

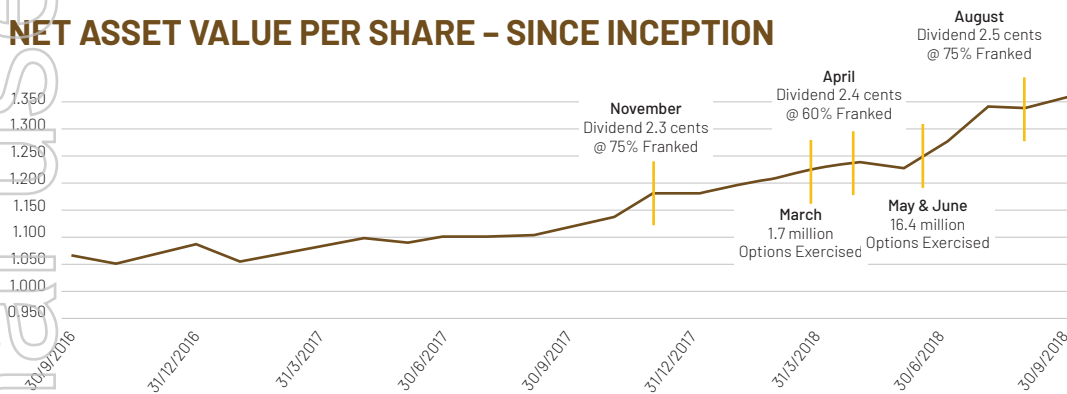
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

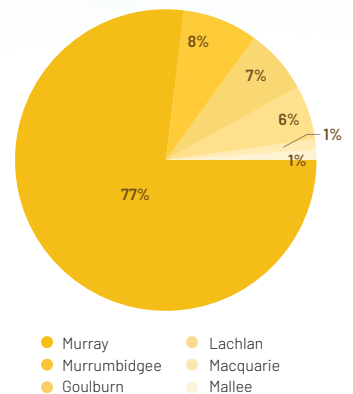
Duxton Water's NAV as at 30 September 2018 was \$1.36 per share.

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



Entitlement Portfolio Value by Region



PERFORMANCE*

Period	Performance (%)
1 Month	1.46%
3 Months	6.54%
6 Months	10.66%
12 Months	21.43%
Inception	27.14%
Inception**	35.89%

*These figures are based on NAV movements

**This figure includes franked distributions since listing 16 Sept 2016

INVESTMENT UPDATE

At 30 September 2018, Duxton Water Ltd is invested in approximately \$149.4 million of Water Entitlements with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately \$25.1 million of Water Entitlements in its acquisition pipeline at 30 September 2018.

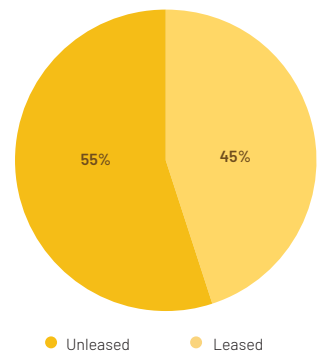
The NAV increase is a result of a further 1.4% uplift through September in the value of Water Entitlements, higher allocations providing more temporary water from held Water Entitlements, and an increase in the value of held allocation with higher temporary pricing across most regions.

September was Australia's driest on record with rainfall conditions across the Murray Darling Basin 70% below the long-term average. The BOM have now moved from El Nino 'Watch' to 'Alert' with a now 70% chance of an El Nino event establishing before the end of the year.

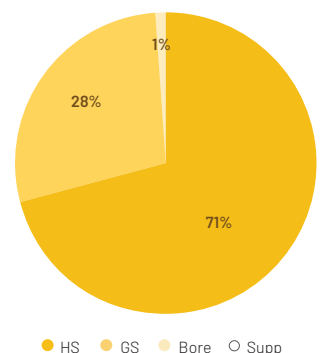
The MDBA have increased their draw on the Dartmouth storage, which acts as the Murray's reserve storage and is rarely utilised. Substantial drawdown of Dartmouth has only occurred 3 other times this century through the 03-04, 06-07 and to a lesser extent 15-16 water years. This highlights the severity of the storage and inflow deficiencies currently being experienced. High levels of early irrigation, particularly for finishing winter crop, has depleted annual cropping irrigator held allocation. This will result in further reductions in the available allocation ahead of peak summer demand. Duxton Water Ltd is well positioned through our exposure to High Security Entitlements and allocation positioning, through Carry Over and early season acquisition.

