

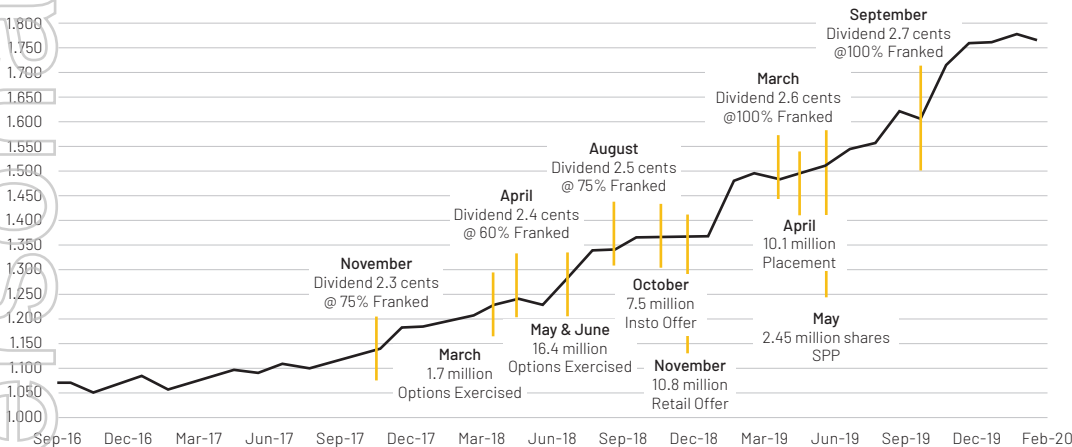
The primary investment objective of Duxton Water is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including long term entitlement leases, forward allocation contracts and spot allocation supply.

NET ASSET VALUE PER SHARE

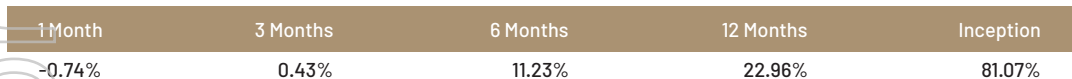
Duxton Water's NAV at 29 February 2020 was \$1.77 per share.

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 \$2.00.** The Company's NAV is primarily the fair value of its water asset portfolio at the stated date. The Company uses independent Fair Market Unit Values for entitlements and allocations provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment.

NET ASSET VALUE PER SHARE - SINCE INCEPTION



PERFORMANCE*



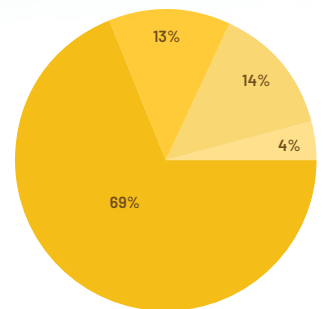
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 29 February 2020, Duxton Water Ltd is invested in approximately \$343.85 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company has approximately 162ML (\$1.3 million) of water entitlements in its acquisition pipeline at 29 February 2020.

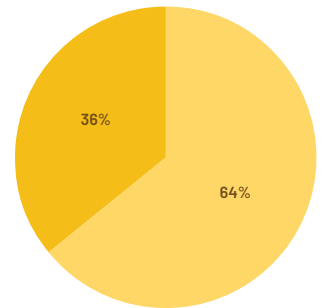
The value uplift experienced in permanent water entitlements over the last 36 months reflects long-term drivers rather than the current drought. Irrigators have over the last 10 years significantly enhanced their marginal return per megalitre through both more efficient use of water and conversion to higher value commodities. At the same time, we have seen significant steps taken to return water to the environment with Government purchases of between 20-22% of entitlements that were previously available to the consumptive pool. The combined impact has seen stronger demand for a reducing available water

Entitlement Portfolio Value by Region



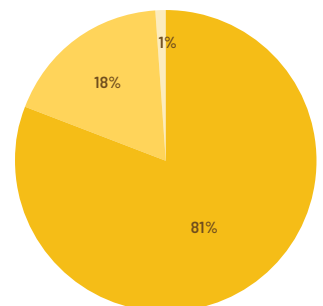
● Murray ● Goulburn
● Murrumbidgee ● Lachlan

Water Portfolio Diversification



● Unleased ● Leased

Water Security Breakdown



● HS ● GS ● Bore

supply and subsequent increased asset prices. Irrigators themselves have been the greatest beneficiaries from this capital appreciation as they collectively own the majority of water entitlement on issue in the market.

