BlueSky
Alternative Thinking

Blue Sky Alternative Investments

Equity Raising: Placement and Share Purchase Plan

Private Equity | Private Real Estate | Real Assets | Hedge Funds

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Contents

Placement and Share Purchase Plan

Placement	▪ **Fully underwritten placement** ('Placement') to raise approximately **$100 million** via the issue of approximately 8.7 million New Shares ▪ Will be issued without requiring shareholder approval under BLA's 15% placement capacity ▪ **Issue price of $11.50 per share**, representing: ▪ 5.3% discount to the last traded price ($12.15) and 14.1% discount to the previous 30 day VWAP ($13.38)
Share Purchase Plan	▪ **Share Purchase Plan ('SPP Offer')** to provide eligible Australian and New Zealand shareholders with an opportunity to participate ▪ Eligible Shareholders can subscribe for shares **up to the value of $15,000** at the same price as the Placement (**$11.50 per share**) ▪ The SPP Offer is not underwritten and is **capped at total proceeds of $25 million** (subject to scale back in the event of oversubscription)

Use of funds	▪ Funds will be used to:
	    ▪ Provide **additional capital for ongoing co-investment** alongside institutional investors in funds and mandates managed by Blue Sky
	    ▪ Provide balance sheet support for **new Blue Sky funds, investment platforms and/or joint ventures**
	    ▪ Pay the costs associated with the Placement and SPP Offer

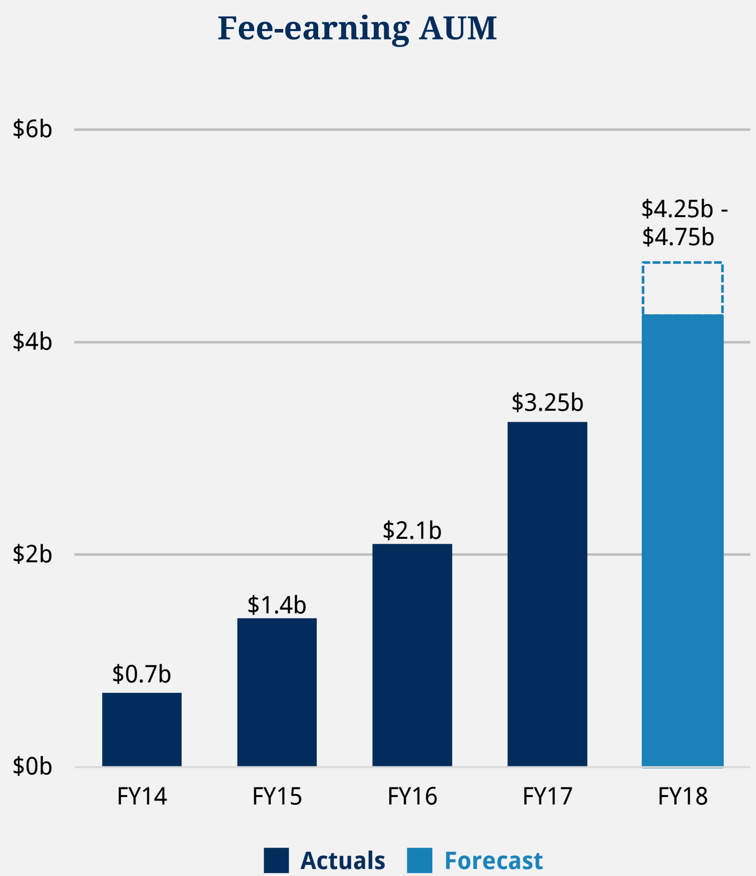
Key dates	▪ **Placement closes at 5:00pm AEDT on Tuesday, 6 March 2018** ▪ **Share Purchase Plan closes at 5:00pm AEDT on Wednesday, 28 March 2018**

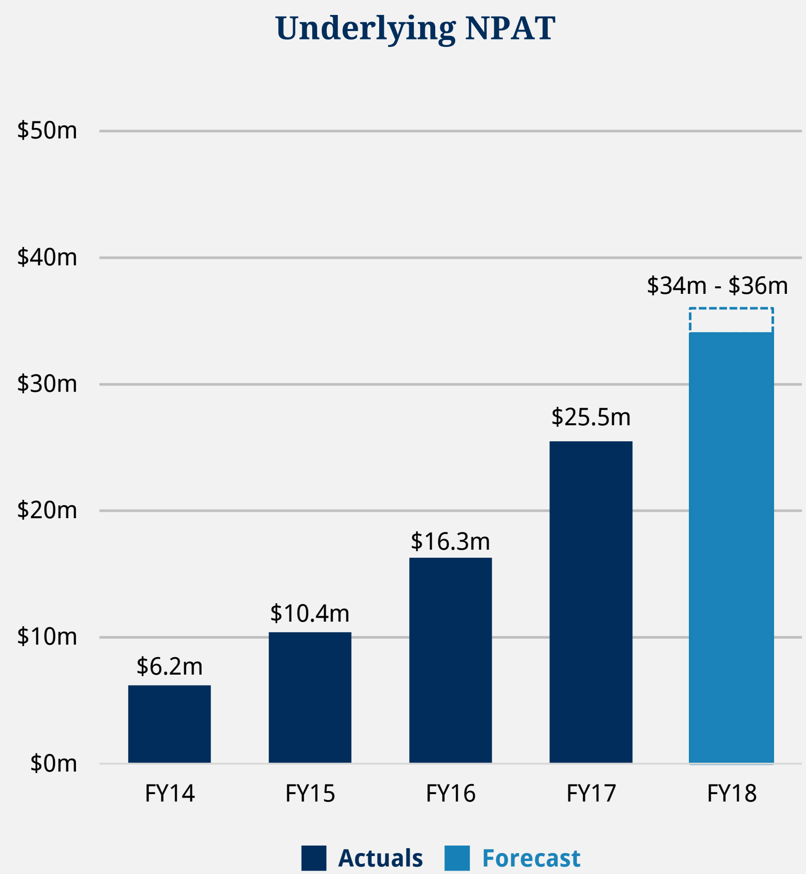
1H FY18 results

Strong financial performance[1]	▪ **Significant growth in underlying revenue and earnings** ▪ Underlying revenue of $51.4m, up 41% vs. prior corresponding period ('pcp') ▪ Underlying net profit after tax ('NPAT') of $16.1m, up 59% vs. pcp ▪ **Expanding EBITDA margins to 43.4%,** reflecting increased scale (up from 41.2% in pcp)
Substantial growth in fee-earning assets under management ('AUM')	▪ **Fee-earning AUM stood at $3.9b** at 31 December 2017 (up ~$1.2b over the last year) ▪ **Expected to be between $4.25b - $4.75b at 30 June 2018** (previous guidance was $4.0b - $4.5b at 30 June 2018) ▪ Target of **$5.5b - $6.0b in fee-earning AUM by 30 June 2019** (previous target was to exceed $5.0b by 30 June 2019) ▪ Growth supported by **long-term global growth in allocations to alternative assets**
Continuing to deliver solid investor returns[2,3]	▪ **Overall returns to fund investors: 15.0% p.a.** (since inception, net of fees) ▪ **Realised returns to fund investors: 16.7% p.a.** (since inception, net of fees)
Earnings guidance[1]	▪ On track to deliver **underlying NPAT for FY18 between $34.0m - $36.0m**

1. The above financial information reflects Blue Sky's underlying results. Please refer to pages 36 – 37 of this presentation as well as the Interim Financial Report for an explanation of the difference between the statutory and underlying results. This non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young)
2. Past performance is not a reliable indicator of future performance. Refer to pages 12 – 13 as well as the 1H FY18 Results Presentation lodged with the ASX on 19 February 2018 for further details
3. Realised returns includes returns generated on the 39 closed-ended funds Blue Sky has realised since inception as well as the returns generated by our open-ended funds

Growth in fee-earning AUM and underlying earnings





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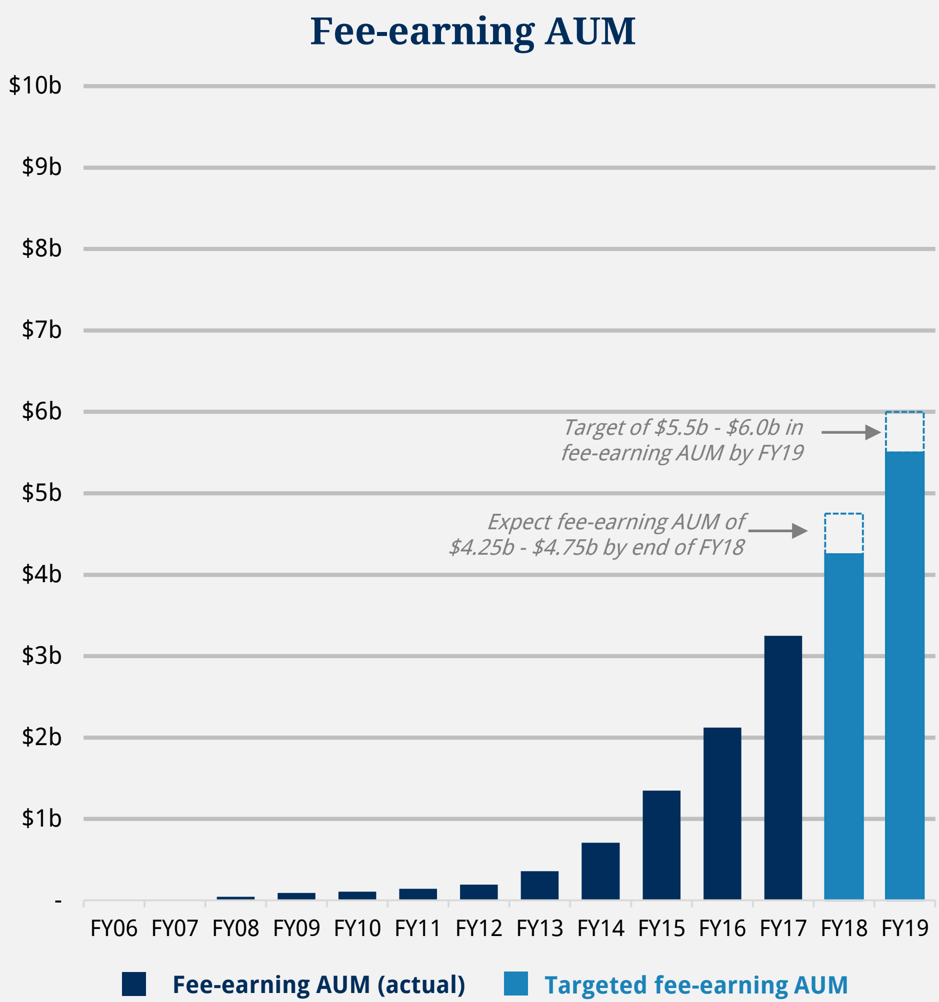
Contents

