
Blue Sky Alternative Investments

Annual General Meeting

19 November 2018

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Figures presented throughout this presentation are in Australian dollars (unless otherwise noted) and may not add or calculate precisely due to rounding.

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 full year results including underlying Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flow (collectively, the 'underlying results'). These underlying results are presented with all equity held by Blue Sky in funds and fund related entities 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 results where a range of Blue Sky's equity holdings in the funds and fund related entities that it manages are either consolidated or equity accounted in accordance with AASB 10 'Consolidated Financial Statements' and AASB 128 'Investments in Associates and Joint Ventures'.

The non-IFRS financial information, as presented in the 2018 annual report, has been reviewed by Blue Sky's auditor (Ernst & Young).

Board of Directors

John Kain

Chairman

Appointed to Board July 2011

Tim Wilson

Executive Director, Deputy Chair

Appointed to Board September 2011

Managing Director, Blue Sky Private Equity

Phil Hennessy

Independent Non-Executive Director

Appointed to Board February 2017

Kim Morison

Executive Director

Appointed to Board March 2016

Interim Managing Director & CEO

Managing Director, Real Assets

Agenda

- 1. Meeting procedures**
- 2. Chairman's Address**
- 3. Items of Business**

1. Meeting procedures

2. Chairman's Address

Year in review

- Performance impacts
 - Loss of confidence
 - Reset of business
 - Change in market conditions in student and retirement
 - Strategy
 - Profitable, scalable, institutional, expertise and advantage
 - Management fees to exceed fixed operating costs
 - Enhance governance, valuation, compliance and risk
 - Public commentary
-

Challenges of complexity and rapid growth: 2012 - 2018

- FEAUM - up 20x
- Number of Group and fund entities - up 10x
- Staff – up 5x
- Number of funds - up 5x

Reviews

- Strategy
- Valuations
- Risk
- Valuation governance and process
- Fund compliance

Progress on business strategy

- Personnel
- Governance, risk & compliance
- Financial model
- Exit of BAF management
- Exit business units and focus on scale

FY18 Financial Performance

- Collapse in market sentiment (~\$23.5m)
- Change in market conditions:
 - Retirement living (\$14.9m)
 - Student accommodation (\$18.2m)
- Impairments: (\$31.5m)

Oaktree Capital Management

- Leading global alternative asset manager
- Credible third party validation for personnel and investor clients
- Capital funds further co-investment (\$1 -2 billion FEAUM)
- Deepen operational expertise
- Attract new capital
- Facility terms (if conversion rights approved) align Oaktree and shareholders

FY19 key initiatives

- Board transition
- Executive
 - Group CEO, CFO, CRO
- Team
- Capital

3. Items of Business

Financial statements and reports

The logo for BlueSky, featuring the word "BlueSky" in a bold, white, sans-serif font, with the tagline "Alternative Thinking" in a smaller, lighter font below it.

BlueSky
Alternative Thinking

Annual Report
For the year ended 30 June 2018

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report for the Company for the financial year ended 30 June 2018.

Resolution 1 – Approval of conversion right in respect of the convertible loan notes under the Facility

*“That, for the purposes of ASX Listing Rule 7.1, and for all other purposes, shareholders approve the conversion right in respect of the convertible loan note facility described in the Explanatory Memorandum (**Facility**). Under the terms of the Facility, the holders of convertible notes issued pursuant to such Facility (**Notes**) will have the ability to convert the Notes to up to 30% of the fully diluted ordinary share (**Share**) capital of the Company (**Conversion Cap**) on the terms of the Facility, as summarised in the Explanatory Memorandum.”*

Resolution 2 – Approval of Oaktree to obtain relevant interest greater than 20%

“That, for the purposes of item 7, section 611 of the Corporations Act, and for all other purposes, shareholders authorise and approve the acquisition by Oaktree of a relevant interest greater than 20% of the fully diluted Share capital of the Company as a consequence of the conversion of the Notes under the terms of the Facility as summarised in the Explanatory Memorandum.”

Resolution 3 – Adoption of the Remuneration Report



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Annual Report
For the year ended 30 June 2018

“That the Company’s Remuneration Report for the financial year ended 30 June 2018 is adopted.”

Resolution 4 – Re-election of John Kain as director

“That, for the purposes of ASX Listing Rule 14.4, the Company’s constitution, and for all other purposes, John Kain, being eligible for re-election, be elected as a director of the Company.”

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