The Bureau of Meteorology reports that the summer of 2019/20 was Australia's second warmest on record. While storms and heavy rainfalls occurred in the east of Australia during January and February, the heaviest rainfalls occurred east of The Great Dividing Ranges and in the Northern Basin. This will have a limited effect on Southern water storage levels. We have seen further drawdown of water reserves to meet delivery requirements with storages through February in the Southern Connected MDB falling by 335GL. The current volume of water available within the Murray-Goulburn system is 30% of storage capacity levels; 10% lower than 12 months ago. Northern basin storage levels are currently 14%, 1% higher than 12 months ago.

Duxton Water continues to support its irrigation farming partners into the 2019/20 water year. This involves the provision of leases to over 70 family farming and corporate businesses. While many irrigators focus is currently on harvest, attention is being paid to the emerging conditions and supply ahead of the 2020/21 water year.

The Company actively manages its allocation holding in order to deliver on demand for spot allocation sales, meet its obligation for the provision of forward allocation sales and deliver on new entitlement lease arrangements. With the continuing dry conditions, visible water supply through the provision of these products is a critical tool that irrigators use to risk manage their water requirement. In the offering of these products, the Company supports market liquidity and risk management options for our irrigation partners.

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 29 February 2020, the Company holds approximately 83,599ML of water entitlements across 19 different asset types and classes.

With the dry conditions over the last two years resulting in very little or no allocation received on NSW General Security Entitlement, we have seen an increasing volume of these assets come to market as irrigators manage cash flow and capital. This has resulted in a 13% decrease in the value of these assets over the last 12 months. The Company maintains that having a mixed portfolio of both High and General Security Entitlements will deliver a balanced return across the climatic cycle.

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

* https://waterregister.vic.gov.au/images/documents/Water-Supply-and-Demand-Report_Aither_FINAL.pdf

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 notable movements in values and are shown below:

SOUTHERN BASIN

- ↑ 6.1% in NSW Murray 11 GS (~3.8% of portfolio)
- ↑ 3.5% in NSW Murray 11 HS (~20.4% of portfolio)
- ↓ 1.5% in Vic 7 Murray HR (~11.4% of portfolio)
- ↓ 2.5% in NSW Murrumbidgee 13 HS (~8.1% of portfolio)
- ↓ 2.5% in NSW Murrumbidgee 13 GS (~4.6% of portfolio)
- ↓ 5.6% in Vic 1A Goulburn HR (~12.9% of portfolio)

NORTHERN BASIN

- ↑ 20.0% in NSW Lower Lachlan Ground Water (~0.7% of portfolio)

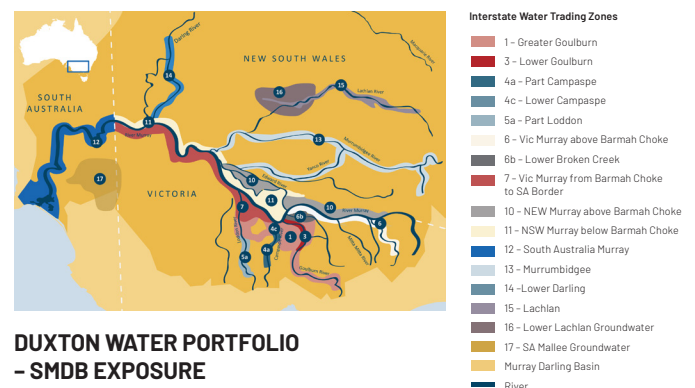
ALLOCATION MARKET

Allocation prices have continued to soften through February. Trade between the Murrumbidgee and Goulburn Rivers has delivered further supply to the Below Choke Murray Region. Pricing towards the back end of February has strengthened upon requirements to balance water accounts and prepare carry over for 20/21. Contracts for Forward allocation delivered in the 20/21 water year are currently completing at between \$800-850/ML.

