

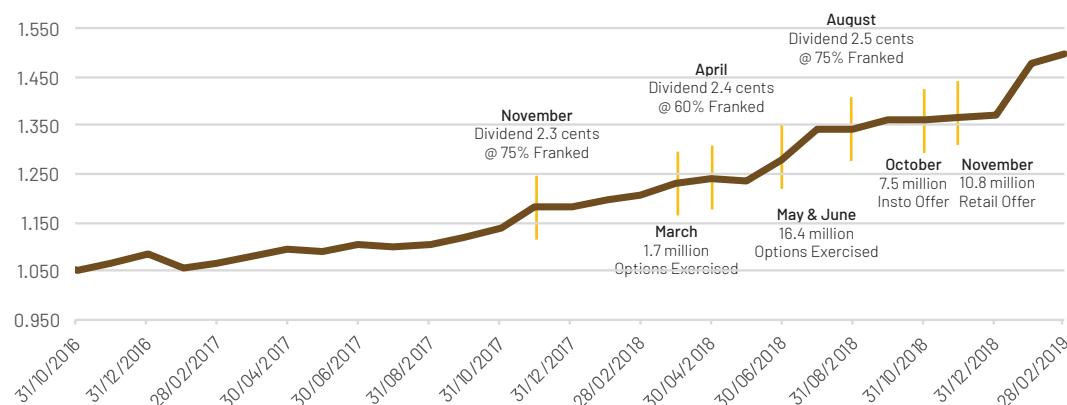
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 28 February 2019 was \$1.50 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 \$1.64. 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
1.40%	9.73%	14.30%	29.44%	48.89%

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

INVESTMENT UPDATE

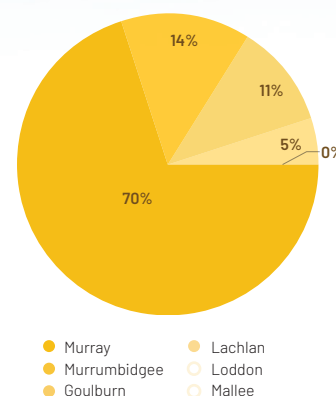
At 28 February 2019, Duxton Water Ltd ('Duxton Water') is invested in approximately \$227.5 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately 3,916 ML (\$14.3 million) of water entitlements in its acquisition pipeline at 28 February 2019.

Sparse rainfall was received throughout the southern Murray Darling Basin ('Basin') with conditions tracking 68% below the long-term average. With bone dry catchments, rainfall is having little impact on inflows and total inflows into the Murray continue to be below the long-term average. The volume of water available in active storages within the total Murray Goulburn system of 41% is 22% lower than the same time last year and 31% lower than in February 2017.

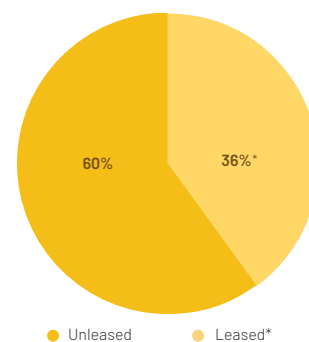
The MDBA's drawdown of Dartmouth has continued through February. The Dartmouth dam acts as the Murray's reserve storage and has had a further ~121GL of water released to support peak irrigation demand. Lake Eildon and the Hume have also been reduced by a combined ~315GL over the course of the month and are now at capacity of 44% and 28% respectively.

Duxton Water has continued to support its customers through the peak summer irrigation period and as our irrigator customers' focus turns to 2019/2020, we have entered into a number of new leases and forward water allocation contracts which will assist their risk management and support production into the new water year. Duxton Water is now examining its strategic positioning for the close of this water year and the opening of the new water year.

Entitlement Portfolio Value by Region

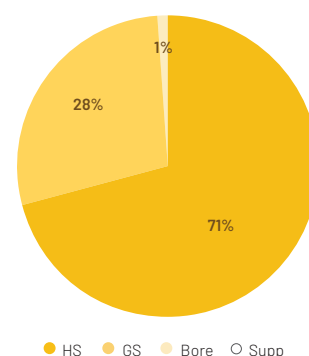


Water Portfolio Diversification



*Inclusive of contracted leases, commencing 1 July 2019, the leased portfolio is 40%.

