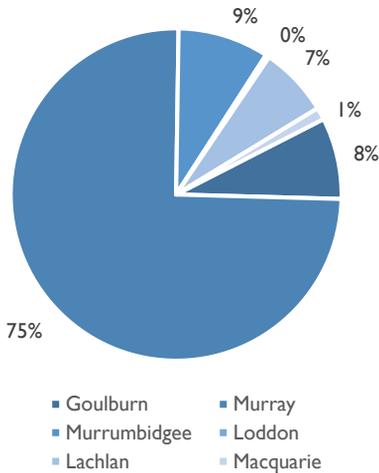


DUXTON WATER

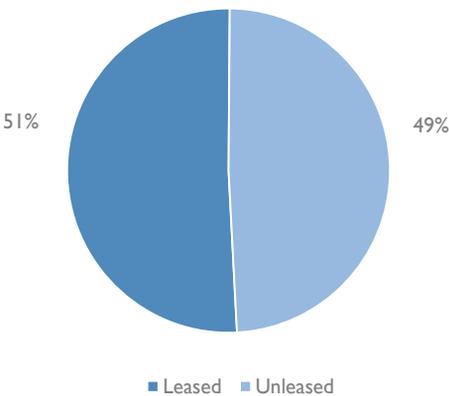
ASX Code (Shares) D2O

Shares on Issue 89,529,624

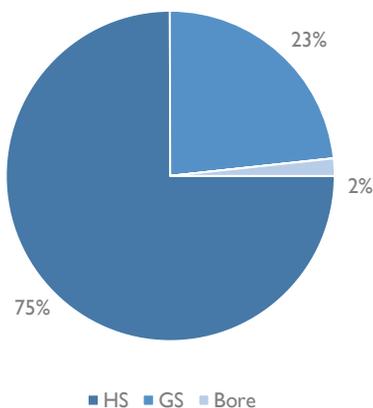
ENTITLEMENT PORTFOLIO VALUE BY REGION



WATER PORTFOLIO DIVERSIFICATION



WATER SECURITY BREAKDOWN



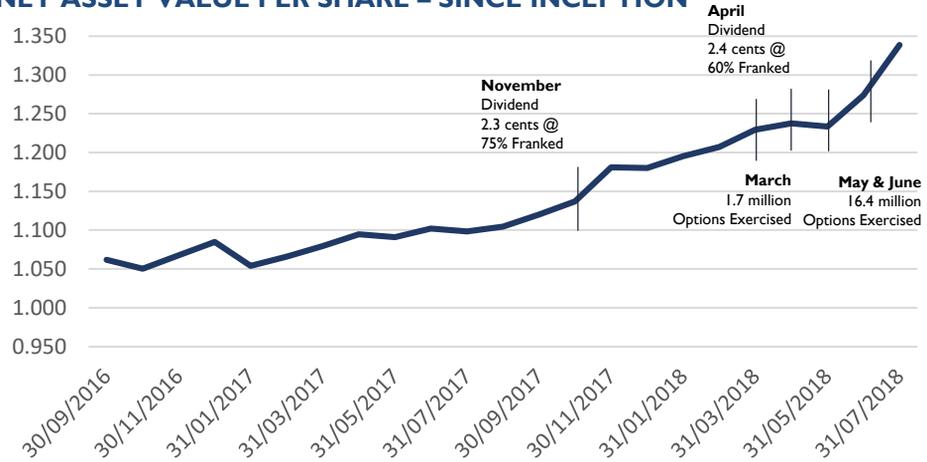
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

Duxton Water's NAV as at 31 July 2018 was \$1.34 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	Inception*
5.09%	8.16%	12.02%	21.89%	25.12%	30.40%

*This figure includes franked distributions since listing 16 Sept 2016

INVESTMENT UPDATE

Permanent Water Acquisitions and Divestments

At 31 July 2018, Duxton Water is invested in approximately \$128 million of water entitlements with the remainder of the portfolio held in cash and net current assets. Duxton Water holds contracts over a further \$14.5 million of water entitlements as at the 31 July 2018.

The NAV increase through July is a result of a 4.5% increase in the value of held Water Entitlements and the increase in the holding value of allocation carried from the 2017/2018 Water Season and new season allocations from the 1st of July 2018.

Southern Basin

Entitlement demand remains with both High Security and General Security Entitlement prices continuing to strengthen.

- VIC Goulburn increased 3.1% (7% of portfolio)
- VIC Murray 6 & 7 HS increased 3% & 2.6% respectively (27% of portfolio)
- NSW Murray 10 & 11 GS increased 5.7% & 5.6% respectively (15% of portfolio)
- NSW Murray 11 HS increased 6.7% (28% of portfolio)
- NSW Murrumbidgee HS and GS increased 3.2% & 5% respectively (9% of portfolio)
- SA Murray HS increased 2.6% (4% of portfolio)

Northern Basin

Continuing demand for Entitlements within the Lachlan Valley.

- NSW Lachlan GS increased 5.6% (6% of portfolio).

Temporary Water Sales

Allocation markets in both the Murray and Murrumbidgee recorded large increases in pricing through July over the previous month. With the prevailing dry conditions and lower allocation availability, allocation pricing traded towards the end of the month between \$330-\$350/ML. Early trading in August has seen pricing of \$350-\$375 in the Murray and up to \$390 in the Murrumbidgee. This compares to trades of \$115-\$130/ML at the same time last year. Allocation prices in the Lachlan Valley have risen with large volumes traded at \$300/ML to end the month.

