

12 November 2018

**Blue Sky Alternatives Access Fund Limited (ASX: BAF) (BAF)
Further information received from Wilson Asset Management International Pty Limited (WAM) in respect of
its proposal**

As announced on 24 October 2018, BAF has received a proposal from WAM for its appointment as BAF's new manager. Promptly following receipt of that proposal, BAF's independent non-executive directors wrote to WAM noting that before BAF's independent non-executive directors could further consider WAM's proposal they would require:

1. confirmation from Blue Sky Alternative Investments Limited (ASX:BLA) (**BLA**) that it was willing to agree to terminate the existing management services agreement on the basis that WAM (rather than an affiliate of Pinnacle) is appointed as BAF's ongoing manager; and
2. a draft of the management services agreement WAM would propose be entered into between BAF and WAM.

WAM provided BAF with a draft management services agreement on 25 October 2018.

In all subsequent dealings between BAF's independent non-executive directors and WAM, it has been clearly communicated to WAM that there is little utility in spending significant time negotiating the terms of the draft investment management agreement unless and until WAM reaches an arrangement with BLA in respect of the termination of the existing management agreement.

In a letter to WAM on 7 November 2018 BAF's independent non-executive directors re-iterated the need for WAM to engage with BLA and also noted that the proposal and draft management services agreement put forward by WAM:

3. provide for WAM to deliver a significantly narrower scope of services than those to be provided under the Alterum Investment Management Pty Ltd (**Alterum**) Proposal;
4. do not identify key personnel or resources with experience in private market alternatives; and
5. in the case of the management services agreement, do not include any provision for the fee-free period in respect of BLA-managed assets as described in WAM's proposal.

WAM has now provided BAF's independent non-executive directors with following further information in response to the above matters:

6. WAM is prepared to extend the scope of services it will provide to match the services provided by Alterum under its proposal and provided a template accounting and administration services agreement;
7. the identity of the key personnel or resources to be engaged by WAM in providing management services to BAF (which information is reproduced verbatim in the Annexure to this announcement); and
8. the WAM management services agreement has been amended to provide for the fee-free period in respect of BLA-managed assets as described in WAM's proposal.

BAF's independent non-executive directors welcome the provision of this additional information and amendment to the management services agreement but note that:

9. as at the date of this announcement, BLA has not agreed to the termination of the existing management services agreement in place between BAF and BSAAF on the basis that WAM is appointed as BAF's new manager; and
10. as previously announced, it is a key point of difference in the Alterum and WAM proposals that the Alterum management team maintains a deep working knowledge of the current investment portfolio which includes a diverse and illiquid range of investments managed by BLA, which currently account for approximately 75% of portfolio net asset value¹.

Consequently, as at the date of this announcement, for the reasons set out above and in the notice of meeting released to the ASX platform on Friday 9 November, subject to receipt from a third party of a superior proposal (supported by an agreement between the relevant third party and BLA allowing the proposal to be implemented), BAF's independent non-executive directors intend to put the Alterum proposal before shareholders for consideration at an EGM currently expected to be held on 13 December 2018 with their unanimous recommendation.

A notice of meeting for the EGM, which will include a copy of the independent expert's report, will be dispatched to shareholders in the coming days.

For more information, please contact:

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¹ As at 30 September 2018, adjusting for settlement of the announced exit from BAF's retirement living investments.