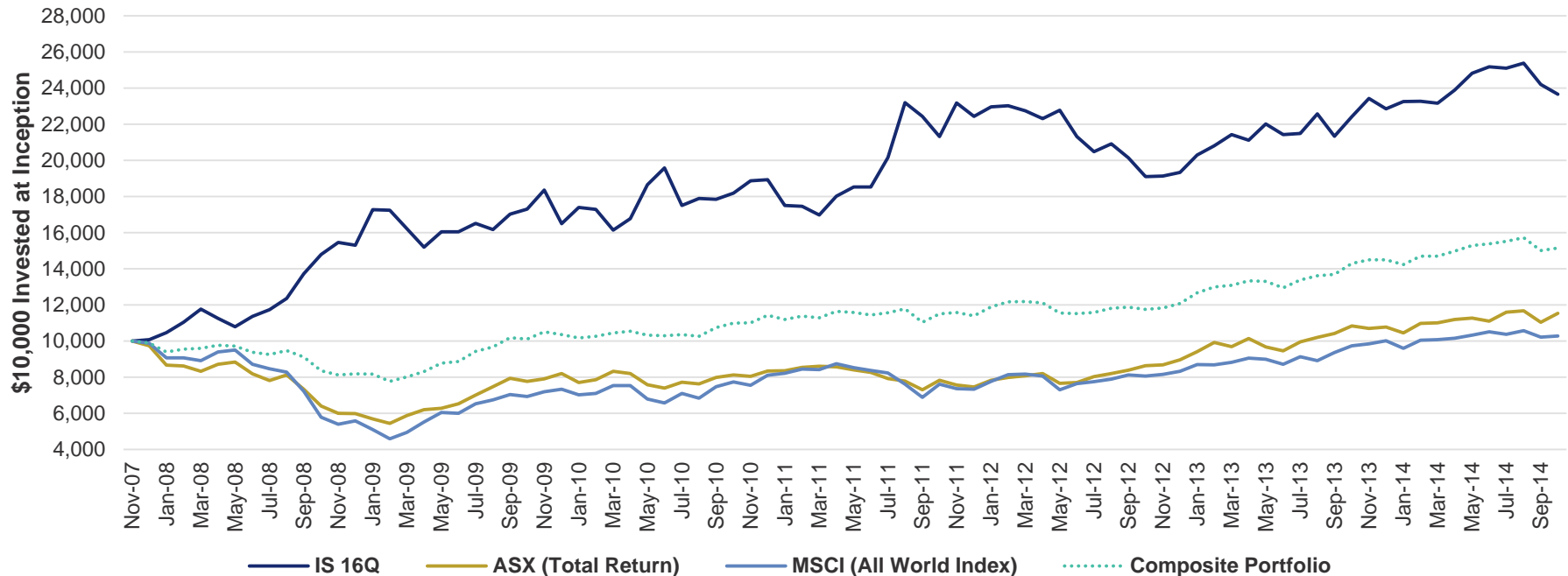
FUND RETURNS – SINCE 1 SEPTEMBER 2012

Performance 1 month	1.56%
Performance rolling 3 months	4.72%
Performance rolling 6 months	13.27%
Performance – Financial Year to Date	8.88%
Performance – Calendar to Date	17.41%
Rolling 12 months (1 Year)	17.51%
Performance since inception	29.37%
Since Inception ANNUALISED (p.a.)	12.46%

Note: Figures are as at 31 October 2014. Past performance is not a reliable indicator of future performance.

INVESTOR RETURNS: EXAMPLE – IS16Q HEDGE FUND

Blue Sky Investment Science Performance: IS 16Q



- ✓ Data comparison runs for 6.9 years, through a full economic cycle.
- ✓ \$10,000 invested in the ASX200 on 31 Oct 2007 is now worth \$11,527 (including reinvested distributions) i.e. investors have made 2.1% in 6.9 years.
- ✓ \$10,000 invested evenly across 16Q, SPI and MSCI on 31 Nov 2007 is now worth \$15,149 (including reinvested distributions) i.e. investors have made 51.5% in 6.9 years.
- ✓ Volatility per annum has reduced from SPI 15.2%, MSCI 19.0%, 16Q 17.1% to 9.45% when the three allocations are mixed equally.
- ✓ Correlation of 16Q to both MSCI and SPI is low (0.2-0.3), offering a good diversifier for portfolios overweight to equity markets.

Note: Past performance is not a reliable indicator of future performance.

ALTERNATIVES FUND (ASX: BAF)

- Blue Sky Alternatives Access Fund Limited (the 'Alternatives Fund') provides investors with a listed, diversified exposure to Blue Sky's alternative asset investment opportunities
- \$60.4 million raised at IPO; 88% deployed by 31 October 2014
- Key strategic achievement for Blue Sky:
 - Critical platform to provide access to alternatives for retail and wholesale investors
 - If executed well, can become the alternative asset "fund of choice", especially for financial planners, private wealth advisors and self managed super funds
 - Globally unique

BLUE SKY 'FINGERPRINT'

- Blue Sky 'Fingerprint' is an online portal that enables investors to:
 - View their portfolio of investments in Blue Sky's funds as well as their shares in BLA and BAF
 - Access exclusive new investment offers
 - Receive real time updates on Blue Sky's investment performance and news
- 'Fingerprint' is available through smart phones, tablets and desktop/laptop computers
- Long term strategic initiative to increase engagement with investors and broaden distribution capability



