

18 May 2016

Dear Shareholder

Blue Sky Alternative Investments Limited Entitlement Offer

On 11 May 2016, Blue Sky Alternative Investments Limited (**Company**) announced an equity raising of approximately \$66.8 million via a placement to raise approximately \$30 million (**Placement**) and an accelerated 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in the Company (**New Shares**) to Eligible Shareholders (defined below) at an offer price of \$6.50 per New Share to raise approximately \$36.8 million (**Entitlement Offer**).

About the Entitlement Offer

The Entitlement Offer includes:

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

The Placement and Accelerated Entitlement Offer have already taken place and raised approximately \$30 million and \$15.15 million respectively. The Non-Accelerated Entitlement Offer is fully underwritten and is expected to raise approximately \$21.65 million.

Under the Non-Accelerated Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 1 New Share for every 10 existing shares held at 7pm (AEST) on Friday 13 May 2016 (**Record Date**) at the price of \$6.50 per New Share. The Entitlement Offer is non-renounceable which means that the entitlements to participate in the offer are not transferable and therefore cannot be traded on the ASX or any other exchange or transferred privately.

The proceeds from the Placement and the Entitlement Offer will be applied principally to provide additional capital for ongoing co-investment in funds managed by the Company, to provide balance sheet support for new funds launched and to demonstrate balance sheet scale to enhance conversion of potential institutional mandates.

This letter is to explain why you will not be able to subscribe for New Shares under the Entitlement Offer.

Eligibility to participate

The Company is making the Entitlement Offer available to Eligible Shareholders, being persons who are registered as shareholders of the Company on the Record Date and have a registered address in Australia or New Zealand.

BLUE SKY ALTERNATIVE INVESTMENTS LIMITED

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The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to the Company of complying with these regulations compared with the relatively small number of shareholders in those countries and the relatively small number of existing ordinary shares that they hold.

According to our records, you do not satisfy these criteria, and are not an Eligible Shareholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the *Corporations Act 2001* (Cth), the Company wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the offer documents relating to the Entitlement Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for rights in respect of any New Shares that would have been offered to you if you were eligible.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe you are an Eligible Shareholder, please do not hesitate to contact the Company on (07) 3270 7500 between 8.00am to 5.00pm (Brisbane time) Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional advisor.

On behalf of the Board of the Company, thank you for your ongoing support.

Yours sincerely



John Kain
Chairman
Blue Sky Alternative Investments Limited

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