

DUXTON WATER

ASX Code (Shares)	D2O
ASX Code (Options)	D2OO
Shares on Issue	73,013,132
Options Outstanding	62,142,906
Options Exercise Price	\$1.10
Options Expiry	31 May 2018

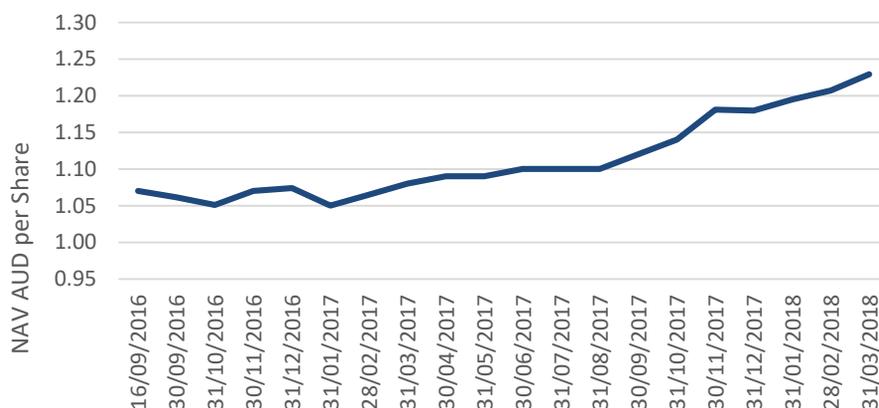
The primary investment objective of Duxton Water is to generate annual income through capitalising on the increasing demand for scarce water resources. Duxton Water derives its income from a diversified portfolio of Australian Water Allocations and Water Entitlements.

NET ASSET VALUE PER SHARE

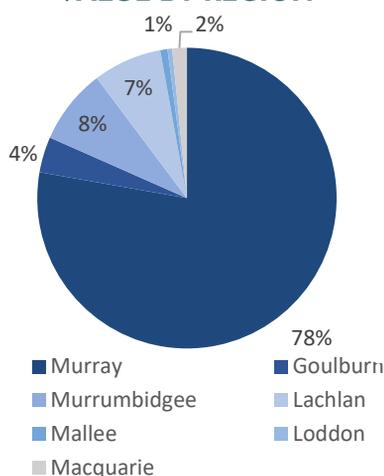
Duxton Water's NAV as at **31 March 2018** was **\$1.23** per share.

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. These figures are not adjusted for any dilution due to the outstanding options which are exercisable at \$1.10. NAV is calculated based on independent monthly portfolio valuation performed by Aither Pty Ltd ("Aither").

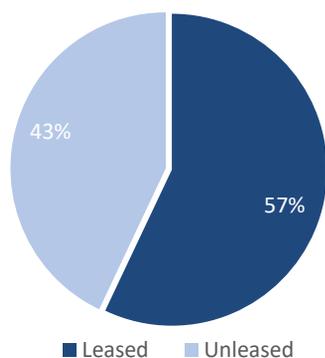
NET ASSET VALUE PER SHARE – SINCE INCEPTION



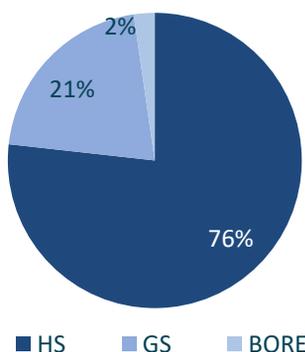
ENTITLEMENT PORTFOLIO VALUE BY REGION



WATER PORTFOLIO DIVERSIFICATION



WATER SECURITY BREAKDOWN



PERFORMANCE

	GAIN/LOSS
1 Month	1.83%
3 Months	4.20%
6 Months	9.77%
12 Months	13.83%
Inception	14.90%
Inception (+ franked distribution)	17.53%

MARKET UPDATE

Market Summary

Storage levels of the major dams within the Murray Darling Basin (MDB) decreased by 7.3% through March in line with seasonal water expectations. Total MDB storage levels were 23.4% lower than at the end of March 2017.

As a result of lower conveyance losses, on the 15th of March a further allocation was made to NSW Murray and Murrumbidgee General Security Holders of 2% and 4% respectively. Duxton Water benefited from this increase. No increases were made to other entitlements and the likelihood of further allocations prior to the start of the 18/19 Water year (1/7/2018) is low.

