

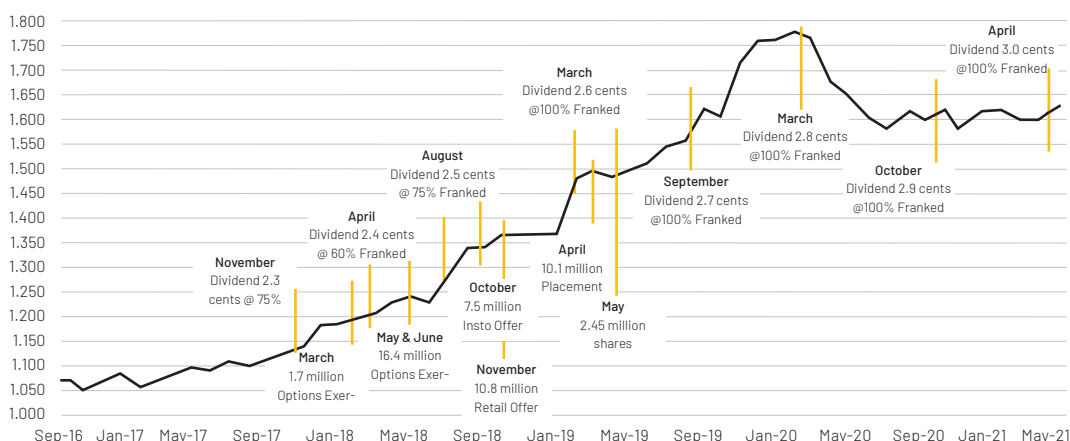
The primary investment objective of Duxton Water ("the Company") is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering Irrigators a range of supply solutions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

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 31 May 2021 was \$1.63 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 \$1.82 per share.** The Company's NAV is primarily the fair value of its water asset portfolio at the stated date. The Company uses an independent Fair Market Unit Value for entitlement and allocations provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment.

NET ASSET VALUE PER SHARE – SINCE INCEPTION



PERFORMANCE*

1 Month	3 Months	6 Months	12 Months	Inception
0.88%	4.49%	3.93%	7.34%	80.00%

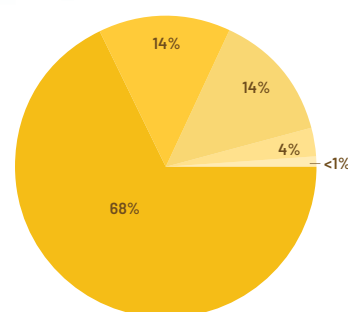
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 31 May 2021, Duxton Water is invested in approximately \$311 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company has a number of new permanent entitlement parcels for sale and acquisition in the pipeline.

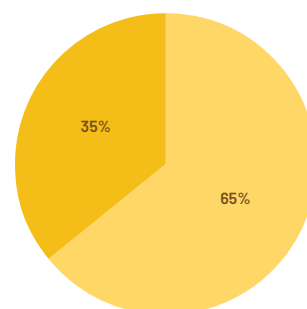
Since May 2020, entitlement prices have remained relatively stable. This follows a 6% retracement in values from their peak in January 2020. Since January 2014, water entitlement values have increased over 250%, reflective of the long-term structural drivers, rather than short-term climatic conditions. 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 buyback purchases of between 20-22% of entitlements that were previously available to the consumptive pool.

Entitlement Portfolio Value by Region



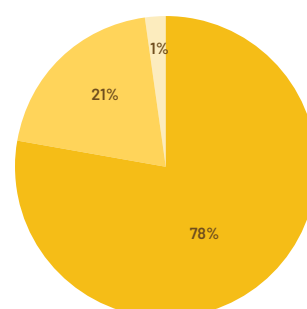
● Murray
● Murrumbidgee
● Goulburn
● Lachlan
● Mallee

Water Portfolio Diversification



● Unleased ● Leased

Water Security Breakdown



● HS ● GS ● Bore

The combined impact has seen stronger demand for a reducing available water supply and subsequently 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.