Recent operational highlights

- **Continued growth in fee-earning AUM, which is currently in excess of $3.9 billion**
- Continued expansion of **institutional mandates:**
  - At 31 December 2017, had sixteen institutional investors (of which eleven were international)
  - Now have seventeen institutional investors (of which twelve are international)
  - Includes:
    - Real Assets: Strategic agreement with Canada's Public Sector Pension Investment Board ('PSP Investments')
    - Private Real Estate: Asian institution investing up to 50% of the equity in new retirement developments
    - Hedge Funds: North American and European institutions have invested in Dynamic Macro
- **Award winning** investment performance[1]
  - HPS recognised as '2017 Exit of the Year' at the Australian Growth Company Awards
  - Pet Circle won the 2017 AVCAL award for 'Australia's Best Early Stage Investment'
- **North American business** continues to grow rapidly
  - Investment in distribution has led to strong momentum in institutional capital raising
  - Cove Property Group ('Cove') and Student Quarters joint ventures are performing well and have substantial potential for growth[2]
- **Blue Sky Alternatives Access Fund ('BAF') successfully completed a $49m entitlement offer in November 2017,** and is now a >$250m listed investment company[3]

1. Past performance is not a reliable indicator of future performance. Refer to pages 12 – 13 as well as the 1H FY18 Results Presentation lodged with the ASX on 19 February 2018 for further details
2. Blue Sky owns 38% of the equity in Cove and 60% of the equity in Student Quarters
3. Based on BAF's market capitalisation of $257 million at 31 December 2017. Source: S&P Capital IQ

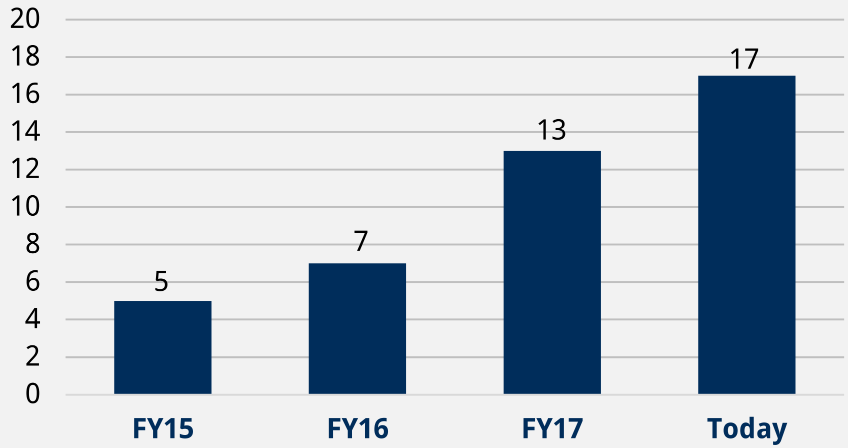
Fee-earning AUM now exceeds $3.9 billion



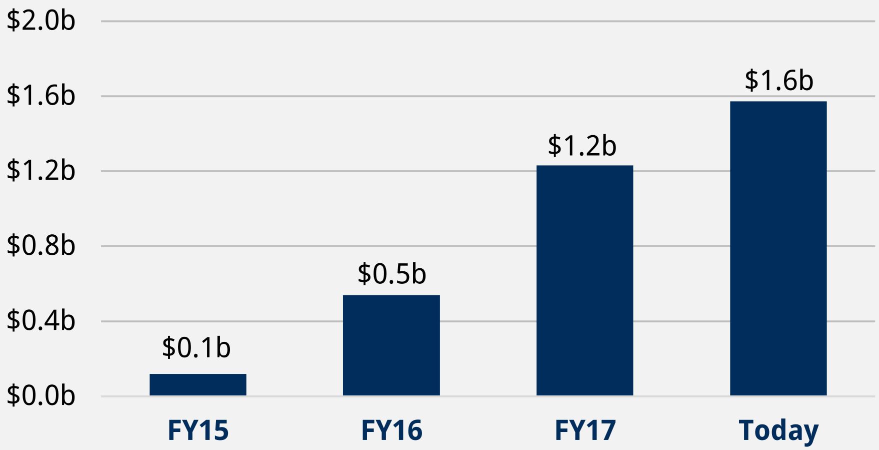
- Fee-earning AUM is currently in excess of $3.9 billion
  - Does not include capital related to institutional mandates that has been awarded but not yet deployed (where not yet fee-earning)
- Expect fee-earning AUM of **$4.25b - $4.75b at 30 June 2018**
- Target of **$5.5b - $6.0b** in fee-earning AUM by 30 June 2019

Substantial growth in fee-earning AUM from institutional investors

Number of institutional investors



Fee-earning AUM from institutions



- Blue Sky has grown institutional investment substantially since FY15 and now manages institutional capital **across all four asset classes**
- **Our sources of institutional capital are geographically diverse**, with investments or mandates from institutions in Australia, North America, Asia and Europe
- We anticipate **fee-earning AUM from institutional investors will grow** as existing mandates are deployed and new mandates are awarded
  - Note: recent mandates have not added materially to fee-earning AUM as they are yet to be deployed
- Some institutional investors **require investment managers to co-invest alignment capital** into the funds and mandates they manage
  - Where required, the size of co-investment is **typically up to 5.0% of the fund or mandate**
- Blue Sky has made – and intends to continue to make – these co-investments where there is a strong **economic and/or strategic rationale** to deploy our balance sheet in this manner

We have also invested in several joint ventures and operating platforms

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Joint ventures with funds management businesses[1]

COVE PROPERTY GROUP

- **Cove Property Group** ('Cove') is a New York based property funds management group that owns, develops and operates institutional-grade commercial real estate assets
- Currently managing >$US1 billion of equity and debt capital across its first two projects (101 Greenwich St and Hudson Commons)[2]
- Blue Sky owns 38% of Cove

- **Student Quarters** is an Atlanta based funds management group that specialises in investing in student accommodation assets in North America
- One of the largest 25 owners of student accommodation in the United States, managing over 4,600 beds across 12 campuses
- Blue Sky owns 60% of Student Quarters

Private Real Estate operating platforms

atira Student Living.

- **Atira Student Living ('Atira')** is the operating business that owns the management rights to each student accommodation asset in Australia developed by Blue Sky
- Portfolio of 5,200+ beds across nine sites in Australia (with four sites complete and operational)
- Blue Sky owns 50% of Atira (with the remaining 50% owned by Goldman Sachs)

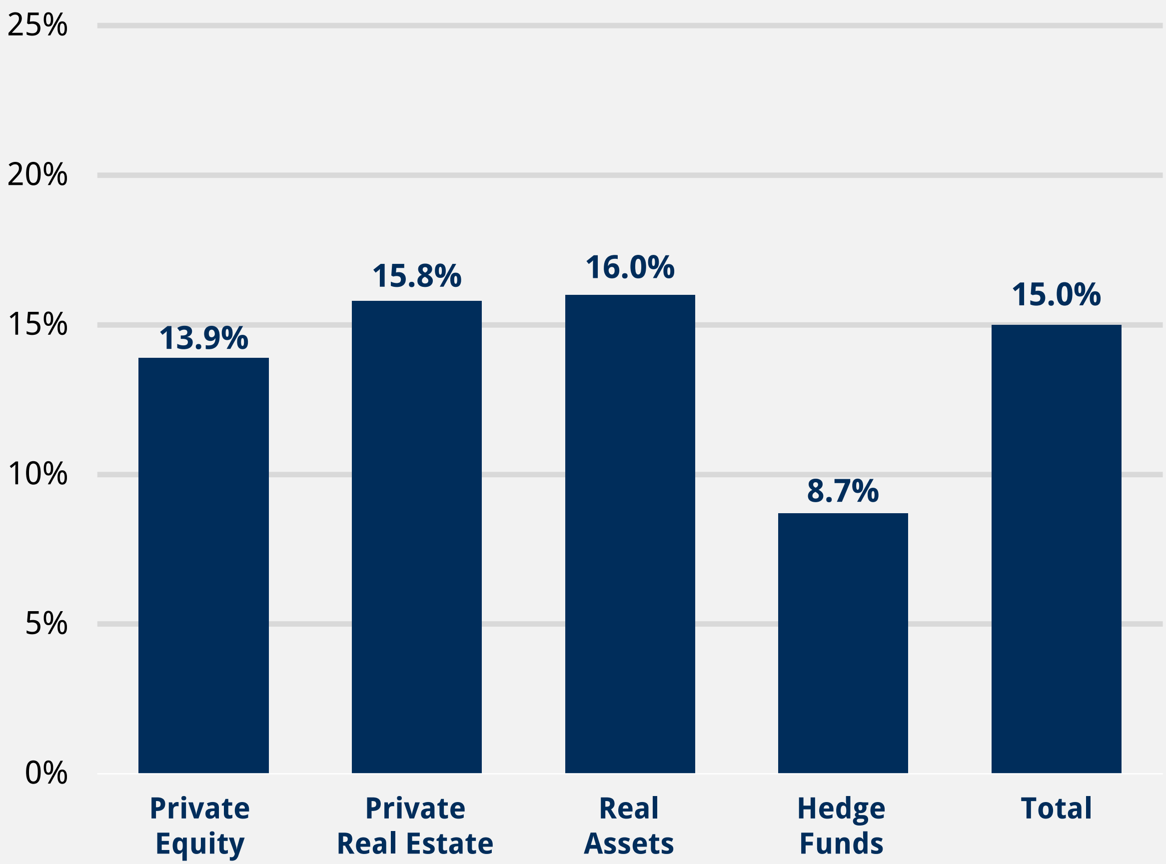
AURA

- **Aura Holdings ('Aura')** is the operating business that manages each retirement living project developed by Blue Sky
- Blue Sky has a current development portfolio of 1,100+ independent living units across eight sites
- Blue Sky owns 50% of Aura

