

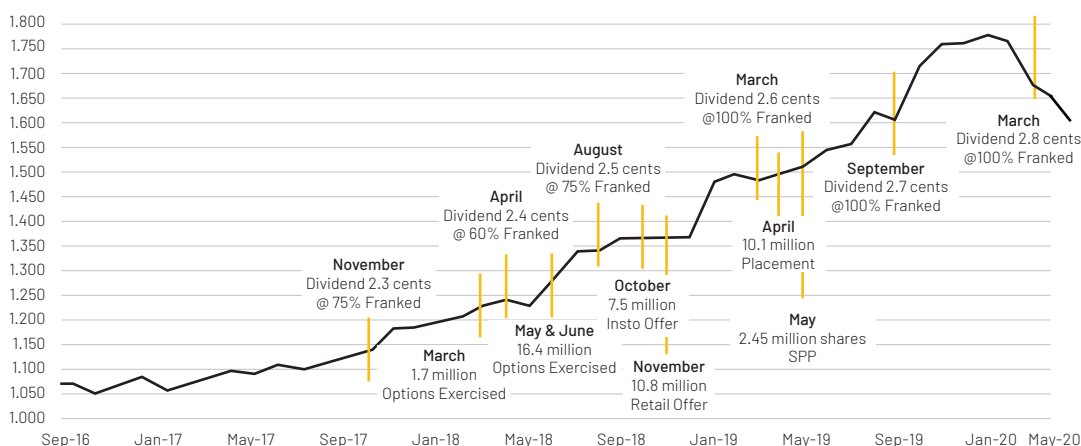
The primary investment objective of Duxton Water is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including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

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 31 May 2020 was \$1.60 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 \$1.78.** 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
-3.14%	-7.28%	-6.89%	11.12%	69.03%

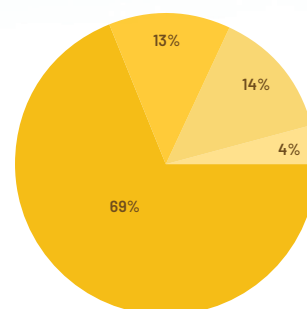
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

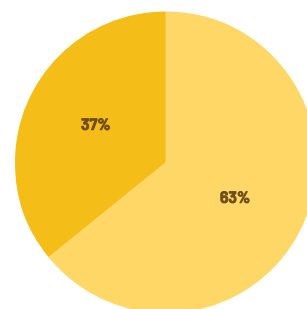
At 31 May 2020, Duxton Water Ltd is invested in approximately \$315.1 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company currently has approximately 212ML (\$0.94 million) of water entitlements in its acquisition pipeline at 31 May 2020.

Whilst we have seen retracement in permanent entitlement values over the last couple of months, the value uplift experienced over the last 36 months reflects long-term drivers rather than the recent drought conditions. 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 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.

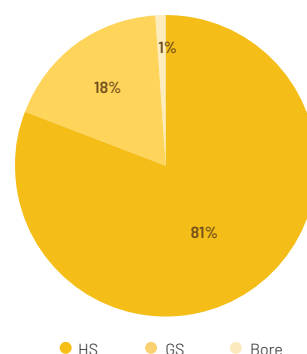
Entitlement Portfolio Value by Region



Water Portfolio Diversification



Water Security Breakdown



May rainfall was 50% below the long-term average. However, despite the lower rainfall, River Murray system inflows for the month were well above average, with the Murray, Goulburn and Murrumbidgee storages seeing a welcome increase of 1,097GL collectively. The above average inflow was a result of a large rainfall event in late April over the upper catchments coupled with previous smaller rain events that had increased soil moisture levels, priming catchments for improved rainfall runoff. The Menindee Lakes saw a 151GL increase through May, and reached the projected 470GL of resource, however as this is below the 640GL MDBA control trigger, the majority of this volume is likely to be quarantined for operation of the Lower Darling and environmental flow over the next 12-18 months, and will deliver little addition resource to Murray irrigators. The current volume of water available within the Murray-Goulburn system is 40% of storage capacity levels; 5% higher than 12 months ago. Northern basin storage levels are currently 18%, 8% higher than 12 months ago.

Duxton Water continues to support its irrigating farming partners as they prepare for the 20/21 water year. This involves the provision of leases to over 70 family farming and corporate businesses. Irrigators attention has moved to balancing 19/20 water use and the emerging conditions and supply into 20/21 water year.

The Company actively manages its allocation holding in order to deliver on demand spot allocation sales, meet its obligation for the provision of forward allocation sales and deliver on new entitlement lease arrangements. With low storage levels, visible water supply through the provision of these products are 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 MDB. The Company has invested in both surface and ground water assets. At 31 May 2020, the Company holds approximately 83,740ML of water entitlements across 19 different asset types and classes.

Through May we have seen a further retracement in the value of the Company's permanent portfolio on the back of relatively low levels of entitlement trade.

