

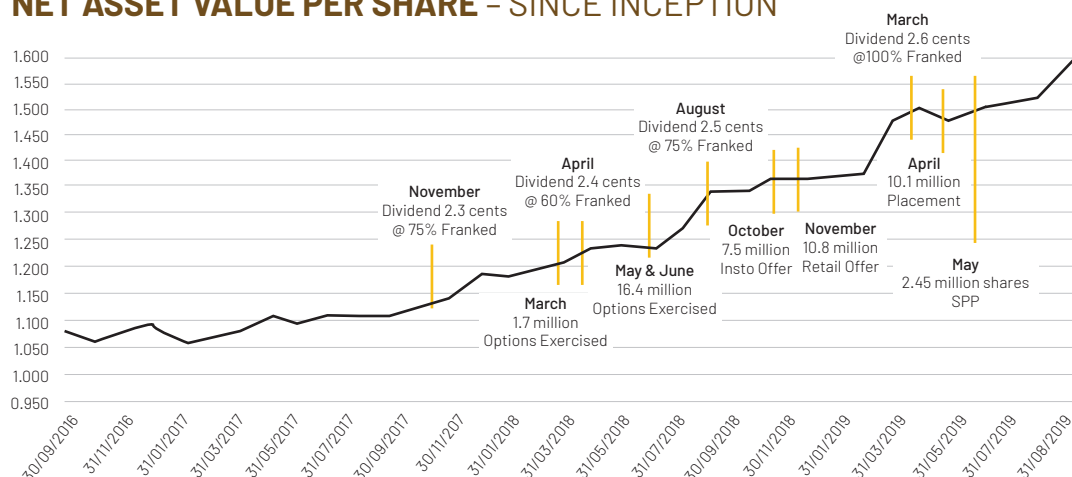
The primary investment objective of Duxton Water is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including long term entitlement leases, forward allocation contracts and spot allocation supply.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 31 August 2019 was \$1.62 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. The Company does not expect to trigger these tax provisions through the turnover of these assets and expects to maintain its low entitlement turnover ratio. **The NAV excluding tax provisions for unrealised capital gain is \$1.81.** 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
4.12%	7.57%	10.80%	23.91%	64.02%

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

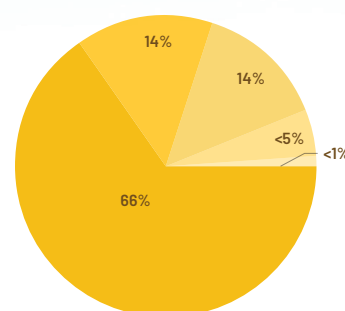
INVESTMENT UPDATE

At 31 August 2019, Duxton Water Ltd is invested in approximately ~\$276.7 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately 1,213 ML (\$4.8 million) of water entitlements in its acquisition pipeline at 31 August 2019.

Rainfall was 71% below average levels across the Murray Darling Basin (MDB) throughout August. Inflows were only 42% of the long term median. Further to this, the first two weeks of September have delivered a net decrease to water held in Murray storages, meaning more water was used than captured.

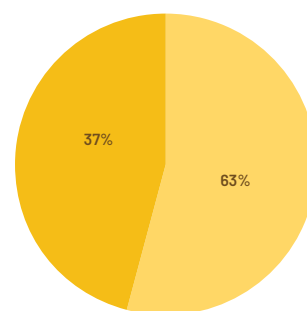
The Murray Darling Basin Authority (MDBA) continue the movement of stored water from Dartmouth Dam through the Murray system in preparation for summer irrigation demands. The current volume of available water within the Murray-Goulburn system is 45% of storage capacity levels; 16% lower than 12 months ago. Northern basin storage levels are 10%, which is 22% lower than 12 months ago.

Entitlement Portfolio Value by Region



● Murray ● Lachlan
● Murrumbidgee ● Mallee
● Goulburn

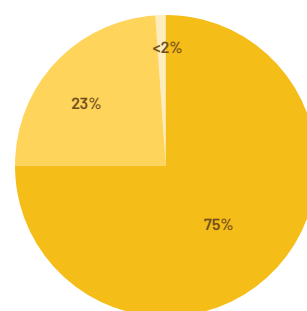
Water Portfolio Diversification



● Unleased ● Leased

*Inclusive of contracted leases, commencing 1 July 2019, the leased portfolio is 41%.

Water Security Breakdown



● HS ● GS ● Bore ● Supp

With lower storages and current observed inflows, the 19/20 water year is shaping up to be one of collective constrained supply. Even with resource improvements and the potential to see increased allocation in SA and VIC, carry over levels were significantly lower than seen in the 18/19 water year.

Duxton Water continues to support its irrigation farming partners into the 19/20 water year. The wine industry is one of a number of industries to which the Company provide water supply solutions. In 2019 the Company will support the irrigation of ~2,600 Ha of vineyards which will produce over 58 million bottles of wine. Through the provision of a range of risk management tools such as water entitlement leases and forward allocation contracts, the Company provide irrigators an ability to better manage Australia's climatic variability.