THE SHIFT TO ALTERNATIVES

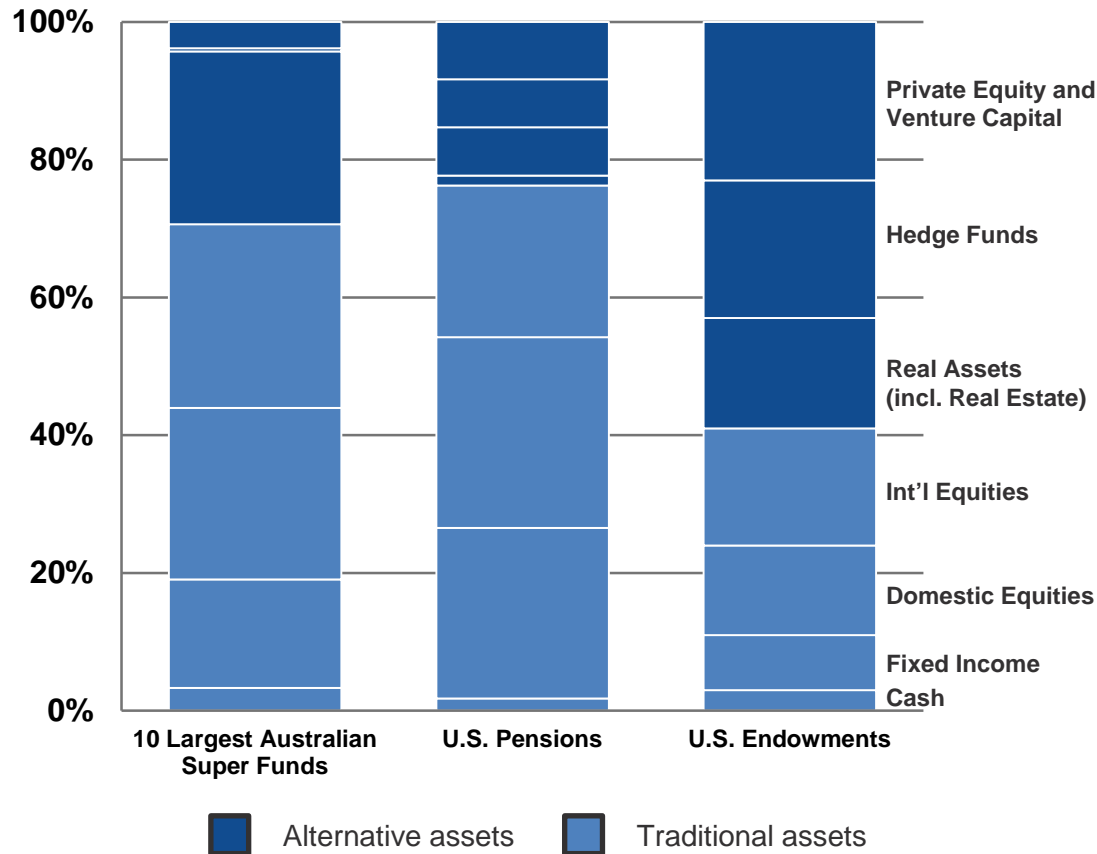
BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

WHY ALTERNATIVES?

- Used to **enhance risk/return characteristics** of investment portfolios
 - Increase diversification
 - Reduce overall volatility in an investment portfolio (given low correlations to more traditional investments)
 - Potential for delivery of attractive absolute returns through periods of under performance in listed equities and bonds
- Potential for **strong returns** given wider opportunity set
 - Ability to selectively invest in private markets where pricing may be less efficient than public markets
- Alternative asset managers **incentives are typically based on absolute returns** (not relative returns)

TRENDS SUPPORTING ALTERNATIVES

COMPARATIVE ASSET ALLOCATIONS¹



TREND TOWARD ALTERNATIVES

AUSTRALIA IS BEHIND THE REST OF THE WORLD IN ITS ALLOCATION TO ALTERNATIVES²

“Over the next five years, net flows in the global alternatives market are expected to grow at an average annual pace of 5 percent, dwarfing the 1 to 2 percent expected annual pace for industry as a whole. By 2020, alternatives could comprise about 15 percent of global industry assets and produce up to 40 percent of industry revenues.”

