

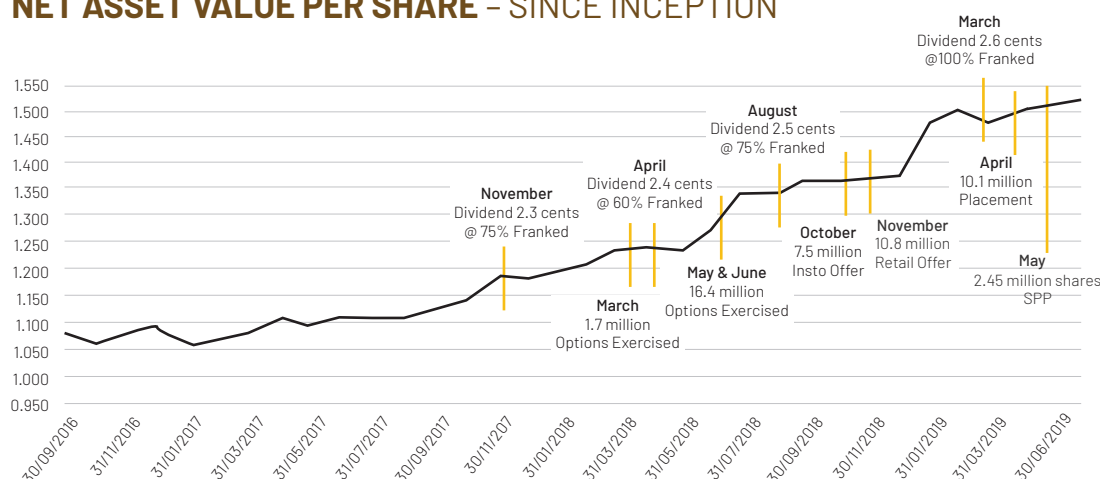
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 30 June 2019 was \$1.54 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 \$1.69.** 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
2.22%	4.29%	15.21%	26.37%	56.47%

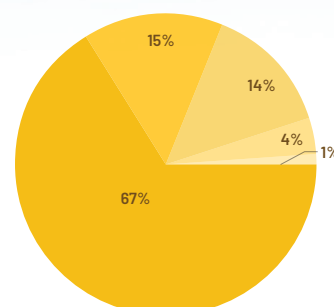
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 30 June 2019, Duxton Water Ltd is invested in approximately ~\$255.9 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately 651.4 ML (\$2.9 million) of water entitlements in its acquisition pipeline at 30 June 2019.

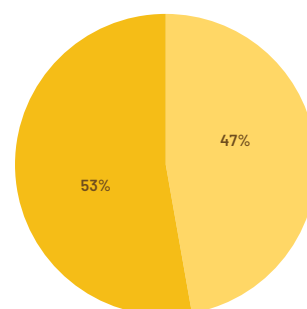
Rainfall was 46% below average levels across the Murray Darling Basin (MDB) throughout June. The BOM reported that June 2019 was the 10th driest on record. Inflows were higher than in recent months but still over 30% lower than the long term average. With the dry conditions persisting, the Murray Darling Basin Authority (MDBA) have continued the movement of stored water from Dartmouth Dam through the Murray system in preparation for summer irrigation demands. The transfer of stored water from the upper storages usually occurs considerably later in the year and provides an operational insight into the MDBA's expectations of rainfall and inflows over the coming months. The current volume of water available within the Murray - Goulburn system is 38% of storage capacity levels, 19% lower than 12 months ago.

Entitlement Portfolio Value by Region



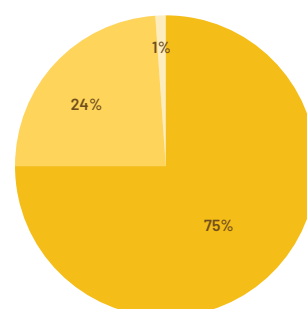
● Murray
● Murrumbidgee
● Goulburn
● Lachlan
● Mallee

Water Portfolio Diversification



● Leased
● Unleased

Water Security Breakdown



● High Security
● General Security
● Ground Water
○ Supplementary

Northern basin storage levels are 9%, 23% lower than 12 months ago.

With lower storages and current observed inflows, 19/20 water year opening allocations, reported on 1 July 2019, were considerably lower than for the previous water year.

