

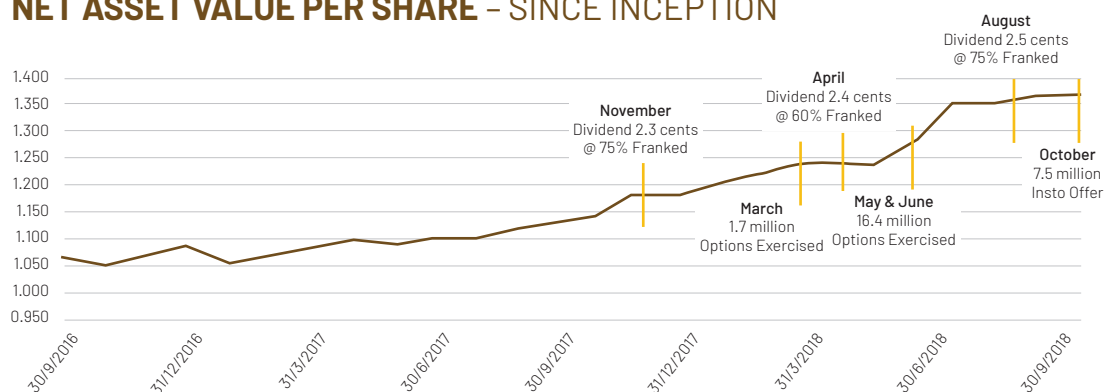
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 31 October 2018 was \$1.36 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



EARNINGS PER SHARE - EXCLUDING CAPITAL GAIN

Duxton Water's year-to-date weighted earnings per share is 6.01 cents.

This is calculated as audited EPS of 1.56 cents (Jan - June 2018) plus unaudited EPS of 4.45 cents (July - Oct 2018).

PERFORMANCE*

1 Month	3 Months	6 Months	12 Months	Inception
0.22%	4.17%	15.25%	28.15%	36.17%

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

**One month performance includes dilution with the issuance of 7.5 million shares.

INVESTMENT UPDATE

At 31 October 2018, Duxton Water Ltd is invested in approximately \$154.8 million of water entitlements with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately \$23.8 million of water entitlements in its acquisition pipeline at 31 October 2018.

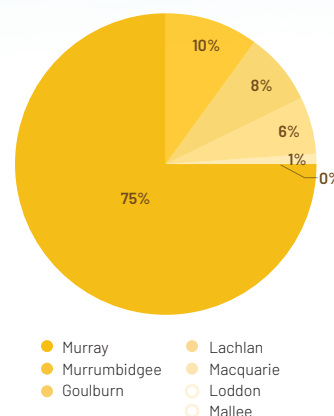
Dry and hot conditions persisted throughout October, with NSW, VIC and SA recording their 3rd, 5th and 7th highest mean temperatures on record. Severe annual rainfall deficiencies remain across the MDB as rainfall was ~9% below the mean for October, with Victoria receiving only 47% of their mean rainfall.

The El Nino 'Alert' remains, with the BOM predicting a 70% chance of an El Nino event occurring this year.

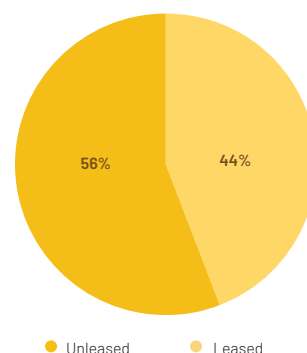
The MDBA continue to increase their drawdown on the Dartmouth dam, which acts as the Murray's reserve storage and is rarely utilised. Approximately 200GL of water has been released from the Dartmouth this month, reducing its current volume by ~5%. Substantial drawdown from the Dartmouth has only occurred 3 times this century through the 03-04, 06-07 and to a lesser extent 15-16 water years, highlighting the severity of the storage and inflow deficiencies currently being experienced.

Duxton Water Ltd is well positioned entering the peak irrigative season due to its portfolio composition of a higher exposure to high security entitlements and its strategic allocation positioning at the start of the water year.

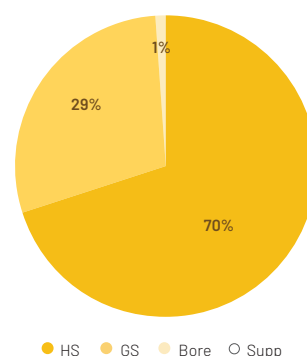
Entitlement Portfolio Value by Region



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. As of 31 October 2018 the Company holds approximately 54.5 GL of entitlement across 20 different asset types and classes.

Demand for permanent water entitlement remains steady and has delivered further value uplift across portions of the portfolio. Aither Pty Ltd values the Duxton Water Ltd portfolio on a monthly basis on a dry (without allocation) equivalent basis. Notable movements were seen in the following entitlements:

SOUTHERN BASIN

- Victorian Goulburn High Reliability increased 1.4% (7.6% of Portfolio)
- NSW 11 Murray High Security increased 1.0% (23.7% of Portfolio)

NORTHERN BASIN

There was no change in Northern Basin values through October.

ALLOCATION MARKET

Allocation markets across the Southern Basin steadily increased from \$380/ML during the first week of October to \$400/ML – \$410/ML towards the end of the month. Severe annual rainfall deficiencies have resulted in low levels of inflows into main storages and lower levels within the subsoil itself, requiring irrigators to irrigate both earlier and in greater quantities. With no rainfall in sight and summer

quickly approaching, allocation demand continues to increase. In comparison allocation pricing of \$130 – \$150/ML was experienced at the same time last year.

