

15 May 2018**Update on Independent Review of Asset Valuations**

Blue Sky Alternative Investments Limited (ASX: BLA) ('Blue Sky' or 'the company') today announced that it had substantially completed the first phase of the previously announced independent review of asset valuations, involving 12 of 93 assets managed by Blue Sky.

The first phase of Blue Sky's independent review of asset valuations included assets within funds with a unit price greater than \$1.20 in which the Blue Sky Alternatives Access Fund (ASX: BAF) ('Alternatives Fund') is invested and other assets. The asset revaluations have included the entire portfolio of Student Accommodation (SAC) assets, three private equity assets including Wild Breads, Sunfresh Salads and Foundation Early Learning (for which a sale of the asset has been announced), and a Retirement Living project in Corinda, Brisbane. Collectively, these assets represent approximately 25% of Blue Sky's total fee-earning assets under management ('FEAUM') as at 31 March 2018.

The above revaluations included 12 of the 28 assets in respect of which Blue Sky had accrued performance fees at 31 December 2017 and as a result of the above reviews, certain SAC assets and private equity assets have reduced in value. These asset revaluations are expected to lower Blue Sky's net profit after tax (NPAT) for the year to 30 June 2018 by approximately \$7 million. This is a non-cash adjustment primarily driven by reductions in accrued performance fees.

Blue Sky further advises that as a result of the above mentioned revaluations, there is no material impact on its FEAUM announced on 7 May 2018.

Blue Sky advised the ASX on 7 May 2018 that it was withdrawing earnings guidance for FY18 and FEAUM guidance for FY18 and FY19. The results of the first phase of asset revaluations, based on independent review, were not known at that time.

Blue Sky also notes the announcement yesterday by the Alternatives Fund regarding its monthly NTA report, which provides a summary of investment performance of several funds and the results of the independent review of asset valuations as they relate to the Alternatives Fund's investments in Blue Sky managed funds.

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