

13 October 2017

Dear Shareholder

Blue Sky Alternatives Access Fund Limited (ASX:BAF) (the 'Alternatives Fund') – Net Tangible Assets ('NTA') per share for September 2017

The Alternatives Fund is pleased to report a pre-tax NTA increase to \$1.1196 per share in September, a gain of 0.7%.

During the month, the Alternatives Fund saw a strong performance from the Blue Sky Water Fund (+2.0%), whilst also accruing a number of regular distributions in respect of the September quarter, including a maiden 3.5% distribution from the Blue Sky Student Accommodation Fund II.

A return of remaining capital and an initial 20% profit distribution were also received from the Grantson Street Windsor Trust.

Lastly, the Alternatives Fund deployed capital into two new investments, including \$2.0 million into Blue Sky's first renewable energy asset (a 11MW solar farm in western Queensland) and \$0.5 million follow on capital into an existing student accommodation project.

We look forward to bringing you our next investor update in relation to October 2017.

Yours faithfully

Andrew Champion

Executive Chairman

Important note

BSAAF Management Pty Ltd ABN 82 168 923 279 has prepared the information in this document. This document has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance.



MONTHLY UPDATE

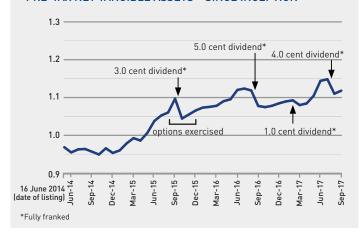
SEPTEMBER 2017

NET TANGIBLE ASSETS - AS AT 30 SEPTEMBER 20171

Net Tangible Assets (NTA) per share (pre-tax)	\$ 1.1196
Net Tangible Assets (NTA) per share (post-tax)	\$ 1.0911

1. NTA figures in this report are unaudited.

PRE-TAX NET TANGIBLE ASSETS - SINCE INCEPTION



PORTFOLIO VALUATION²

	Current value (\$'m)	% of Portfolio
PRIVATE EQUITY		
Growth Capital	\$39.07	20.5%
Venture Capital	\$11.94	6.2%
Subtotal	\$51.01	26.7%
REAL ASSETS		
Water Fund	\$32.54	17.0%
Strategic Australian Agriculture Fund	\$3.74	2.0%
Other Real Assets	\$15.32	8.0%
Subtotal	\$51.60	27.0%
PRIVATE REAL ESTATE		
Residential Development	\$9.60	5.0%
Retirement Living	\$14.67	7.7%
Student Accommodation	\$39.31	20.6%
Cove and Other Real Estate	\$13.84	7.3%
Subtotal ³	\$77.42	40.6%
Cash ⁴	\$10.86	5.7%
GRAND TOTAL	\$190.89	100.0%

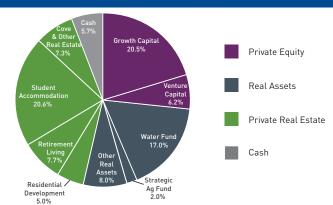
- Figures in this report are unaudited. The current value for each investment in the table above is consistent with the
 Alternatives Fund's investment valuation policy, which may be found at blueskyfunds.com.au/alternativesfund. Note
 that the total value of the investment portfolio will not directly reconcile to the NTA due to the impact of interest
 revenue, management fees, accrued performance fees, etc.
- The allocation to Private Real Estate exceeded the mandated 40% allocation limit at 30 September 2017 due to the payment of the FY17 final dividend. No further deployment will be made into this asset class until such time that the allocation is less than 40%.
- Includes capital to fund the remaining \$11.25 million of the \$15.0 million commitment to the Strategic Australian
 Agriculture Fund, which will be called progressively over a three year investment period which commenced in July
 2017.

Important Notice: BSAAF Management Pty Ltd ACN 168 923 279 ['Manager'] has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in the Alternatives Fund nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of the Alternatives Fund and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance. Further, forward looking statements, including projections, guidance on future earnings, opinions and estimates in this announcement ("Forward Looking Statements") are based on assumptions and contingencies which are subject to change, as are statements about market and industry trends, which are based on interpretations of current market conditions. These statements are also subject to known and unknown risks and uncertainties many of which are outside the control of the Manager or the Alternatives Fund. Forward Looking Statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

FUND PERFORMANCE ⁵		
Pre-Tax	Post-Tax	
0.72%	0.43%	
2.80%	2.45%	
8.77%	7.10%	
10.43%	10.35%	
9.85%	8.94%	
36.26%	32.57%	
	Pre-Tax 0.72% 2.80% 8.77% 10.43% 9.85%	

5. Includes NTA growth, dividends and franking credits.

SECTOR WEIGHTINGS



ABOUT THE ALTERNATIVES FUND

Blue Sky Alternatives Access Fund Limited ('Alternatives Fund') is a listed investment company that invests in a diverse range of alternative assets including:

- Private equity;
- Real assets;
- Private real estate; and
- Hedge funds.

The Alternatives Fund is the only listed investment company on the Australian Securities Exchange ('ASX') that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets.

The Alternatives Fund is listed on the ASX under the code BAF.

