

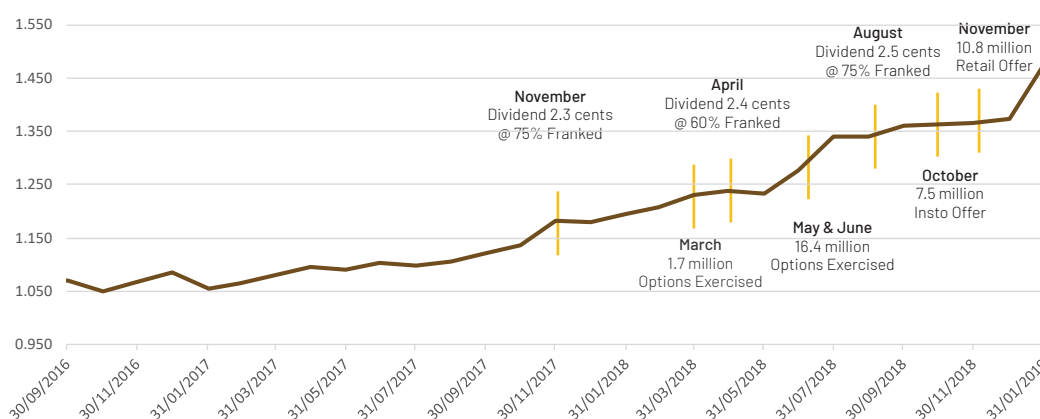
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian water allocations and water entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 31 January 2019 was \$1.48 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
7.78%	8.46%	12.78%	29.03%	46.95%

*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 31 January 2019, Duxton Water Ltd is invested in approximately \$212.8 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately 5,222ML (\$17.6 million) of water entitlements in its acquisition pipeline at 31 January 2019.

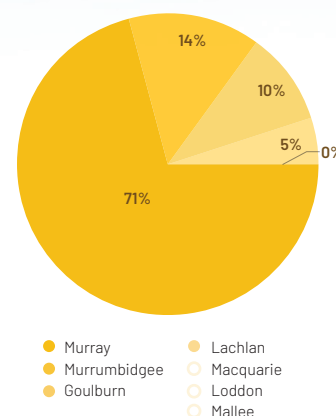
The Company is pleased to have delivered a weighted (unaudited) Earnings Per Share ("EPS") of 8.5 cents for the Company's FY 2018, up from 3.2 cents in FY 2017. The EPS is an unaudited figure; the audited financial statements and annual report are expected to be released at the end of February 2019.

Limited rainfall was received throughout the Basin and was 71% below the long-term average and total inflows into the Murray remain below the long-term average. The volume of water available in active storages within the total Murray Goulburn system of 45% is 23% lower than the same time last year and 33% lower than in January 2017.

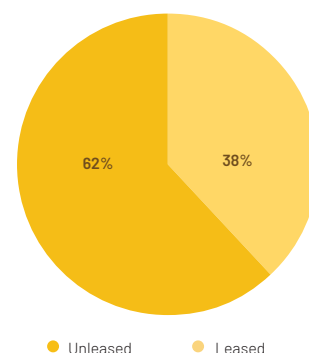
The MDBA's drawdown of Dartmouth has continued through January. The Dartmouth dam acts as the Murray's reserve storage and has had a further ~161GL of water released to support peak irrigation demand. Lake Eildon and the Hume have been reduced by a combined ~469GL over the course of the month and are now at 49% and 33% capacity respectively.

Duxton Water Ltd is well positioned through the peak irrigation period due to its portfolio composition which has a higher exposure to high security entitlements as well as its strategic allocation positioning at the start of the water year.

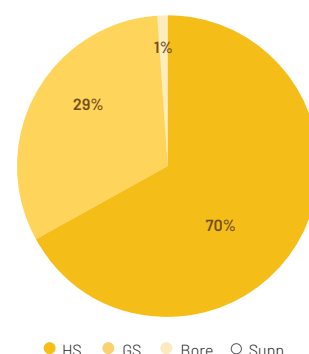
Entitlement Portfolio Value by Region



Water Portfolio Diversification



Water Security Breakdown



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. At 31 January 2019 the Company holds over 63,216 GL of Entitlement across 21 different asset types and classes.

