

## BLUE SKY'S EARNINGS GROW 59% AS FEE-EARNING AUM REACHES \$3.9 BILLION

19 February 2018

- **Strong growth in underlying revenue and net profit after tax ('NPAT'):**
  - Underlying revenue of \$51.4 million, up 41% compared to 1H FY17
  - Underlying NPAT of \$16.1 million, up 59% compared to 1H FY17
- **Substantial growth in fee-earning assets under management ('AUM'):**
  - \$3.9 billion of fee-earning AUM at 31 December 2017, an increase of ~\$1.2 billion over the last twelve months
  - Target of \$5.5 - \$6.0 billion in fee-earning AUM by 30 June 2019, driven by increased demand from institutional investors
- **Returns to fund investors of 15.0% p.a. (net of fees) since inception, with realised returns of 16.7% p.a. (net of fees) since inception<sup>1</sup>**
- **On track to deliver underlying NPAT for FY18 between \$34.0 - \$36.0 million**

Blue Sky Alternative Investments Limited (ASX: BLA) ('Blue Sky') today announced its results for the half year ended 31 December 2017, reporting continued growth in underlying revenue and NPAT, as well as a substantial increase in fee-earning AUM. As a result of the growing demand, particularly from institutional investors, Blue Sky is targeting to have \$5.5 - \$6.0 billion in fee-earning AUM by 30 June 2019.

Blue Sky's Managing Director, Robert Shand, commented: "Blue Sky has continued to invest in building scale across all asset classes, and this has led to growth in underlying revenue and NPAT for the period of 41% and 59% respectively, compared to the first half of FY17."

"Fee-earning AUM increased to \$3.9 billion at 31 December 2017, an increase of ~\$1.2 billion over the last twelve months. This growth was broad based and included increased institutional investment across all four asset classes, as well as continued expansion in our sophisticated and retail investor base," Robert Shand said.

Blue Sky has generated overall investor returns of 15.0% p.a. since inception (net of fees) through to 31 December 2017, while investor returns from realised funds stand at 16.7% p.a. since inception (net of fees).<sup>1</sup>

"This eleven year investment track record is an important source of value to Blue Sky, and it has been a critical ingredient in securing a range of mandates. Our approach focuses on making long-term investments in private markets, and we continue to target sectors that are underpinned by favourable structural trends such as food, water, education, retirement, healthcare and technology. Importantly, this has been a consistent approach for many years now which has helped us develop deep expertise and networks in the areas we target." Robert Shand said.

<sup>1</sup> Past performance is not a reliable indicator of future performance. Please refer to Blue Sky's 1H FY18 Results Presentation for further details.

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In the first half of FY18, the track record of Blue Sky's **Private Equity** division was recognised with the team receiving the '2017 Exit of the Year' award for its investment in HPS at the Australian Growth Company Awards as well as 'Australia's Best Early Stage Investment' award for its investment in Pet Circle at AVCAL's annual awards.

In **Private Real Estate**, Blue Sky's retirement living platform, Aura, increased its portfolio to have over 1,100 independent living units in development. In parallel, Blue Sky's student accommodation portfolio has more than 5,200 beds either in operation or development across Australia, under the leadership of recently appointed CEO, Michael Heffernan, who previously led Campus Living Villages' business in Australia.

In **Real Assets**, the team continued to deploy capital on behalf of a range of Australian and international institutional investors, while Blue Sky's Water Fund delivered a 10.0% return in the first six months of FY18.<sup>2</sup>

In **Hedge Funds**, Blue Sky's 'Dynamic Macro' fund has a ten-year investment track record of 7.1% p.a. (net of fees), with the fund providing a compelling source of diversification for investors with a correlation to the ASX200 of -0.46.<sup>2</sup>

Blue Sky's **North American** business has substantial momentum. Its focus on capital raising has led to eight North American institutions now investing with Blue Sky, while its two joint ventures – Cove Property Group and Student Quarters – continue to perform well.

"Blue Sky has built a highly scalable platform with a high quality team, an impressive track record and a growing and diverse investor base. With this platform in place, we will continue to focus on generating compelling risk-adjusted returns for our investors whilst also building scale to capture the opportunity within the rapidly growing alternatives industry," Robert Shand said.

**For more information, please contact:**

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