Duxton Water presently has approximately 8.5GL of unleased water allocations available.

Southern Basin

The Hume and Dartmouth reservoirs closed the month at 41% and 89% of capacity respectively. Entitlement demand remained strong. NSW Murray Zone 10 General Security and VIC Murray (both Zone 6 & 7) High Security Entitlements an increase of 3% over February pricing. These Entitlements represent 10.5%, 13.2% and 14.2% of portfolio respectively. NSW Murrumbidgee High Security Entitlements increased by 2% (8.12% of portfolio) and the market saw a 1% increase in the Entitlement value of South Australian High Security (4.8% of portfolio). Temporary water prices rose on the back of final watering and carry over requirements.

Northern Basin

A further 7% increase was seen in the Lachlan General Security Entitlement values, which currently represent 6.09% of the portfolio.

INVESTMENT UPDATE

Permanent Water Acquisitions and Divestments

At 31 March 2018, Duxton Water is invested in approximately \$95.7 million of water entitlements with the remainder of the portfolio held in cash and net current assets. Duxton Water holds contracts over a further \$4.1 million of water entitlements at the 31st March 2018.

Temporary Water Sales

5,173ML of allocation were sold throughout March. The Company's yield from its unleased Entitlement will increase through the financial year as we divest the remainder of current held allocation and derive returns from the next water years allocations from the 1st of July.

The allocation sales to date for 2018 amount to 17,011 ML.

Lease Yield

No new leases were entered into in March.

57% of the Company's portfolio is leased with a weighted average yield of 6.20% and a weighted average lease duration of 5.25 years.

Total Yield

Duxton Water's yield is comprised of two streams of income: leased and unleased income.

Assuming a steady state basis, the forecast annual gross yield to the end of 2018 will be 6.10%

(This is a forecast and actual results may vary).

Dividends

In line with the Company's goals of paying a dividend to shareholders biannually, the Company announced on the 7th March 2018 that it will pay its second dividend to its shareholders of 2.4 cents per share payable in Australian dollars. The dividend will be franked to 60% for Australian taxation purposes. The company affirms this dividend which will be paid on the 18th of April 2018.

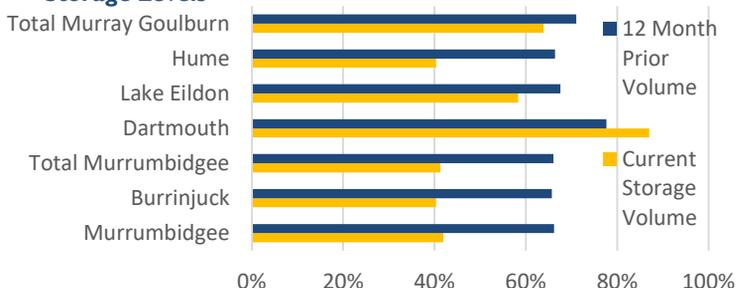
Valuation Methodology

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.

MARKET OUTLOOK

The latest Bureau of Meteorology outlooks are suggestive of a drier Autumn and early winter with a neutral chance of median rainfall over the next quarter (see chart below).

Storage Levels



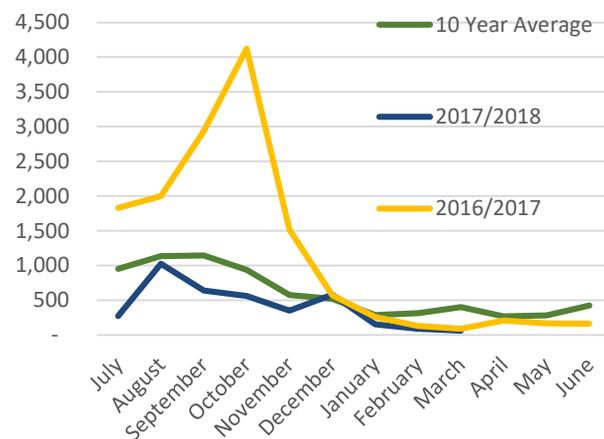
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DUXTON WATER PORTFOLIO – SMDB EXPOSURE



INFLOWS TO THE MDB



The chance of above-median rainfall for April - June 2018