May rainfall across the MDB was 55% below the long-term average. MDB active storage levels are higher than 12 months ago, however they are still approximately 12% below long-term averages. April and May rainfall was less than half of the average over much of southern Australia. This resulted in mostly below average soil moistures across this area. Floods that were experienced in late March throughout NSW and VIC continue to benefit the Menindee Lakes in north western NSW; the first water seen there in 5 years. The Murray-Goulburn system is currently at 59% of storage capacity; 9.4% higher than 12 months ago. Northern basin storage levels are currently 50%, 32% higher than 12 months ago.

Duxton Water continues to support its Irrigator partners as they prepare to finish one water year and enter into another. This involves the provision of leases to over 70 family farming and corporate businesses. Through June 2020, many Irrigators took advantage of seasonally low allocation pricing and acquired allocation to carry over into the new water year. The Company has further supported Irrigator water risk management through the provision of forward allocation contracts for the 21/22 water year. This provides Irrigators with visibility to water supply and assists Duxton Water in hedging pricing risk on the allocation received on the Company's unleased portion of the portfolio.

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 entitlement lease arrangements. In offering these products, the company supports market liquidity and risk management options for its Irrigator partners.

ENTITLEMENT MARKET

Duxton Water is engaged in building a targeted portfolio of water entitlements predominantly located across the southern MDB. The Company has invested in both surface and ground water assets. At 31 May 2021, the Company holds approximately 79.2 GL of water entitlements across 18 different asset types and classes.

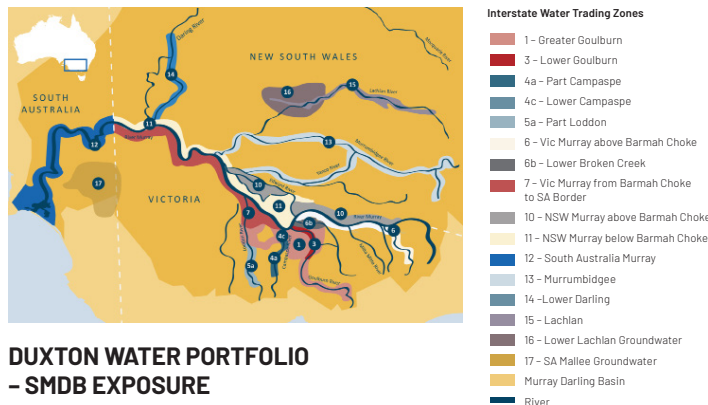
Entitlement pricing across the southern MDB strengthened during May 2021, with a weighted average increase of 0.4%. The company has continued to benefit from its exposure to both its high and general security New South Wales entitlement which continued to see increased capital appreciation throughout May.

On 20 November 2020, the Victorian Government released a report* on water market trends and drivers in the southern MDB. This report delivered further analysis on the future market pricing impacts on allocation prices of both the increased horticulture development as well as past and future government water recovery. The key findings of this report were that with the impact of these structural demand and supply shifts, and a repeat of the last 15 years of resource availability, it is likely the weighted average price of water will be significantly above what has been experienced over the last 15 years.

The Company uses an independent Fair Market Unit Value for allocations and dry entitlements (without allocation) provided by Aither to undertake the NAV assessment.

Notable Entitlement pricing movements through May 2021:

- ↑ 9.1% in NSW Lachlan (above choke) GS (1.7% of portfolio)
- ↑ 9.1% in NSW Lachlan (Jemalong) GS (1% of portfolio)
- ↑ 3.13% in NSW Murray (above choke) GS (7.7% of portfolio)
- ↑ 1.45% in NSW Murrumbidgee (above choke) HS (8.2% of portfolio)



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

ALLOCATION MARKET

Allocation prices remained relatively stable throughout May, with a slight uplift in the Murrumbidgee. Allocation in the lower Murray traded between \$90-100/ML. In the Goulburn, prices traded between \$90-100/ML with Murrumbidgee allocation pricing also firming between \$90-100/ML. This comes on the back of irrigators continuing to fill carry over space ahead of the next water season.

Demand for forward allocation contracts has continued to strengthen towards the end of the 20/21 water year. The Company has continued to lock in more forward allocation contracts, with further negotiations in the pipeline.

* <https://waterregister.vic.gov.au/about/news/330-new-analysis-on-trends-and-drivers-of-market-prices-for-allocation>

In mid-March, the New South Wales Resource Manager provided first outlooks for the 21/22 season. In this announcement, opening allocations were forecast to be 97% for high security and 0% for general security in the Murray, and 95% for high security and 27% for general security in the Murrumbidgee.