Lack of rainfall and inflows over the past two and a half years along with persistent hot and dry conditions through the 2018/19 summer have resulted in lower allocation availability and increased demand. High temporary allocation prices this water year have lead to a rising interest and demand for longer term water security, resulting in heightened demand for both high security water entitlements and long term lease products. The impact of this has prompted a further increase in the price of entitlements over the past months. The stronger pricing which has been observable within the market for an extended period is now being reflected within the public registers which naturally have a time lag due to the nature of settlements. Aither Pty Ltd values the Duxton Water Ltd portfolio on a monthly basis on a dry (without allocation) equivalent basis. There were multiple notable movements in values:

SOUTHERN BASIN

- New South Wales Murray 11 High Security increased 9.1% (21.4% of Portfolio)
- New South Wales Murrumbidgee 13 High Security increased 5.7% (7.8% of Portfolio)
- Victorian Goulburn High Reliability increased 6.9% (9.6% of Portfolio)
- Victorian Murray 6 High Reliability increased 4.0% (12.2% of Portfolio)
- Victorian Murray 7 High Reliability increased 6.7% (12.3% of portfolio)
- South Australia Murray Class 3 High Security increased 17.1% (6.5% of portfolio)

NORTHERN BASIN

There was no change in Northern Basin values through January.

The Company wishes to advise that it has divested its water entitlements within the Macquarie River.



Interstate Water Trading Zones

- 1 - Greater Goulburn
- 3 - Lower Goulburn
- 4a - Part Campaspe
- 4c - Lower Campaspe
- 5a - Part Loddon
- 6 - Vic Murray above Barmah Choke
- 6b - Lower Broken Creek
- 7 - Vic Murray from Barmah Choke to SA Border
- 10 - NEW Murray above Barmah Choke
- 11 - NSW Murray below Barmah Choke
- 12 - South Australia Murray
- 13 - Murrumbidgee
- 14 - Lower Darling
- 15 - Lachlan
- 16 - Lower Lachlan Groundwater
- 17 - SA Mallee Groundwater
- Murray Darling Basin
- River

DUXTON WATER PORTFOLIO - SMDB EXPOSURE

ALLOCATION MARKET

Allocation markets across the Basin steadily increased; prices within the Murray rose from \$450/ML at the start of the month to \$530/ML - \$550/ML at the end of the month and from \$460/ML in the Murrumbidgee to \$650/ML - \$700/ML. Peak summer irrigation demand has been higher than expected as a result of the unprecedented heat waves and subsequent heat stress.

Allocation pricing within the Lachlan Valley has also increased from \$300/ML to \$350/ML.

Irrigators are already looking ahead to secure their water requirements for the 2019/2020 water year with forward allocation pricing for delivery in the next water year transacting at \$580/ML to \$600/ML within the Murray. This is ahead of the opening 2019/2020 allocation forecast and condition announcements which will be released by the natural resource managers on the 15th of February and will provide the first insight to the various state preparations for the next water year.

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.

LEASES

Currently, 38% of the Company's portfolio is leased, with a Weighted Average Length of Expiry of 4.5 years remaining.

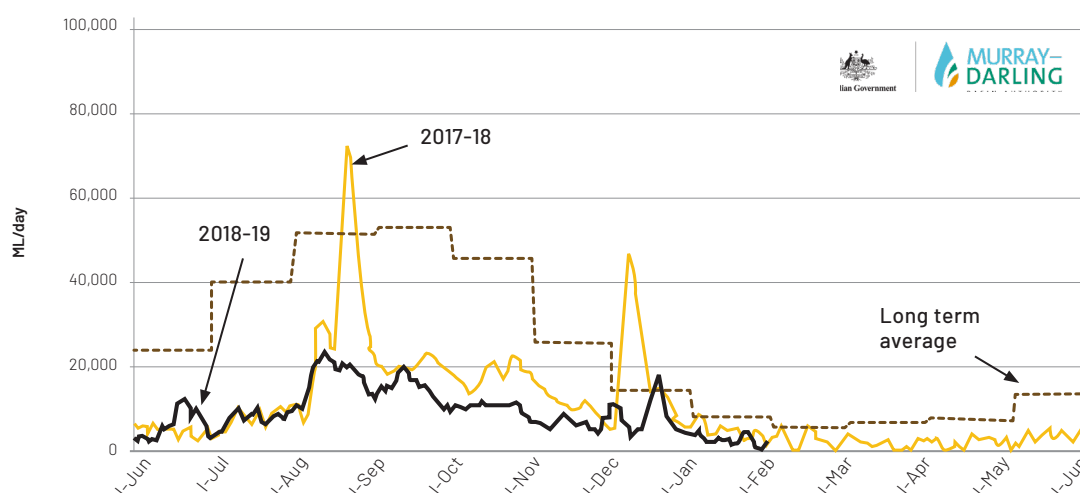
The Company has continued to deploy new capital into water entitlements therefore decreasing the portion of the portfolio under lease. Given the strong allocation pricing this water year the Company has structured its further lease agreements to commence in the next water year (1st July 2019). The increased interest for longer term water solutions has seen the yields on longer term water security solutions better align with the Company's targets against the backdrop of increasing water entitlement values.

