

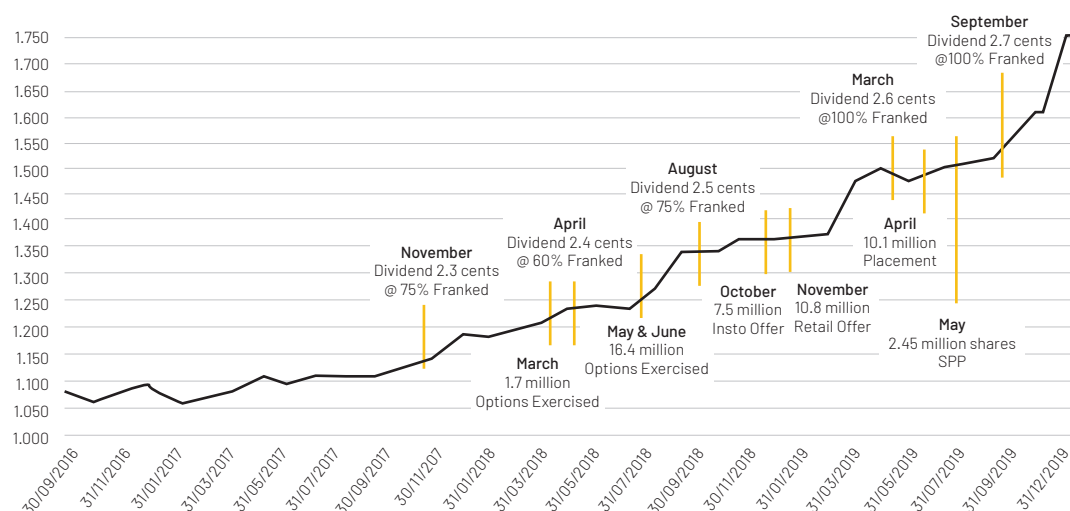
The primary investment objective of Duxton Water is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including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

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 31 December 2019 was \$1.76 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.** 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
0.09%	9.69%	16.66%	33.95%	80.51%

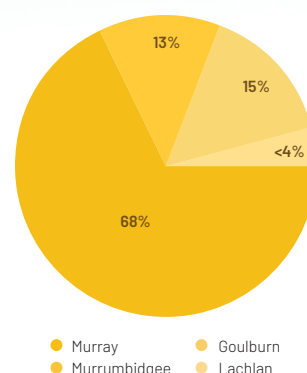
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

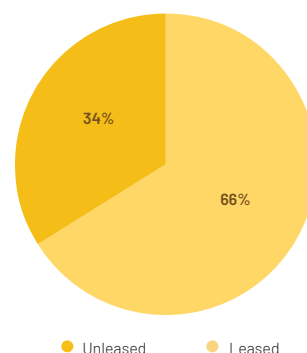
At 31 December 2019, Duxton Water Ltd is invested in approximately ~\$334.56 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company has approximately 522ML (\$3.1 million) of water entitlements in its acquisition pipeline at 31 December 2019.

The uplift in the value of the Company's water assets portfolio through 2019 has been reflective of market pricing flowing through to the independent valuation of the portfolio and further entitlement acquisitions through December. The value uplift seen in permanent water entitlements reflects long-term drivers rather than the drought currently being experienced. 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 the Government buying back 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 supply

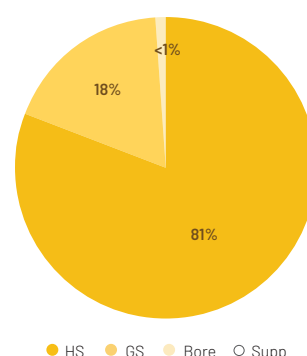
Entitlement Portfolio Value by Region



Water Portfolio Diversification



Water Security Breakdown



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

The Bureau of Meteorology has reported that December 2019 was Australia's warmest and 2019 the driest year on record. This year was the third consecutive dry year across the Murray-Darling Basin which resulted in below average inflows. For the Murray-Darling Basin as a whole, area-averaged rainfall for the 2019 calendar year was the lowest on record and we have seen further drawdown of storage reserves to meet water delivery requirements. Storages through December in the Southern Connected MDB fell by 340GL. The current volume of water available within the Murray-Goulburn system is 35% of storage capacity levels; 15% lower than 12 months ago. Northern basin storage levels are currently 7%, 13% lower than 12 months ago.

Duxton Water continues to support its irrigation farming partners into the 19/20 water year. This involves the provision of leases to over 70 family farming operations and corporate businesses.

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 leased 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 31 December 2019, the Company holds approximately 83GL of water entitlements across 20 different asset types and classes.