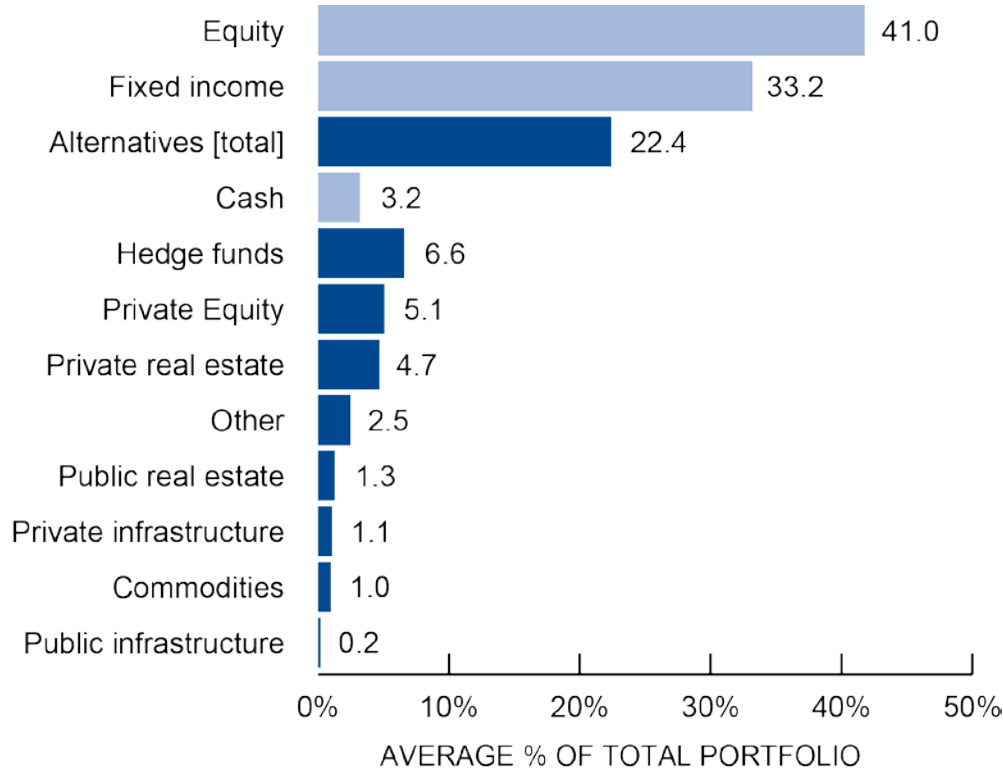
“By 2015, retail alternatives are expected to account for one quarter of retail revenues (even allowing for declining revenue yields) and a majority of revenue growth as retail investors, confronted with volatile financial markets and the under-funding of their own retirements, follow the path blazed by institutional investors.”

1. www.apra.gov.au (based on unweighted average of largest Australian Super funds, June 2014); *Pensions & Investments* survey of largest 1000 U.S. DB plans (September 2013); National Association of College and University Business Officer's survey of endowments with over \$1 billion in assets (June 2013).
2. McKinsey & Company – The Trillion-Dollar Convergence Capturing the Next Wave of Growth in Alternative Investments (August 2014).

INSTITUTIONAL INVESTORS ALLOCATE >20% TO ALTERNATIVES

Russell Investments - Global Survey on Alternative Investing

Average asset allocation by institutional investors



Example allocations



**Australian Government
Future Fund**

35.8% allocation to alternatives¹



**HARVARD
MANAGEMENT
COMPANY, INC.**

56% allocation to alternatives



CalPERS

24% allocation to alternatives

1. Includes alternative assets, private equity, infrastructure and timberland and property.

Source: Company websites. Russell Investments' 2012 Global Survey on Alternative Investing. Survey included responses from 146 institutional investors representing \$1.1 trillion in assets

