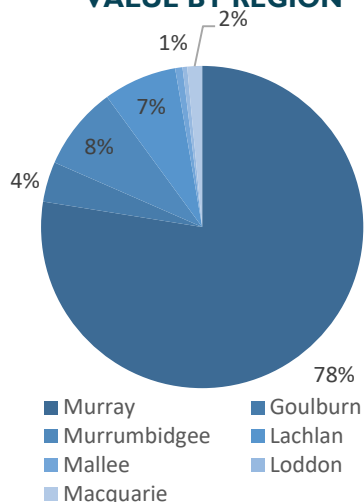


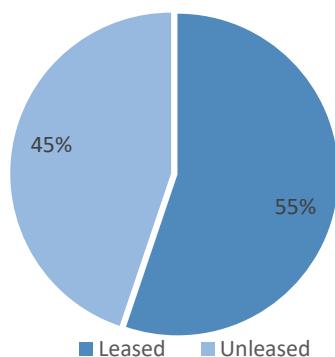
DUXTON WATER

ASX Code (Shares)	D2O
ASX Code (Options)	D2OO
Shares on Issue	73,094,343
Options Outstanding	62,132,906
Options Exercise Price	\$1.10
Options Expiry	31 May 2018

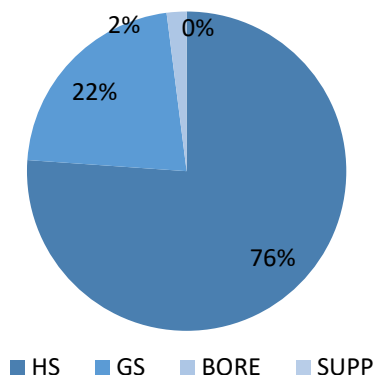
ENTITLEMENT PORTFOLIO VALUE BY REGION



WATER PORTFOLIO DIVERSIFICATION



WATER SECURITY BREAKDOWN

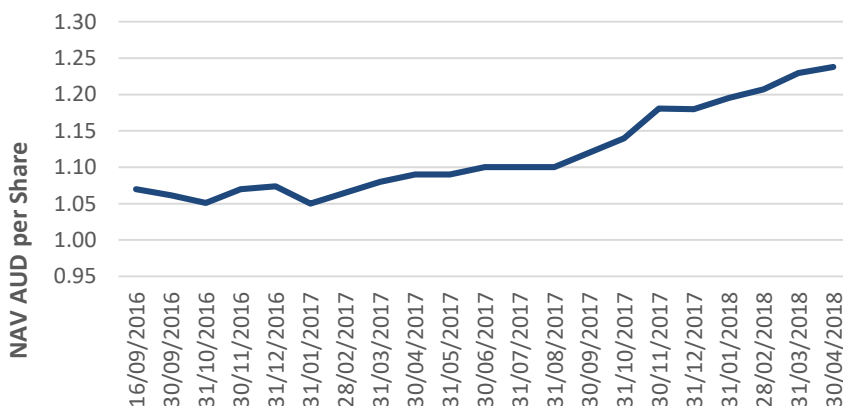


The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at **30 April 2018** was **\$1.24** per share. The after tax NAV 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. These figures are not adjusted for any dilution due to the outstanding options which are exercisable at \$1.10. NAV is calculated based on independent monthly portfolio valuation performed by Aither Pty Ltd ("Aither").

NET ASSET VALUE PER SHARE – SINCE INCEPTION



PERFORMANCE

GAIN/LOSS

1 Month	2.64%	Less Dividend 1.96%*	0.68%
3 Months*			3.47%
6 Months*			8.58%
12 Months*			13.36%
Inception			15.36%
Inception (+ franked distributions Nov 17 & April 18)			20.96%

*A 2.4c Dividend, franked to 60%, was paid to Shareholders on 18 April 2018 reducing NAV.

MARKET UPDATE

Market Summary

Storage levels of the major dams within the Murray Darling Basin (MDB) decreased by 3% through April. Total MDB storage levels were 19% lower than at the end of April 2017.

No allocations were announced through April. As Focus turns to the 18/19 Water Season we are moving into the new water year with lower storage volumes and drier forecast conditions, water availability is likely to lower. High Security Entitlements in South Australia Murray, and NSW Murray and Murrumbidgee have had their opening allocations confirmed at 100%, 97%, & 95% respectively. Victorian High Security Entitlements may open lower based on current conditions. Victorian Murray and Goulburn High Security Entitlements will open at least 35% and 20% respectively with resource improvements occurring as further water becomes available. Duxton Water presently hold approximately 12.2GL of unleased water allocations. The deployment of this allocation will be balanced between end of season sales and carryover, positioning the Company ahead of drier conditions and high pricing in the new water year (from 1 July).