Duxton Water continues to support its irrigation customers as their focus turns towards the 19/20 water year. The wine industry is one of a number of industries to which we provide water supply solutions. In 2019 our water will irrigate ~2600 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, we 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 30 June 2019 the Company holds approximately 73,866 ML of water entitlement across 19 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. There were multiple notable movements in values and are shown below:

SOUTHERN BASIN

- ↑ 9.7% in NSW Murrumbidgee 13 HS (~8.7% of portfolio)
- ↑ 4.8% in NSW Murray 11 HS (~20.8% of portfolio)
- ↑ 4.6% in VIC Murray 6 HR (~11.4% of portfolio)
- ↑ 1.9% in VIC Murray 7 HR (~12.2% of portfolio)
- ↓ 2.5% in NSW Murrumbidgee 13 GS (~6.1% of portfolio)

NORTHERN BASIN

- ↑ 10.0% in NSW Lachlan GS (~3.8% of portfolio)



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

*Victorian Water Register Report: <http://waterregister.vic.gov.au/about/news/269-new-report-on-water-supply-and-horticulture-demand-in-the-murray>

ALLOCATION MARKET

Demand from irrigators balancing water accounts prior to 30 June 2019, mainly drove the allocation market through June. Pricing ranged between \$510 to \$560/ML. Some carry over and forward water purchasing was observed ahead of the new water year.

The current allocation market is reflective of 3 years of low rainfall and inflows. With low opening allocations on the 1 July 2019, July allocation pricing as ranged between \$600-\$645/ML.

LEASES

Duxton Water's executed a further 31 lease agreements through June. These agreements, commencing on the 1 July 2019, lease a further ~18% of the total water entitlement portfolio and take the portion leased to ~53%.

This also represents 70% of the company's high security entitlement portfolio (entitlements likely to deliver water under the current dry conditions). The company is in discussions with a number irrigators which will likely deliver further leasing agreements over the next couple of months.

The current weighted average lease expiry is 3.61 years. The company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

DIVIDENDS

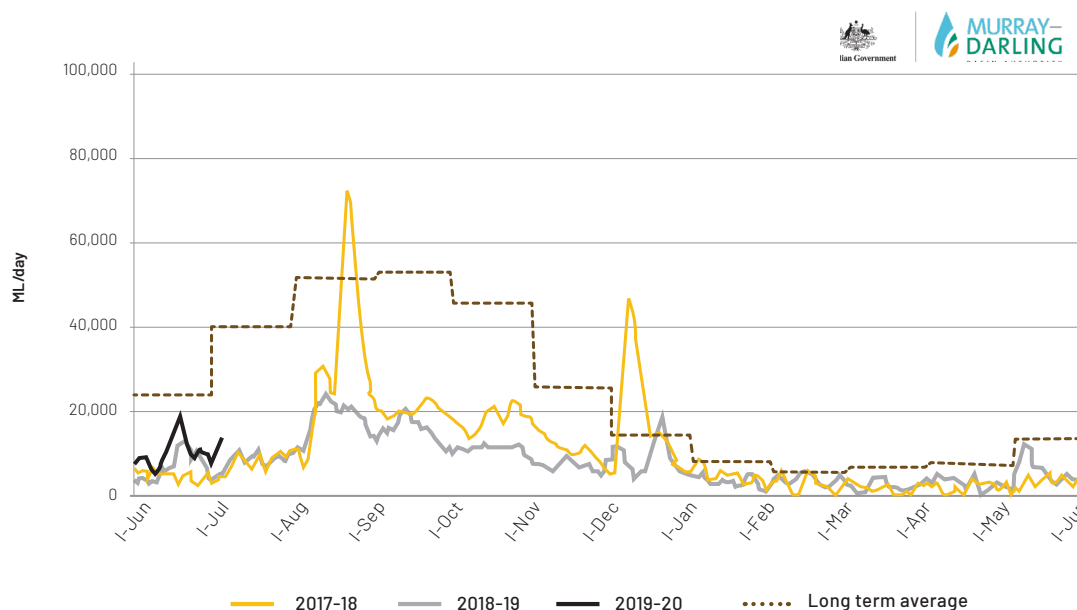
On the 27 March 2019 the company paid its most recent dividend of 2.6 cents (fully franked).

The Company has reaffirmed its targeted dividend of 2.7 cents (\$0.027), fully franked, to be paid in September 2019.