1. 38% of Cove's fee-earning AUM and 60% of Student Quarter's fee-earning AUM is included in Blue Sky's fee-earning AUM
2. Cove's first investment at 2 Rector St has been rebranded and is now referred to as '101 Greenwich'. Similarly, Cove's second investment at 441 Ninth Avenue, Hudson Yards, has been rebranded and is now referred to as 'Hudson Commons'

Overall investor returns of 15.0% p.a., since inception

Returns to fund investors (net of fees)
(since inception through to 31 December 2017)[1]



- Returns are pre-tax, net of fees
- All investment strategies originated and managed by Blue Sky since inception are included. Closed-ended funds that are less than 24 months old where there has been no material change in value of the underlying investment(s) are excluded
- Valuation of unrealised assets reviewed by third party valuation experts (e.g. KPMG, JLL, Colliers)
- The valuations of our investments are reviewed every reporting period by Ernst & Young in their capacity as auditor of Blue Sky
- *Note: Past performance is not a reliable indicator of future performance*

1. Returns are equity-weighted since inception through to 31 December 2017 and include both realised and unrealised investments

We have delivered realised investor returns of 16.7% p.a.

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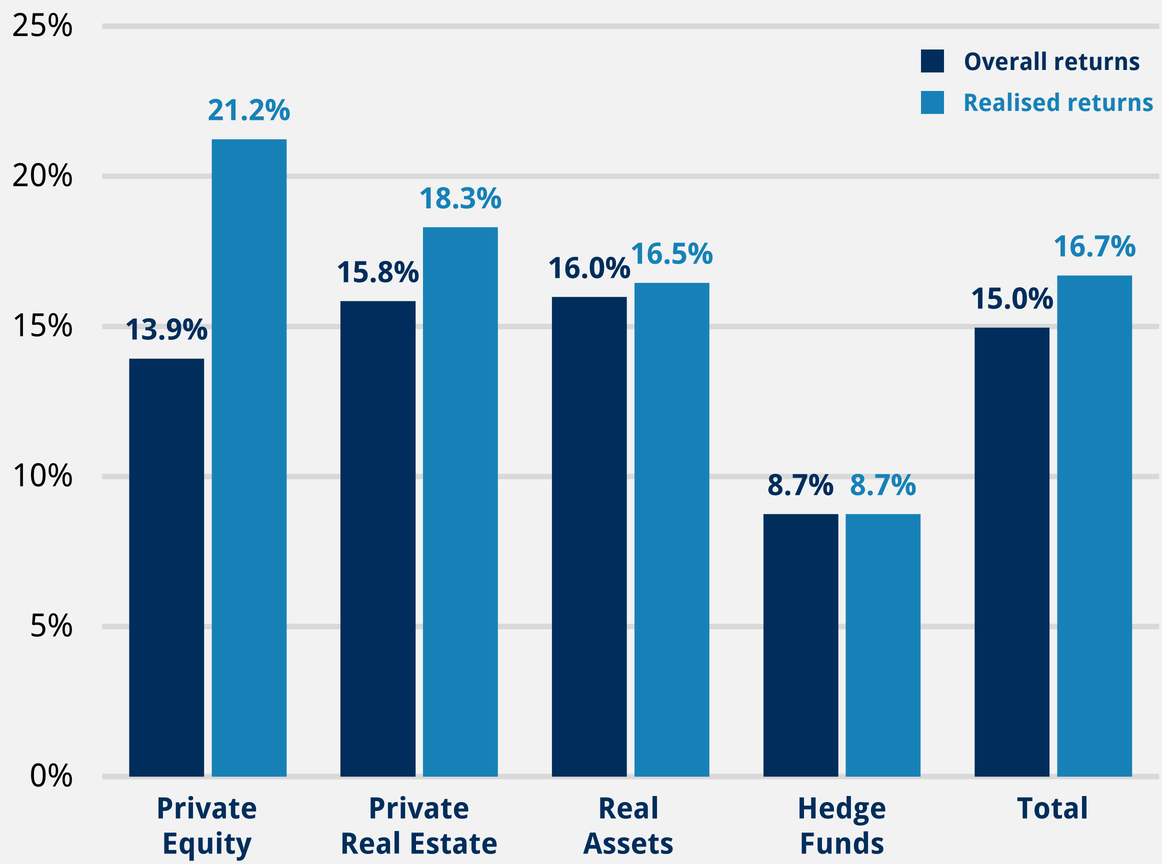
Returns to fund investors (net of fees)
(since inception through to 31 December 2017)[1]



- 39 closed-ended funds have been realised since inception
- Of these 39 funds, 34 have been realised at or above their carrying value
- Overall returns on these realised funds and our open-ended funds (where investors have redemption rights), are **16.7% p.a. (net of fees)[1]**
- Overall returns on realised funds only, excluding returns on our open-ended funds, are **18.5% p.a. (net of fees)[1]**
- *Note: Past performance is not a reliable indicator of future performance*

1. Returns are equity-weighted since inception through to 31 December 2017. Realised returns in the graph above include returns on open-ended funds (i.e. where investors have redemption rights)

Underlying financial performance - summary

Commentary

Substantial growth in NPAT (up 59%) and earnings per share (up 56%), driven by:

- Ongoing growth in fee-earning AUM (up 44%)
- Ongoing growth in revenue (up 41%)
- Higher margins, reflecting increasing scale

We continue to invest for growth:

- Expanded team to 116 full time equivalents ('FTE') at 31 December 2017

Lower net cash position (vs. 30 June 2017) reflects:

- $11.3m invested in the funds we manage, primarily as co-investments alongside institutional investors
- Payment of $15.7m dividend relating to FY17 (paid in September 2017)

Increased operating cash flow and distributable earnings, however were impacted by no significant contribution from fund realisations and no performance fees from the Water Fund received in 1H FY18 (vs. 1H FY17)

Underlying Results

	1H FY17	1H FY18	Growth (%)
Fee-earning AUM at end of period	$2.7b	$3.9b	44%
Revenue	$36.4m	$51.4m	41%
EBITDA	$15.0m	$22.3m	49%
EBITDA margin (%)	41.2%	43.4%	n.a.
NPAT	$10.1m	$16.1m	59%
NPAT margin (%)	27.7%	31.3%	n.a.
Operating cash flow	$9.3m	$10.3m	11%
Cash flow conversion[1]	92.1%	64.0%	n.a.
Distributable earnings[2]	$10.2m	$10.3m	1%
Net tangible assets ('NTA')	$134.0m	$153.6m	15%
Net cash position	$52.1m	$44.6m	-14%
Basic earnings per share ('EPS')[3]	15.0cps	23.4cps	56%

Note: The information on this page reflects Blue Sky's underlying results.
Please refer to pages 36 – 37 of this presentation as well as the Interim Financial Report for an explanation of the difference between the statutory and underlying results.
This non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young).

1. Cash flow conversion is calculated as underlying operating cash flow divided by underlying NPAT
2. Distributable earnings is calculated as underlying operating cash flow plus realised gains and profit distributions on balance sheet investments less provisions for income tax
3. Basic EPS is calculated as NPAT divided by shares on issue as at the last day of the period (68,777,321 shares on issue as at 31 December 2017 and 67,416,398 shares on issue as at 31 December 2016)

Contents

Placement and SPP Offer details

Placement

Size	Raising ~$100 million by issuing ~8.7 million New Shares (which will rank equally with existing BLA shares)
Price	The price per share under the Placement of $11.50, representing a: ▪ 5.3% discount to the last traded price ($12.15) ▪ 14.1% discount to the previous 30 day VWAP ($13.38)
Key dates	The Placement will be conducted over Monday, 5 March 2018 and Tuesday, 6 March 2018, offering ~8.7 million New Shares (representing approximately 12.6% of the shares on issue prior to the Placement) to raise approximately $100.0 million. Shares issued under the Placement will commence trading on the ASX on Wednesday, 14 March 2018
Underwriting	The Placement is fully underwritten by Morgans Corporate Limited, Ord Minnett Limited and Shaw and Partners Limited (collectively, the 'Underwriters')
Eligibility	Institutional, professional and sophisticated investors in eligible jurisdictions

Share Purchase Plan

Size	Capped at $25 million. BLA reserves the right to scale back applications under the SPP Offer at its absolute discretion
Price	Same price per share as the Placement ($11.50)
Participation	Eligible Shareholders can apply for up to $15,000 worth of additional shares
Key dates	The Share Purchase Plan opens Friday, 9 March 2018 and closes Wednesday, 28 March 2018 (unless extended). The SPP Offer is not underwritten. Shares issued under the SPP Offer will be issued on Thursday, 5 April 2018 and commence trading on the ASX on or around Friday, 6 April 2018
Eligibility	Shareholders who have a registered address in Australia or New Zealand