Southern Basin

The Hume and Dartmouth reservoirs closed the month at 31% and 89% of capacity respectively. Entitlement demand remained strong. VIC Murray Zone 6 (14.15% of portfolio) and Goulburn (3.65% of portfolio) High Reliability Entitlements increased by 7% through March closing some of the gap that had forming between these and other High Security Entitlements. Temporary water prices increased as irrigators purchased to cover overuse and for carryover. Prices in the Murray have increased to \$170/ML with prices up to \$200/ML in the Murrumbidgee (season peaks). Forward allocation prices for 18/19 are at \$180/ML in the Murray and \$230/ML in the Murrumbidgee.

Northern Basin

A further 7% increase in Lachlan General Security Entitlement Values was achieved on top of last months uplift (6.11% of portfolio).

INVESTMENT UPDATE

Permanent Water Acquisitions and Divestments

At 30 April 2018, Duxton Water is invested in approximately \$101.7 million of water entitlements with the remainder of the portfolio held in cash and net current assets. Duxton Water holds contracts over a further \$4.8 million of water entitlements at the 30th April 2018.

Temporary Water Sales

677ML of allocation were sold throughout April. The Company's yield from its unleased Entitlements is expected to increase through its financial year as it divests the remainder of its current held allocations and derive returns from the next water years allocations from the 1st of July.

The allocation sales to date for 2018 amount to 17,688 ML.

Lease Yield

No new leases were entered into in April.

55% of the Company's portfolio is leased with a weighted average yield of 6.20% and a weighted average lease duration of 5.18 years.

Total Yield

Duxton Water's yield is comprised of two streams of income: leased and unleased income.

Assuming a steady state basis, the forecast annual gross yield to the end of 2018 will be 6.10%

(This is a forecast and actual results may vary).

Dividends

In line with the Company's objectives of paying a dividend to shareholders biannually, on the 18th April 2018 the Company paid its second dividend to its shareholders of 2.4 cents per share payable in Australian dollars. The dividend was franked to 60% for Australian taxation purposes.

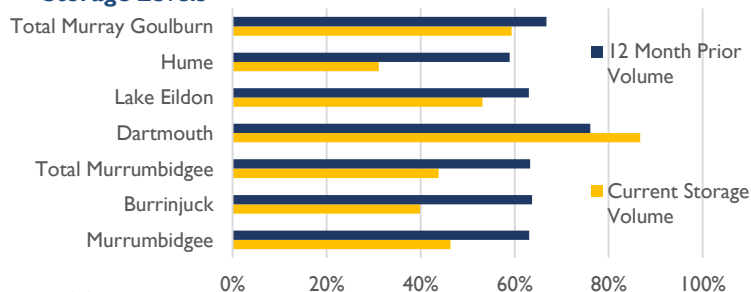
Valuation Methodology

Aither undertakes 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 can be found on www.duxtonwater.com.au.

MARKET OUTLOOK

The latest Bureau of Meteorology outlooks continue to suggest of a drier Autumn and early winter with a below-average to neutral chance of median rainfall over the next quarter (see chart below).

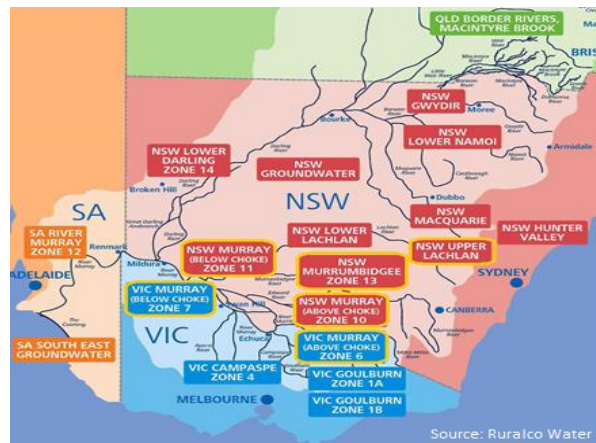
Storage Levels



DISCLAIMER

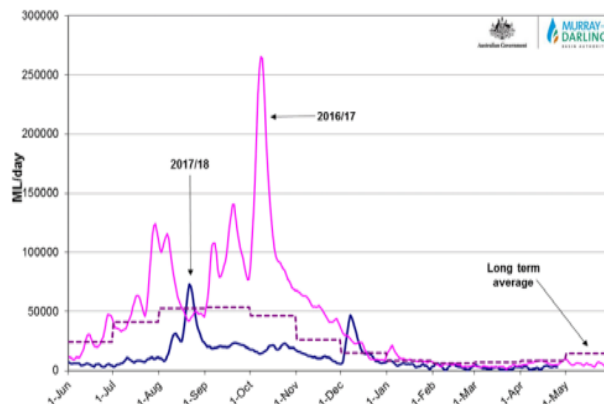
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DUXTON WATER PORTFOLIO – SMDB EXPOSURE



INFLOWS TO THE MDB

Murray System Daily Inflows (excl. Snowy, Darling, inter-valley trade and Environmental Inflows) - 5 day rolling average



The chance of above-median rainfall for May – July 2018

