

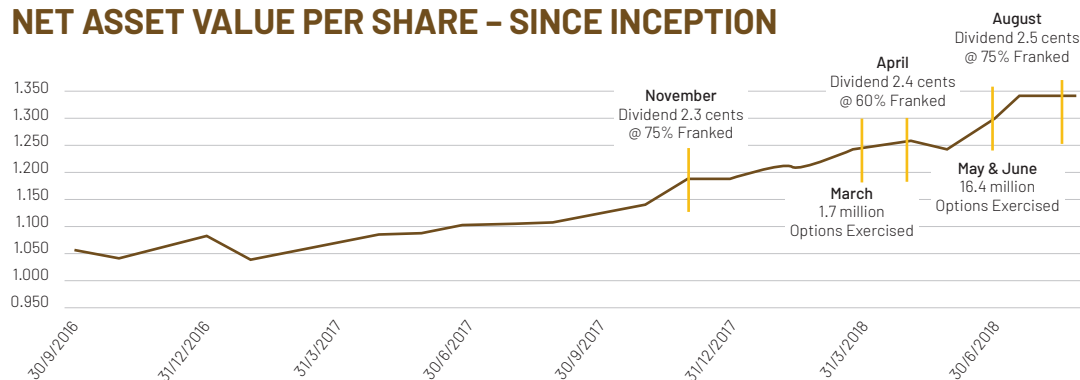
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 31 August 2018 was \$1.34 per share ex-div (2.5cents 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. NAV is calculated based on an independent monthly portfolio valuation performed by Aither Pty Ltd ("Aither").

NET ASSET VALUE PER SHARE – SINCE INCEPTION



PERFORMANCE*

| 1 Month | 3 Months | 6 Months | 12 Months | Inception | Inception** |
|---------|----------|----------|-----------|-----------|-------------|
| 0.02% | 8.70% | 11.06% | 21.41% | 25.31% | 33.45% |

*These figures are based on NAV movements

**This figure includes franked distributions since listing 16 Sept 2016

INVESTMENT UPDATE

At 31 August 2018, Duxton Water Ltd is invested in approximately \$134.5 million of Water Entitlements with the remainder of the portfolio held in cash and net current assets. Duxton Water holds contract over a further \$14.9 million of Water Entitlements as at 31 August 2018.

The ex-dividend NAV has remained steady as a result of a further 1.8% uplift through August in the value of Water Entitlements, higher allocations providing more temporary water from held Water Entitlements, and an increase in the value of held allocation with higher temporary pricing across most regions. Full details regarding the dividend can be found on the next page.

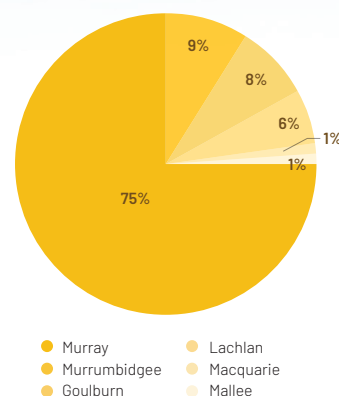
Conditions remain dry across much of the Murray Darling Basin. The impact of low seasonal rainfall has seen inflows to storages fall well short of long term averages. With the lack of localised rainfall and higher temperature across the Basin, irrigators have brought forward irrigation use, drawing on held reserves.

ENTITLEMENT MARKET

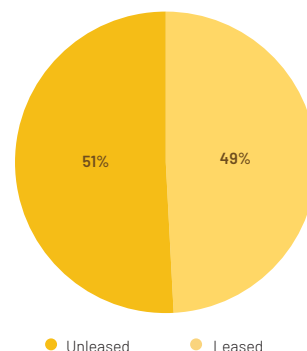
Duxton Water Ltd is engaged in building a targeted portfolio of Water Entitlements predominantly across the Southern Murray Darling Basin. The Company has invested in both Surface and Ground Water assets. As of the 31 August 2018 the Company hold over 46,000ML of Entitlement across 19 different asset types and classes.