Pro forma underlying statement of financial position following equity raise

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$'m	At 31 Dec 2017	Adjustments	Pro Forma at 31 Dec 2017
		Underlying Statement of Financial Position	
Cash	$51.0m	$108.7m	$159.7m[1]
Trade and other receivables	$37.3m	-	$37.3m
Other current assets	$5.2m	-	$5.2m
Total current assets	**$93.5m**	**$108.7m**	**$202.2m**
Investments in associates and joint ventures	$12.8m	-	$12.8m
Financial assets at fair value through profit and loss	$68.3m	-	$68.3m
Trade and other receivables	$66.7m	-	$66.7m
Other non-current assets	$9.0m	-	$9.0m
Total non-current assets	**$156.8m**	**-**	**$156.8m**
Total assets	**$250.3m**	**$108.7m**	**$359.0m**
Trade and other payables	$26.0m	($0.2m)	$25.8m
Borrowings	$6.5m	-	$6.5m
Other current liabilities	$14.6m	-	$14.6m
Total current liabilities	**$47.1m**	**($0.2m)**	**$46.9m**
Other non-current liabilities	$43.8m	($1.1m)	$42.7m
Total non-current liabilities	**$43.8m**	**($1.1m)**	**$42.7m**
Total liabilities	**$90.9m**	**($1.3m)**	**$89.6m**
Net assets	$159.4m	$110.0m	$269.4m
Net tangible assets	**$153.6m**	**$110.0m**	**$263.6m**

Pro-forma adjustments:

- Gross proceeds from the equity raise ~$112.5m
  - A fully underwritten institutional placement to raise ~$100.0m
  - Assumes ~$12.5m[2] raised from the non-underwritten SPP Offer, which is capped at $25.0m
- Costs of the equity raise of ~$3.8m, including underwriting fees; legal, tax and accounting advice; registry costs; and other expenses associated with the raise
- Other adjustments:
  - ~$0.2m relates to GST receivables
  - ~$1.1m relates to deferred tax benefits
- Refer to page 41 for the pro-forma statutory statement of financial position following the equity raise

1. The Company maintains a minimum level of liquidity (cash and available borrowing facilities) sufficient to meet obligations over the next 12 months, regulatory requirements such as Australian Financial Services Licence obligations and financial covenants attached to contractual obligations
2. There is a risk the SPP Offer acceptance rate may be lower (or higher) than anticipated resulting in the final proceeds from the equity raise being lower (or higher) than above

Note the above financial information includes Blue Sky's underlying results. Please refer to pages 36 – 37 of this presentation as well as the Interim Financial Report lodged with the ASX on 19 February 2018 for an explanation of the difference between the statutory and underlying results.

Key dates

Record Date for Share Purchase Plan participation (7:00pm AEDT)	Friday, 2 March 2018
Trading halt and announcement of Equity Raising	Monday, 5 March 2018
Placement to institutional, professional and sophisticated investors conducted	Monday, 5 March & Tuesday, 6 March 2018
Announcement of the completion of Placement, trading halt lifted, existing shares recommence trading	Wednesday, 7 March 2018
Share Purchase Plan Booklet and Application Form dispatched to Eligible Shareholders	Friday, 9 March 2018
Share Purchase Plan Offer opens	Friday, 9 March 2018
Settlement of Placement	Monday, 12 March 2018
Allotment of New Shares issued under the Placement	Tuesday, 13 March 2018
Quotation of New Shares issued under the Placement	Wednesday, 14 March 2018
Dispatch of holding statements for New Shares issued under the Placement	Thursday, 15 March 2018
Closing date for acceptances under Share Purchase Plan (5:00pm AEDT)	Wednesday, 28 March 2018
Announcement of results of Share Purchase Plan	Thursday, 5 April 2018
Allotment and issue of New Shares under the Share Purchase Plan	Thursday, 5 April 2018
Quotation of New Shares issued under the Share Purchase Plan and normal trading recommences	Friday, 6 April 2018
Dispatch of holding statements for New Shares issued under the Share Purchase Plan	Monday, 9 April 2018

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Strong foundation in place to capture growth in private markets

BlueSky Alternative Thinking

Compelling, long-term industry drivers	▪ Growth in the alternatives industry continues, driven by a combination of: ▪ **Expansion of Australia's funds management industry**, having grown from \$0.3 trillion to \$2.8 trillion over the last two decades, and is expected to reach \$11.0 trillion by 2037[1] ▪ **Multi-decade global trend of increasing allocations to alternatives**, which has seen allocations in Australia grow from 5% to 18% over the same period, and continue on a trajectory to overtake domestic equities within two decades as the largest asset class[2]
Increasing scale, with growing support from institutional investors	▪ **Fee-earning AUM expected to be between \$4.25b - \$4.75b at 30 June 2018**, and **targeting \$5.5b - \$6.0b in fee-earning AUM by 30 June 2019** ▪ Anticipating **strong growth in institutional investor segment** as existing mandates are deployed and new mandates are secured
Focus on investing in 'the essentials' remains unchanged	▪ Focus remains on making **long-term investments in private markets** in sectors backed by structural tailwinds (e.g. food, water, agriculture, healthcare, education, retirement and technology)
Strong track record of realised returns	▪ **39 realisations delivered since inception**, including nine over 2017 ▪ **On track to deliver 8 - 10 realisations during FY18**
Reiterate earnings guidance	▪ **On track to deliver underlying NPAT for FY18 between \$34.0m - \$36.0m**

1. Reserve Bank of Australia, Statistical Table B18, Managed Funds (data released 11 December 2017)
2. Rainmaker Roundup (Sep-16 and Sep-17 quarter editions)

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Key risks (1 of 5)

BlueSky Alternative Thinking

Business and Operational Risks

Ability to deploy funds	The Company may not be able to identify sufficient investment opportunities in which to invest. If this occurs, growth in the Company's fee-earning AUM may be adversely affected, which will consequently impact revenue, profit and share value.
Ability to retain funds	The unit holders of certain Funds have the right in certain circumstances to remove the investment manager, responsible entity or trustee. This may reduce the Company's fee-earning AUM with consequent reduction to revenue, profit and share value
Redemptions	Poor fund performance, badly performing markets or other factors may cause investors in open-ended Funds to redeem their investments. This may in turn reduce revenue, profit and share value even if mandates are maintained
Poor investment performance (including the impact on the ability to raise funds, the return on balance sheet investments and the value of accrued performance fees)	Current or future investments by Funds might not perform to the level expected/projected, or there could be a decline in the pace or size of investments by Funds. Poor performance can also decrease the ability to attract new investors and/or raise capital for future investment funds. In the event of poor performance, there is risk that performance fees may not accrue in the future at the same rate accrued in the past, or the Company's revenue, profit and share value may otherwise decline In addition, the Company has made (and intends to continue to make) investments from its balance sheet into its Funds as well as several investment platforms (for example, Cove and Student Quarters) and operating businesses (for example Atira and Aura). These investments may not perform to the level expected which may reduce the value of these assets and hence the Company's revenue, profit and share value
Variability in revenue, earnings and cash flow	The Company's revenue, earnings and cash flow are variable which may make it difficult for the Company to achieve steady earnings growth on a half-yearly basis. For example, the Company's cash flow fluctuates because it receives performance fees from most of its closed ended Funds only when investments are realised and only if they achieve a certain return hurdle. The Company may also experience fluctuations in its half year and annual results, including its revenue and net income, due to a number of other factors, including changes in the carrying values and performance of its Funds' investments that can result in significant volatility in the performance fees the Company has accrued. This volatility may result in the Company missing its earning guidance and/or the market's consensus earnings forecast from time to time
Realising unearned and accrued revenue	The Company accrues performance fees and, in circumstances where current or future investments by Funds performed poorly (or not at all), this accrued revenue may not be realised in cash and/or may be written down or written off in future periods. Further, unearned revenue noted on the balance sheet that relates to long term investments/projects may not be realised in circumstances where these projects are prematurely terminated. This may in turn reduce the Company's revenue, profit and share value
Access to debt	The Company has a debt facility with one of Australia's major banks, which exposes the Company to the risks associated with using leverage including the willingness of financial institutions to extend credit to it on reasonable terms. There is no guarantee that such institutions will continue to extend credit to the Company or renew the existing credit agreements they have with the Company, or that the Company will be able to refinance its outstanding obligations when they mature

Key risks (2 of 5)

Business and Operational Risks (cont.)

Pressure on fee levels	The Company earns part of its revenue through management and performance fees, the amount of which may be reduced through counter-party negotiation, industry pressures and expectations outside of the Company's control. Investors in the Company's Funds may negotiate to pay lower management and/or performance fees and the economic terms of the Company's future Funds may be less favourable to the Company that those of the Company's existing Funds, which could adversely affect the Company's revenue, profit and share value
Use of balance sheet to support new AUM	From time to time the Company may provide short term bridging finance to its Funds (primarily new Funds) whilst it raises the capital required by a Fund from third party investors. The Company may be unable to raise the capital required to repay the debt owed by a Fund. This may affect the Company's liquidity position and expose it to risks associated with the underlying asset held by a Fund
Operational and controls	Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on the Company's business. The Company is exposed to operational risk present in the current business including risks arising from process error, fraud, conflicts of interest, system failure, failure of security and physical protection systems and any unit pricing errors. Operational risk has the potential to have an adverse effect on the Company's financial performance and position as well as reputation
Unit pricing	The Company uses external fund administrators to calculate the unit prices and valuations for some of its Funds. As the responsible entity, issuer and/or manager of a Fund, the Company may bear the risk of any pricing error made by the fund administrator
Credit, litigation and counter-parties	The Company and/or its Funds may be exposed to the credit risk of its custodian, broking and other counterparties. Should any of these counterparties breach their contracts and/or go into administration or liquidation, the Company and/or its Funds may lose some or all of its assets. In the ordinary course of business, the Company is also subject to the risk of litigation from various counterparties and regulatory bodies. This may cause the Company to face significant liabilities and damage to its professional reputation as a result of litigation allegations and negative publicity
Service provider	The Company relies on a number of third parties in areas such as banking, custody, registry, legal advice, administration and accountancy/taxation. The failure of these parties to provide adequate services could create a material operational risk to the Company and also the Funds. The decision of these parties to terminate services to the Company or the Funds may create a material operational risk to the Company and to the Funds
Fund specific risks	Each asset class and each Fund within these asset classes has its own risks, including general risks around investing in relatively high-risk and illiquid investments and investing in subordinated equity securities in companies that the Fund does not control and which may be subject to particular regulatory risks. The due diligence process undertaken in connection with investments by our investment funds may not reveal all facts that may be relevant in connection with an investment. Should these risks negatively impact on a Fund, or should other risks arise, then there may be an impact on the Company's financial position, its ability to realise any profits from certain investments and its ability to meet its corporate objectives. In addition, there is a risk that deficiencies may exist in disclosure documents and/or management agreements which may require rectification (financial or otherwise) by the Company

Key risks (3 of 5)

BlueSky Alternative Thinking

Business and Operational Risks (cont.)

