



Duxton Water Limited Monthly Update

30 September 2016

Net Asset Value per Share

\$1.06

Duxton Water	
ASX Code (Shares)	D20
ASX Code (Options)	D200
Shares on Issue	63,965,406
Options Outstanding	63,965,406
Options Exercise Price	\$1.10
Options Expiry	31 May 2018

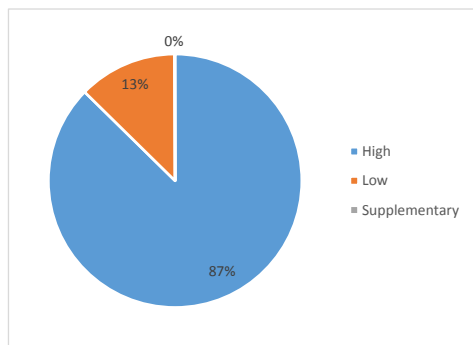
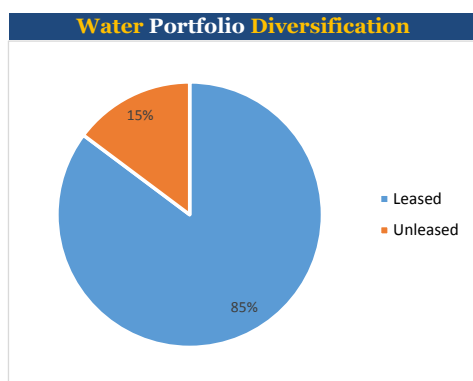
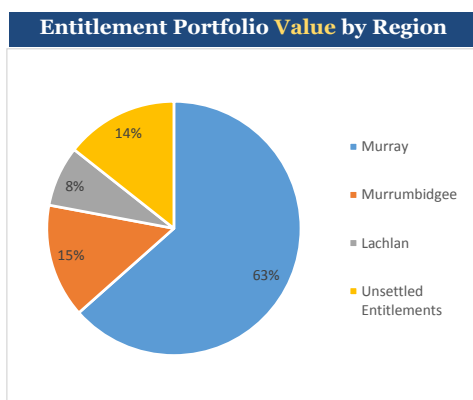
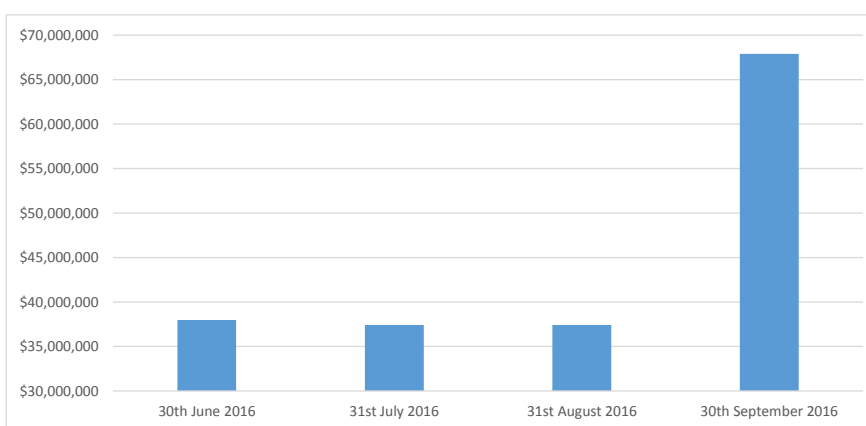
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

Net Asset Value per Share

Duxton Water's NAV as at 30 September 2016 was \$1.06 per share.

These figures are not adjusted for any dilution due to the outstanding options which are exercisable at \$1.10. 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 - Since Inception



Performance	Gain/Loss
1 Month	-0.13%
3 Months	-1.61%
6 Months	N/A
12 Months	N/A
Inception	-1.61%

Market Update

Murray System

Continued rainfall across the southern Murray Darling Basin throughout September has added further moisture to an already saturated basin. Total inflows into the Murray system were 16,645,370ML, compared to the 10 year average of 7,031,229. This was off the back of the Hume and Dartmouth reservoirs increasing storage levels to 97% and 64%, respectively. The Hume Reservoir received total rainfall of 135.2mm (highest on record), compared to the long-term average of 62mm. In addition to improving storage levels, this rain stimulated higher river heights and flows as well as isolated flood events in north east Victoria and NSW. Temporary water prices in Victoria declined substantially in September due to the significant rainfall. Permanent water prices held relatively well throughout the month, considering the heavy rainfall. In Victoria, zone 6 and zone 7 increased by 1.51% and decreased by 0.48%, respectively. In NSW, zone 11 high security water saw a decrease of 1.80%.

