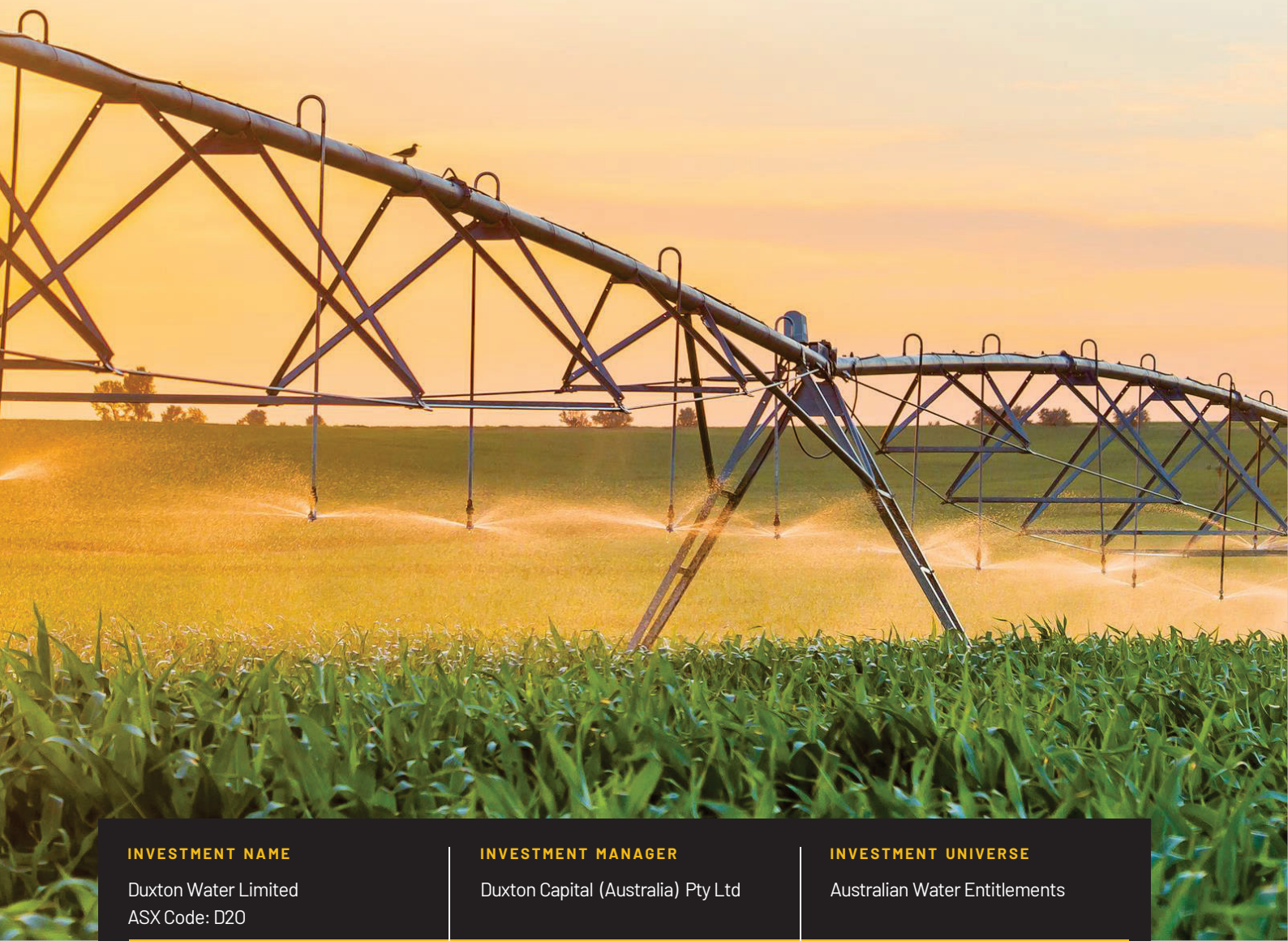


Monthly Update



MAY 2022



INVESTMENT NAME

Duxton Water Limited
ASX Code: D20

INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

INVESTMENT UNIVERSE

Australian Water Entitlements

NET ASSET VALUE (POST-TAX)

\$1.89 per share

SHARES ON ISSUE

119,974,629

WATER PORTFOLIO VALUE

\$370 million



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.



Portfolio Managers' Update

As we move through the final weeks of another Water Year (WY), irrigators have continued to focus their attention to future water security for the upcoming season. As some irrigators balance water accounts, others have been selling off surplus allocation holdings or acquiring allocation parcels for carryover. Most irrigators are taking this time to pro-actively plan for next season.

On the back of recent price lows for allocation water, some irrigators have been active in the market with a forward-thinking attitude to lock in water supply at lower prices ahead of upcoming water seasons.

Throughout May, we have seen an increased level of buy side pressure within the entitlement market as several water authority's finish off buying requirements for the 21/22WY.

We have continued to acquire parcels within those zones and valleys that still we deem as being well priced. We have also looked at other areas that have presented opportunities for parcels that fit our target portfolio composition. Throughout May, we were able to add an additional 4 parcels to the portfolio, with an additional 6 parcels in the entitlement acquisition pipeline, ready for contract execution. These acquisitions will be reflected in the Company's June portfolio holdings.

We sold a parcel of NSW permanent water earlier this year, however settlement took place in May. This offsets any increase to the portfolio (in terms of ML) for this month.

This sale generated statutory earnings for the Company as well as providing cash that has already been earmarked for redeployment into advantageous zones.