Ongoing maturity of permanent plantings has seen greater water demand from high value crop industries such as almonds and citrus. The Company remains engaged with a number of large-scale producers as they plan and manage for increased water requirement over the next 2-3 years. The Company's view is supported by analysis undertaken 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 ABS 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 as shown below:

SOUTHERN BASIN

- ↑ 2.7% in NSW Murrumbidgee 13 GS (~4.7% of portfolio)
- ↓ 4.8% in VIC Goulburn 1A HR (~12.9% of portfolio)
- ↓ 4.3% in SA Murray HS (~8.1% of portfolio)
- ↓ 3.4% NSW Murray 11 HS (~20.6% of portfolio)
- ↓ 3.2% in VIC Murray 7 HR (~11.3% of portfolio)

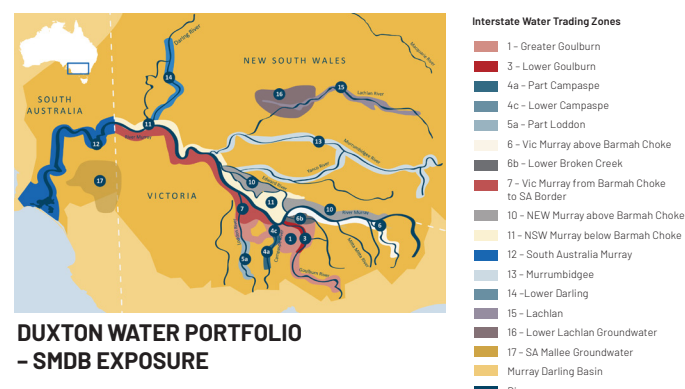
NORTHERN BASIN

There was no change in northern pricing.

ALLOCATION MARKET

Allocation prices soften through early May however have rebounded somewhat through June on a movement in the rainfall outlooks by the BOM back toward more average rainfall conditions over key catchments from wetter previous forecasts through winter. Without significant above average rainfall to reset storages water supply may still be constrained through the 20/21 water year. As we come to the end of the water year, we have seen price parity across most systems. As of mid-June, allocation is trading between \$250-270/ML.

Contracts for Forward allocation delivered in the 20/21 water year are currently completing at between \$400-450/ML



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

LEASES

The leased portion of the water entitlement portfolio is ~63%. This represents ~75% of the Company's High Security Entitlement holding. Approximately 66% of the Company's entitlement portfolio and ~78% High Security portfolio is committed from 1 July 2020.

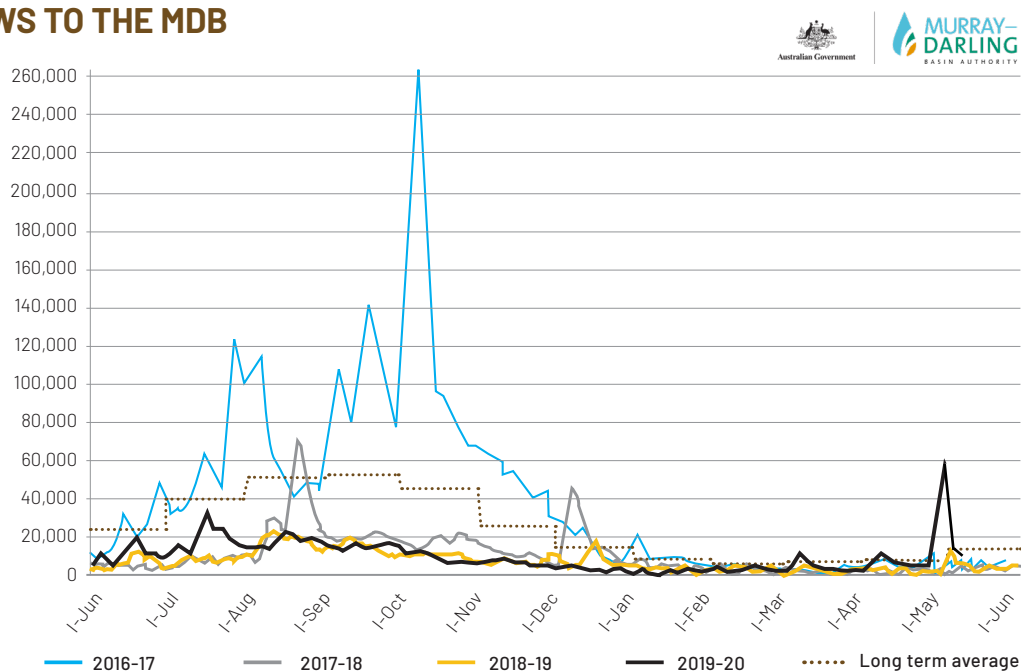
The current weighted average lease expiry (WALE) remains at 2.8 years. Inclusive of renewal options this pushes the WALE to 5.1 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

DIVIDENDS

The Board maintains its commitment to providing shareholders with a bi-annual dividend. With the Company's continued focus on building its leasing revenue, the Board has provided dividend targets for the four dividends, to the March 2022.