New investment strategies	The Company may not be successful in expanding into new investment strategies, markets, businesses and jurisdictions which may result in additional risks and uncertainties in our businesses and which could adversely affect the Company's results of operations and financial condition. Further, these new investment strategies may involve operational, regulatory, legal or other complexities and risks
Liquidity management	The Company manages liquidity risk by regularly monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities (given that the Company's liquidity position can vary significantly from month to month). Whilst the Company targets the maintenance of a minimum level of liquidity (having regard to factors such as: (i) its liquidity obligations over the next 12 months assuming a period of liquidity stress in which capital would not be readily available; (ii) its regulatory obligations (such as AFSL requirements) and (iii) the financial covenants attached to relevant contractual obligations of the Group), certain circumstances – such as a severe economic downturn – may reduce the Company's liquidity. If this were to occur, the Company's ability to maintain its AFSLs and/or meet its financial obligations may be adversely affected
Foreign exchange risk	The Company has a wholly owned subsidiary in the United States and has made investments from its balance sheet into certain Funds and several investment platforms domiciled in the United States (e.g. Cove and Student Quarters). These positions may not be fully hedged and accordingly, unfavourable currency fluctuations may reduce the performance of these entities, which may reduce the Company's revenue, profitability and share value
Valuation Methodologies	The valuation methodologies adopted by the Company for certain assets in some Funds can involve subjective judgements. The fair value of assets established pursuant to such methodologies may be incorrect, which could result in the misstatement of fund performance and accrued performance fees
Concentration in asset types and geography	Certain of the investments by the Company's Funds may be concentrated in particular asset types or geographic regions. Adverse investment returns in those asset types or regions could disproportionately affect the overall performance of the Company's Funds and in turn performance fees and balance sheet earnings of the Company

Investment Risk

Economic and Market conditions	Unfavourable economic movements (globally or locally) can impact the Company in many ways, including by reducing the value or performance of the investments made by the Company's Funds, reducing the ability of the Company (or the Company's Funds) to obtain attractive financing or re-financing options, reducing the ability of the Company's Funds to raise capital and reducing the returns on the Funds the Company has invested in from its balance sheet. These risks include global economic risks, currency fluctuations, interest rates, government policy (including fiscal and monetary policy and taxation), changes in debt or equity markets, a turn around in the long-term trend of investing in private markets, availability of credit, slow-down in global growth, national and international political circumstances and many other factors. To the extent that these factors reduce a Fund's investment performance or fee-earning AUM, they may also reduce the Company's revenue, profitability and share value and adversely affect the Company's financial prospects and condition
Dividend risk	The Company intends to pay annual dividends to its shareholders, but its ability to do so may be limited by its cash flow from operations and available liquidity, applicable provisions of the Corporations Act and contractual restrictions and obligations

Key risks (4 of 5)

Investment Risk (cont.)

Analysts	If securities or industry analysts do not publish research or reports about the Company's business, or if they downgrade their recommendation regarding the Company's Shares, the Company's Share price and trading volume could decline
Assets of Funds	An investment in the Company's Shares is not a direct investment in any of the Company's Funds which are separate investment vehicles and which hold their own assets separately to the Company's assets

Regulatory

Financial services and other regulatory requirements	The Company operates in a highly regulated industry and must comply with: (i) in Australia, the requirements of the Corporations Act and associated legislation and regulations and direction from ASIC and other regulators; and (ii) the equivalent requirements, legislation, regulations and regulatory bodies in the overseas jurisdictions in which it operates including but not limited to the United States. In addition, Blue Sky Private Equity Limited and Blue Sky Investment Science Asset Management Pty Limited, each a wholly owned subsidiary of the Company must comply with the capital, solvency and other conditions of their respective AFSLs. The Company's performance would be adversely affected if either AFSL were subjected to significant limitations (e.g. as a result of misconduct). Changes to regulatory requirements in Australia or overseas may result in increased costs to the Company in order to comply with regulatory requirements and an increased risk of non-compliance with new and complex regulation which may adversely affect the Company's business. Non-compliance may result in financial penalties, additional expense or reputational damage
Fiscal and monetary policy	Investment returns are affected by a range of economic factors. Any change to fiscal or monetary policy can impact returns for the Funds, the attractiveness of the Funds to investors or any other matter that may directly reduce the revenue, profitability and share value of the Company
Taxation	Taxation laws (both domestic and international) are often changed. Those changes or re-interpretations can materially affect the Funds, the Company and the Company's profitability and share value. In addition, there may be tax implications arising from applications for New Shares, the receipt of dividends (both franked and unfranked if any) from the Company, participation in any on-market Share buyback and on the disposal of Shares
Regulatory change – superannuation	Regulatory changes with regard to the superannuation industry may also have an adverse impact on funds flow to superannuation which may impact the ability of the Company to grow fee-earning AUM
Accounting standards (including AASB 15)	Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Company's control. Changes to accounting standards issued by the AASB could adversely affect the financial performance and position reported in the Company's statutory financial statements. For example, in FY19 the adoption of AASB 15 *Revenue from Contracts with Customers* will be mandatory. AASB 15 will replace the current revenue recognition guidance and is a significant change from current requirements, involving more judgement and estimation. Whilst it is likely the new standard will affect the timing of performance fee revenue recognition, the Company is still undertaking analysis across its contracts to determine the overall impact the new accounting standard will have. The impact will be quantified when the assessment is complete

Key risks (5 of 5)

Competition

Increased competition	The Company's competitors in Australia and abroad are numerous and include, among others, large multinational companies. There can be no assurance that the Company's competitors will not succeed in developing products that are more effective and take market share from any which have been, or are being developed, by the Company. As a strategic response to changes in the competitive environment, the Company's competitors may from time to time make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on the Company's business, results of operations and financial conditions

People

Key person	The Company has a number of key senior management and specialist personnel. All senior management have appropriate employment agreements, which contain obligations relating to the provision of notice for terminating employment. However, there can be no assurance that the Company will be able to retain these key senior management personnel. All specialist personnel have entered into engagement letters or similar contractual arrangements and they are supported by employees capable of succeeding those personnel. Due to the specialist nature of the business, the Company may have difficulty in recruiting appropriately qualified personnel from time to time to support its current products or future products. Should the Company experience prolonged difficulty in replacing key senior management and/or specialist personnel, this may have a material adverse effect on the financial performance and/or financial position of the Company
Increased labour costs	Labour costs account for a substantial amount of the Company's costs. A substantial increase in labour costs may have an adverse impact on the financial performance and/or financial position of the Company

Offer

Share price	The Company's Share price might rise or fall and Shares might trade at prices below or above the Offer Price. Factors affecting the Share price could include domestic or international economic conditions. The prices of many listed entities securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the Shares
Equity raising documentation	There is a risk that the documentation related to this Equity Raising is deemed to be misleading and/or deceptive as a result of error or omission. These risks could result in a material loss to the Company and its Shareholders
Dilution	Shareholders' Shares, and hence their voting power, will be diluted by any future capital raising by the Company. In addition, Shareholders may be diluted by the issue of any Shares, or options to employees under an employee incentive scheme (if any) from time to time

Contents

Our business

Blue Sky Alternative Investments Limited (ASX: BLA)

Australia's leading diversified alternative asset manager, offering investment opportunities across the four major alternative asset classes

Blue Sky manages a portfolio of 80 separate funds across the four major alternative asset classes

Private Equity

- Invests **growth capital** and **late stage venture capital** into established and rapidly growing businesses
- Currently managing investments in **33 businesses**

Private Real Estate

- Focused in Australia on **student accommodation** and **retirement living**
- Two US based joint ventures: **Cove Property Group** (Blue Sky owns 38%) and **Student Quarters** (Blue Sky owns 60%)

Real Assets

- **Water entitlements**
- **Growth capital into agriculture** (i.e. 'change of use' agricultural investments)
- **Agricultural infrastructure**

Hedge Funds

- **Three separate hedge fund products**
- Focused on **strategic risk allocation**

Our focus is on long term investments in private markets

BlueSky Alternative Thinking

Target sectors underpinned by long-term structural tailwinds, such as:

Food and water

- Blue Sky Water Fund
- Ten investments into agricultural assets
- Seven private equity investments into food related businesses

Education

- Nine student accommodation sites in Australia
- Student accommodation at twelve campuses in the United States
- Two private equity investments into education businesses

Care

HEALTHCARE

- Four private equity investments

RETIREMENT

- Eight retirement living villages with Aura

Technology

- Nine private equity investments (primarily late stage venture capital investments) into technology based businesses

Business unit updates

Private Equity

- **Award winning investment performance** across both Growth Capital and Venture Capital:
  - HPS won '2017 Exit of the Year' at the Australian Growth Company Awards
  - Pet Circle won the 2017 AVCAL award for 'Australia's Best Early Stage Investment'
- **Aiming to convert several new institutional mandates** over 2018, capitalising on a range of successful exits delivered over the previous two years (e.g. HPS, Pet Circle, Oaktree, Readify, Hatchtech)
- **Multiple exit processes currently underway** with target completion dates during 2H FY18
- **Opportunity for new investment remains significant**
  - Large investment universe, with Australia's economy having over 50,000 actively trading SME businesses (with 20 – 199 employees)[1]
  - Blue Sky's sophisticated investor base provides an important source of proprietary deal flow

Private Real Estate

Student Accommodation:

- Portfolio of >5,200 beds across nine sites in Australia
  - Four sites now complete and operational; remaining sites in development and becoming operational from 2019 onwards
- No new investments made in 1H FY18, but continuing to seek opportunities to grow
- Appointed Michael Heffernan as CEO of Atira (former CEO of Campus Living Villages' Australian business)
- Increased ownership of Atira to 50%[2]

Retirement:

- Significant increase in portfolio, with >1,100 independent living units now in development across eight sites

Residential:

- Now only a small part of our Private Real Estate portfolio, with remaining apartment developments in south-east Queensland representing less than 5% of Blue Sky's fee-earning AUM

1. Australian Bureau of Statistics, 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016, released 21 February 2017
2. Atira is the operator of each student accommodation site that Blue Sky has developed or is developing. Blue Sky's student accommodation joint venture partner (Goldman Sachs) owns the remaining 50% of Atira

Business unit updates (cont.)