Water Security Breakdown



ENTITLEMENT MARKET

Duxton Water 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 28 February 2019 the Company holds over 66,108 ML of entitlement across 20 different asset types and classes.

Further dry conditions throughout the 2018/2019 summer has seen renewed focus for longer term water security such as entitlement ownership and long-term leases. As such, ongoing demand for high security permanent entitlements has seen entitlement prices continue to rise whilst prices for general security permanent entitlements have decreased slightly. Aither Pty Ltd values the Duxton Water portfolio on a monthly basis on a dry (without allocation) equivalent basis. There were multiple notable movements:

SOUTHERN BASIN

- ↑ 8.3% VIC Murray 7 High Reliability (13.2% of portfolio)
- ↑ 8.3% SA Murray Class 3 High Security (6.7% of portfolio)
- ↑ 6.4% VIC Murray 6 High Reliability (11.9% of portfolio)
- ↑ 5.4% NSW Murrumbidgee 13 High Security (7.7% of portfolio)
- ↑ 2.6% VIC Goulburn High Reliability (10.9% of portfolio)
- ↑ 1.9% NSW Murray 11 High Security (20.1% of portfolio)
- ↓ 2.6% NSW Murray General Security (17.9% of portfolio)

NORTHERN BASIN

- Lower Lachlan Surface Water General Security ↑ 5.3% (6.5% of portfolio)



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

ALLOCATION MARKET

Cooler temperatures throughout the Basin provided much needed relief for irrigators following the persistent heatwaves in December 2018 and January 2019 which saw large increases in irrigation demand due to heat stress. As such, allocation markets across the Basin eased off from the peak prices observed in January, with the allocation prices closing the month in both the Murray and Murrumbidgee at \$460/ML to \$480/ML from their January peaks of \$550/ML and \$700/ML respectively.

Allocation pricing within the Lachlan Valley remained relatively steady and increased from \$350/ML to \$360/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.

LEASES

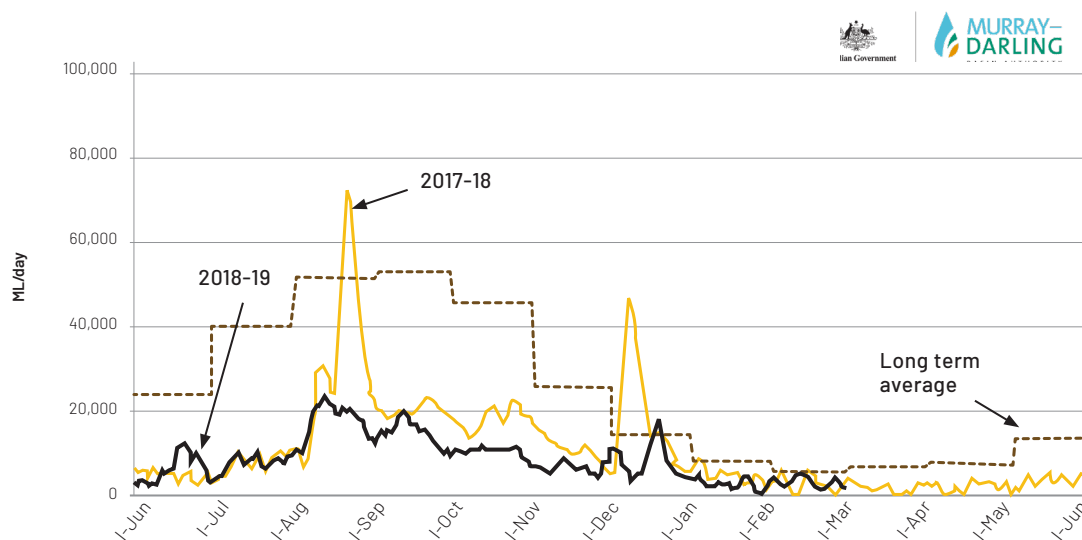
Duxton Water has entered into further leases which will commence in the new water year (1 July 2019), increasing the proportion of its leased portfolio to 40% (based off current portfolio valuations) with a Weighted Average Lease Expiry of 4.2 years. As new capital has continued to be deployed into the acquisition of further water entitlements, the leased portion of the portfolio has continued to dilute. Increased interest for longer term water supply solutions has seen the yields on leases better align with the Company's targets against the back-drop of increasing water entitlement values. The Company is currently in discussion with irrigators and expects to enter into further leases commencing 1 July 2019, increasing the proportion of the portfolio under lease to 50% - 55%.

