

6 December 2017

ASX Announcement



APPOINTMENT OF INDEPENDENT VALUER

Duxton Water Limited (“Duxton Water” or “the Company”) advises of the appointment of Aither Pty Ltd (Aither), Australia’s leading independent water advisory firm, to provide an ongoing independent monthly valuation of the Duxton Water Portfolio.

Since listing Duxton Water has undertaken internal monthly valuations of the portfolio based on settled register data. This information has been provided through a Net Asset Value (NAV) within the monthly update.

The Directors have formed the view that as Duxton Water enters its second year as a listed entity and continues to grow, it is prudent that the value assessment of the portfolio is undertaken by an independent third party.

A monthly valuation will be undertaken by Aither which will form the basis of the NAV calculation released through the monthly update.

It is expected that the fair market approach adopted by Aither will also better align the NAV with current water market pricing. The previous settled-register based valuation methodology lagged the current water market value due to the protracted nature of water entitlement conveyance.

The Board have adopted the 30 November 2017 Aither Valuation, received on the 5 December 2017, for inclusion in the November 2017 monthly update.

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Previous Valuation Methodology:

Total assets of the Company are valued at fair market value based upon 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 10.0% 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

Aither Market Value Assessment Method:

Aither has undertaken this valuation based on an assessment of fair market value for each entitlement and allocation type on the last day of every calendar month. Aither has adopted the Australian Accounting Standards Board (AASB)13 Fair Value Measurement definition of fair value; being:

“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

For each entitlement and allocation type held by the Duxton Water Portfolio, and based on the data available, Aither has employed a market valuation approach to inform our fair market valuation (see AASB 13).

In practice, the method draws on publicly available water trade data from the Victorian, New South Wales and South Australian Water Registers as well as analysis of trade data obtained from several market intermediaries.

The scope of Aither's valuation does not include an assessment of the positive or negative impact that an encumbrance, such as a lease agreement, can have on a specific entitlement's market value.