Duxton Water utilised its Entitlement Carry Over capability to take Allocation into the 2018/19 Water Season. This has enabled the Company to position itself ahead of stronger allocation pricing and to assist our irrigator customers through drier forecast conditions for 2018. The allocation sales to date for 2018 amount to 49.1GL.

Leases

51% of the Company's portfolio is leased with an average weighted lease duration of 4.9 years. With the increase in allocation pricing, the Company has seen an increase in interest for longer term water supply solution and expects further leases to be entered into over the coming months.

Dividends

In line with the Company's stated goal of paying a dividend to shareholders biannually, on the 18th April 2018 the Company paid its second dividend of 2.4 cents per share payable in Australian dollars. The dividend was franked to 60% for Australian taxation purposes.

MARKET UPDATE & OUTLOOK

Market Summary – A Dry July

1st July represented the opening of the 2018/19 Water Season. Nationally, it was the driest July since 2002 with total rainfall at 51% below average. For the Murray Darling Basin, this July saw the 12th lowest rainfall received on record, with a -68% departure from the long-term mean. Daily inflows into the system remain well below the long-term average (see chart right).

Storage levels of the major dams within the SMDB increased by just 2% through July as a result of lower than average rainfall received across the Basin. With Northern Basin storages decreasing by 2%. Total MDB storage levels ended with no material increases for the month of July and are 18% lower than at the end of July 2017 (see chart below).

The 2018/19 Water Season began with lower storage volumes and continued rainfall deficiencies have resulted in lower seasonal water allocations. Mid month Allocations for July were in line with drier forecasts, with NSW High Security Entitlements remaining at 97% and Victorian High Reliability Entitlements increasing only 6% and 2% in the Murray and Goulburn to close at 47% and 34% respectively. Murrumbidgee General Security Entitlements received further allocations of 2% to close at 5%.

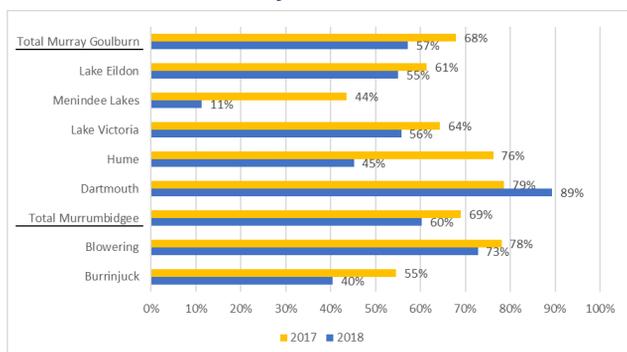
The latest Bureau of Meteorology outlooks continue to suggest a drier Winter and Spring with a very high chance (75%-80%) for below median rainfall over the next quarter (see chart bottom right) alongside very high probabilities for temperatures to exceed both the median maximum and minimum temperature for this period. The dry conditions have meant that in a number of regions irrigators have already begun watering crops and permanent plantings. Under medium conditions irrigation would generally not start until September/October.

Looking beyond the next three months, gradual warming of sea surface temperature in the Pacific Oceans has 5 of 8 international climate models predicting an El Nino to occur in Spring. An El Nino typically results in below average rainfall and above average temperatures.

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.

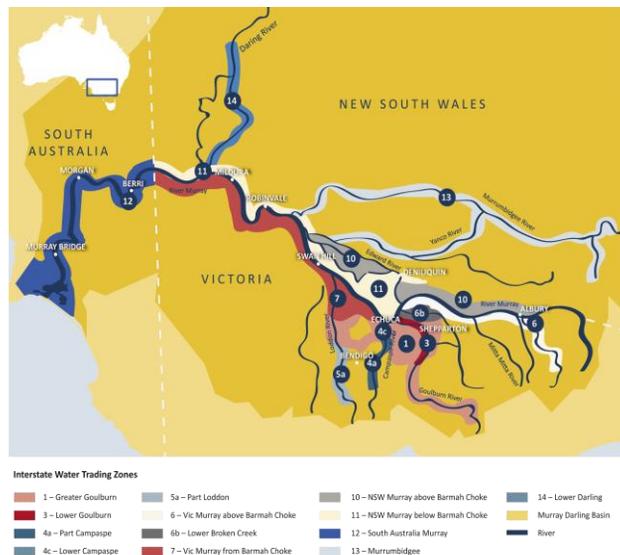
STORAGE LEVELS IN MAJOR DAMS



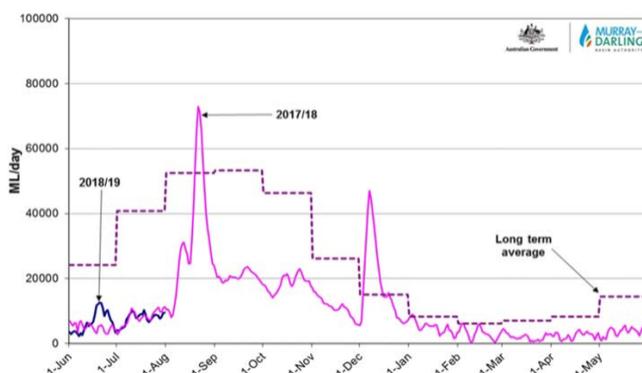
DISCLAIMER

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DUXTON WATER PORTFOLIO – SMDB EXPOSURE



DAILY INFLOWS TO THE MDB



CHANCE OF ABOVE-AVERAGE RAINFALL AUGUST-OCTOBER