Even with strong increases within the entitlement market this year, the Company maintains its long position on the value of permanent water entitlements. This value shift is underpinned by the increased level of high value permanent horticultural development within the Southern Murray Darling Basin leading to a structural short where water demand could outstrip water supply. Duxton Water Ltd is a direct exposure to the continued value add of this key industry input.

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 the 30 September 2018 the Company hold over 52,500 ML of Entitlement across 19 different asset types and classes.

Demand for Permanent Water Entitlement remains strong and has delivered further value uplift across the portfolio. Aither Pty Ltd values the Duxton Water Ltd portfolio monthly, on a dry (without allocation) equivalent basis. Notable movements were seen in the following entitlements:

SOUTHERN BASIN

- Victorian Goulburn High Reliability increased 2.9% (7.4% of Portfolio)
- Victorian Murray 6 High Reliability increased 7.1% (14.4% of Portfolio)
- Victorian Murray 7 High Reliability increased 6.6% (11.8% of Portfolio)
- NSW Murrumbidgee High Security increased 3.0% (6.5% of Portfolio)
- SA Murray High Security increased 2.5% (6.6% of Portfolio)

NORTHERN BASIN

There was no change in Northern Basin values through September.

ALLOCATION MARKET

Allocation markets across the Southern Basin experienced a surge in pricing late in the month with a number of transactions occurring at

\$375 - \$395/ML. Continued dry conditions with no significant rainfall in sight is contributing to allocation demand as irrigators cover short positions for this summer and begin to look beyond this Water Year. In comparison allocation pricing of \$145 - \$150/ML was experienced at the same time last year.

Allocation pricing within the Lachlan Valley remains relatively steady at \$300/ML with low levels of activity above this at \$320/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 35.3GL of allocation.

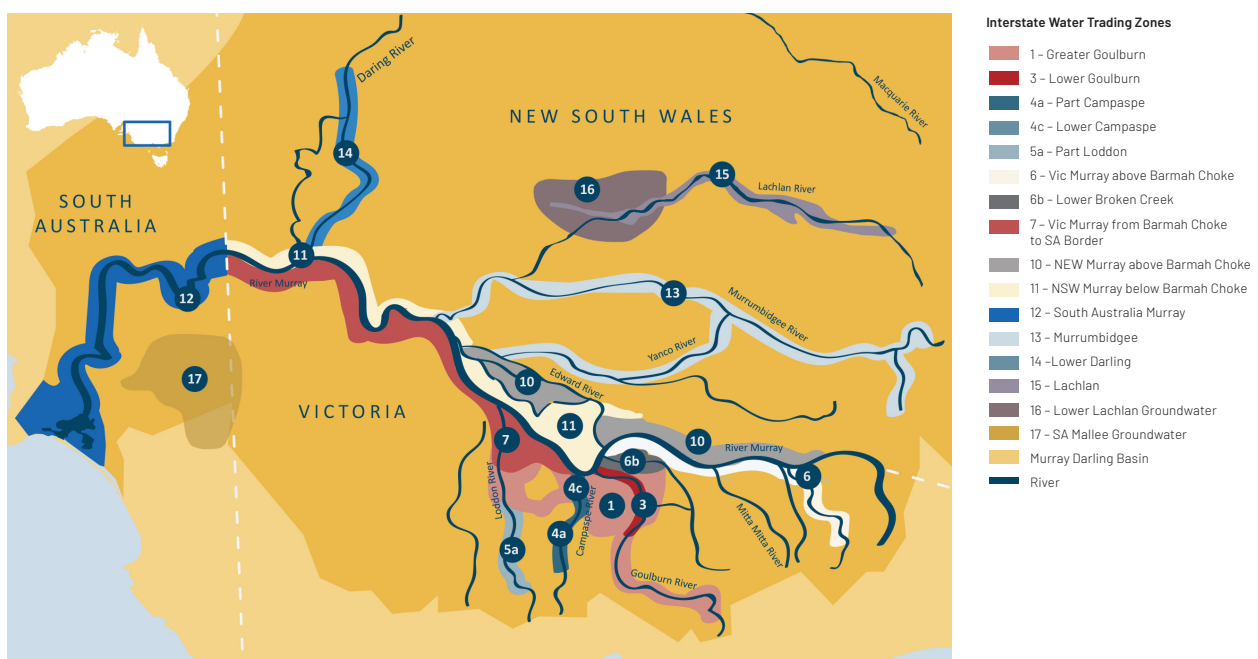
The allocation sales to date for 2018 amount to 65.9GL.