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 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:

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

SOUTHERN BASIN

- ↑3.1% in NSW Murray 11 GS (~3.6% of portfolio)
- ↑2.6% in NSW Murrumbidgee 13 GS (~4% of portfolio)
- ↑2% in NSW Murrumbidgee 13 HS (~8.2% of portfolio)
- ↑0.8% in Vic 7 Murray HR (~12.1% of portfolio)
- ↓4.5% in NSW Murray 10 GS (~6.6% of portfolio)
- ↓2.2% in VIC 1A Goulburn (~14.7% of portfolio)

NORTHERN BASIN

There was no change in northern pricing.

ALLOCATION MARKET

Allocation prices remained stable through much of December however prices firmed in the Murrumbidgee, Goulburn and above choke Murray towards the end of the month ahead of limited out trade from these regions to the below choke Murray. Pricing in the below choke Murray through the end of December was trading between \$830-860/ML, with Murrumbidgee at \$775- 800/ML and Goulburn and above choke Murray around \$660-700/ML

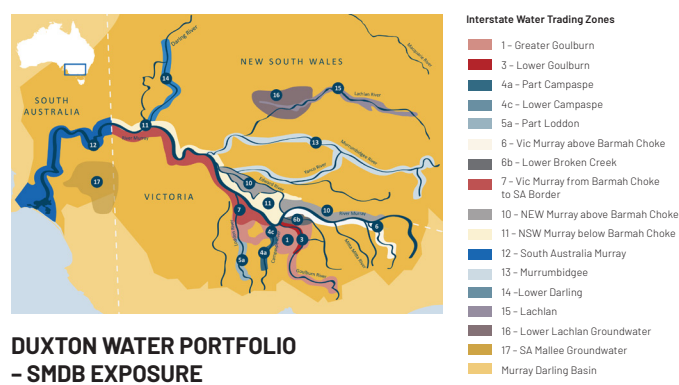
With the dry outlook, demand for allocation is likely to remain strong through Summer and into autumn. From mid-February, the State natural resources managers will provide their first insights into 2020/2021 resource availability.

LEASES

No new leases were entered into in December. The Company does however continue to work with a number of farming partners in meeting their 2019/2020 requirements and looking ahead to the 2020/2021 water year.

The leased portion of the water entitlement portfolio currently sits at ~66%. This represents ~78% of the Company's high security entitlement holding.

The current weighted average lease expiry (WALE) remains at 3.3 years. Inclusive of renewal options this pushes the WALE to 5.5 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

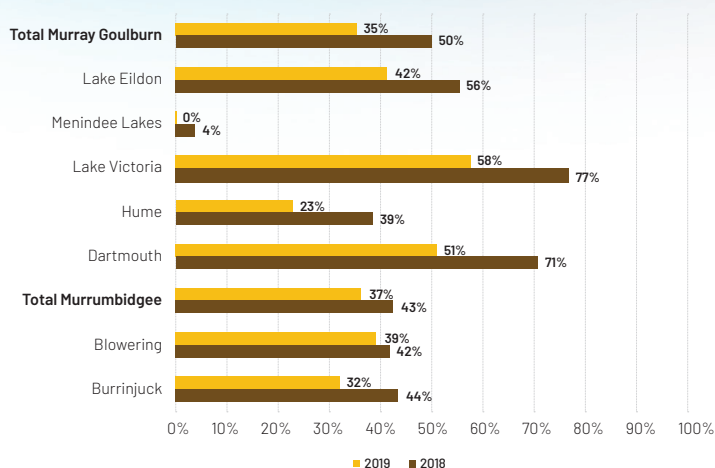


DIVIDENDS & BUY BACK

On 10 September 2019, the Company announced a share buyback. As of 31 December 2019, the Company had purchased 1,569,385 shares at an average price of \$1.432/share. The Board believes the purchase of the Company's shares at the current discount to NAV is in the interest of all shareholders.

