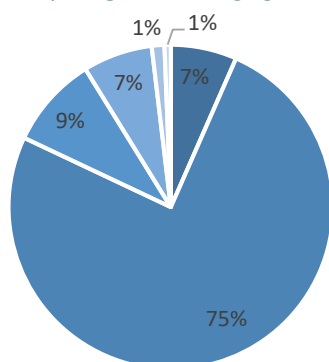


DUXTON WATER

ASX Code (Shares) D2O

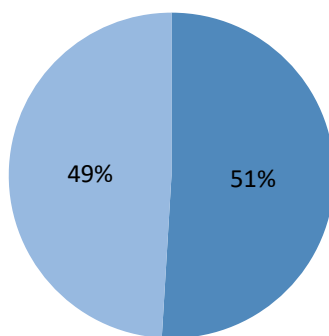
Shares on Issue 89,529,624

ENTITLEMENT PORTFOLIO VALUE BY REGION



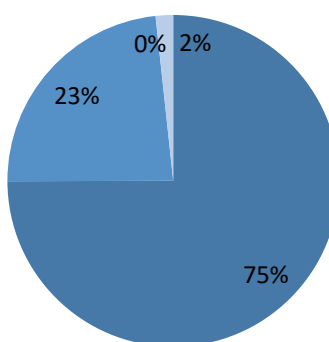
- Goulburn
- Murray
- Murrumbidgee
- Lachlan
- Macquarie
- Mallee

WATER PORTFOLIO DIVERSIFICATION



- Leased
- Unleased

WATER SECURITY BREAKDOWN



- HS
- GS
- Supp
- Bore

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.

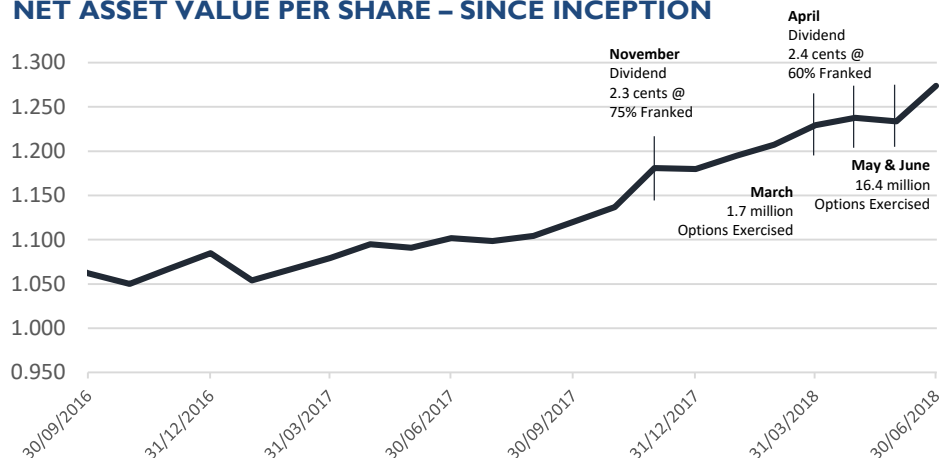
NET ASSET VALUE PER SHARE

Duxton Water's NAV as at **30 June 2018** was **\$1.27** per share.

A further 4,098,245 Shares were issued in June upon exercise of \$1.10 Options prior to their expiry on the 31st May 2018.

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. NAV is calculated based on an independent monthly portfolio valuation performed by Aither Pty Ltd ("Aither").

NET ASSET VALUE PER SHARE – SINCE INCEPTION



PERFORMANCE

GAIN/LOSS

1 Month	3.28%
3 Months	3.62%
6 Months	7.97%
12 Months	15.61%
Inception	19.06%
Inception (+ franked distributions Nov & April)	24.34%

MARKET UPDATE

Market Summary

The Murray Darling Basin (MDB) had one of the driest January to June periods on record and the driest since 1986. Storage levels of the major dams within the MDB increased by just 3% through June with lower than average rainfall received across the Basin. Total MDB storage levels are 17% lower than at the end of June 2017. The drier conditions resulted in increased irrigation requirements within a number of regions, with many irrigators running short or overusing their available allocations. Irrigator requirements to balance water accounts by 30 June saw allocation prices strengthen with further demand coming from Carry Over purchasing.

The 18/19 Water Season begins with lower storage volumes and drier forecast conditions for the upcoming Winter. Combined this is likely to deliver lower water availability in the season ahead.

Opening Allocations for the 18/19 Water Season have been in line with forecasts. Opening allocations of 100%, 97%, and 95% for SA and NSW Murray and Murrumbidgee High Security Entitlements with Victorian Murray and Goulburn High Reliability entitlements opening at 41% and 32% respectively.