LEASES

Currently, 45% of the Company's portfolio is leased, with an average weighted term length of 4.7 years remaining. With the increase in allocation pricing, the Company has seen an increased interest for longer term water supply solutions. Expected yields align with the Company's targets against the back drop of increased water entitlement values.

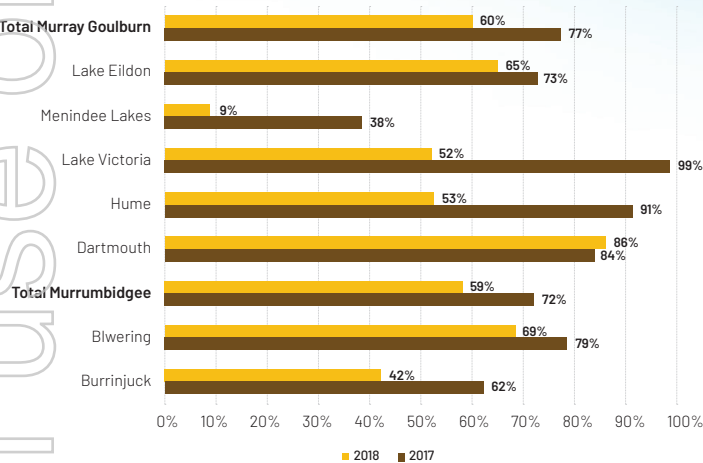
DIVIDENDS

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.



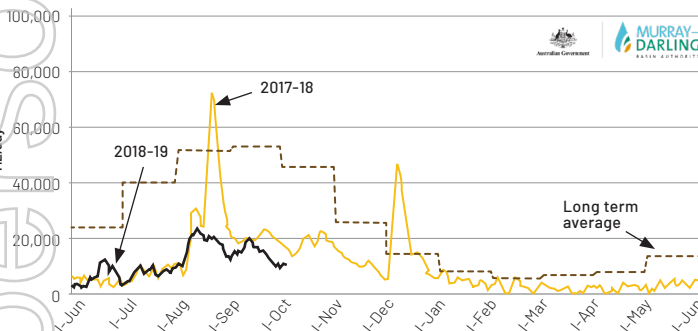
DUXTON WATER PORTFOLIO - SMDB EXPOSURE

STORAGE LEVELS IN MAJOR DAMS

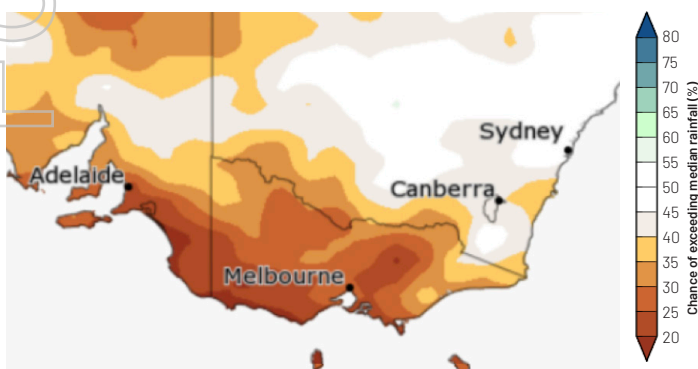


DAILY INFLOWS TO THE MDB

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



CHANCE OF ABOVE-AVERAGE RAINFALL SEPTEMBER - NOVEMBER



MARKET UPDATE & OUTLOOK

Severe rainfall deficiencies continue across the MDB. September was the second driest on record for Victoria, the fourth driest for South Australia and the sixth driest for the Basin as a whole, with only 30% of mean rainfall received.

Storage levels across the MDB decreased 2% through September as a result of the lower than average rainfall received throughout the Basin, closing the month at 51%.

Inflows into storage continue to track below average and are delivering little improvement in the available resource. Victoria with some tributary flow and stronger reserves has been able to increase VIC High Security Entitlements by a further 19% in the Murray and 14% in the Goulburn, to 78% and 70% respectively. NSW entitlements received no increase in allocation through September 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 (70% - 80%) for below median rainfall over the next quarter throughout the Southern Murray Darling Basin.

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 effects of an El Niño. Even if an El Niño or a positive 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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