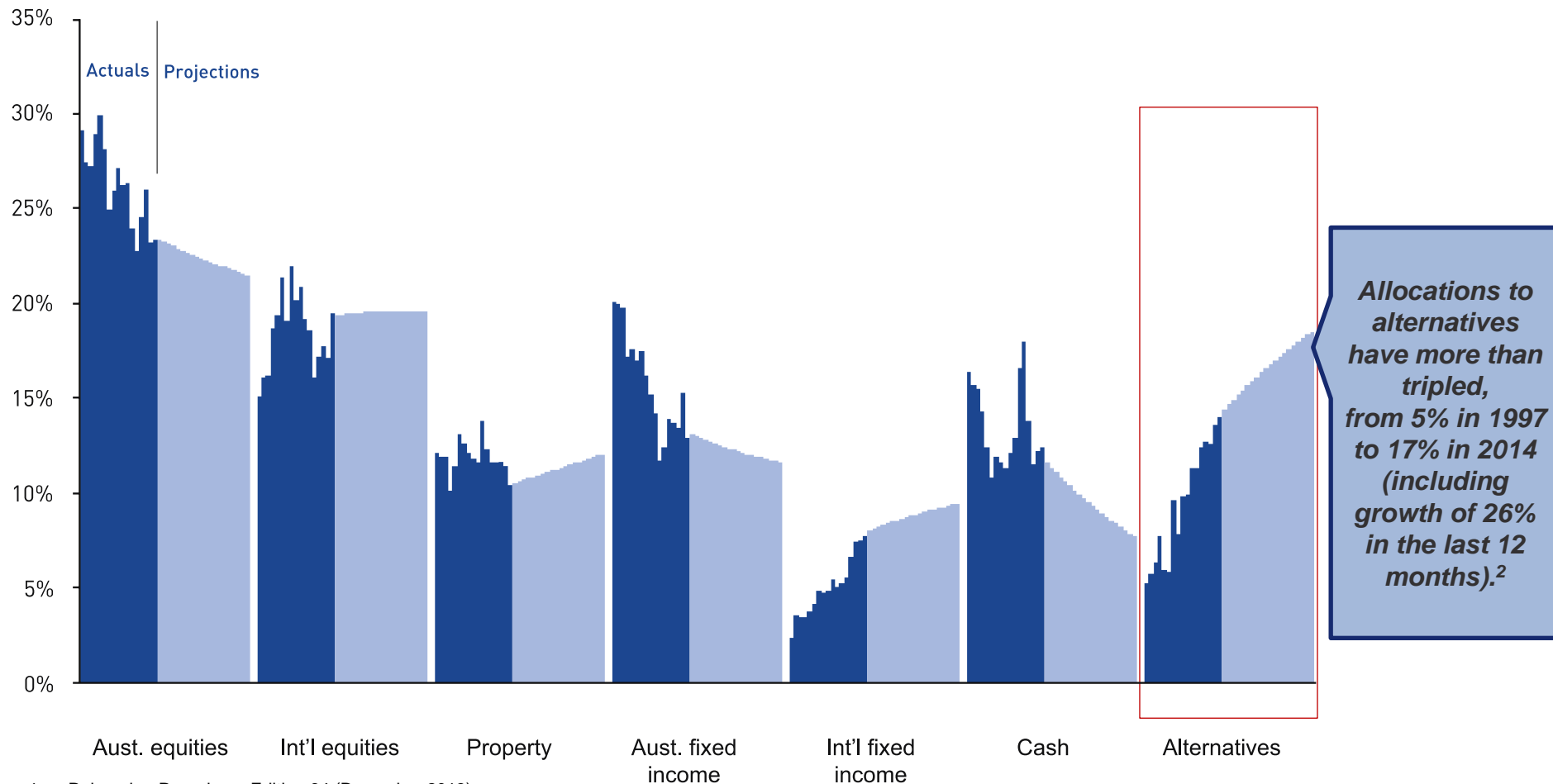
ASSET ALLOCATIONS: THE FUTURE FUND

ASSET CLASS	A\$ MILLION	% OF FUND
Australian equities	9,452	9.0
Global equities:		
Developed markets	25,527	24.4
Emerging markets	10,133	9.7
Private equity	9,168	8.8
Property	6,084	5.8
Infrastructure and timberland	7,691	7.4
Debt securities	11,794	11.3
Other alternative assets	14,427	13.8
Cash	10,208	9.8
Total	104,483	100

Total Alternative
Asset Allocation:
35.8%

ALTERNATIVES ARE THE FASTEST GROWING ASSET CLASS IN AUSTRALIA

Asset class segment shares in Australia (1997 – 2033)¹



1. Rainmaker Roundup – Edition 64 (December 2013)
2. Rainmaker Roundup – Edition 67 (September 2014)

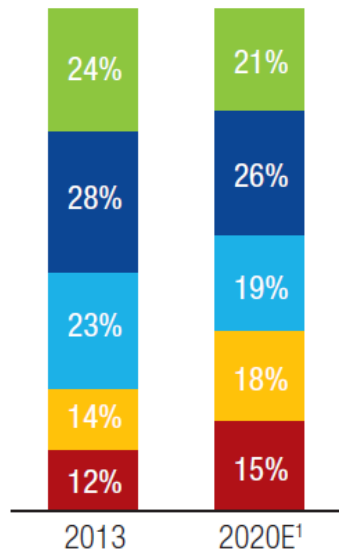
ALTERNATIVES TO GROW TO 40% OF GLOBAL ASSET MANAGEMENT REVENUES

Global asset management market (externally managed assets)

McKinsey&Company

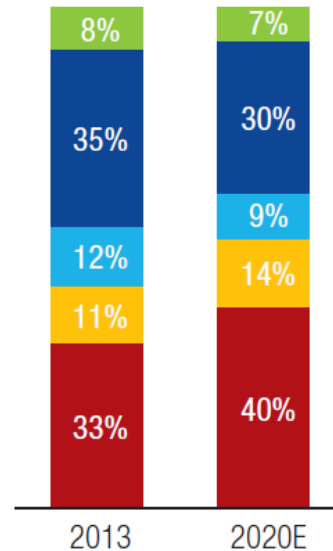
Assets under management

~\$64T ~\$98T



Estimated revenue pool¹

~\$270B ~\$420B



- Cash and passive
- Active equities
- Active fixed income
- Balanced/multi-asset
- Alternatives

Alternative asset managers command higher fees than traditional asset classes

1. Excludes performance fees (i.e. carried interest).

Source: McKinsey & Company - The Trillion Dollar Convergence: Capturing the Next Wave of Growth in Alternative Investments (August 2014).

FY14 FINANCIAL PERFORMANCE

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

INCOME STATEMENT: SUMMARY

In AUD \$m	Statutory Results		Underlying Results	
	FY13	FY14	FY13 ¹	FY14
Operating revenue	\$10.6	\$32.2	\$13.2	\$20.0
Share of profit of associates (equity method)	\$0.2	\$2.7	n.a.	n.a.
Other income	\$0.1	\$0.3	\$1.0	\$4.0
Total income	\$10.9	\$35.2	\$14.2	\$24.0
Expenses				
Employee benefits expense	\$4.3	\$8.5	\$4.6	\$6.1
Other operating costs	\$5.4	\$21.0	\$3.7	\$8.4
Total operating costs	\$9.7	\$29.5	\$8.3	\$14.5
EBITDA	\$1.2	\$5.7	\$5.9	\$9.5
EBIT	\$1.0	\$4.1	\$5.6	\$9.2
Net profit/(loss) after tax	-\$0.6	\$1.0	\$3.9	\$6.2
Non-controlling interests (NCI)	-\$2.2	-\$2.9	n.a.	n.a.
Owners of Blue Sky	\$1.6	\$3.9	\$3.9	\$6.2

Note the figures may not add due to rounding.