In mid-May, the Victorian Resource Manager provided an updated outlook for the 21/22 season. It is noted that without average flows into major storages by the end of June 2021, opening allocations will be less than 25% for the Murray and Goulburn systems. Further outlooks for Victoria will be provided on 17 May 2021.

In mid-May, the South Australian Resource Manager announced that 21/22 forecast minimum opening allocations would be 94%.

LEASES

At 31 May 2021, Duxton Water has leased 65% of its permanent water portfolio to Australian farming businesses. This represents 78% of the Company's high security entitlement holding. With the addition of 1 new lease executed in April 2021, the leased portion of the portfolio at 1 July 2021 will be at least 65%. The Company is working with a number of irrigators ahead of the 21/22 water year which will include establishing new lease arrangements.

The current weighted average lease expiry ("WALE") is 1.9 years. Inclusive of renewal options this increases the WALE to 4.2 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

DIVIDENDS

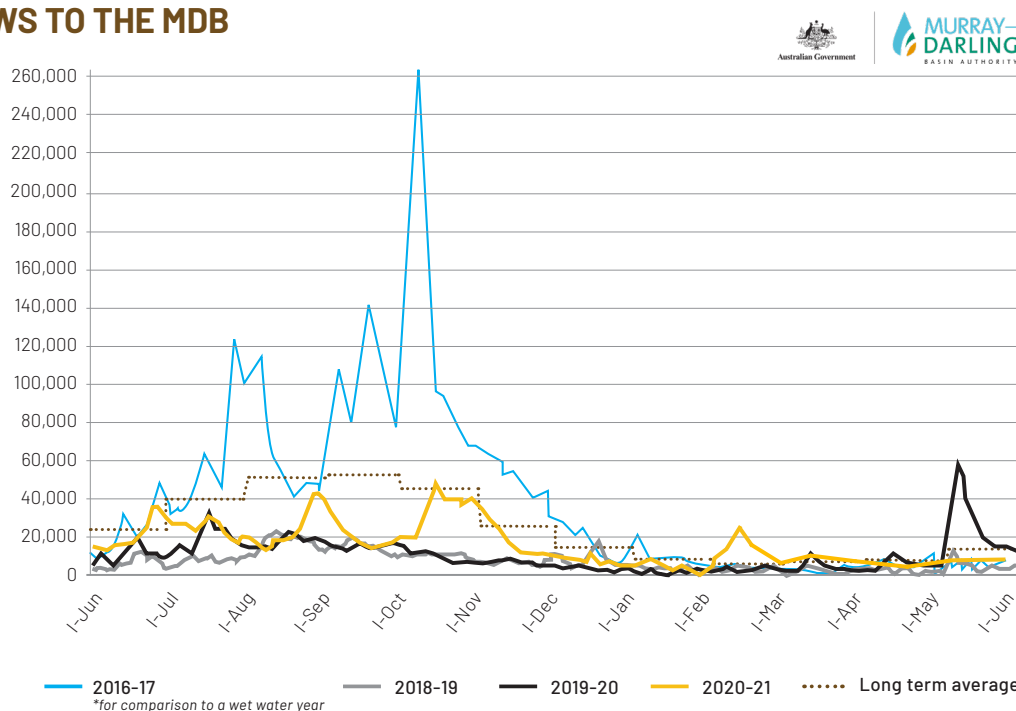
The Company paid a final 2020 dividend of 3.0 cents per share (franked to 100%) on 30 April 2021. The Board maintains its commitment to providing shareholders with a bi-annual dividend, franked to the maximum extent possible. With the Company's high percentage of leased entitlements, the Directors reaffirm its target for the next four dividends.

The Company has provided the following fully franked dividend targets:

- 3.1 cents (\$0.031) as the interim 2021 dividend;
- 3.2 cents (\$0.032) as the final 2021 dividend;
- 3.3 cents (\$0.033) as the interim 2022 dividend; and
- 3.4 cents (\$0.034) as the final 2022 dividend.