Pricing in the below choke Murray and Murrumbidgee through the end of January was trading between \$510-540/ML, with the Goulburn and above choke Murray around \$485-500/ML.

LEASES

No new leases were entered into in February; however, the Company continues to work with a number of farming partners



**DUXTON WATER PORTFOLIO
- SMDB EXPOSURE**

In meeting their 2019/20 requirements and looking ahead to the 2020/21 water year. These would not be recognised until the 1 July 2020.

The leased portion of the water entitlement portfolio currently sits at ~63%. This represents ~74% of the Company's High Security Entitlement holding. The movement from January figures is reflective of settlement of acquisitions and valuation shift.

The current weighted average lease expiry (WALE) remains at 3.1 years. Inclusive of renewal options this pushes the WALE to 5.4 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

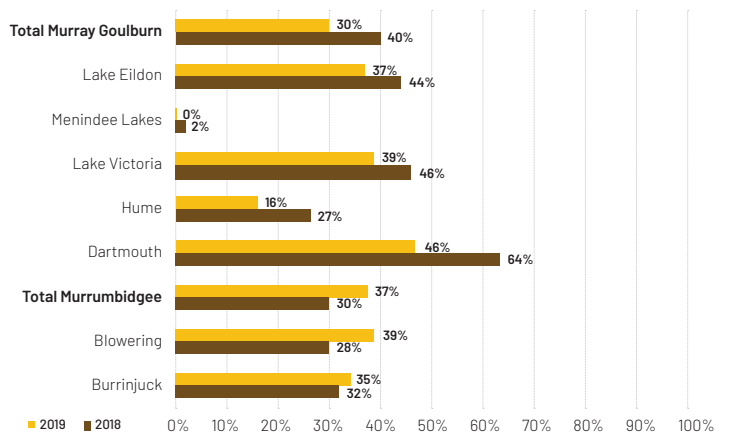
DIVIDENDS & BUY BACK

On 10 September 2019, the Company announced a share buyback. As of 29 February 2020, the Company had purchased 2,242,169 shares at an average price of \$1.444/share. The Board believes the purchase of the Company's shares at the current discount to NAV is in the interest of all shareholders.

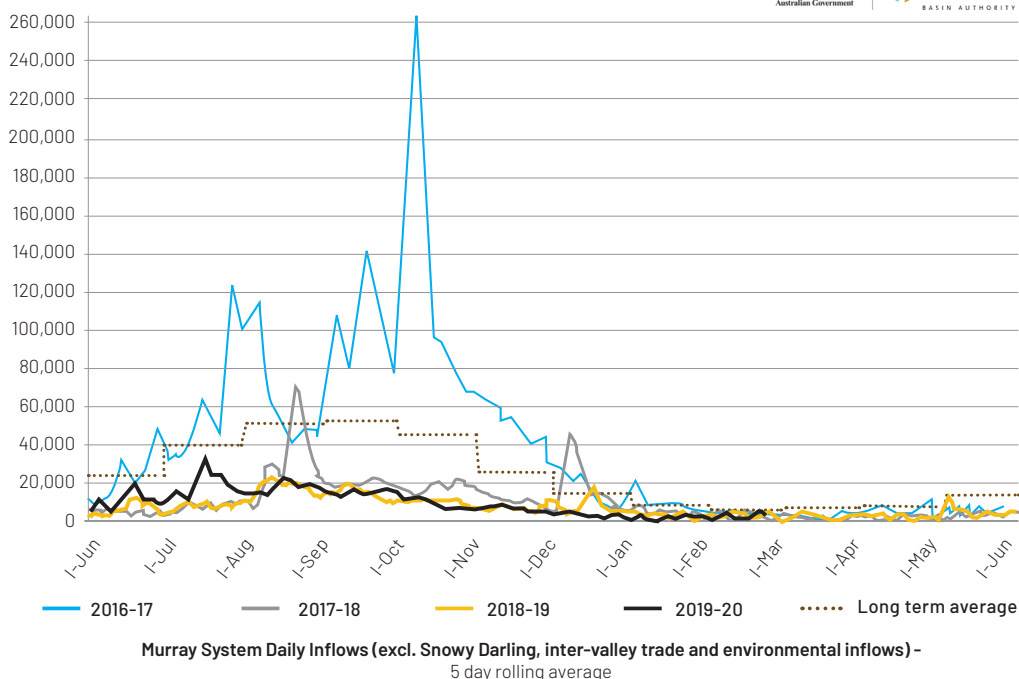
The Company will pay a fully franked final dividend on the 30th of March 2020 of 2.8 cents (\$0.028) per share.

