

2 November 2016

APPOINTMENT OF NEW MANAGING DIRECTOR – REMUNERATION

On 19 August 2016, Blue Sky Alternative Investments Limited (**Company**) announced the appointment of Mr Robert Shand as Managing Director effective 1 October 2016. In accordance with Listing Rule 3.16.4, the Company makes the following disclosure regarding the key terms of the executive employment agreement between the Company and Mr Shand:

Commencement Date	1 October 2016
Term	Mr Shand has been appointed for an ongoing term subject to termination by either party.
Remuneration	<p>(a) Fixed remuneration</p> <p>Mr Shand is, from 1 July 2016, entitled to a salary of \$400,000 plus a director's fee of \$35,000 per annum (both exclusive of Superannuation Guarantee Contributions, the maximum of which are \$19,616 for the 2017 financial year). This salary will be subject to annual review.</p> <p>(b) Short term incentive</p> <p>The Board and Mr Shand may from time to time agree on short-term incentives, subject to the financial and non-financial performance of the Company, Mr Shand's performance and relevant market circumstances. No short term incentives are currently agreed.</p> <p>(c) Long term incentive</p> <p>Subject to approval of shareholders at the Company's 2016 annual general meeting to be held on 18 November 2016, the Board proposes to issue Mr Shand 1,300,000 options (Options). 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.</p> <p><i>Number of shares the subject of each Option</i> One</p> <p><i>Issue date</i> The Company will issue the Options no later than one month after the annual general meeting on 18 November 2016 (Issue Date).</p>

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	<p><i>Consideration</i></p> <p>The Options are issued for nil consideration.</p> <p><i>Exercise date</i></p> <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 Date). <p><i>Vesting Conditions</i></p> <p>That, at the Vesting Date, none of the following apply:</p> <ul style="list-style-type: none"> (a) Mr Shand's employment with the Company or its related bodies corporate (Group) has been lawfully terminated; (b) Mr Shand has resigned from his employment with the Group; (c) Mr Shand has been made redundant; (d) where Mr Shand has elected for his Options to be issued to a nominee permitted by the Company's Board, Mr Shand has ceased to control that nominee; and (e) the Company having fee earning assets under management of less than \$5 billion (being more than double the fee earning AUM at the date of Mr Shand's appointment as Managing Director). <p><i>Disposal restrictions</i></p> <p>The Options (and the shares issued on the exercise of the Options) may not be transferred or disposed of whilst Mr Shand is employed with, or engaged by, the Group.</p> <p><i>Expiry date</i></p> <p>72 months after the Issue Date.</p> <p><i>Exercise Price</i></p> <p>\$7.74 per Option, being the 30 day VWAP at the date of Mr Shand's appointment as Managing Director.</p>
Termination	<p>Either party may terminate Mr Shand's employment at any time on six months' notice or payment in lieu of notice.</p>

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	Mr Shand's employment may also be terminated by Blue Sky in circumstances of, amongst other things, his misconduct or illness.
Restraint	<p>Mr Shand will be restrained:</p> <ul style="list-style-type: none">• for up to six months after termination of his employment with the Company, from being engaged in competition with the Company; and• for up to 12 months after termination of his employment with the Company, from soliciting the Company's employees or persuading people who do business with the Company to cease or reduce their business with the Company.

For more information please contact:

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