

NEW YORK UPDATE: COVE PROPERTY GROUP

7 December 2016

Cove Property Group (**Cove**) has today completed its acquisition of an office tower located at 441 Ninth Avenue in Manhattan. The transaction is a further important milestone in the growth of Cove's business, marking its second completed acquisition after its purchase of 2 Rector Street, New York, completed earlier this year.

The transaction value for the 441 Ninth Avenue asset exceeds A\$400 million, with the majority of the equity for this transaction being provided by a blue chip US institutional investor.

441 Ninth Avenue is an existing eight storey building located within a five-minute walk of Penn Station, Hudson Yards and Manhattan West. Cove plans to fully redevelop the property into a Class A office tower in one of Manhattan's most rapidly expanding submarkets, which has already begun to benefit from a projected US\$20 billion of private and public capital expenditure, and welcomed an influx of global blue chip tenants including KKR, Wells Fargo, Boston Consulting Group, Coach, JP Morgan and L'Oreal.

The transaction represents an important milestone in the ongoing development of our US business and will contribute to achieving Blue Sky's guidance in relation to its FY17 earnings (A\$24-26 million) and its fee-earning assets under management (at least A\$3 billion by 30 June 2017).

The repositioning of Cove's first acquisition – 2 Rector St – continues and is on time and on budget, with completion of the repositioning due to occur before the end of 2017.

Blue Sky Alternative Investments Limited holds a 38% economic interest in Cove Property Group.

About Cove Property Group:

Cove was established in 2015 to acquire and manage institutional quality commercial real estate assets with an initial focus on investment opportunities in New York City.

Cove's team has significant experience across core, core plus, value add and opportunistic investment assets in key global gateway cities, with particular expertise in repositioning older, under-capitalised assets and transforming them into Class A properties able to achieve significant uplifts in rental yield and tenant quality.

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