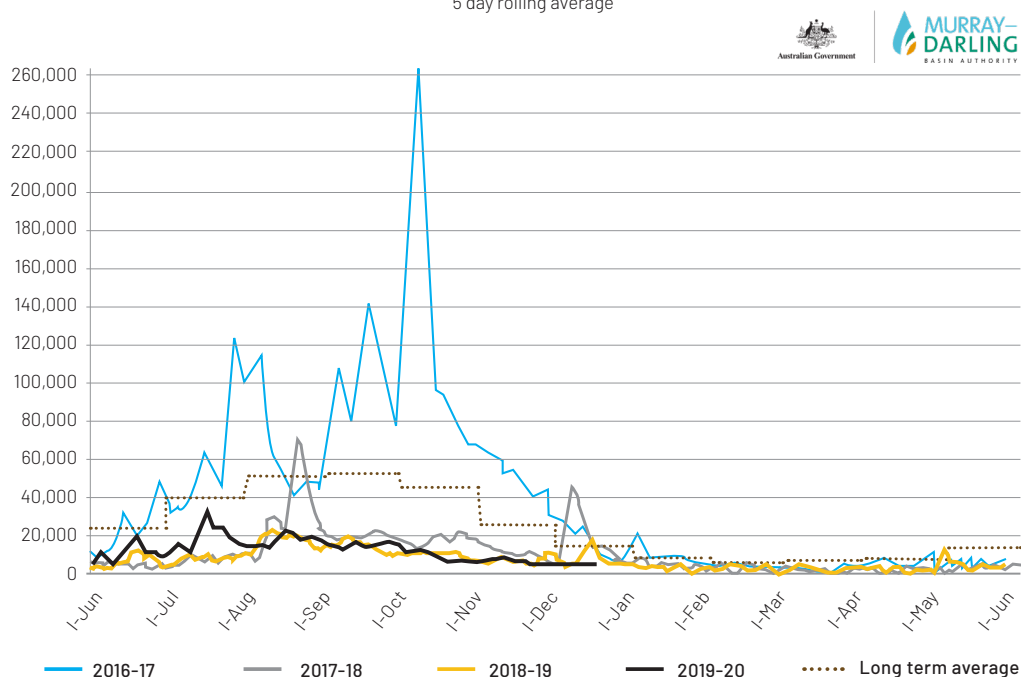
The Board maintains its commitment to providing our shareholders with a bi-annual dividend and has reaffirmed a target of paying a fully franked final dividend of 2.8 cents (\$0.028) in March 2020. With the increased forward-looking leasing revenue, the Company is now in a position to provide a targeted figure for the interim dividend of 2.9 cents (\$0.029), fully franked, expected to be paid in September 2020.

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



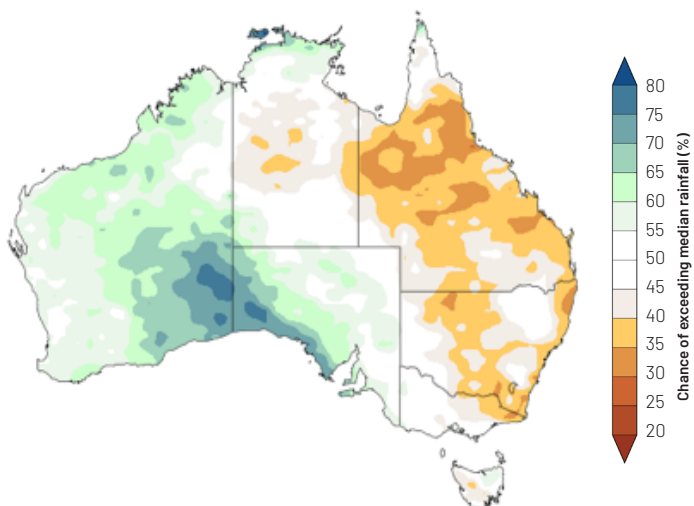
MARKET UPDATE & OUTLOOK

The Bureau of Meteorology (BoM) has reported that December 2019 was Australia's warmest and driest year on record and marks the end to the third consecutive dry year across the Murray-Darling Basin.

The warm and dry conditions Australia has experienced over the last several months has been due to weather conditions such as the very strong positive Indian Ocean Dipole and the negative Southern Annular Mode to our South. While these drivers are now starting to weaken, the effects of these drivers are likely to linger as we enter summer with very dry soils. Looking forward into summer, both daytime and nighttime temperatures are very likely to be above average across Australia over the next 3 months however the rainfall outlook remains neutral.

CHANCE OF ABOVE-AVERAGE RAINFALL

JANUARY 2020 – MARCH 2020



Inflows have tracked significantly below average throughout 2019. This has delivered little improvement in resource availability and we have seen a net reduction in storage levels since November. In the northern and southern MDB, storages are now at 7% and 35%, compared to 20% and 50% this time last year.

Within Victoria and South Australia, 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 1st of December, South Australian irrigators have now received 100% allocation whilst Victorian Murray and Goulburn irrigators have received 56% and 66% respectively. NSW Murray and Murrumbidgee HS licences received 95% and 97% respectively on the 1 July 2019. NSW Murrumbidgee GS licences have received an allocation of 6% for 2019, however resource deficits in the NSW Murray no allocation to Murray GS licence holders for the second year in a row.

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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