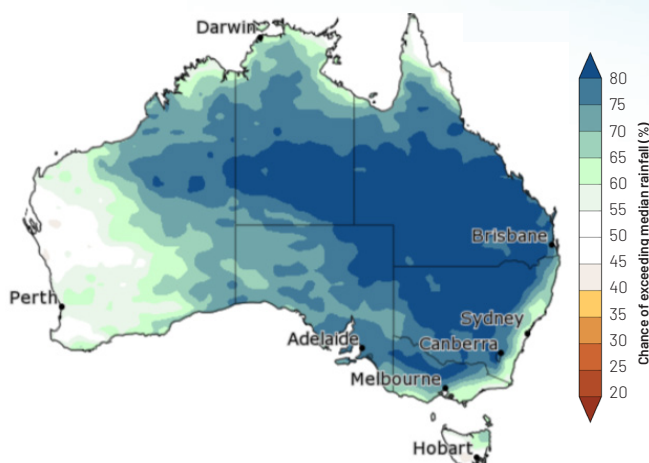
The dividend targets are to be paid in the following reporting periods.

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 JULY - SEPTEMBER 2021

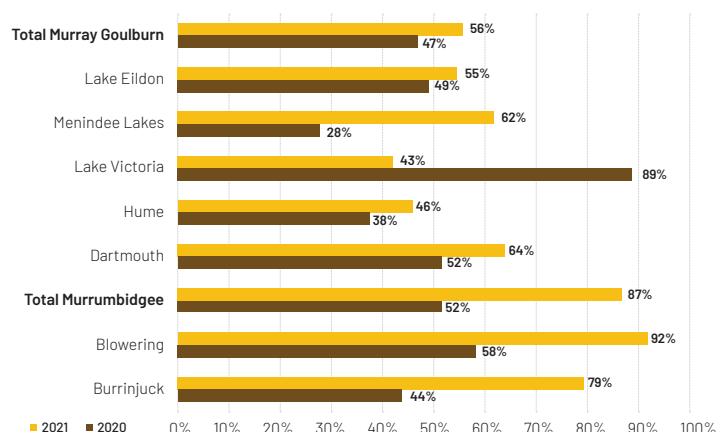


MARKET UPDATE & OUTLOOK

The Bureau of Meteorology ("BOM") has indicated that warmer ocean temperatures in the eastern Indian Ocean and to the north of Australia will result in above average rainfall for July to September. Temperatures are likely to be warmer than average in the north and south of the country, remaining average across the MDB area. Streamflows are likely to be near-median at forecasted locations across Australia.

Rainfall for the MDB during May was 55% below the long-term average. In the northern and southern MDB, storages are now at 50% and 56%, compared to 18% and 47% this time last year.

STORAGE LEVELS IN MAJOR DAMS



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

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ACCC

On 26 March 2021, the ACCC released the final report into the southern Murray Darling Basin Water Market. The ACCC has spent almost a year reviewing the markets operation and engaging with key stakeholders. The Commission has had an ongoing role in monitoring the Australian Water Markets, having issued reports on its operation since 2012.

Duxton Water actively participated in the ACCC inquiry and supports any efforts to provide further transparency and benefits to participants of the Australian water market. Duxton Water believes the report is a thorough and well-balanced report.

The Final Report has identified opportunities to improve the governance, regulatory and operational frameworks that support the Australian water market. We believe that a consistent and committed focus in these areas will benefit all stakeholders.

We note the ACCC has stated that:

"Investors provide benefits to water markets. They provide new sources of capital to irrigated agriculture, increase water market liquidity and provide a range of water products which help irrigators to manage water supply risks.

The ACCC also stated it does not support a return to the system where water ownership was tied to land.

Duxton Water is managed by the Australian owned Duxton Group, which actively manages farms throughout Australia, producing a variety of agricultural commodities including wine grapes, dairy, walnuts, dried fruit, apples and grain. As an agricultural producer, irrigator and water product supplier, the Duxton Group understands the importance of water in the development of the Australian agricultural sector. 100% of the Company's water is actively used by farmers.

The Final Report can be found on the ACCC website via the URL below.

<https://www.accc.gov.au/focus-areas/inquiries-finalised/murray-darling-basin-water-markets-inquiry/final-report>

VALUATION METHODOLOGY

The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement. It is a non IFRS measure that is not reviewed or audited by the Company's auditor. Further information can be found at www.duxtonwater.com.au