BlueSky Alternative Thinking

Real Assets

- Market for water entitlements has firmed, with Blue Sky's Water Fund:
  - **Up 16.3% p.a. since inception** (net of fees)[1,2]
  - **Up 10.0% in the six months to 31 December 2017** (net of fees)[2]
- Entered into a **strategic agreement with PSP Investments**, one of Canada's largest pension investment managers
- On track for **final close of the Strategic Australian Agriculture Fund** during FY18 with $300m+ expected to be committed to this strategy
- Deployed capital into **four new investments**
- Continued to deploy existing water mandates for a range of local and international institutional investors across targeted regions in the Murray-Darling Basin

North America

- Capital raising has significant momentum with **eight North American institutions investing with Blue Sky**[3]
- Emerging **private equity platform** with three growth capital investments made over the last two years

Joint Venture Platforms

Cove Property Group (Blue Sky owns 38% of Cove)

- **Existing assets performing well:**
  - 101 Greenwich: Capital works have reached substantial completion; leasing underway
  - Hudson Commons: Construction progressing, with completion anticipated within eighteen months
- **Targeting 1 – 2 new investments in 2018**

Student Quarters (Blue Sky owns 60% of Student Quarters)

- Invested in **seven assets across four locations** in 1H FY18
- Has **>4,600 beds across 12 campuses**, and is now one of the 25 largest owners of student accommodation in the USA

1. Accumulated returns for the initial and lead unit series of the Blue Sky Water Fund Master Trust from inception through to 31 December 2017. All returns are pre-tax and net of fees. Inception date is 1 August 2012
2. Past performance is not a reliable indicator of future performance
3. Includes two institutions investing with Cove Property Group

Business unit updates (cont.)

Hedge Funds

- Core strategy ('Dynamic Macro') is a quantitative fund that incorporates a systematic macroeconomic overlay
- Dynamic Macro has a **>10 year track record that includes 7.1% p.a. returns with a -0.46 correlation to the ASX200**[1]
- Consistent with its negative correlation to equities, performance during CY17 was -13.1% through a period of strong equity market performance
- More recently, Dynamic Macro's performance was +11.6% during the volatility in equity markets in the first week of February[2]
- **Recently awarded mandates from two institutions** (one based in North America, one based in Europe), with other international institutional investors in due diligence

Blue Sky Alternatives Access Fund

- BAF is a **>$250 million[3] listed investment company** that provides investors with direct exposure to a diverse portfolio of 50 Blue Sky managed funds
- **Performance:** Twelve month fund performance of 11.7% p.a.[4]
- Funds realised by BAF have delivered a combined IRR of 19.5% p.a. since inception[5]
- Successfully **completed a 1 for 4 entitlement offer** in November 2017 raising ~$49m (with significant excess demand)

1. As at 31 December 2017. Inception date is 22 November 2007. Past performance is not a reliable indicator of future performance
2. Based on official unit price numbers for the period 2 February 2018 to 9 February 2018
3. Based on BAF's market capitalisation of $257 million at 31 December 2017. Source: S&P Capital IQ
4. Fund NTA performance to 31 December 2017 (which includes growth in pre-tax NTA, plus dividends and franking credits paid). Past performance is not a reliable indicator of future performance
5. Return is an equity-weighted composite of exited investments (10 closed-ended funds and redemptions from 2 open-ended funds). Returns are pre-tax and include fee rebates. No adjustment has been made for management or performance fees charged directly to BAF or company overheads. Past performance is not a reliable indicator of future performance

Underlying income statement - summary

BlueSky
Alternative Thinking

Income:

- 48% increase in management fees, reflecting larger fee-earning AUM across all four asset classes and ongoing deal activity
- Smaller increase in performance fees (up 9.7% vs. pcp), reflects that a substantial portion of fee-earning AUM has only been recently deployed ($1.8 billion, or 46%, of our fee-earning AUM has been deployed in the last eighteen months)
- Increased investment income driven primarily by gains on co-investments, particularly in student accommodation and retirement sectors
- Share of profit of associates reflects contribution from Cove. Decrease vs. pcp reflects no new Cove deals completed in 1H FY18

Expenses:

- Investment in team expansion led to a 29% increase in employee benefits expense
  - $4.2m of employee benefits expense were incentives (includes a $1.1m non-cash expense related to employee share options)
- Increase in external service providers expense driven by increase in due diligence and structuring advice related to new institutional mandates and investment opportunities
- Largest contributors to 'other operating costs' include travel and entertainment ($1.5m), marketing ($1.0m) and consultancy ($0.6m)

Taxes – Impact of changes to US corporate taxes:

- The recent reduction in the US corporate tax rate has reduced Blue Sky's overall effective tax rate, resulting in: (i) a positive impact of $1.1m from restatement of previously recorded deferred tax liabilities (associated with accrued performance fees); and (ii) an ongoing positive impact of reduced tax on future US earnings

In AUD $m	1H FY17	1H FY18
Management fees[1]	$17.5m	$25.9m
Performance fees	$9.3m	$10.2m
Investment income	$2.6m	$10.2m
Share of profit of associates	$3.1m	$1.3m
Interest income	$1.8m	$1.6m
Other income	$2.1m	$2.2m
Total income	**$36.4m**	**$51.4m**
Employee benefits expense	-$12.1m	-$15.6m
Occupancy	-$1.0m	-$1.1m
External service providers	-$1.3m	-$2.5m
External capital raising expenses	-$1.1m	-$1.8m
Fee rebates to BAF	-$2.2m	-$3.0m
Other operating costs	-$3.7m	-$5.1m
Total operating costs	**-$21.4m**	**-$29.1m**
EBITDA	**$15.0m**	**$22.3m**
EBIT	$14.8m	$22.1m
Net profit before tax	$14.5m	$21.6m
Net profit after tax	**$10.1m**	**$16.1m**

Note: The information on this page reflects Blue Sky's underlying results.
Please refer to pages 36 – 37 of this presentation as well as the Interim Financial Report for an explanation of the difference between the statutory and underlying results.
This non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young).

1. Management fees include fees for ongoing management services and one-off transactional fees (establishment fees) charged to compensate Blue Sky for costs associated with establishing funds and acquiring the associated assets

Underlying statement of financial position - summary

BlueSky Alternative Thinking

Assets:

- $153.6m of net tangible assets ($2.23 per share), including $44.6m of net cash (i.e. no net debt)
- $68.3m of financial assets at fair value reflect co-investments made in 26 separate funds and fund related entities, primarily as alignment capital alongside institutional investors
- $12.8m of investments reflects equity accounted value of joint ventures (Cove, Student Quarters)
- $13.9m increase in non-current trade and other receivables driven by strong investment performance coupled with significantly larger scale, leading to a total of $37.1m of accrued performance fees (across 19 separate assets). Non-current trade and other receivables also includes:
  - $19.4m of investments structured as loans into Blue Sky managed funds and fund related entities (FY17: $15.8m);
  - $7.6m of management fees due to be paid in >12 months; and
  - $2.5m of employee loans, provided as matching loans where employees invest their own capital in Blue Sky managed funds

Liabilities:

- Decrease in trade and other payables reflects deployment of previously committed alignment capital (commitments are recorded as liabilities and reduced as capital calls are made)
- Corporate debt facility drawn to $6.4m
- Increase in other non-current liabilities are primarily liabilities directly associated with greater accrued performance fees (e.g. accrued employee incentives, accrued rebates to BAF, deferred tax liabilities)

In AUD $m	30 Jun 2017	31 Dec 2017
Cash	$70.6m	$51.0m
Trade and other receivables	$38.0m	$37.3m
Other current assets	$4.6m	$5.2m
Total current assets	**$113.2m**	**$93.5m**
Investments in associates and joint ventures	$11.5m	$12.8m
Financial assets at fair value through profit and loss	$63.4m	$68.3m
Trade and other receivables	$52.8m	$66.7m
Property, plant and equipment	$3.2m	$3.2m
Intangible assets	$5.6m	$5.8m
Total non-current assets	**$136.5m**	**$156.8m**
Total assets	**$249.7m**	**$250.3m**
Trade and other payables	$36.6m	$26.0m
Borrowings	$8.4m	$6.5m
Other current liabilities	$14.0m	$14.6m
Total current liabilities	**$59.0m**	**$47.1m**
Other non-current liabilities	$34.5m	$43.8m
Total non-current liabilities	**$34.5m**	**$43.8m**
Total liabilities	**$93.5m**	**$90.9m**
Net assets	$156.2m	$159.4m
Net tangible assets	**$150.6m**	**$153.6m**

Note: The information on this page reflects Blue Sky's underlying results
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This non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young)

Underlying cash flow statement - summary

BlueSky Alternative Thinking

Cash flow from operating activities:

- Increase in net cash from operations reflects growth in (and deployment of) fee-earning AUM across all four asset classes and ongoing deal activity
- Distributable earnings of $10.3m (calculated as net operating cash flow plus realised gains and profit distributions from balance sheet investments less provisions for income tax)
- Cash flow conversion of 64%[1] mainly reflects reduced contribution from realised performance fees (compared with 1H FY17)

Cash flow from investing activities:

- $11.3m in payments for equity investments, driven by balance sheet investment as alignment capital alongside institutional investors in a range of funds in Private Real Estate, Private Equity and Real Assets

