

14 May 2019

Market Update

Your directors wish to further address the announcements made by Blue Sky Alternative Investments Limited (**BLA**) on 9 May 2019, regarding BLA's breach of its minimum recurring cash EBITDA covenant as at 31 March 2019 under its convertible note facility with Oaktree Capital Management, L.P. (**Oaktree**).

Given the level of uncertainty regarding BLA, your directors consider that it is in the interests of BAF shareholders to implement changes to the current approval arrangements under the Management Services Agreement (**MSA**) between BAF and the current manager, BSAAF Management Pty Limited (**BSAAF**). BAF has directed BLA and BSAAF, in accordance with the MSA, to immediately cease deployment of BAF's capital until further notice and has taken steps to ensure compliance with this direction.

Further, given the announcement by BLA on 10 May 2019 that it is withdrawing from negotiations with Wilson Asset Management International Pty Limited (**WAMI**) in respect of the change of manager proposal, your directors have no option but to delay the holding of the extraordinary general meeting which your directors had announced in BAF's market update of 12 April 2019.

The BAF board remains committed to taking action in the interests of BAF shareholders. BAF is in discussions with BSAAF and is closely reviewing BSAAF's compliance with, and performance under the MSA. BAF is also carefully considering, and seeking legal advice and information in relation to, a range of possible options, including termination of the MSA, other possible actions under the MSA and an orderly wind-down of BAF and return of capital to shareholders. BAF continues to expressly reserve its rights.

BAF will continue to closely monitor the evolving situation between BLA, Oaktree and WAMI and will provide an update to BAF shareholders when the board has made a decision in relation to BAF's position under the MSA, and which option BAF proposes to pursue.

For more information, please contact:

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