Murrumbidgee and Lachlan Valleys

Central NSW received some of the heaviest rainfall on record in September, causing widespread flooding in the Forbes region. The Lachlan River reached 11m, surpassing the 1990 floods. Nearly all dams and reservoirs in the Lachlan and Murrumbidgee systems reached full capacity in September. As a result, temporary prices in the Murrumbidgee and Lachlan valley dropped to levels similar to the 2013/14 season. Permanent prices for the two valleys held their value in September, mainly due to the lack of trades throughout the month.



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Investment Update

Permanent Water Acquisitions and Divestments

As at 30 September 2016, Duxton Water's cash position was \$30,361,199. Duxton Water signed contracts to purchase \$6,262,422 in September comprised of 65% high security and 35% general security water.

Temporary Water Yield

Temporary price targets for unsold allocations are targeted for sale in the warmer months, especially considering the wet season we're currently experiencing. Due to this we expect general security allocations to be high, and remain confident at achieving budgeted yields.

Lease Yield

No new leases were signed in September, with the weighted average yield for long-term leases remaining at 5.94% (cost base: \$33,664,332).

Valuation Methodology

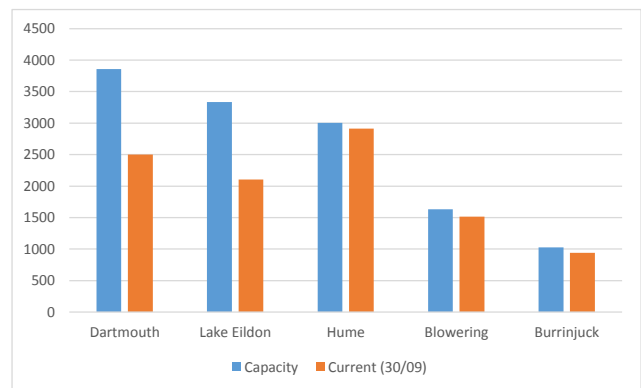
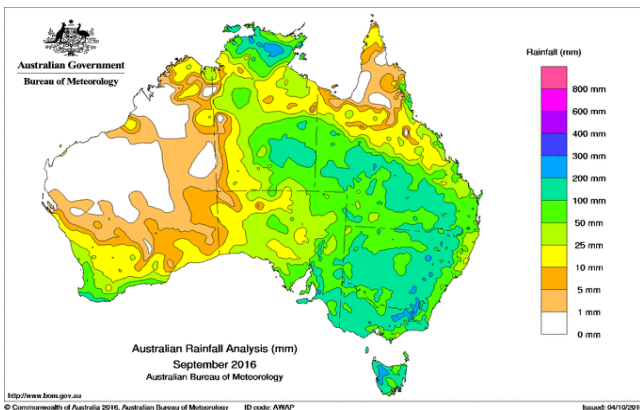
Total assets of the Company are valued at fair market value based upon independent valuation, or the weighted average price of the last three applicable trades on or prior to the relevant Valuation Day, received from the respective state register, excluding outliers. Outliers are defined as a trade with greater than 10% variance from the last weighted average price and transactions that are less than 10ML (unless there are no applicable transactions greater than 10ML) less the total liabilities of the Company excluding provisions for tax payable and Performance Fee.

Duxton Water Portfolio SMDB Exposure



Market Outlook

Prolonged wet weather and the likelihood for improved water availabilities are continuing to delay the need for irrigators to purchase temporary allocations for immediate usage. Although Spring has commenced, the significant rainfall and flooding across parts of Victoria and NSW should see market prices continue to soften. However, the onset of warmer spring weather is seeing demand from within the SA Riverland and VIC/NSW Sunraysia improve. Allocation announcements were made on the 15th September with very generous increases. We expect general security seasonal determinations to continue to increase throughout October.



Disclaimer

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