Cash flow from financing activities:

- 23 cps fully franked dividend (total of $15.7m) in relation to FY17 (paid in September 2017)

In AUD $m	1H FY17	1H FY18
Receipts from customers	$35.2m	$42.6m
Payments to suppliers and employees	-$24.6m	-$30.6m
Interest received	$1.3m	$1.0m
Interest and other finance costs paid	-$0.4m	-$0.5m
Income taxes paid	-$2.2m	-$2.2m
Net cash from operating activities	**$9.3m**	**$10.3m**
Payments for equity investments	-$5.6m	-$11.3m
Payments for property, plant and equipment	-$0.1m	-$0.3m
Payments for intangibles	$0.0m	-$0.1m
Proceeds from disposal of equity investments	$11.3m	$4.7m
Bridging finance and loans to funds (net)	-$7.3m	-$7.3m
Net cash used in investing activities	**-$1.7m**	**-$14.3m**
Proceeds from issue of shares	$0.2m	$1.7m
Share issue transaction costs	-$0.2m	-$0.1m
Proceeds from borrowings	$12.5m	$16.6m
Repayment of borrowings	-$14.2m	-$18.1m
Dividends paid	-$10.8m	-$15.7m
Net cash used in financing activities	**-$12.5m**	**-$15.6m**
Starting cash balance	$62.9m	$70.6m
Ending cash balance	**$58.0m**	**$51.0m**

Note: The information on this page reflects Blue Sky's underlying results
Please refer to pages 36 – 37 of this presentation as well as the Interim Financial Report for an explanation of the difference between the statutory and underlying results
This non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young)

1. Cash flow conversion is calculated as underlying operating cash flow divided by underlying NPAT

Statutory vs underlying results
Overview

BlueSky Alternative Thinking

What is the difference between Blue Sky's statutory and underlying results?	▪ Blue Sky invests into a range of funds that it manages, typically as alignment capital alongside institutional investors
	▪ Blue Sky has also made several investments into joint ventures (e.g. Cove, Student Quarters) and operational businesses that are related to funds that we manage (e.g. Atira (the operator of our Australian student accommodation assets) and Aura (the operator of our Australian retirement living assets))
	▪ **Statutory results:** *AASB 10 'Consolidated Financial Statements'* requires that, for funds in which Blue Sky has invested, these are accounted for either on a consolidated basis or using equity accounting (depending on the level of control). This accounting treatment has a range of impacts, including:
	  ▪ Management, performance and other fees that are earned by Blue Sky from funds in which it has invested and is deemed to have control are eliminated upon consolidation and therefore do not appear in our statutory results;
	  ▪ The assets and liabilities of funds that are consolidated are included in the Consolidated Group's Statement of Financial Position, but the fair value of the units held by Blue Sky in those funds is eliminated upon consolidation; and
	  ▪ For funds that are accounted for using the equity accounting method, a share of the period's profit or loss – rather than the fair value of the units held by Blue Sky in those funds – appears in the consolidated results of the Group
	▪ **Underlying results:** Blue Sky's underlying results are prepared on exactly the same basis as its statutory results, with the only difference being that Blue Sky's fund investments are accounted for using the same approach as *AASB 13 'Fair Value Measurement'*. This means that:
	  ▪ All management, performance or other fees earned by Blue Sky are included in our underlying results
	  ▪ All investments in our funds are included in our underlying results at fair value
	  ▪ No consolidation of profit and loss, balance sheet and cash flow items from funds that we manage
	  ▪ Balance sheet investments into joint ventures (e.g. Cove, Student Quarters) are accounted for in the same way under our statutory and underlying results

Does Blue Sky's audit include its underlying results?	Ernst & Young audits our statutory results and reviews our underlying results
Do other alternative asset managers present underlying results?	Yes. This accounting standard has the same impact described above on alternative asset managers globally (for those that invest in their funds) and Blue Sky's approach is based on the approach adopted by global asset managers

Statutory vs underlying results

Accounting treatment for balance sheet investments

BlueSky Alternative Thinking

Statutory Results – 1H FY18

Accounting basis:	Fair value accounting	Equity accounting	Consolidated
Used when:	▪ Balance sheet investments where Blue Sky is deemed not to have any control or influence over its investment	▪ Balance sheet investments where Blue Sky is deemed to have significant influence but not control	▪ Balance sheet investments where Blue Sky is deemed to have control
Number of investments:	▪ Nil (Blue Sky, in its role as investment manager, is deemed to have control or influence over all of its investments)	▪ Twenty-four	▪ Four
Examples:	▪ Not applicable	▪ Student accommodation funds ▪ Atira (an operator of student accommodation in Australia. Blue Sky owns 50% of Atira)	▪ Riverside Gardens Trust ▪ Aura (an operator of retirement villages in Australia. Blue Sky owns 50% of Aura)

Underlying Results – 1H FY18

Accounting basis:	Fair value accounting	Equity accounting	Consolidated
Used when:	▪ All balance sheet investments in Blue Sky funds, and fund related entities that are intended to be realised in the future	▪ Balance sheet investments that will be held indefinitely where Blue Sky is deemed to have significant influence, but not control	▪ Balance sheet investments that will be held indefinitely where Blue Sky is deemed to have control
Number of investments:	▪ Twenty-six	▪ Two	▪ Nil
Examples:	▪ Student accommodation funds ▪ Atira (an operator of student accommodation in Australia. Blue Sky owns 50% of Atira) ▪ Aura (an operator of retirement villages in Australia. Blue Sky owns 50% of Aura)	▪ Joint venture with Cove Property Group (Blue Sky owns 38% of Cove Property Group) ▪ Joint venture with Student Quarters (Blue Sky owns 60% of Student Quarters)	▪ Not applicable

Detailed underlying and statutory results: Income statement

In AUD $m	Underlying Results		Statutory Results	
	1H FY17	**1H FY18**	**1H FY17**	**1H FY18**
Management fees	$17.5m	$25.9m	$16.1m	$23.7m
Performance fees	$9.3m	$10.2m	$9.3m	$10.2m
Investment income	$2.6m	$10.2m	$5.6m	$0.9m
Share of profit of associates	$3.1m	$1.3m	$3.3m	$3.2m
Interest income	$1.8m	$1.6m	$1.7m	$1.6m
Other income	$2.1m	$2.2m	$5.7m	$3.7m
Total income	**$36.4m**	**$51.4m**	**$41.7m**	**$43.3m**
Employee benefits expense	-$12.1m	-$15.6m	-$13.0m	-$16.6m
Occupancy	-$1.0m	-$1.1m	-$1.1m	-$1.1m
External service providers	-$1.3m	-$2.5m	-$1.5m	-$2.6m
External capital raising expenses	-$1.1m	-$1.8m	-$1.1m	-$1.8m
Fee rebates to BAF	-$2.2m	-$3.0m	-$2.2m	-$3.0m
Other operating costs	-$3.7m	-$5.1m	-$6.2m	-$6.6m
Total operating costs	**-$21.4m**	**-$29.1m**	**-$25.1m**	**-$31.7m**
EBITDA	**$15.0m**	**$22.3m**	**$16.6m**	**$11.6m**
EBIT	$14.8m	$22.1m	$15.5m	$11.3m
Net profit after tax to owners of BSAIL	**$10.1m**	**$16.1m**	**$10.3m**	**$9.8m**
Non-controlling interests	$0.0m	$0.0m	$0.5m	-$1.3m

Commentary on statutory results:

- Statutory results exclude the management fees, performance fees and other fees that have been earned by Blue Sky from consolidated funds (as these are eliminated upon consolidation in accordance with AASB 10)
- Statutory results include all of the revenue and expenses attributable to funds that have been consolidated, as well as a share of the profit/(loss) of funds that have been equity accounted in accordance with AASB 10
  - The revenue and expenses from the funds that are consolidated are attributable to the fund's unitholders (of which Blue Sky is one), but are not wholly attributable to Blue Sky
- Notwithstanding the above, AASB 10 requires that these funds be consolidated where Blue Sky is deemed to have control, and equity accounted where Blue Sky is deemed to have significant influence

Commentary on underlying results:

- Underlying results exclude all of the revenue and expenses attributable to funds that have been consolidated in the statutory results, as well as the share of profit/(loss) of funds that have been equity accounted in accordance with AASB 10
- Underlying results include the management, performance and other fees earned by Blue Sky from these funds
- The underlying results are therefore more reflective of the economic reality (refer to page 33 for further details)

Note that the statutory results include the impact of a range of Blue Sky managed funds that have been consolidated or equity accounted following the adoption of AASB 10. The underlying results columns are non-IFRS financial information and are based on 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 outlined in AASB 13. A reconciliation between the Underlying Results and the Statutory Results is provided in the Interim Financial Report which may be downloaded from the ASX's website. The non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young)

Detailed underlying and statutory results:
Statement of financial position

In AUD $m	Underlying Results		Statutory Results	
	30 Jun 2017	**31 Dec 2017**	**30 Jun 2017**	**31 Dec 2017**
Cash	$70.6m	$51.0m	$72.2m	$51.3m
Trade and other receivables	$38.0m	$37.3m	$38.4m	$37.5m
Other current assets	$4.6m	$5.2m	$5.1m	$5.7m
Total current assets	**$113.2m**	**$93.5m**	**$115.7m**	**$94.5m**
Investments in associates and joint ventures	$11.5m	$12.8m	$51.6m	$49.8m
Financial assets at fair value through profit and loss	$63.4m	$68.3m	$0.0m	$0.0m
Trade and other receivables	$52.8m	$66.7m	$48.5m	$59.9m
Property, plant and equipment	$3.2m	$3.2m	$4.8m	$4.8m
Intangible assets	$5.6m	$5.8m	$11.0m	$11.1m
Investment property – retirement villages	$0.0m	$0.0m	$54.9m	$88.0m
Other non-current assets	$0.0m	$0.0m	$2.0m	$2.1m
Total non-current assets	**$136.5m**	**$156.8m**	**$172.8m**	**$215.7m**
Total assets	**$249.7m**	**$250.3m**	**$288.5m**	**$310.2m**
Trade and other payables	$36.6m	$26.0m	$35.7m	$25.7m
Borrowings	$8.4m	$6.5m	$16.7m	$9.4m
Resident loans – retirement villages	$0.0m	$0.0m	$14.9m	$14.6m
Other current liabilities	$14.0m	$14.6m	$14.8m	$15.8m
Total current liabilities	**$59.0m**	**$47.1m**	**$82.1m**	**$65.5m**
Borrowings	$0.0m	$0.0m	$37.2m	$72.7m
Other non-current liabilities	$34.5m	$43.8m	$27.8m	$35.3m
Total non-current liabilities	**$34.5m**	**$43.8m**	**$65.0m**	**$108.0m**
Total liabilities	**$93.5m**	**$90.9m**	**$147.1m**	**$173.5m**
Net assets	$156.2m	$159.4m	$141.4m	$136.7m
Net tangible assets	**$150.6m**	**$153.6m**	**$130.4m**	**$125.6m**

