

BLUE SKY'S EARNINGS GROW BY 56% AS FEE-EARNING AUM REACHES \$3.25 BILLION

15 August 2017

- **Continued growth in revenue, net profit after tax ('NPAT') and fee-earning assets under management ('AUM'):**
 - Underlying revenue of \$85.0 million – an increase of 35% year on year
 - Underlying NPAT of \$25.5 million – an increase of 56% year on year
 - \$3.25 billion of fee-earning AUM at 30 June 2017 – a net increase of >\$1 billion over the last twelve months
- **On track to meet or exceed target of \$5.0 billion in fee-earning AUM by 30 June 2019**
- **Delivered returns of 15.9% p.a. net of fees to fund investors since inception¹**
- **Announced dividend of 23 cents per share ('cps') – up from 16 cps in FY16**
- **Maintained a robust balance sheet with \$150.6 million in net tangible assets, including a net cash position of \$62.2 million**

Blue Sky Alternative Investments Limited (ASX: BLA) ('Blue Sky') today announced its results for the full year ended 30 June 2017, reporting significant growth in revenue, profit and fee-earning AUM and reiterating that it is on track to meet or exceed its target of \$5.0 billion in fee-earning AUM by 30 June 2019.

Blue Sky's Managing Director, Rob Shand, commented: "Blue Sky has delivered against each of the targets we set for FY17 in relation to profitability, investor returns and fee-earning AUM. We delivered meaningful growth in revenue and NPAT, which were up by 35% and 56% respectively."

"As our track record becomes more widely known, we have seen substantial growth in our investor base, reflected in the increase in our fee-earning AUM to \$3.25 billion at 30 June 2017, which was up from \$2.1 billion twelve months earlier."

"Our ability to source proprietary investment opportunities in private markets and our team's investment track record has driven increased investment from institutions, sophisticated and retail investors in Australia and overseas," Rob Shand said.

Blue Sky's investment track record stands at 15.9% p.a. since inception net of fees as at 30 June 2017.¹ In FY17, Blue Sky delivered thirteen realisations which provided investors in those funds with an average return on equity of 66% net of fees.

"Our approach to investing remains unchanged – we focus on making long-term investments in private markets with an emphasis on businesses and assets that have exposure to what we call 'the essentials' – things that people need rather than things people want. These investments are in sectors such as food, education, retirement and water, all of which have compelling structural trends that underpin their growth," Rob Shand said.

In FY17, Blue Sky's Private Equity team made seven new investments and secured a 15-year \$50 million mandate with the South Australian Venture Capital Fund. During the year, the team also sold four of its investments, including Hospital Pharmacy Services and Oak Tree, delivering returns to investors of 2.0x and 1.9x net of fees respectively.

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In Private Real Estate, Blue Sky established a retirement living platform ('Aura') which now has five sites in development, while its Australian student accommodation portfolio (a joint venture with Goldman Sachs) now has nine sites comprising over 5,000 beds either in operation or development across Australia.

In Real Assets, Blue Sky reached first close of the Blue Sky Strategic Australian Agriculture Fund and continued to deploy capital in Australia's agriculture and water markets.

In Hedge Funds, Blue Sky's 'Dynamic Macro' fund now has a ten-year investment track record of 9.3% p.a. (net of fees), with the fund continuing to provide a genuine source of diversification for investors with a correlation to the S&P500 of -0.53.

"The outlook for Blue Sky is very positive and we have entered FY18 with significant momentum. Over the last eleven years we have built a world class team and a scalable platform that stands to benefit from the growth in alternative assets, as well as the growth in funds management in Australia more broadly. Alternative assets are forecast to be Australia's largest asset class, overtaking allocations to domestic equities within the next decade and Blue Sky is well positioned to capture that growth," Rob Shand said.

Consistent with last year, Blue Sky anticipates providing guidance for FY18 underlying earnings at the Annual General Meeting to be held on Thursday 2 November 2017.

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1. Investor returns are equity-weighted returns since inception through to 30 June 2017. Returns are net of fees (and before tax) and include both realised and unrealised investments for all investment strategies originated and managed by Blue Sky. Returns exclude funds where there has been no change in the value of the investment (i.e. recent investments). Past performance is not a reliable indicator of future performance.

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