Note that statutory profit includes the impact of a range of Blue Sky managed funds that have been consolidated or equity accounted following the adoption of the revised AASB 10. The underlying profit columns are non-IFRS financial information and are based on all equity held by Blue Sky in funds that it manages being accounted for at fair value using the same approach as outlined in AASB 13. A reconciliation between the Underlying Results and the Statutory Result is provided in the Appendix.

The non-IFRS financial information has been subject to review by Blue Sky's auditor (Ernst & Young).

Commentary on underlying results:

- Operating revenue up ~50% driven by higher management fees and performance fees
- Increase in 'other income' largely reflects increases in fair value of equity held in Blue Sky funds
- \$1.5m increase in employee costs, reflecting continued investment in marketing and distribution teams as well as payment of performance fees to staff
- \$4.7m increase in 'other operating costs' reflects costs associated with IPO of the Alternatives Fund, fee rebates paid to the Alternatives Fund, increased commissions associated with capital raising and increased overheads

Commentary on statutory results:

- Higher operating revenue and operating costs includes transactions from funds that are consolidated (e.g. revenue from sale of water from water infrastructure funds, revenue and costs from sale of apartments at Riverside Gardens)
- Combined share of net profit of the 22 funds in which Blue Sky holds equity is reflected in 'Share of profit of associates'

FINANCIAL POSITION: SUMMARY

In AUD \$m	Statutory Results	Underlying Results
	At 30 Jun 2014	At 30 Jun 2014
Cash	\$16.3	\$14.8
Other current assets	\$18.0	\$9.0
Total current assets	\$34.3	\$23.8
Investments accounted for using the equity method	\$25.2	n.a.
Financial assets at fair value through profit and loss	\$0.2	\$39.1
Property, Plant and Equipment	\$28.0	\$0.4
Intangible assets	\$18.9	\$5.6
Other non-current assets	\$5.7	\$5.6
Total non current assets	\$78.0	\$50.7
Total assets	\$112.3	\$74.5
Trade and other payables	\$4.6	\$3.3
Borrowings	\$10.9	\$7.0
Other current liabilities	\$4.7	\$4.2
Total current liabilities	\$20.2	\$14.6
Borrowings	\$3.3	\$0.0
Other non current liabilities	\$9.8	\$4.0
Total non current liabilities	\$13.1	\$4.0
Total liabilities	\$33.3	\$18.6
Net assets	\$79.0	\$55.9
Net tangible assets	\$60.1	\$50.3

Note the figures may not add due to rounding

Commentary on underlying results:

- Cash of \$14.8m (was \$24.9m at 31 Dec 2013). Decrease reflects co-investments made in several funds in 2H FY14 (including \$5m invested in Alternatives Fund; \$5m invested in Water Fund)
- \$9.0m in other current assets includes \$8.2m of receivables, the majority of which is bridging funding provided by Blue Sky to new funds
- Increase in financial assets to \$39.1m (from \$23.9m at 31 Dec 2013) driven by new co-investments as well as net increases in fair value of funds in which Blue Sky holds equity
- Debt drawn to \$7.0m
- Net tangible assets of \$50.3m (up from \$44.0m at 31 Dec 2013)

Commentary on statutory results:

- Higher cash (vs. underlying results) includes cash in funds consolidated by Blue Sky
- \$25.2m in investments accounted for using the equity method includes 22 funds in which Blue Sky holds equity
- \$28.0m PP&E includes items such as the water infrastructure owned by Water Utilities Australia; similarly, \$18.9m in intangible assets include items such as the value of customer contracts owned by Water Utilities Australia
- \$14.2m in debt includes debt in funds consolidated by Blue Sky (that is non-recourse to Blue Sky)

CASH FLOW: SUMMARY

<i>In AUD \$m</i>	Statutory Results	Underlying Results
	FY14	FY14
Receipts from customers	\$30.5	\$19.4
Payments to suppliers and employees	(\$28.5)	(\$14.7)
Interest received	\$0.5	\$0.5
Interest and other finance costs paid	(\$0.5)	(\$0.0)
Income taxes paid	(\$1.2)	(\$0.8)
Net cash from operating activities	\$0.8	\$4.4
Payment for acquisition of controlled entity	(\$21.9)	n.a.
Payment for investments	(\$31.8)	(\$25.9)
Payment for property, plant and equipment	(\$4.4)	(\$0.3)
Payments for intangible assets	(\$5.1)	(\$0.6)
Proceeds from disposal of subsidiary	\$0.9	\$0.9
Net cash used in investing activities	(\$62.3)	(\$25.9)
Proceeds from issue of shares	\$34.6	\$34.6
Proceeds from issue of units to NCI	\$37.5	n.a.
Proceeds from borrowings	\$24.8	\$11.9
Repayment of borrowings	(\$14.4)	(\$5.0)
Loans (to)/from related parties	(\$6.0)	(\$7.0)
Dividends paid	(\$3.1)	(\$2.3)
Other financing cash flows	(\$1.7)	(\$1.5)
Net cash from financing activities	\$71.7	\$30.7