Allocation pricing within the Lachlan Valley remains relatively steady at \$300/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 Company currently holds 41.8GL of allocation. The Company has recorded allocation sales to date for 2018 amount to 88.2GL.

LEASES

Currently, 44% of the Company's portfolio is leased, with a weighted average length of expiry of 4.7 years. With the increase in allocation pricing, the Company has seen an increased interest for longer term water supply solutions and has entered into further leases with irrigators that are to commence in the next water year. These yields align with the Company's targets against the back drop of increased water entitlement values.

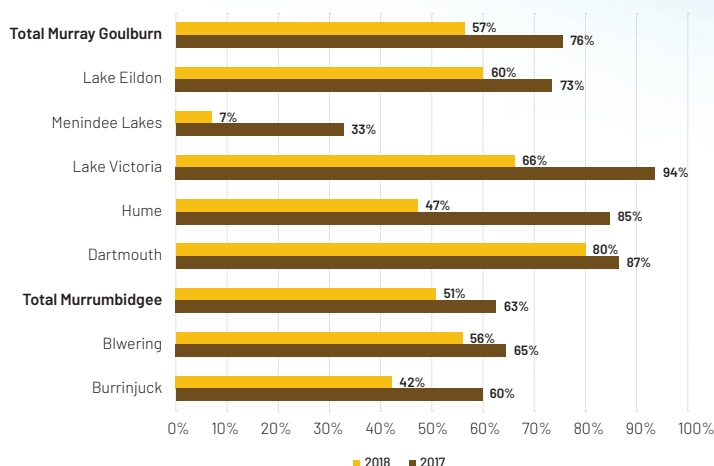
DIVIDENDS

In line with the Company's stated goal of paying a dividend to shareholders biannually, on the 14th September 2018 the Company paid its third dividend of 2.5 cents per share payable in Australian dollars. The dividend was franked to 75% for Australian taxation purposes.

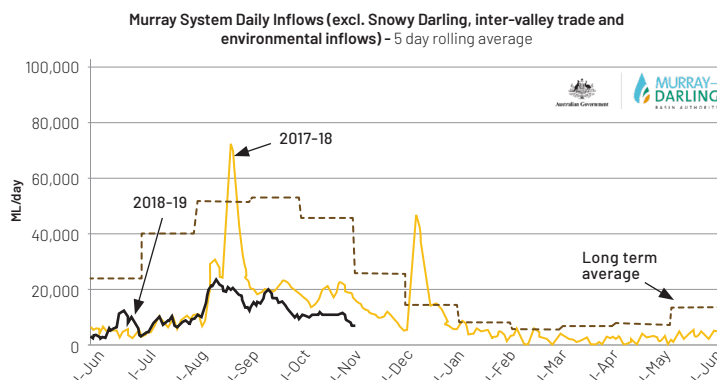


DUXTON WATER PORTFOLIO – SMDB EXPOSURE

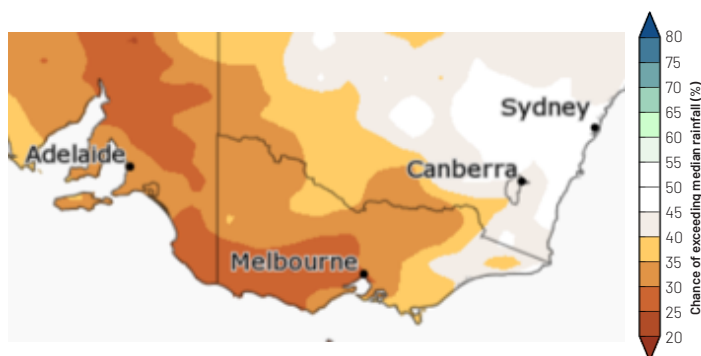
STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MDB



CHANCE OF ABOVE-AVERAGE RAINFALL SEPTEMBER - NOVEMBER



MARKET UPDATE & OUTLOOK

Following the driest September on record, October offered little reprieve receiving ~9% below mean rainfall throughout the Basin. These recent rains have made little difference to the total system with the 2018 cropping season (April to October) on track to being one of the 10th driest on record.

Temperatures over October were above average, which compounded the evaporation effects of both clear skies and parched soils. Storage levels across the MDB continue to decrease as dry and warm conditions persist and are expected to continue for the remainder of the year.

Inflows into storages continue to track below average and are delivering little improvement in the available resource. Due to its stronger reserves Victoria was able to increase its VIC high security entitlements by a further 6% in the Murray and 7% in the Goulburn, to 84% and 77% respectively. NSW entitlements received no increase through October with NSW Murray still at a significant deficit to make up before general security allocations will occur.

The latest Bureau of Meteorology outlooks continue to suggest a drier than average spring with a high chance (60% - 70%) for below median rainfall over the next quarter throughout the Southern MDB.

The El Niño-Southern Oscillation has been upgraded to alert, with a 70% chance of an occurrence of El Niño in 2018. Similarly, in the Indian Ocean, a positive Indian Ocean Dipole (IOD) may have started. When combined, these two events in spring increase the possibility of a dry and warm end to the year. An El Niño 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 affects of an El Niño. Even if an El Niño or Indian Ocean Dipole did not eventuate they still exert influence over Australia's climate.

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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