Southern Basin

The Hume and Dartmouth reservoirs ended the month at 43% and 89% of capacity respectively. Entitlement demand remained strong with both High Security and General Security Entitlements reflecting a large uplift. Victorian Murray Zone 6 & 7 HR saw increases of ~3% (28% of portfolio) and NSW Murray HS saw increases of 5.9% (28% of portfolio). Murrumbidgee HS increased by 5.5% (7.4% of portfolio). NSW Murray GS Entitlements had the largest price increases, with a 17% and 16% increase for Zone 10 and 11 (10.3% and 4.2% of portfolio).

Allocation Prices in both the Murray and Murrumbidgee have increased to \$200/ML at the end of June (season peak). Forward allocation prices for 18/19 Water Season have closed at \$230/ML in the Murray and \$250/ML in the Murrumbidgee.

Northern Basin

Continuing demand for permanent entitlement were seen within the Lachlan Valley, leading to a further 5.8% increase in Lachlan General Security Entitlement Values (5.8% of portfolio).

INVESTMENT UPDATE

Permanent Water Acquisitions and Divestments

At 30 June 2018, Duxton Water is invested in approximately \$119.8 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 million of water entitlements at the 30 June 2018.

Temporary Water Sales

Duxton Water utilized its Entitlement Carry Over capability to take Water Allocation into the 2018/19 Water Season. This has enabled the Company to position itself ahead of expected stronger allocation pricing and to assist our irrigator customers through drier forecast conditions for 2018. The allocation sales to date for 2018 amount to 40.7GL.

Leases

No new leases were entered into in June.

51% of the Company's portfolio is leased with an average weighted lease duration of 5 years.

Dividends

In line with the Company's goals 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.

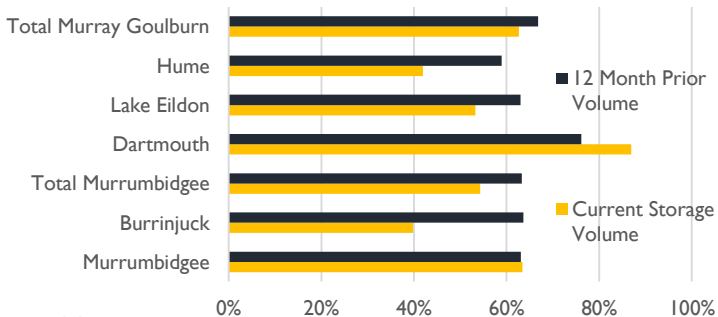
Valuation Methodology

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

MARKET OUTLOOK

The latest Bureau of Meteorology outlooks continue to suggest a drier Winter with a below-average chance of median rainfall over the next quarter along with a high probability of above average temperatures within the southeast of Australia (see chart below). Daily inflows into the Murray System for the calendar year 2018 remain at below long term average levels (see chart right).

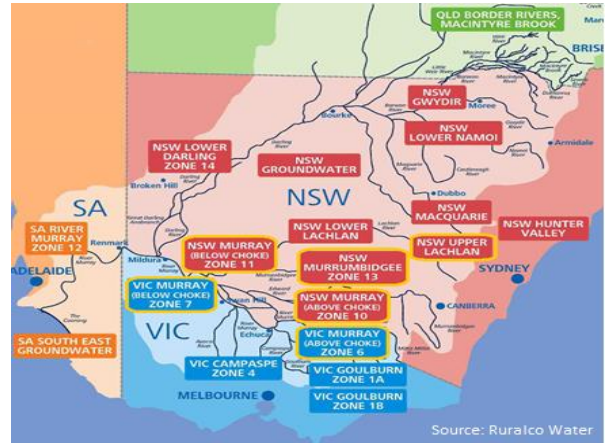
Storage Levels in Major Dams



DISCLAIMER

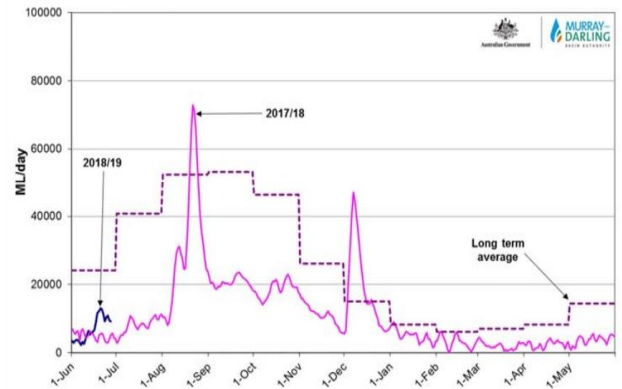
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DUXTON WATER PORTFOLIO – SMDB EXPOSURE



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 July – September 2018

