



DUXTON
WATER

\$1.37

Net Asset Value per Share

ASX CODE (Shares) D20

Shares on Issue (November) 108,576,017

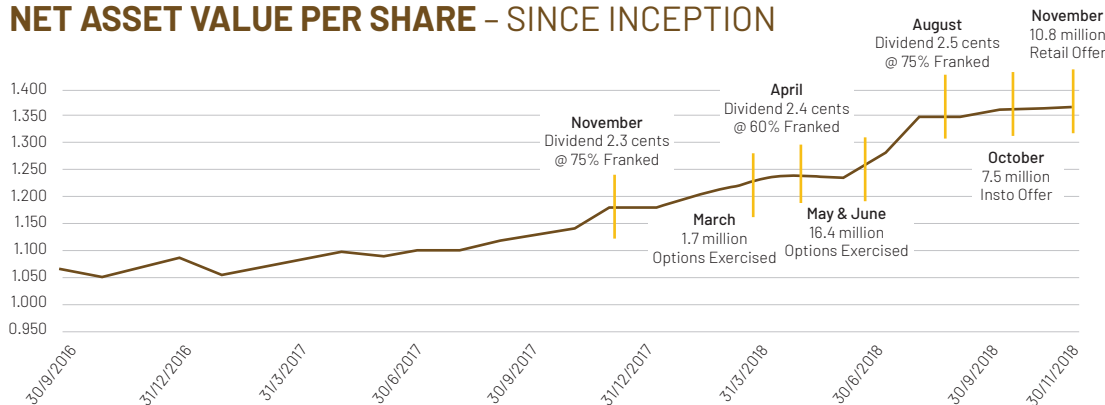
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

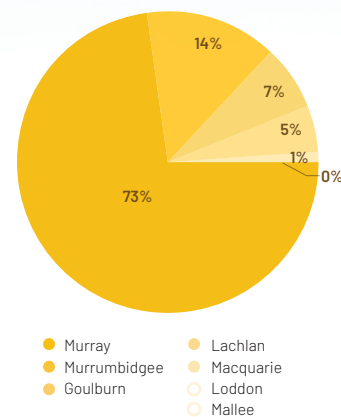
Duxton Water's NAV as at 30 November 2018 was \$1.37 per share.

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").

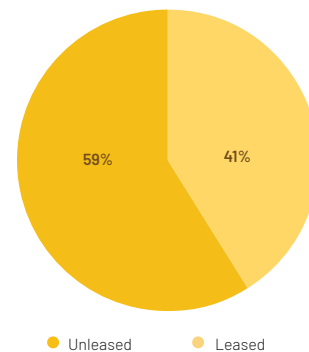
NET ASSET VALUE PER SHARE - SINCE INCEPTION



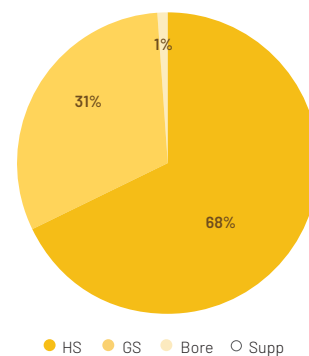
Entitlement Portfolio Value by Region



Water Portfolio Diversification



Water Security Breakdown



PERFORMANCE*

1 Month	3 Months	6 Months	12 Months	Inception
0.23%	4.38%	13.46%	23.64%	36.46%

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

INVESTMENT UPDATE

At 30 November 2018, Duxton Water Ltd is invested in ~\$187.1 million of water assets with a net asset value of \$148.4 million. The Company currently has ~\$13.3 million of water entitlements in its acquisition pipeline at 30 November 2018.

The Company completed its 1-for-2 Rights Issue raising a total of \$23.8 million before costs and issuing a total of 18.3 million shares, with 7.5 million issued in October and the remainder in November bringing the total number of shares on issue to 108,576,017. Dilution from this raise has been outweighed by portfolio value uplift.

Peak spring rainfall is historically received through early spring, as such although November received average rainfall, severe annual deficiencies persist as it is not a significant rainfall period. Strong winds and dry soils increased evaporation and reduced inflows into major storages, which were ~60% below the long term median. These recent conditions have resulted in poor major catchment conditions with the total Murray Goulburn System being ~23% lower than this time last year.

The MDBA is continuing to draw down on the Dartmouth Dam, which acts as the Murray's reserve storage and is rarely utilised. A further ~200GL of water was released from the Dartmouth over the month to help support summer irrigative demand. Total active storage within the MDB reduced by a further 4% over the month to close at 51%.

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



ENTITLEMENT MARKET

Duxton Water Ltd is engaged in building a targeted portfolio of water entitlements predominantly across the Southern MDB. The Company has invested in both surface and ground water assets. As at 30 November 2018, the Company holds approximately 59.4 GL of permanent entitlements across 21 different asset types and classes.