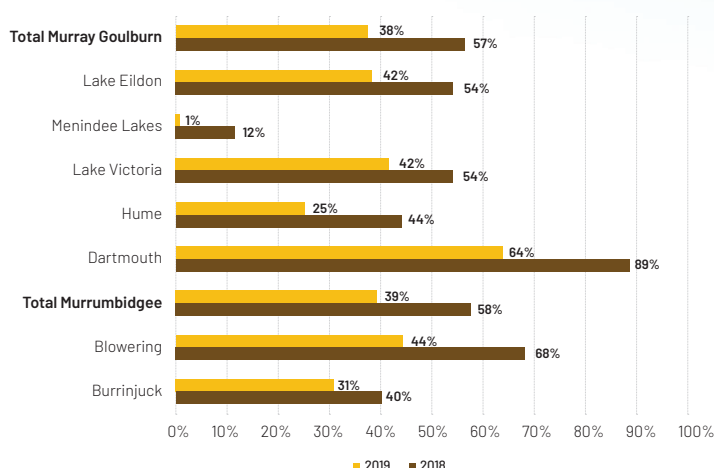
The Board maintains its commitment to providing our shareholders with a bi-annual dividend. It is also targeting a fully franked final dividend of 2.8 cents (\$0.028), payable in March 2020.

DAILY INFLOWS TO THE MDB

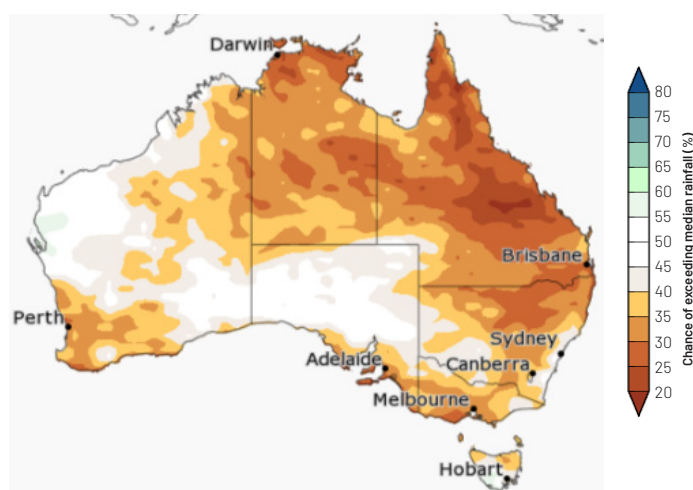
Murray System Daily Inflows (excl. Snowy Darling, inter-valley trade and environmental inflows) - 5 day rolling average



STORAGE LEVELS IN MAJOR DAMS



CHANCE OF ABOVE-AVERAGE RAINFALL AUGUST - OCTOBER



MARKET UPDATE & OUTLOOK

Dry and warmer than average conditions experienced through the start of winter are likely to continue for the remainder of winter and into spring. Key agriculture regions through the Basin received below average rainfall with soil moisture remaining as average to below average. Inflows into the MDB storages over the month were 300GL which is 30% below the 10 year average of 428GL. Storages in the northern MDB are now 9% and 38% in the southern, compared to 32% and 57% this time last year.

Respective state natural resource managers have released opening allocations for the start of the new water year. SA Murray entitlements opened with an allocation of 31%. Victorian Murray and Goulburn HR entitlements received 2% allocation to start the year. NSW Murrumbidgee HS entitlements received 95% allocation, while NSW Murray HS received 97%. General security entitlements in both NSW Murray and Murrumbidgee valleys look likely to deliver no to low allocation for the 19/20 water year.

The BoM's recent outlook forecast indicates average to drier than average conditions for much of Australia, with a 55 - 65% chance of not exceeding the median rainfall in August through October across the key agricultural regions of the MDB. The temperature outlook is forecasting a 65% - 75% chance of higher than average daytime temperatures. Stream flow in most catchments in the MDB will likely remain low. Clear nights and dry soil also raises the risk of frost across many key agricultural regions of the MDB.

Ocean temperatures in the Tropical Pacific have cooled from El Niño threshold in recent months. Therefore the BoM's El Niño Southern Oscillation outlook has now been downgraded to 'Inactive'. However, in the Indian Ocean, water temperatures have now been at positive Indian Ocean Dipole (IOD) levels for several weeks, with a likelihood of this persisting through winter and spring. Historically a positive IOD results in rainfall averages in the bottom 3 deciles across the MDB. The BoM's current rainfall outlook is factoring this event in.

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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