The Board maintains its commitment to providing our shareholders with a bi-annual dividend. With the increased forward-looking leasing revenue the Company is also now in a position to provide a targeted figure for the interim dividend of 2.9 cents (\$0.029), fully franked, expected to be paid in September 2020 and a 3.0 cents (\$0.03), fully franked, expected to be paid in March 2021.

STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MDB





**DUXTON
WATER**

\$1.77

Net Asset Value per Share

ASX CODE (Shares) D20

Shares on Issue (February) 119,348,743

MARKET UPDATE & OUTLOOK

After an extremely dry start to the summer, rainfall between January and February has brought mild relief to eastern Australia. Rains have increased soil moisture in many areas of the Basin to between average and above average. Any further rainfall in these areas now have a better chance of resulting in runoff and contributing to water storages. Despite the improved conditions, around 30% of Australia, and 90% of NSW, still have serious, severe or record rainfall deficiencies.

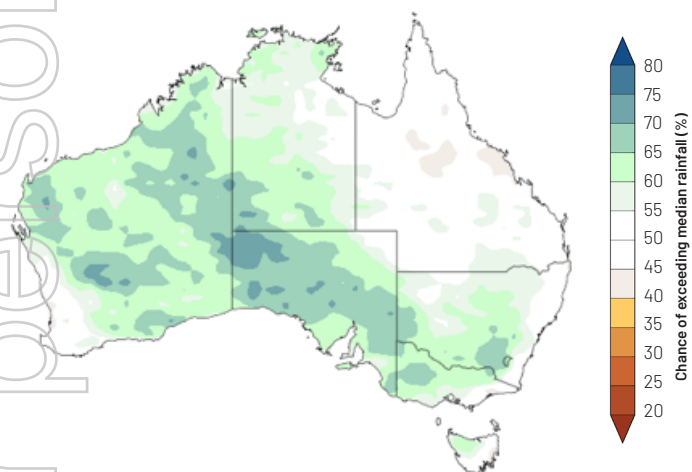
Australia's major climate drivers are currently neutral and look to stay that way over autumn. The rainfall outlook for April to June is between neutral and above average across Australia and the southern Murray-Darling Basin. The temperature outlook for this period is also between neutral and above average across Australia.

Inflows have tracked significantly below average throughout 2019/20. This has delivered little improvement in resource availability and we have seen a net reduction in storage levels since January. In the northern and southern MDB, storages are now at 14% and 38%, compared to 13% and 44% this time last year.

Within Victoria, a conservative approach to their water resource management has enabled them to deliver increased allocation on the back of small resource improvements. As of the 2 March, South Australian irrigators have received 100% allocation whilst Victorian Murray and Goulburn irrigators have received 59% and 73% respectively. NSW Murray and Murrumbidgee HS licences received 95% and 97% respectively on the 1 July 2020. NSW Murrumbidgee GS licences have received an allocation of 6% for 19/20, however resource deficits in the NSW Murray have seen no allocation to Murray GS licence holders for the second year in a row.

CHANCE OF ABOVE-AVERAGE RAINFALL

MARCH 2020 - MAY 2020



ACCC

Duxton Water is both supportive and actively participating in the ACCC Inquiry into the Southern Murray Darling Basin water market. This is an extension to the existing role the ACCC have performed in monitoring and reporting on the market development since 2012. 100% of the Company's assets are deployed to support irrigators within this region, through its partnerships with over 70 irrigator business in the delivery of entitlement leases and countless other irrigators through the delivery of spot and forward allocation products. These products deliver irrigators with both capital and water supply risk management capabilities and the Company is proud of the role that it plays in supporting the development of Australian irrigated agriculture.

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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