Demand for Permanent Water Entitlement remains strong and has delivered further value uplift across the portfolio. Aither Pty Ltd values the Duxton Water Ltd portfolio on a monthly bases on a dry (without allocation) equivalent basis.

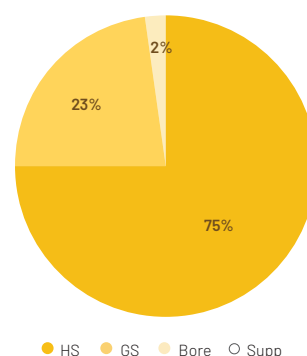
Entitlement Portfolio Value by Region



Water Portfolio Diversification



Water Security Breakdown



Notable movements were seen in the following entitlements:

SOUTHERN BASIN

- Victorian Goulburn High Reliability increased 3% (7.8% of Portfolio)
- Victorian Murray High Reliability increased 3% (26.5% of Portfolio)
- NSW Murray High Security increased 2% (26.9% of Portfolio)
- NSW Murrumbidgee High Security increased 1% (6.9% of Portfolio)
- SA Murray High Security increased 3% (6.4% of Portfolio)

NORTHERN BASIN

There was no change in Northern Basin values through August.

ALLOCATION MARKET

Allocation markets across the Southern Basin experienced price increases to close the month at \$340 - \$350/ML. Highs of up to \$400/ML in the Murray were experienced mid-August following further announcements of low inflows and continuing dry conditions. This compares to allocation pricing of \$120 - \$140/ML experienced at the same time last year.

Allocation pricing within the Lachlan Valley remains relatively steady at \$300/ML with low levels of activity above this at \$320/ML.

Duxton Water utilised its Entitlement Carry Over capability to take

allocation into the 2018/19 Water Year. This has enabled the Company to position itself ahead of stronger allocation pricing and to assist our irrigator customers through drier forecast conditions for the year ahead.

The allocation sales to date for 2018 amount to 56.9GL and as at 31 August the Company holds approximately 31GL of allocation.

LEASES

Based off market valuation, 49% of the Company's portfolio is leased, with a weighted average term length of 4.8 years remaining. With the increase in allocation pricing, the Company has seen an increased interest for longer term water supply solutions. Expected yields align with the Company's targets against the back drop of increased Water Entitlement values.

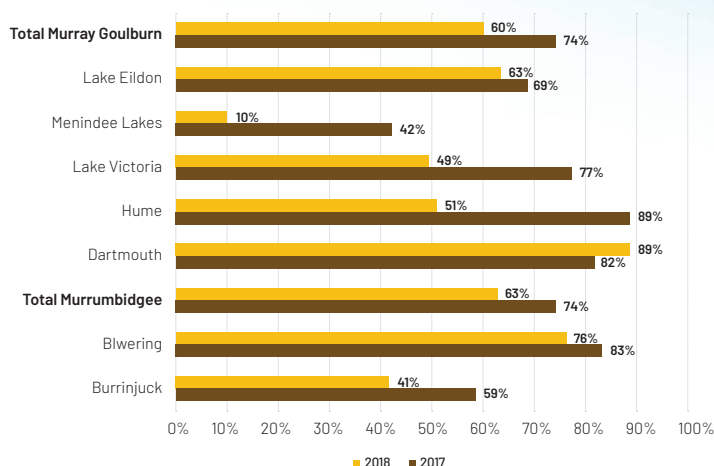
DIVIDENDS

The Directors were pleased to announce the Company's third dividend of 2.5 cents per share, payable in Australian dollars. The dividend will be franked to 75% for Australian Taxation purposes, payable on 14 September 2018. This was in keeping with the Directors' intention to pay biannual dividends. Inclusive of the upcoming September Dividend, the Company has paid Shareholders a total of 7.2 cents plus franking since November 2017. 44.3% of Shareholders took up the recent DRP.

