



Duxton Water Limited Monthly Update

30 November 2017

DUXTON
WATER LTD

Net Asset Value per Share

\$1.18

Duxton Water	
ASX Code (Shares)	D20
ASX Code (Options)	D200
Shares on Issue	71,193,632
Options Outstanding	63,962,406
Options Exercise Price	\$1.10
Options Expiry	31 May 2018

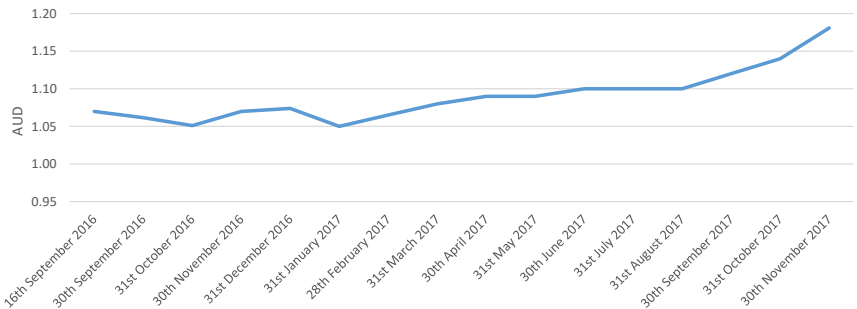
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

Net Asset Value per Share

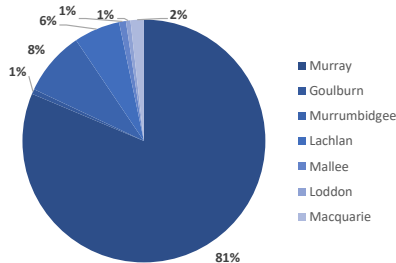
Duxton Water's NAV as at 30 November 2017 was \$1.18 per share.

These figures are not adjusted for any dilution due to the outstanding options which are exercisable at \$1.10. NAV is calculated based on an independent monthly portfolio valuation performed by Aither Pty Ltd (Aither). The after tax figure takes into account the provision for deferred tax on set-up costs and estimates of net tax provisions that may arise should the entire portfolio be disposed of on the above date.

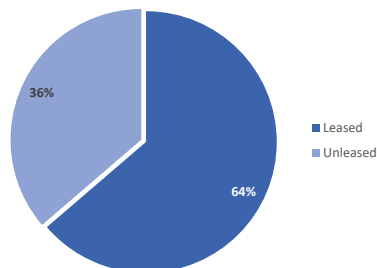
Net Asset Value per Share - Since Inception



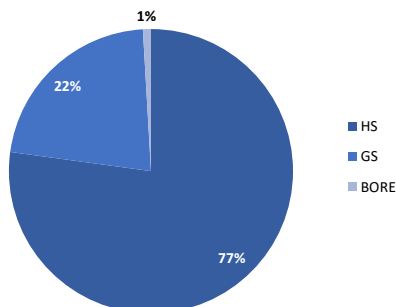
Entitlement Portfolio Value by Region



Water Portfolio Diversification



Water Security Breakdown



Performance	Gain/Loss
1 Month	3.59%
3 Months	7.35%
6 Months	8.34%
12 Months	10.36%
Inception	10.36%

Market Summary

Storage levels of the major dams within the Murray Darling Basin (MDB) decreased 2.5% over the past month. Total MDB storage levels were 15.4% lower than November 2016. Through the last week of November a slow moving trough system triggered thunderstorm activity over areas of the MDB with moderate to heavy rainfall recorded across parts of New South Wales, inflow impact will be better understood in early December.

Allocation levels rose throughout November as Government Water Authorities increased allocations available to water entitlement holders. Allocations for New South Wales Murray High Security, Victoria Murray High Reliability and South Australia High Security remained at 97%, 100% and 100% respectively as at 30 November. New South Wales Murray General Security have received allocations of 35%. Including carryover, Duxton Water presently has approximately 17GL of unleased water allocations available.

Southern Basin

The Hume and Dartmouth reservoirs closed the month at 75% and 87% of capacity, respectively. Approximately 18% of the water held in these storages is carry over held by licence holders from the 16/17 water year. Across the MDB the Bureau of Meteorology reported that mean rainfall for November was 4% below average.

Continued strong demand for Water Entitlements has underpinned the price through the month of November. Price increases were seen broadly across the market. Victorian Goulburn High Reliability Water and Victorian Murray High Security water zones increasing 6.26% and 6.90% respectively.

Temporary water prices for the month fell back from their highs as demand softened due to projected end of month rainfall. The major water zones prices range from \$140/ML to \$100/ML.

Northern Basin

Northern Basin Water Entitlement prices displayed a small increase of 3.7% within Macquarie's temporary water market. Allocation prices have shown strong increases for the water year to date on the back of increased summer annual cropping demand.



Duxton Water Limited Monthly Update

30 November 2017

DUXTON WATER LTD

Investment Update

Permanent Water Acquisitions and Divestments

As per the market release announcing the Independent Valuer Appointment, Duxton Water has engaged Aither Pty Ltd (Aither), Australia's leading independent water market adviser, to provide monthly valuations of the Duxton Water portfolio. The first of these independent valuations has been undertaken based on the portfolio position as at 30 November 2017, which was provided to Duxton Water on 5 December 2017 and forms the basis of the Company's monthly NAV calculation.

As at 30 November 2017, Duxton Water is invested in approximately \$82.2 m of water entitlements with the remainder of the portfolio held in cash and net current assets.