Demand for permanent water entitlement remains steady and continues to deliver portfolio uplift. Aither Pty Ltd values the Duxton Water Ltd portfolio on a monthly basis on a without allocation ('dry') equivalent basis. Notable movements were seen in the following entitlements for November:

SOUTHERN BASIN

- Victorian Murray 7 High Reliability increased 3.5% (11.5% of Portfolio)
- NSW 11 Murray 13 Murrumbidgee High Security increased 3.9% (6.9% of Portfolio)

NORTHERN BASIN

There was no change in Northern Basin values through November.

ALLOCATION MARKET

Allocation markets across the Southern Basin steadily increased from \$400/ML at the start of the month to \$420/ML - \$430/ML to close the month. With higher than average maximum temperatures forecasted, demand for temporary allocation is expected to be strong as irrigators have already brought forward their usage and will

require additional irrigation to manage heat stress. Allocation pricing of \$150 - \$160/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. Enabling 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

Currently, 41% of the Company's portfolio is leased, with a WALE of 4.6 years. The Company maintains its intention to lease a significant portion of the portfolio, however given current market conditions, the Company is able to generate a greater yield from its unleased portion of the portfolio. The increased allocation pricing has seen strong interest for longer term water supply solutions and the Company has entered into further leases 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.

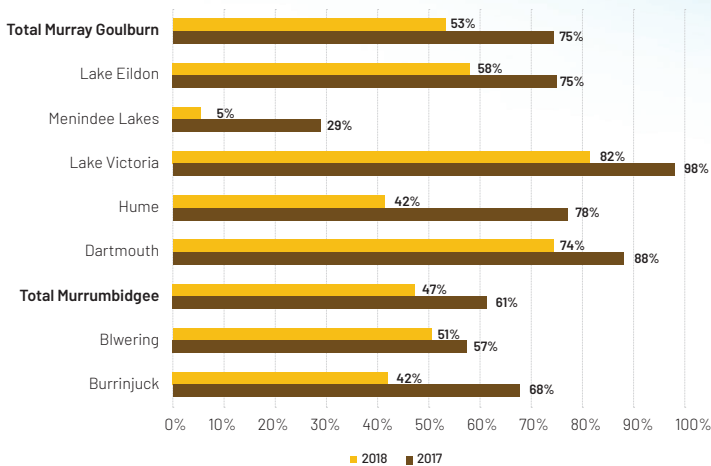
DIVIDENDS

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 (\$AUD). The dividend was franked to 75% for Australian taxation purposes.



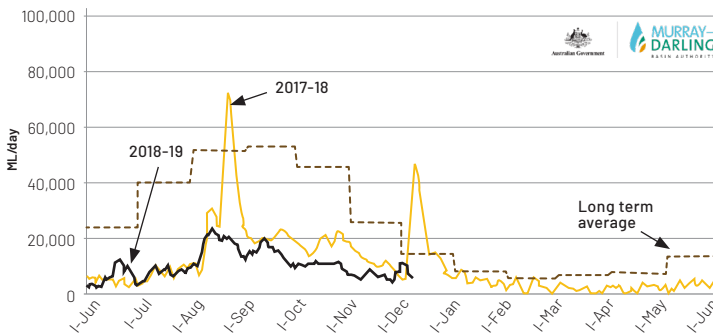
DUXTON WATER PORTFOLIO - SMDB EXPOSURE

STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MDB

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



CHANCE OF ABOVE-AVERAGE RAINFALL DECEMBER - FEBRUARY



MARKET UPDATE & OUTLOOK

Spring as a whole was relatively dry and hot. Although November provided average rainfall, total rainfall over spring was ~20% below average for the MDB and Victoria experienced its 9th driest spring on record. Severe rainfall deficiencies still remain with some regions requiring at least double their December averages to lift 2018 annual rainfall out of the bottom 10% of records.

Temperatures throughout spring were above average throughout the Basin. Warm temperatures and strong winds increased evaporation and decreased lower subsoil moistures and inflows into catchments which resulted in a reduction of total active storage within the MDBA of 4%.

Inflows into storages of 230GL were well below the long term median of 594GL and have delivered little to no improvement in the available resource despite the above average rainfall received for the month. Storages within the northern MDB are currently at 17% compared to 49% at this time last year and storages within the southern MDB are currently 62% compared to 79% at this time last year.

Due to its stronger reserves, Victoria was able to increase its high security allocations by a further 6% in the Murray and 8% in the Goulburn, to 90% and 85% respectively. NSW water entitlements received no allocation increases through November with significant deficits still remaining prior to any allocation being issued to general security entitlements.

The latest Bureau of Meteorology outlooks are suggestive of an average summer with an average chance (50%) for above median rainfall over the next quarter throughout the Southern Murray Darling Basin.

The El Niño-Southern Oscillation alert remains, with a 70% chance of an occurrence of El Niño in 2018. A positive Indian Ocean dipole has been in effect since September and is showing signs of weakening. 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 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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