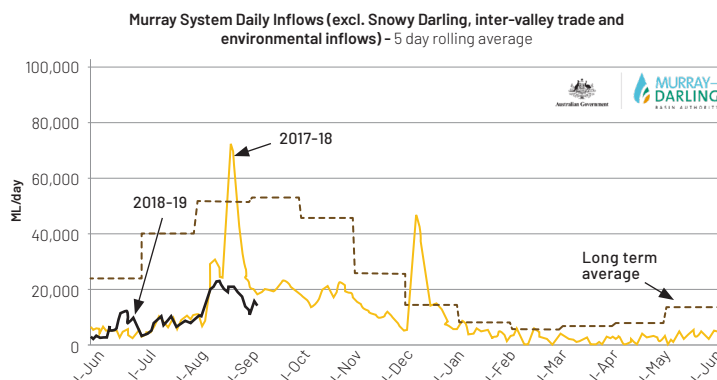


DUXTON WATER PORTFOLIO - SMDB EXPOSURE

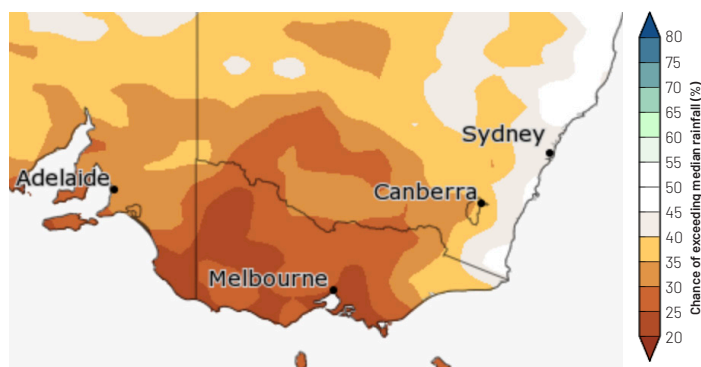
STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MDB



CHANCE OF ABOVE-AVERAGE RAINFALL SEPTEMBER - NOVEMBER



MARKET UPDATE & OUTLOOK

Severe rainfall deficiencies continue across the Murray Darling Basin ("MDB"). Winter has remained drier than average with low levels of rainfall received for much of Australia and throughout the MDB.

Large portions of the MDB have received less than half their average annual rainfall from the 1st of January. Clear skies have contributed to the above average temperatures experienced reducing the level of soil moisture and inflows throughout the MDB.

Storage levels across the MDB have increased by just 2% through August as a result of lower than average rainfall received across the Basin, closing the month at 55%. Northern Basin storages continued to decrease, experiencing a 1% loss, closing the month at 25% over a period where these storages have historically increased.

Lower beginning storage volumes and continued rainfall deficiencies have resulted in lower seasonal water allocations. On the 3rd of September VIC High Security Entitlements received a further 12% and 9% in the Murray and Goulburn respectively, increasing to 71% and 56%. NSW received no increase and the NSW Murray still has a significant deficit to make up before General Security allocations will occur. The disparity between the two states is a result of the higher reserves that Victoria had entering the 2018/2019 water year. However, any future allocation increase in Victoria is expected to rely on improvements to the available resource from further inflows.

The latest Bureau of Meteorology outlooks continue to suggest a drier than average Spring with a high chance (65% - 75%) for below median rainfall over the next quarter, alongside high probabilities (70% - 80%) to exceed the median maximum temperatures for this period.

Whilst the El Niño-Southern Oscillation is currently neutral, leading international climate models indicate that the recent warming of the Pacific Ocean will lead to an El Niño by November. An El Niño typically results in below average rainfall and above average temperatures across eastern Australia. Continual cooling observed within the Indian Ocean may result in a positive dipole event, which would further exacerbate the affects of an El Niño on rainfall.

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

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