DIVIDENDS

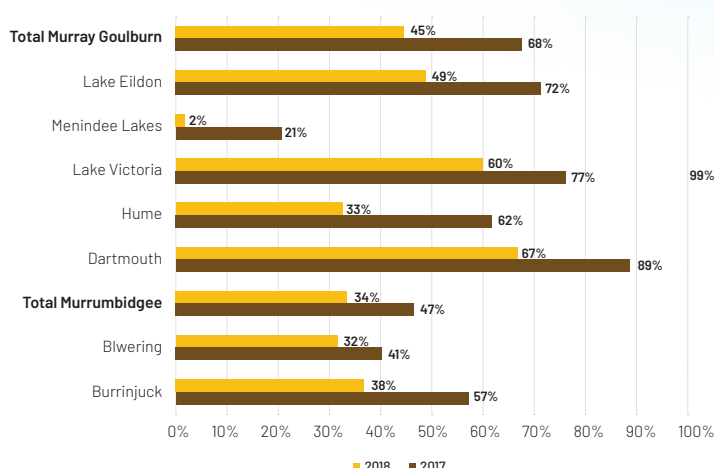
As announced in January, the Company is pleased to announce it will pay a final dividend to its shareholders of 2.6 cents per share payable in Australian dollar. The dividend will be fully franked for Australian taxation purposes. The record date for receiving this dividend is 13 March 2019 and the payment date will be 27 March 2019. The Company's Dividend Reinvestment Plan will also be in effect. The Company has also flagged its intention to pay a 2.7 cent, fully franked, dividend in September 2019. Full details of this update can be found upon the ASX.

DAILY INFLOWS TO THE MDB

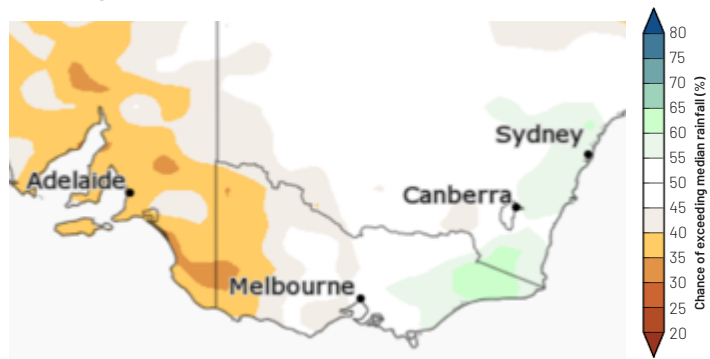
Murray System Daily Inflows (excl. Snowy Darling, inter-valley trade and environmental inflows) - 5 day rolling average



STORAGE LEVELS IN MAJOR DAMS



CHANCE OF ABOVE-AVERAGE RAINFALL FEBRUARY - APRIL



MARKET UPDATE & OUTLOOK

Following the hottest December on record, the widespread heatwaves have resulted in the hottest January on record. Multiple mean, maximum and minimum temperature records were all broken throughout this period. The mean maximum temperature was 6.150C above average for the whole state of New South Wales with some inland areas experiencing 21 consecutive days above 400C. Rainfall across the Basin was limited and was 71% below average with some areas in New South Wales experiencing their lower January rainfall on record.

The continued hot and dry conditions have resulted in higher evaporation and lower than average subsoil moisture levels increasing allocation demand from permanent crop producers within the affected areas. Inflows for the 2018/19 water year remain well below long term averages of ~7,400GL. Storages within the northern MDB are currently at ~13% compared to ~38% at this time last year and storages within the southern MDB are currently at ~47% compared to ~67% at this time last year.

Higher tributary flow has enabled the Victorian Resource Manager to issue a further 1% of allocation to Goulburn High Security entitlements taking them to 94% allocation. New South Wales general security entitlements have received no further allocation with significant inflows into the system required prior to allocation being issued to these rights. Further to this, state resource managers have begun to accumulate inflows to support the delivery of high security allocations next water year.

The latest Bureau of Meteorology outlooks forecast an average to below average chance (50%) for above median rainfall over the next quarter throughout the southern Murray-Darling Basin. This period however has not been a statistically significant rainfall quarter.

The BoM's El Niño-Southern Oscillation outlook has been dropped from 'Alert' to 'Watch', suggesting a 50/50 chance of an El Niño event forming in the coming months. With three of the eight surveyed climate models having El Niño thresholds being exceeded in late Autumn. The Indian Ocean dipole is currently neutral with all six of the surveyed climate models forecasting that the neutrality will hold through the Autumn period. El Niño's typically results in below average rainfall and above average temperatures across eastern Australia. A positive Indian Ocean Dipole event typically reduces spring rainfall in southern Australia and can further exacerbate the effects of an El Niño.

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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