Note the figures may not add due to rounding

Commentary on underlying results:

- \$4.4m in operating cash flow, reflecting:
 - Increased management fees
 - Increasing realisation of performance fees in cash (e.g. Private Real Estate)
- >70% of cash raised in 1H FY14 ASX equity raisings co-invested into a range of Blue Sky managed funds, including:
 - Water Utilities Australia (i.e. water infrastructure) - \$5m invested
 - Water entitlements - \$5m invested
 - Alternatives Fund - \$5m invested
 - Oaktree - \$4m invested
 - Readify - \$3.5m invested

Commentary on statutory results:

- Receipts from customers substantially higher than underlying results as they include revenue from consolidated entities (e.g. \$6.2m from apartment sales; \$4.0m from management rights, \$3.7m from supply of water). Payments to suppliers commensurately higher.
- Payment for acquisitions and investments include investments made by Blue Sky managed funds (e.g. purchase of management rights)
- Issue of shares includes equity raised at the fund level (for those funds that have been consolidated)
- Proceeds/receipts from borrowings include borrowings at fund level (non-recourse to Blue Sky)

CONCLUDING REMARKS

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

SUMMARY OF FY14

- Delivered earnings and AUM targets in FY14
- Maintained investment performance track record
 - 8 year track record; extremely difficult for new entrants to replicate
- Strategic breakthrough with the IPO of the Alternatives Fund
- Increased dividend to 7.0c fully franked
- Grew and strengthened team
- Strong momentum into FY15

KEY PRIORITIES FOR FY15

- Grow AUM to \$1b by 30 June 2015
- Investment track record of >15% p.a. net of fees since inception
- Complete institutional mandates in Real Assets division
- Deliver 3 – 5 exits from Private Equity division
- Retain (and build) the team

FORMAL BUSINESS

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

RESOLUTION 1

Approval and adoption of the Remuneration Report

Resolution 1 seeks approval:

“THAT the Company’s Remuneration Report for the financial year ended 30 June 2014 is approved.”

PROXIES RECEIVED (1 OF 2)

RESOLUTION 1

Approval and adoption of the Remuneration Report

Resolution 1 seeks approval:

“THAT the Company’s Remuneration Report for the financial year ended 30 June 2014 is approved.”

	Proxies Received		
	For	Against	Discretion
# of shareholders			
# of votes cast			
% of votes to be able to cast			

ORDINARY BUSINESS

RESOLUTION 2

Re-election of Tim Wilson as Director

Resolution 2 seeks approval:

“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.”

PROXIES RECEIVED (2 OF 2)

RESOLUTION 2

Re-election of Tim Wilson as Director

Resolution 2 seeks approval:

“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.”

	Proxies Received		
	For	Against	Discretion
# of shareholders			
# of votes cast			
% of votes to be able to cast			

APPENDIX

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

ADOPTION OF AASB 10: BACKGROUND

Adoption of the revised AASB 10: Impact on Blue Sky's statutory financial statements

- Blue Sky has adopted the revised *AASB 10 - Consolidated Financial Statements* for the first time in 1H FY14.
- As a result of adopting the revised AASB 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates the funds that it manages. The revised AASB 10 uses a new control model that broadens situations when a fund managed by Blue Sky is considered to be controlled by Blue Sky.
 - As a result, funds such as 'Riverside Gardens' (managed by Blue Sky Private Real Estate) are now consolidated as part of Blue Sky's statutory financial statements.
 - In the 'Riverside Gardens' example, this means that items such as the cash, debt and inventory (apartments) that are owned by this fund are consolidated as part of Blue Sky's statutory financial statements.
- As a result of adopting the revised AASB 10, the Group has also changed its accounting policy for determining whether it has significant influence over and consequently whether it accounts for the equity it holds in funds that it manages in accordance with the equity method.
 - As a result, 22 funds are now equity accounted in Blue Sky's statutory financial statements.

Underlying results

- In order to provide shareholders with insight into the financial condition and performance of the Group, Blue Sky also reports its 'underlying' financial statements. These statements are prepared on the basis that all of the funds in which Blue Sky holds equity are accounted for using the same principles of fair value that are included in *AASB 13 – Fair Value Measurement*.
- The non-IFRS financial information has been subject to review by Blue Sky's auditor (Ernst & Young).