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 August 2019 the Company holds approximately 75,460 ML of water entitlement across 22 different asset types and classes.

Ongoing maturity of permanent plantings has seen greater water demand from high value crop industries such as almonds and citrus. Demand for long-term water security such as high security entitlement ownership and long-term leases continues to increase. The Company's view in this regard has been further supported by a new report released by the Victorian Government (www.waterregister.vic.gov.au/) which indicates that demand by the horticultural industries is estimated to be 55% greater at crop maturity than ABARES have previously estimated*.

Aither Pty Ltd values the Duxton Water Ltd portfolio on a monthly basis on a dry (without allocation) equivalent basis. Register pricing data remained fairly stable through July. There were notable movements in values and are shown below:

SOUTHERN BASIN

- ↑5% in SA High Security (~8.6% of portfolio)
- ↑5% in Goulburn High Reliability (~14% of portfolio)
- ↑4% in VIC Goulburn High Reliability (~14% of portfolio)
- ↑4% in VIC Murray High Reliability (~23% of portfolio)

NORTHERN BASIN

There was no change in northern pricing.

* https://waterregister.vic.gov.au/images/documents/Water-Supply-and-Demand-Report_Aither_FINAL.pdf



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

ALLOCATION MARKET

Trading limits between the upper Murray, Goulburn and Murrumbidgee to the lower Murray have been reached. This will limit the transfer of any further allocation to the Lower Murray (below choke) region reducing the supply pool of available allocation to this region as we come into the Spring and Summer months.

The impact of these trade closures has fragmented the Southern Murray Darling allocation market. Below choke Murray prices firmed to trade between \$750 - \$800 through August with Murrumbidgee, Goulburn and the upper Murray regions trading between \$550-\$650 per ML.

LEASES

Duxton Water executed 6 further lease agreements through August. These leases, which are back dated to commence on the 1 July 2019, take the leased portion of the entitlement portfolio to ~ 63%. This represents ~79% of the Company's high security entitlement portfolio (entitlements likely to deliver water under the current dry conditions).

Demand remains strong for long term water security solutions, both leases and forward allocation contracts.

The current weighted average lease expiry is 3.44 years (not including renewal options). The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

DIVIDENDS & BUY BACK

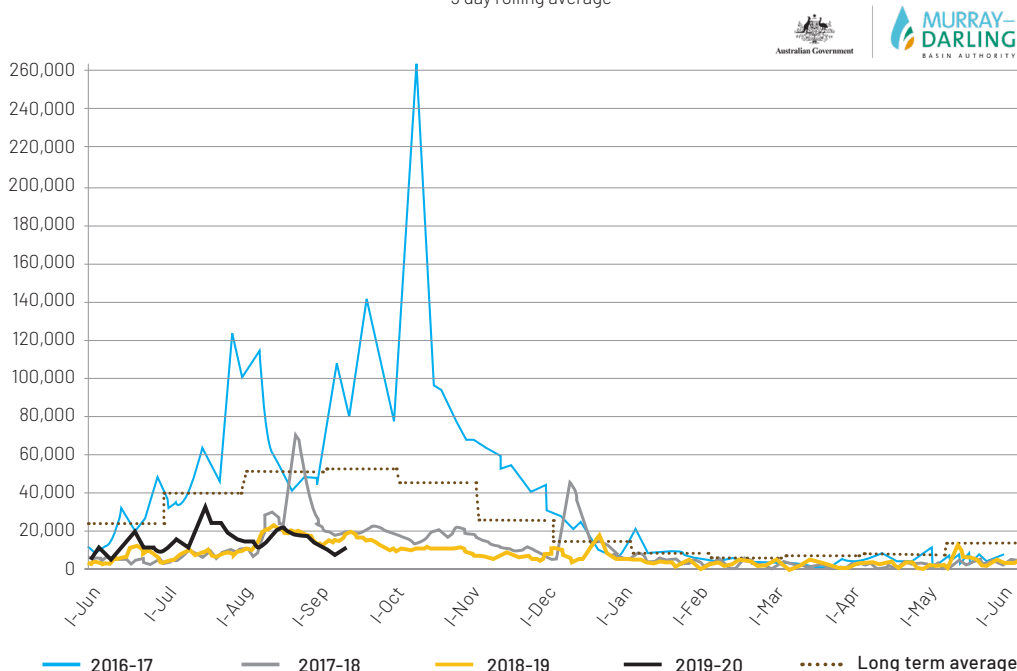
The Company will pay an interim dividend of 2.7 cents (\$0.027), fully franked, on the 18 September 2019. The Company's DRP will operate and those Shareholders who have elected to participate, will receive shares based on a weighted average price of \$1.3483/share.

The Board maintains its commitment to providing Shareholders with a bi-annual dividend and has reaffirmed a target of paying a fully franked final dividend of 2.8 cents (\$0.028) in March 2020.