2,402ML of Water Entitlements valued at \$6.8m settled during the month as part of the Duxton Vineyards sale and leaseback agreement. These Water Entitlements were exchanged for 6.61m shares in Duxton Water.

The remainder of the portfolio uplift is as a result of the shift from a settled register based internal valuation to a fair market independent valuation.

Temporary Water Sales

In November, 750ML of allocation were sold. YTD allocation sales amount to 17,500ML.

Lease Yield

In November, the Company entered into a 7-year lease contract for 2,402ML of Water Entitlements at a rate of 7%. This increases the weighted average yield for long-term leases to 6.20% (compared to 6.06% previously). 64% of the portfolio is currently leased.

Total Yield

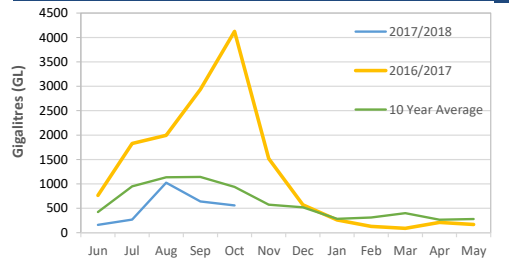
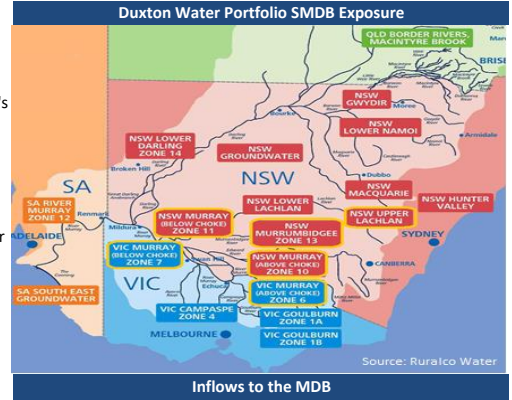
The Company's yield is comprised of two income streams: leased and unleased. The leased income is currently at 6.20% (annualised) and the unleased income is 3.57% (running). The weighted average running yield of the two streams is 5.25%.

Dividends

The Company paid its maiden dividend, of 2.3 cents per share franked at 75%, to investors on 16 November 2017. The Company aims to pay biannual dividends moving forward.

Valuation Methodology

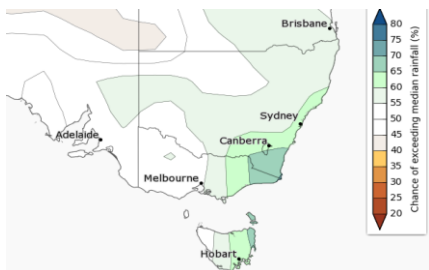
Aither undertake a monthly valuation of the Duxton Water portfolio. Total assets of the Company are valued based on an assessment of fair market value. Aither has adopted the Australian Accounting Standards Board (AASB)13 Fair Value Measurement definition of fair value. Further information regarding the change in the valuation methodology is attached to this monthly update.



Market Outlook

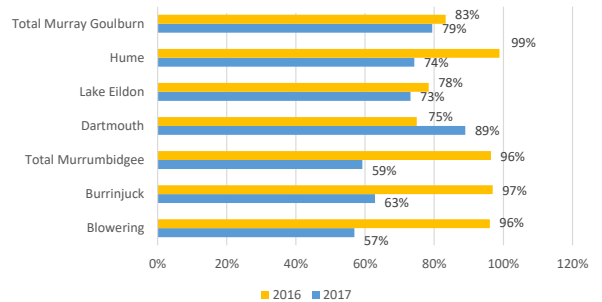
The latest Bureau of Meteorology outlooks are suggestive of a wetter southeast Australia in December with moderate climatic conditions over the following two months for the Murray Darling Basin. Models are forecasting a 60%-70% chance of below median rainfall across the Southern Connected Basin (see chart below).

The Chance of Above Median Rainfall for November- January



Source: Bureau of Meteorology

Storage Levels



Disclaimer

This factsheet is prepared by Duxton Capital (Australia) Pty Ltd [ACN: 164 225 647; AFSL no. 450218] ("Duxton Capital (Australia)"). Duxton Capital (Australia) is the Investment Manager of Duxton Water Limited [ACN 611 976 517] ("Duxton Water").

This factsheet 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 Duxton Water. Information from this factsheet must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to local law or regulation. The terms of Duxton Water are set out in the prospectus of Duxton Water ("Prospectus"), and should there be any conflict between the terms set out in this factsheet and the Prospectus, the terms in the Prospectus shall prevail.

The forecasts provided are based upon our opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of shares/ units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met.

This document does not constitute investment, tax, legal or any other form of advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. If you require investment or financial advice please contact a regulated financial adviser. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in this presentation.

The Duxton Group or its affiliates may hold positions in the securities referred. Where stocks are mentioned, it should not be construed that these are recommendations to buy or sell those stocks.

You are not authorized to redistribute this document nor qualified to make any offer, representation or contract on behalf of Duxton Capital (Australia) or its affiliates. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by Duxton Capital (Australia) or its affiliates or any of their directors or employees. The information and opinions contained may also change. Copyright protection exists in this presentation. To the extent permitted by applicable law, none of the Duxton Group, their affiliates, or any officer or employee of the Duxton Group accepts any liability whatsoever for any direct or consequential loss arising from any use of this factsheet or its contents, including for negligence.