ADOPTION OF AASB 10: BACKGROUND

Prior reporting periods (prior to 1H FY14)

Blue Sky Alternative Investments Limited and its wholly owned subsidiaries

Equity in Blue Sky
managed funds
(consolidated)

- No funds previously consolidated in prior reporting periods

Equity in Blue Sky
managed funds
(equity accounted)

- Two funds in which Blue Sky holds equity:
 - Riverside Gardens
 - Water Utilities Australia

Equity in Blue Sky
managed funds
(fair value)

- All other Blue Sky managed funds in which it holds equity

FY14 reporting period (following adoption of AASB 10)

Blue Sky Alternative Investments Limited and its wholly owned subsidiaries

Equity in Blue Sky
managed funds
(consolidated)

- Five funds in which Blue Sky holds equity consolidated in FY14 statutory accounts
 - Riverside Gardens
 - Management Rights 2
 - Water Utilities Australia
 - Water Utilities Australia Fund 2
 - Mezzanine Fund 4

Equity in Blue Sky
managed funds
(equity accounted)

- 22 funds in which Blue Sky holds equity, including:
 - Readify
 - Oaktree
 - Management Rights 1
 - BSPRE: Milton
 - Blue Sky Water Fund
 - EC2010
 - VC2012
 - Alternatives Fund

Equity in Blue Sky
managed funds
(fair value)

- One investment (relates to the options in the Alternatives Fund)

RECONCILIATION: FY14 INCOME STATEMENT

<i>In AUD \$m</i>	Consolidated Statement of Comprehensive Income ('Statutory Profit')	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Results
Total revenue	\$35.2	(\$11.2)	\$24.0
Expenses			
Employee benefits expense	\$8.5	(\$2.4)	\$6.1
Depreciation and amortisation expense	\$1.6	(\$1.3)	\$0.3
Finance costs	\$0.5	(\$0.2)	\$0.3
Other expenses	\$21.0	(\$12.6)	\$8.4
Total expenses	\$31.6	(\$16.5)	\$15.1
Profit/(loss) before income tax	\$3.6	\$5.3	\$8.9
Income tax (expense)/benefit	(\$2.6)	(\$0.1)	(\$2.7)
Profit/(loss) after income tax for the period	\$1.0	\$5.2	\$6.2
Total comprehensive income/(loss) for the period	\$1.0	\$5.2	\$6.2
Non-controlling interests	(\$2.8)	\$2.8	n.a.
Owners of Blue Sky	\$3.8	\$2.4	\$6.2

RECONCILIATION: FY13 INCOME STATEMENT

<i>In AUD \$m</i>	Consolidated Statement of Comprehensive Income ('Statutory Profit')	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Results
Total revenue	\$10.9	\$3.3	\$14.2
Expenses			
Employee benefits expense	\$4.3	\$0.2	\$4.5
Depreciation and amortisation expense	\$0.2	\$0.1	\$0.3
Finance costs	\$0.1	\$0.0	\$0.1
Other expenses	\$5.4	(\$1.7)	\$3.7
Total expenses	\$10.0	(\$1.4)	\$8.6
Profit/(loss) before income tax	\$0.9	\$4.7	\$5.6
Income tax (expense)/benefit	(\$1.5)	(\$0.2)	(\$1.7)
Profit/(loss) after income tax for the period	(\$0.6)	\$4.5	\$3.9
Total comprehensive income/(loss) for the period	(\$0.6)	\$4.5	\$3.9
Non-controlling interests	(\$2.2)	\$2.2	n.a.
Owners of Blue Sky	\$1.6	\$2.3	\$3.9

RECONCILIATION: STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

<i>In AUD \$m</i>	Consolidated Statement of Financial Position	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Statement of Financial Position
Cash	\$16.3	(\$1.5)	\$14.8
Other current assets	\$18.0	(\$9.0)	\$9.0
Total current assets	\$34.3	(\$10.5)	\$23.8
Investments accounted for using the equity method	\$25.2	(\$25.2)	n.a.
Financial assets at fair value through profit and loss	\$0.2	\$38.9	\$39.1
PP&E	\$28.0	(\$27.6)	\$0.4
Intangible assets	\$18.9	(\$13.3)	\$5.6
Other non-current assets	\$5.7	(\$0.1)	\$5.6
Total non current assets	\$78.0	(\$27.3)	\$50.7
Total assets	\$112.3	(\$37.8)	\$74.5
Trade and other payables	\$4.6	(\$1.2)	\$3.4
Borrowings	\$10.9	(\$3.9)	\$7.0
Other current liabilities	\$4.7	(\$0.5)	\$4.2
Total current liabilities	\$20.2	(\$5.6)	\$14.6
Borrowings	\$3.3	(\$3.3)	\$0.0
Other non current liabilities	\$9.8	(\$5.8)	\$4.0
Total non current liabilities	\$13.1	(\$9.1)	\$4.0
Total liabilities	\$33.3	(\$14.7)	\$18.6
Net assets	\$79.0	(\$23.1)	\$55.9
Net tangible assets	\$60.1	(\$9.8)	\$50.3

RECONCILIATION: STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

<i>In AUD \$m</i>	Consolidated Statement of Financial Position	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Statement of Financial Position
Cash	\$6.6	(\$1.0)	\$5.6
Other current assets	\$4.3	(\$1.9)	\$2.4
Total current assets	\$10.9	(\$2.9)	\$8.0
Investments accounted for using the equity method	\$3.4	(\$3.4)	n.a.
Financial assets at fair value through profit and loss	\$0.3	\$7.8	\$8.1
PP&E	\$2.2	(\$2.1)	\$0.1
Intangible assets	\$5.6	(\$0.7)	\$4.9
Other non-current assets	\$3.3	(\$2.1)	\$1.2
Total non current assets	\$14.8	(\$0.5)	\$14.3
Total assets	\$25.7	(\$3.4)	\$22.3
Trade and other payables	\$2.4	(\$0.1)	\$2.3
Borrowings	\$1.5	(\$1.5)	\$0.0
Other current liabilities	\$2.3	(\$0.5)	\$1.8
Total current liabilities	\$6.2	(\$2.1)	\$4.1
Borrowings	\$1.6	(\$1.6)	\$0.0
Other non current liabilities	\$0.4	\$0.2	\$0.6
Total non current liabilities	\$2.0	(\$1.4)	\$0.6
Total liabilities	\$8.2	(\$3.5)	\$4.7
Net assets	\$17.5	\$0.1	\$17.6
Net tangible assets	\$11.9	\$0.8	\$12.7