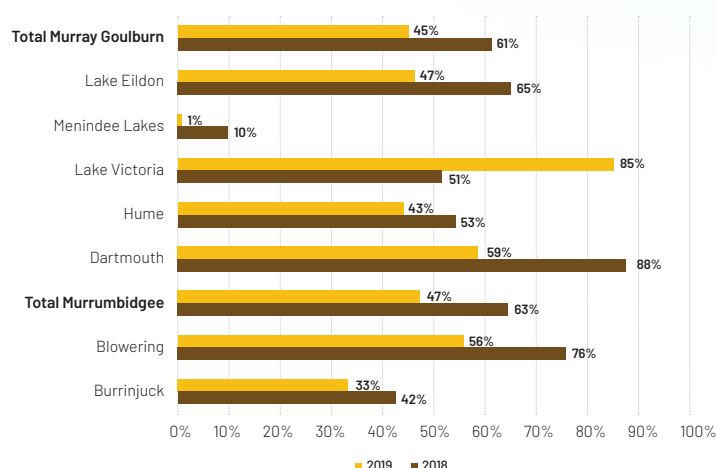
The Company announced a share buy back on 10 September 2019, enabling the Company to purchase on market, up to ~8.9 million shares. The closing share price of \$1.295 on 13 September 2019 represents a ~28% discount to the non adjusted NAV of \$1.81/share. The Board believes the purchase of the Company's shares at this discount is in the interests of all shareholders.

DAILY INFLOWS TO THE MDB

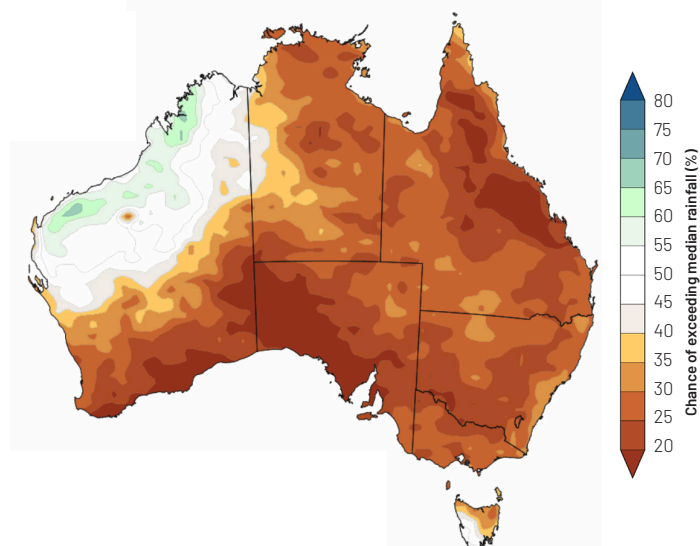
Murray System Daily Inflows (excl. Snowy Darling, inter-valley trade and environmental inflows) -
5 day rolling average



STORAGE LEVELS IN MAJOR DAMS



CHANCE OF ABOVE-AVERAGE RAINFALL AUGUST - OCTOBER



MARKET UPDATE & OUTLOOK

The forward looking conditions remain dry with a strong likelihood of below average rainfall and warmer than average temperatures likely to be experienced through spring and into summer. Inflows into the MDB storages through August were 530GL which is 58% below the 10 year average of 1,231GL. Storages in the northern and southern MDB are 10% and 45% respectively, compared to 32% and 61% this time last year.

The respective state natural resource managers have released further allocations through August, with SA Murray moving to 74% up from 50%, Victorian Murray HR to 33% and Goulburn HR to 37%. NSW Murrumbidgee HS entitlements remain at 95% allocation, while NSW Murray HS remains at 97%. General security

entitlements in the NSW Murray valley look likely to deliver little to no allocations for the 19/20 water year. Murrumbidgee general security entitlements delivered a 6% allocation through August on the back of increased inflows and lower than expected carry over reserve requirements.

The BoM's recent outlook forecast indicates average to drier than average conditions for much of Australia, with a 70-80% chance of not exceeding the median rainfall in October through to December across the key agricultural regions of the MDB. The temperature outlook is forecasting a 75-85% chance of higher than average daytime temperatures. Stream flow in most catchments in the MDB will likely remain below average. Clear nights and dry soil also raise the risk of frost across many key agricultural regions of the MDB.

The Southern Oscillation (ENSO) moved back to neutral through the first half of 2019 after flirting with El Nino over the last 12 months. Whilst in the last 6 months we have seen better in-valley rainfall conditions through Victoria and southern NSW than for the previous 12 to 18 months, rainfall has still tracked well below average. The increased rainfall has not translated into catchment inflows needed to reset the system from a water storage perspective. This may be partly due to the positive Indian Ocean Dipole (IOD) currently being experienced off the Western Australian coast. A positive IOD often results in below average winter-spring rainfall over southern and central Australia. It also typically means warmer than average winter-spring days for the southern two-thirds of Australia. It is likely that these conditions will persist across the bulk of the traditional water inflow period.

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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