

11 May 2016

**Entitlement offer cleansing notice under section 708AA(2)(f) Corporations Act
Blue Sky Alternative Investments Limited (ASX: BLA)**

Blue Sky Alternative Investments Limited (**Company**) announced on 11 May 2016 that it will undertake an equity raising to raise up to approximately \$66.8 million through a placement to professional and sophisticated investors (to raise up to approximately \$30 million) (**Placement**) and a 1 for 10 accelerated non-renounceable entitlement offer of fully paid ordinary shares in the Company (**New Shares**) (to raise up to approximately \$36.8 million) (**Entitlement Offer**).

The offer price for the Entitlement Offer will be \$6.50 per share (**Offer Price**). The shares offered under the Placement will be offered at the same price as the Entitlement Offer.

Ord Minnett Limited and Morgans Corporate Limited have been appointed as joint lead managers in respect of the Equity Raising (**Joint Lead Managers**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in the Company for every 10 existing shares held at 7.00pm (AEST) on Friday, 13 May 2016 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer has two components:

- an accelerated component (**Accelerated Entitlement Offer**) which will be made to eligible institutional, professional and sophisticated shareholders as determined by the Company and the Joint Lead Managers to the Equity Raising (**Eligible Accelerated Shareholders**); and
- a non-accelerated component (**Retail Entitlement Offer**) which will be made to remaining eligible professional or sophisticated or retail shareholders (who the Company did not determine to be Eligible Accelerated Shareholders entitled to participate in the Accelerated Entitlement Offer) (**Eligible Retail Shareholders**).

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) *Corporations Act 2001* (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* (**Instrument 2016/84**).

Further details regarding the Entitlement Offer are set out in the investor presentation that has been lodged with the ASX today and the information booklet that the Company expects to release on 13 May 2016 and that will be dispatched to Eligible Retail Shareholders on or about 18 May 2016.

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

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Details of the securities issued

Class of securities:	Ordinary shares
ASX Code of the securities:	BLA
Date of the issue or expected issue of the securities:	19 May 2016 for shares issued under the Accelerated Entitlement Offer 8 June 2016 for shares issued under the Retail Entitlement Offer
Total number of securities expected to be issued (subject to rounding of fractional entitlements):	Up to 5,655,506 New Shares

For the purposes of section 708AA(7) Corporations Act, the Company advises:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 Corporations Act as modified by Instrument 2016/84;
- (b) this notice is given under section 708AA(2)(f) Corporations Act as modified by Instrument 2016/84;
- (c) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M Corporations Act as they apply to the Company; and
 - (ii) section 674 Corporations Act;
- (d) as at the date of this Notice, there is no excluded information of the type referred to in section 708AA(8) and 708AA(9) Corporations Act as modified by Instrument 2016/84;
- (e) the issue of New Shares pursuant to the Entitlement Offer is not expected to have any material effect or consequence on the control of the Company, but is dependent on a number of factors including investor demand. However, given the structure of the Entitlement Offer as a pro rata offer, the potential effect that the issue of the New Shares will have on the control of the Company is as follows:
 - (i) if all eligible shareholders take up their entitlement to New Shares, the Entitlement Offer will have no effect on the control of the Company as all shareholders would continue to hold the same percentage interest in the Company. However, most shareholders will be diluted on the issue of shares under the Placement;
 - (ii) to the extent that any eligible shareholder fails to take up their Entitlement for New Shares under the Entitlement Offer, that shareholder's percentage holdings in the Company will be diluted by those other eligible shareholders who take up some or all of their entitlement; and
 - (iii) if the Entitlement Offer is not underwritten, any shortfall may be placed to eligible institutional, professional or sophisticated investors in accordance with any shortfall bookbuild processes that may be conducted by the Company and the Joint Lead Managers. If the Entitlement Offer is underwritten, the shortfall may be placed to sub-underwriters or taken up by the underwriters themselves. Having regard to the number of shares to be issued under the Entitlement Offer and the Placement, even if a substantial shortfall eventuated and the Entitlement Offer was underwritten, the Entitlement Offer is not expected to have any material effect on the control of the Company.

Signed for and on behalf of the Company:

A handwritten signature in black ink, appearing to read 'Prior', written in a cursive style.

Jane Prior
Company Secretary

For further information contact the Company on (07) 3270 7500 (inside Australia) or +617 3270 7500 (outside Australia) between 8:00am to 5:00pm (Brisbane time) Monday to Friday during the offer period. Alternatively, consult your professional adviser.