OBJECTIVES OF THE ALTERNATIVES FUND

The primary objectives of the Alternatives Fund are to:

- Deliver long term absolute returns to shareholders, comprised of both capital appreciation and a dividend yield (franked to either 100% or the maximum extent possible);
- Provide investors with access to a diverse range of alternative assets; and
- Provide investors with the ability to invest in alternative assets through an ASX listed structure that is more readily accessible and liquid than is typical for many alternative assets.

MANAGER OF THE ALTERNATIVES FUND

BSAAF Management Pty Limited ('Manager') is the manager of the Alternatives Fund. All investments made by the Manager on behalf of the Alternatives Fund are directly managed by wholly owned subsidiaries of Blue Sky Alternative Investments Limited (ASX:BLA) ('Blue Sky').

Blue Sky has \$3.25 billion in fee-earning assets under management and a ten year track record of generating overall returns to investors in its funds of 15.9% p.a. (net of fees compounding since inception).6

Assets under management as at 30 June 2017. Overall returns to investors in Blue Sky managed funds are equity weighted to 30 June 2017. For more details, please refer to BLA's regular ASX announcements on the investment performance of its funds. Please also note that past performance is not a reliable indicator of future performance.

FURTHER INFORMATION

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The pre-tax NTA of the Alternatives Fund increased by 0.8 cents per share, or 0.7%, in September to \$1.1196 per share. The gain was largely driven by a positive month for the Blue Sky Water Fund and the accrual of a number of regular distributions which were declared in respect of the September quarter.

REALISED INVESTMENTS

Grantson Street Windsor Trust

The Alternatives Fund received the remainder of its invested capital and an initial 20% profit distribution from the Grantson Street Windsor Trust during September. This residential development project remains on track to deliver returns in excess of 1.5x over the next two months.

INVESTMENT PERFORMANCE

• Blue Sky Water Fund

The Blue Sky Water Fund experienced another positive month of gains, recording an overall 2.0% increase to carrying value in September. This was the result of growth across most Water Entitlements within the fund's portfolio, as well as strengthening Water Allocation prices reflecting dry and warm conditions across the Murray-Darling Basin ('MDB'), with the MDB experiencing its driest September in recorded history.

· Other revaluations during the month

A range of other minor valuation adjustments were made during September, including:

- an uplift in the carrying value of the SMG Fund and the Blue Sky VC2014 Fund, reflecting the price at which new capital is being raised into the SMG business and the G01 business (a portfolio company within the Blue Sky VC2014 Fund);
- a markup to the WUA II Fund to reflect the final exit proceeds from this investment (total return of c. 1.07x invested capital) which are scheduled to be received in October;
- a minor write down to the final exit proceeds expected from the Logan Road Greenslopes Trust due to the accrual of additional project completion expenses; and
- a positive adjustment to the carrying value of the 19 Railway Terrace Trust after improvements to the investment's structure led to some minor gains.

DISTRIBUTIONS

The Alternatives Fund has accrued the following distributions in respect of the September quarter:

- Blue Sky Student Accommodation Fund I ~ a 3.0% regular quarterly distribution;
- Blue Sky Student Accommodation Fund II ~ a maiden distribution of 3.5%, in line with the investment case;
- Blue Sky Darra Industrial Income Fund ~ a 2.4% regular quarterly distribution;
- Blue Sky Hotel Fund ~ a 2.5% regular quarterly distribution; and
- Blue Sky QFS Fund ~ a quarterly instalment of 0.88%.



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NEW INVESTMENTS

Blue Sky Solar Fund

During September, the Alternatives Fund invested \$2.0 million in a fund which will develop and operate an 11MWp solar farm in western Queensland. The fund is investing equity alongside a management team with a proven track record, having established over 100 commercial-scale ground mounted solar projects across regional Australia.

The project will utilise a proven design, efficient construction techniques and quality componentry to deliver a project which will commence supplying renewable energy to the National Electricity Market in the coming months.

The Alternatives Fund anticipates an investment horizon of 5 years and attractive regular cash yields once established.

Blue Sky La Trobe Street Fund (follow-on fund to Student Accommodation Fund III)

The Alternatives Fund invested a further \$0.5 million into the La Trobe Street, Melbourne 763-bed purpose-built student accommodation development project, representing the Alternatives Fund's pro-rata share of follow-on capital raised.

Blue Sky La Trobe Street Fund is lending \$2.2 million to Student Accommodation Fund III. The loan is structured with an interest rate of 10% per annum and is anticipated to be repaid in March 2019. This funding is being provided to meet additional construction costs, driven in part by an increase in the height of the building (from 37 floors to 42 floors) as well as some minor delays from the discovery of historical artefacts during demolition.

This increase in costs does not exceed the overall contingency allowed for in the project, and debt has been secured on more favourable terms than in the original investment thesis. The fund is expected to deliver returns in line with its investment case with further upside potential should future market transactions provide evidence of an anticipated capitalisation rate compression for purpose-built student accommodation across Australian capital cities.

DIVIDEND REINVESTMENT PLAN ('DRP') ISSUE

On 18 September 2017, the Alternatives Fund paid its 4.0 cents per share fully franked final dividend in relation to FY17. As part of the Alternatives Fund's dividend reinvestment plan, 404,834 fully paid ordinary shares were issued to participants in respect of this dividend. Following allotment, the total number of fully paid shares on issue is now 171,551,515.