The Company is pleased to reaffirm its intention to pay a fully franked 2.9 cent dividend in September 2020, and a fully franked 3.0 cent dividend in March 2021. In addition, the Company has advised of a target of fully franked 3.1 cents to be paid in September of 2021 and 3.2 cents fully franked to be paid in March 2022, providing shareholders 24 Months of dividend visibility.

DAILY INFLOWS TO THE MDB



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

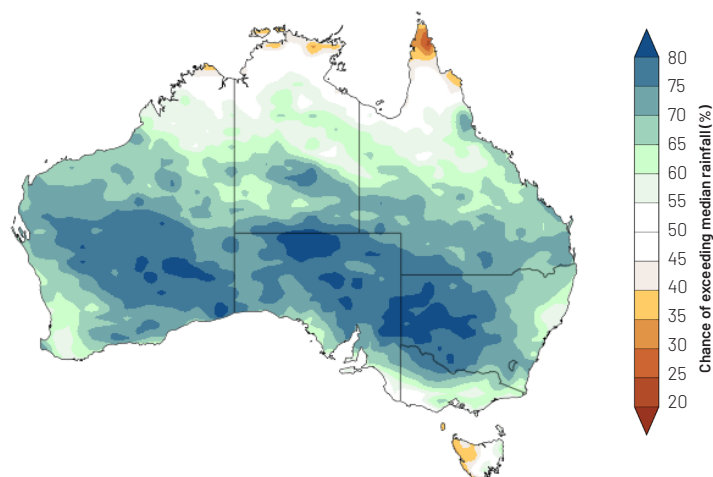
MARKET UPDATE & OUTLOOK

While rainfall in May was below average, the residual impacts of the rainfall through April delivered improved storage inflows.

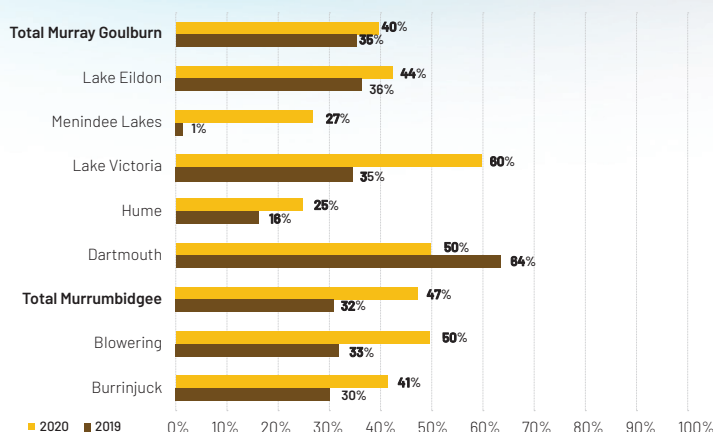
As we moved into June however, a strong positive Southern Annual Mode (SAM) has delivered drier than expected conditions across southern Australia. This resulted in the BOM down grading their outlook rainfall outlook through to Spring. Whilst conditions across much of the MDB are still indicating increased chances of above average rainfall, the probability has reduced significantly over key catchments. Daytime temperature is likely to be between average and above average for the MDB while the wetter soils and increased cloud cover should result in above average night-time temperatures over the region.

While inflows have tracked significantly below average throughout 19/20, we have seen a reprieve in May. This has delivered a welcome improvement in resource availability and we have seen net increase in storage levels since April. In the northern and southern MDB, storages are now at 18% and 40%, compared to 11% and 35% this time last year. Whilst rainfall and storage inflows have improved, with dams operating at a low starting base, supply for the upcoming water year still appears to be limited.

CHANCE OF ABOVE-AVERAGE RAINFALL JULY 2020 - SEPTEMBER 2020



STORAGE LEVELS IN MAJOR DAMS



COVID-19 UPDATE

The Investment manager and Board of Duxton Water Ltd continue to monitor the on-going Covid-19 pandemic. The Investment manager has put in place measures to ensure staff are able to continue to operate effectively whilst adhering to Government recommendations. This has enabled the day to day operations of the Company to continue with little impact and while the Board will continue to monitor and advise of any change, it does not currently foresee any significant operational impact to the business.

ALL ORDINARIES INDEX

The Company is pleased to have been included for the first time in the most recent re-balancing of the S&P All Ordinaries Index. The Company will form part of the index effective at market open on 22 June 2020.

ACCC

The Company looks forward to the release of the long awaited ACCC report sometime in July. The report will now be presented to the Treasurer by 30 June 2020 with an expectation of public release some time after this. Duxton Water Ltd has actively participated and has been supportive of the review into the southern basin water market. With the significant demand and supply changes over the last 10 years, the Company believes the review and any recommendations for enhancement of the market will be important in ensuring stakeholders have the confidence that the market is operating effectively in the support of sustainable agricultural production across the Basin.

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

This announcement has been authorised for release by the Board of Duxton Water Limited.

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