DIVIDENDS

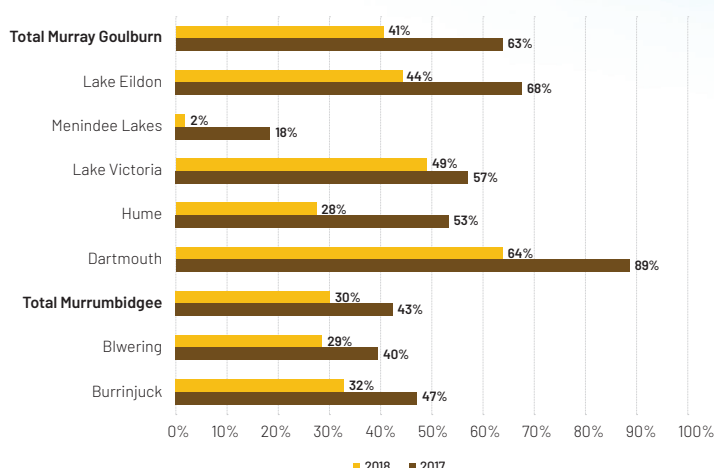
As announced in January, the Company is pleased to announce it will pay a final dividend to its shareholders of 2.6 cents per share payable in Australian dollars. The dividend will be fully franked for Australian taxation purposes. The record date for receiving this dividend is 13 March 2019 and the 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 on the ASX.

DAILY INFLOWS TO THE MDB

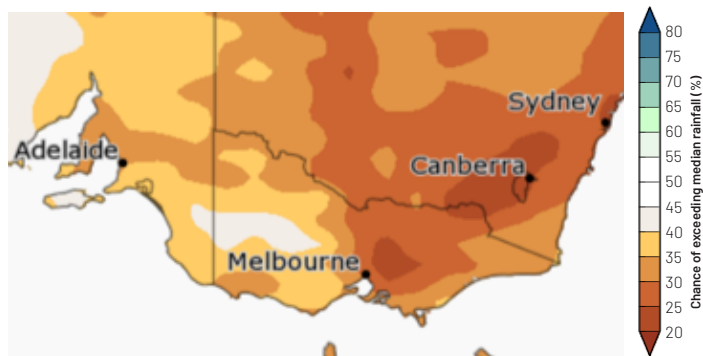
Murray System Daily Inflows (excl. Snowy Darling, inter-valley trade and environmental inflows) - 5 day rolling average



STORAGE LEVELS IN MAJOR DAMS



CHANCE OF ABOVE-AVERAGE RAINFALL MARCH – MAY



MARKET UPDATE & OUTLOOK

The end of February brings an end to the hottest summer on record. The average temperatures experienced throughout the Basin in February provided little reprieve from the record breaking temperatures that occurred in December 2018 and January 2019. Rainfall during this period remained far below average with 32% of average rainfall received. The heavy rainfall and widespread flooding experienced in Queensland is not expected to reach the Murray and will provide no relief to the system.

Persistent dry conditions for the last two years have seen storage levels continue to drop as inflows remain low. Storages within the northern and southern MDB are currently at ~12% and ~40% respectively, compared to ~37% and ~61% this time last year.

Reduced operating losses enabled the VIC resource manager to issue a further 2% of allocation to Goulburn high security entitlements for a total of 96%. NSW general security entitlements received no further allocation with significant inflows required prior to any additional allocation being received.

Next year's allocation outlooks have been released by the respective resource managers. VIC's resource manager has stated "a repeat of inflows into the major storages observed in 2018/19 would result in the Goulburn system (allocation) reaching ~65% in February 2020 and the Murray would be ~60%". This will depend "heavily on flows received...during autumn and winter". The NSW resource manager stated that "future improvements through the remainder of this water year must be set aside until high priority needs are assured for 2019-20".

The latest BoM outlooks forecast a below average chance (20% - 30%) for median rainfall over the next quarter throughout the southern MDB, with the forecasted timing of autumn break rainfall to be average or later than average.

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. Four of the eight surveyed climate models have El Niño thresholds being exceeded in May. The Indian Ocean dipole is currently neutral with five of the six 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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