RECONCILIATION: FY14 STATEMENT OF CASH FLOWS

<i>In AUD \$m</i>	Consolidated Statement of Cash Flows	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Statement of Cash Flows
Receipts from customers	\$30.5	(\$11.1)	\$19.4
Payments to suppliers and employees	(\$28.5)	\$13.8	(\$14.7)
Interest received	\$0.5	-	\$0.5
Interest and other finance costs paid	(\$0.5)	\$0.5	(\$0.0)
Income taxes paid	(\$1.2)	\$0.4	(\$0.8)
Net cash used in operating activities	\$0.8	\$3.6	\$4.4
Payment for acquisition of controlled entity	(\$21.9)	\$21.9	n.a.
Payment for investments	(\$31.8)	\$5.9	(\$25.9)
Payment for property, plant and equipment	(\$4.4)	\$4.1	(\$0.3)
Payments for intangible assets	(\$5.1)	\$4.5	(\$0.6)
Proceeds from disposal of subsidiary	\$0.9	-	\$0.9
Net cash used in investing activities	(\$62.3)	\$36.4	(\$25.9)
Proceeds from issue of shares	\$34.6	-	\$34.6
Proceeds from issue of units to non-controlling interests	\$37.5	(\$37.5)	n.a.
Proceeds from borrowings	\$24.8	(\$12.9)	\$11.9
Repayment of borrowings	(\$14.4)	\$9.4	(\$5.0)
Loans (to)/from related parties	(\$6.4)	(\$0.6)	(\$7.0)
Dividends paid	(\$3.2)	\$0.8	(\$2.3)
Other financing cash flows	(\$1.7)	\$0.2	(\$1.5)
Net cash from financing activities	\$71.2	(\$40.5)	\$30.7

RECONCILIATION: FY13 STATEMENT OF CASH FLOWS

<i>In AUD \$m</i>	Consolidated Statement of Cash Flows	Impact where investments are consolidated or equity accounted rather than reported at fair value	Underlying Statement of Cash Flows
Receipts from customers	\$11.5	(\$0.4)	\$11.1
Payments to suppliers and employees	(\$11.6)	\$2.4	(\$9.2)
Interest received	\$0.1	(\$0.0)	\$0.1
Interest and other finance costs paid	(\$0.2)	\$0.2	(\$0.0)
Income taxes paid	(\$1.0)	-	(\$1.0)
Net cash used in operating activities	(\$1.2)	\$2.2	\$1.0
Payment for acquisition of controlled entity	(\$1.3)	\$1.3	n.a.
Payment for investments	-	-	-
Payment for property, plant and equipment	(\$0.0)	\$0.0	(\$0.0)
Payments for intangible assets	(\$0.0)	\$0.0	(\$0.0)
Proceeds from disposal of subsidiary	\$1.3	-	\$1.3
Net cash used in investing activities	(\$0.0)	\$1.3	\$1.3
Proceeds from issue of shares	-	-	-
Proceeds from issue of units to non-controlling interests	\$3.9	(\$3.9)	-
Proceeds from borrowings	\$1.6	(\$1.6)	-
Repayment of borrowings	(\$1.2)	\$1.2	-
Loans (to)/from related parties	(\$0.4)	\$0.0	(\$0.4)
Dividends paid	(\$2.0)	-	(\$2.0)
Other financing cash flows	(\$0.0)	\$0.0	(\$0.0)
Net cash from financing activities	\$1.9	(\$4.3)	(\$2.4)

GLOSSARY

TERM	DEFINITION
Alternatives Fund	Blue Sky Alternatives Access Fund Limited ACN 168 941 704
AUM	Assets under management
Blue Sky	Blue Sky Alternative Investments Limited ACN 136 866 236
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Group	Blue Sky Alternative Investments Limited and the entities it controlled for the year ended 30 June 2014
IPO	Initial Public Offering
NCI	Non-controlling interests

FUNDS MANAGED BY BLUE SKY REFERRED TO IN THIS PRESENTATION	
EC2010	Blue Sky Private Equity 2010 Institutional Trust and its feeder fund Blue Sky Private Equity 2010 Trust ARSN 145 246 386
Management Rights 1	Blue Sky Management Rights Income Fund
Management Rights 2	Blue Sky Management Rights Income Fund 2
Mezzanine Fund 4	Blue Sky Mezzanine Fund 4
Milton	Railway Terrace Milton Trust
Oaktree	Blue Sky Private Equity Retirement Village Fund
Readify	Blue Sky Private Equity Software Services Fund
Riverside Gardens	Riverside Gardens Trust
VC2012	Blue Sky VC2012 Fund LP
Water Utilities Australia	Water Utilities Australia Fund



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