Commentary on statutory results:

- Statutory results exclude units that are owned by Blue Sky in funds that are consolidated (as these are eliminated upon consolidation in accordance with AASB 10)
- Statutory results include all of the assets and liabilities of funds and entities that have been consolidated in accordance with AASB 10
  - The assets and liabilities of those funds are attributable to each fund's unitholders (of which Blue Sky is one), but not wholly attributable to Blue Sky (e.g. $88.0m of 'investment property')
- Notwithstanding the above, AASB 10 requires that these funds and entities be consolidated where Blue Sky is deemed to have control, and equity accounted where Blue Sky is deemed to have significant influence

Commentary on underlying results:

- Underlying results exclude the assets and liabilities of funds that are consolidated in the statutory results
- Underlying results include all investments made by Blue Sky in funds that it manages at fair value (using the same approach as in AASB 13)
- The underlying results are therefore more reflective of the economic reality (refer to page 34 for further details)

Note that the statutory results include the impact of a range of Blue Sky managed funds that have been consolidated or equity accounted following the adoption of AASB 10. The underlying results columns are non-IFRS financial information and are based on 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 outlined in AASB 13. A reconciliation between the Underlying Results and the Statutory Results is provided in the Interim Financial Report which may be downloaded from the ASX's website. The non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young)

Detailed underlying and statutory results:
Statement of cash flows

BlueSky Alternative Thinking

In AUD $m	Underlying Results		Statutory Results	
	1H FY17	**1H FY18**	**1H FY17**	**1H FY18**
Receipts from customers	$35.2m	$42.6m	$31.8m	$43.8m
Payments to suppliers and employees	-$24.6m	-$30.6m	-$27.3m	-$33.4m
Interest received	$1.3m	$1.0m	$1.4m	$1.0m
Interest and other finance costs paid	-$0.4m	-$0.5m	-$0.7m	-$0.6m
Income taxes paid	-$2.2m	-$2.2m	-$2.3m	-$2.2m
Net cash from operating activities	**$9.3m**	**$10.3m**	**$2.9m**	**$8.6m**
Payments for equity investments	-$5.6m	-$11.3m	-$5.0m	-$10.8m
Payments for property, plant and equipment	-$0.1m	-$0.3m	-$0.5m	-$0.3m
Payments for intangibles	$0.0m	-$0.1m	$0.0m	-$0.1m
Payments for investment property	$0.0m	$0.0m	-$24.3m	-$8.3m
Proceeds from disposal of equity investments	$11.3m	$4.7m	$21.1m	$4.6m
Bridging finance and loans to funds (net)	-$7.3m	-$7.3m	-$7.1m	-$7.2m
Net cash used in investing activities	**-$1.7m**	**-$14.3m**	**-$15.8m**	**-$22.1m**
Proceeds from issue of shares	$0.2m	$1.7m	$0.2m	$1.7m
Share issue transaction costs	$-0.2m	-$0.1m	-$0.2m	-$0.1m
Proceeds from borrowings	$12.5m	$16.6m	$39.4m	$30.5m
Repayment of borrowings	-$14.2m	-$18.1m	-$14.4m	-$23.5m
Dividends paid	-$10.8m	-$15.7m	-$16.5m	-$16.0m
Net cash from / (used in) financing activities	**-$12.5m**	**-$15.6m**	**$8.5m**	**-$7.4m**
Starting cash balance	$62.9m	$70.6m	$63.8m	$72.2m
Ending cash balance	**$58.0m**	**$51.0m**	**$59.4m**	**$51.3m**

Commentary on statutory results:

- Statutory results exclude cash from management fees, performance fees and other fees that have been paid to Blue Sky from funds that are consolidated (as these are eliminated upon consolidation in accordance with AASB 10)
- Statutory results include the cash flows generated within a range of Blue Sky funds that have been consolidated in accordance with AASB 10
  - The cash flows generated within these funds are attributable to each fund's unitholders (of which Blue Sky is one), but are not wholly attributable to Blue Sky
- Notwithstanding the above, AASB10 requires that these funds and entities be consolidated where Blue Sky is deemed to have control, and equity accounted where Blue Sky is deemed to have significant influence

Commentary on underlying results:

- Underlying results exclude the cash flows generated within these funds, but include management fees, performance fees and other fees paid to Blue Sky
- The underlying results are therefore more reflective of the economic reality (refer to page 35 for further details)

Note that the statutory results include the impact of a range of Blue Sky managed funds that have been consolidated or equity accounted following the adoption of AASB 10. The underlying results columns are non-IFRS financial information and are based on 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 outlined in AASB 13. A reconciliation between the Underlying Results and the Statutory Results is provided in the Interim Financial Report which may be downloaded from the ASX's website. The non-IFRS financial information has been reviewed by Blue Sky's auditor (Ernst & Young)

Pro forma statutory statement of financial position following equity raise

BlueSky Alternative Thinking

	Statutory Statement of Financial Position		
$'m	At 31 Dec 2017[1]	Adjustments	Pro Forma at 31 Dec 2017
Cash	$51.3m	$108.7m	$160.0m[2]
Trade and other receivables	$37.5m	-	$37.5m
Other current assets	$5.7m	-	$5.7m
Total current assets	**$94.5m**	**$108.7m**	**$203.2m**
Investments in associates and joint ventures	$49.8m	-	$49.8m
Trade and other receivables	$59.9m	-	$59.9m
Other non-current assets	$106.0m	-	$106.0m
Total non-current assets	**$215.7m**	**-**	**$215.7m**
Total assets	**$310.2m**	**$108.7m**	**$418.9m**
Trade and other payables	$25.7m	($0.2m)	$25.5m
Borrowings	$9.4m	-	$9.4m
Other current liabilities	$30.4m	-	$30.4m
Total current liabilities	**$65.5m**	**($0.2m)**	**$65.3m**
Borrowings	$72.7m	-	$72.7m
Other non-current liabilities	$35.3m	($1.1m)	$34.2m
Total non-current liabilities	**$108.0m**	**($1.1m)**	**$106.9m**
Total liabilities	**$173.5m**	**($1.3m)**	**$172.2m**
Net assets	$136.7m	$110.0m	$246.7m
Net tangible assets	**$125.6m**	**$110.0m**	**$235.6m**

Pro-forma adjustments:

- Gross proceeds from the equity raise ~$112.5m
  - A fully underwritten institutional placement to raise ~$100.0m
  - Assumes ~$12.5m[3] raised from the non-underwritten SPP Offer, which is capped at $25.0m
- Costs of the equity raise of ~$3.8m, including underwriting fees; legal, tax and accounting advice; registry costs; and other expenses associated with the raise
- Other adjustments:
  - ~$0.2m relates to GST receivables
  - ~$1.1m relates to deferred tax benefits

1. The statutory statement of financial position has been prepared using the same accounting policies disclosed in the Company's Interim Financial Report lodged with the ASX on 19 February 2018. The Interim Financial Report is available on the ASX or Company's website
2. The Company maintains a minimum level of liquidity (cash and available borrowing facilities) sufficient to meet obligations over the next 12 months, regulatory requirements such as Australian Financial Services Licence obligations and financial covenants attached to contractual obligations
3. There is a risk the SPP Offer acceptance rate may be lower (or higher) than anticipated resulting in the final proceeds from the equity raise being lower (or higher) than above

Glossary

1H FY17	Half financial year ended 31 December 2016
1H FY18	Half financial year ended 31 December 2017
AASB	Australian Accounting Standards Board
AEDT	Australian Eastern Daylight Time
ASX	Australian Securities Exchange
Atira	Operator of student accommodation. Blue Sky owns 50% of Atira
AUM	Assets Under Management calculated (i) for Blue Sky Private Real Estate Funds, as gross realisable value of the Fund; and (ii) for all other Funds, as debt and equity capital committed to that Fund.
Aura	Operator of retirement villages. Blue Sky owns 50% of Aura
BAF	Blue Sky Alternatives Access Fund Limited
BLA, Blue Sky or BSAIL	Blue Sky Alternative Investments Limited
bps	Basis points
Cove	Cove Property Group, a US based funds management business that invests in institutional grade commercial property. Blue Sky owns 38% of Cove
cps	Cents per share
CY17	Calendar year 2017
Dynamic Macro	Blue Sky Hedge Fund's core strategy which is a quantitative fund that incorporates a systematic macroeconomic overlay
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FTEs	Full time equivalent employees
FY17	Financial year ended 30 June 2017
FY18	Financial year ended 30 June 2018
FY19	Financial year ended 30 June 2019
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
n.a.	Not applicable
NPAT	Net profit after tax
NPBT	Net profit before tax
NTA	Net tangible assets
p.a.	Per annum
pcp	Prior corresponding period
PSP Investments	Canada's Public Sector Pension Investment Board
SME	Small and medium-sized enterprises
Student Quarters	A US based funds management business that invests in institutional grade student accommodation. Blue Sky owns 60% of Student Quarters
VC	Venture Capital
VWAP	Volume weighted average price

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