The Company's uncommitted allocation holdings (usable water that comes from the unleased portfolio of water entitlements), were sold down earlier in the irrigation season. This materially reduces the Company's exposure to the spot allocation price which has continued to fall since the peak irrigation season (summer).

Duxton Water still has a very small residual allocation holding (<200ML) that is not being carried forward or forward sold into next season. This holding will be cleared out in June as irrigators snap up last minute allocation water for carryover purposes or irrigation needs.

We have continued to work with our lessees ahead of the end of the 21/22WY as irrigators organise final carryover requirements on their leases or call on any final water deliveries.

We have continued to have discussions with a number of current lessees around the renewal of expiring leases. Conversations with a number of new potential lessees have also been initiated, with the hope to further support more Australian irrigators.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 months	6 Months	12 Months	Inception
1.50%	3.57%	8.99%	21.29%	112.49%

[^]These figures are based on NAV movements and include franked dividends for the period.



Water Lease Update

At 31 May 2022, Duxton Water had 69% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for 89% of the Company's high security portfolio (by value).

Demand for leasing products remains present within the market, as irrigators consider future water security ahead of new water year. The Company is currently in discussions with a number of existing lessees around the renewal of expiring leases, as well as discussions with a number of potential new lessees.

The current Weighted Average Lease Expiry ("WALE") is 0.9 years. Inclusive of renewal options, this increases the WALE to 3.1 years. From 1 July 2022, the Company's WALE is expected to be 1.7 years or 4.8 years including renewal options. The Company's forecasted WALE is expected to increase between now and 1 July 2022 as new leases are finalised.

Through long-term leasing arrangements, Duxton Water is able to satisfy the water needs of its customers, enabling them to risk manage a key input into their business. Long-term water leases give irrigators reliable access to water at a fraction of the cost of owning the same water licences outright.



Irrigated Vegetable Field

QUICK FACTS SUMMARY

	April 2022	May 2022
Water Entitlements	83.7GL	83.6GL
Portfolio Diversification (types)	18	18
Leased % of Portfolio	67%	69%
Weighted Average Lease Expiry (WALE)	1.0 years	0.9 years
WALE (incl. renewal options)	3.3 years	3.1 years

Entitlements Market Update

At 31 May 2022, Duxton Water holds approximately 83.6GL of permanent water entitlements across 18 different asset types and classes. An additional 4 parcels of entitlement water were added to the portfolio throughout May, increasing holdings by 331ML. Further to this, there was an additional 6 parcels in the acquisition pipeline ready for contract execution at the end of May. A recent sale of 500ML settled during May, which counteracts any upwards movement in the Company's holdings.

Permanent water pricing across the southern Murray Darling Basin (MDB) strengthened throughout May, with a weighted average increase of 1.9%. This is a result of the recent buy-side pressure that has been present in the market, to the point that Victorian (Below Choke) Murray High Reliability entitlement has exceeded \$8,000/ML. The Company continues to sought opportunities that fit within the Company's buying realm and target portfolio composition.

Allocation Market Update

Allocation pricing has continued to soften as we move through the final months of the 21/22WY. Allocations traded between \$15-\$20/ML in the Lower Murray, \$15-\$20/ML in the Goulburn system, \$2-\$5/ML in the Murrumbidgee, and \$4-\$10/ML in the Upper Murray throughout May.

WATER LEASE CASE STUDY: GOULBURN

Duxton Water recently finalised a 2,300ML water lease to a family farming business located in the Goulburn region, Victoria. This lessee is a dairy farmer. Through our partnership, this family can continue to grow irrigated pastures as a way of feeding livestock. Irrigated pastures allow farmers to stockpile feed for year-round use, and ahead of future dry periods. By entering a water lease, this family now has fixed cost water for 5 years. This allows them to 1. hedge against allocation pricing movements, 2. have a fixed cost of feed production. It also significantly reduces the cost to produce feed based on having access to the characteristics of these water entitlements at a fraction of the cost of owning them outright.

Through this type of partnership, Duxton Water continues to build a stronger Australian economy by supporting Australian farming businesses.



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Finance Update

Duxton Water is well placed to deal with future interest rate rises (should they continue to occur). Throughout 2019-2021, Duxton Water took the opportunity to enter several 5-year and 10-year fixed interest rate swaps at historically low rates. At full debt deployment (\$130 million), D20 will have approximately 40% of its debt locked into fixed rate swaps that expire between 2024 and 2031.

The homogenous and liquid nature of water assets mean they can be sold and converted into cash, typically within a 4-6 week period. This means the Company is well placed to pay down part (or all) of its debt facility should the cost of debt become uneconomical. While the Company's variable interest rate remains well below current leasing rates, debt funding continues to make sense.

At 31 May 2022, the Company's Net Debt to Water Assets (LVR) is 30%.

Duxton Water's post-tax NAV increased 3 cents to \$1.89 per share during the month of May. The Company's NAV excluding tax provisions for unrealised capital gain also increased during the month to \$2.17 per share.

The Company's NAV primarily consists of the fair value of its water asset portfolio, cash, and net current assets. The Company uses an independent Fair Market Unit Value for entitlement and allocations provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment on a monthly basis.

NAV (post tax)	NAV (pre tax)
\$1.89 per Share	\$2.17 per Share

Share Buyback

At 31 May 2022, the Company has bought back a total of 620k shares at an average price of \$1.53 per share since November 2021. The Board believes buying back shares at the current discount to NAV is in the interest of all shareholders.

Dividends

On 29 April 2022, Duxton Water paid its tenth consecutive and increasing dividend to shareholders of 3.2 cents per share (franked to 100%).

The Board of Duxton Water was pleased to see continued support from shareholders who elected to participate in the Company's Dividend Re-investment Plan.

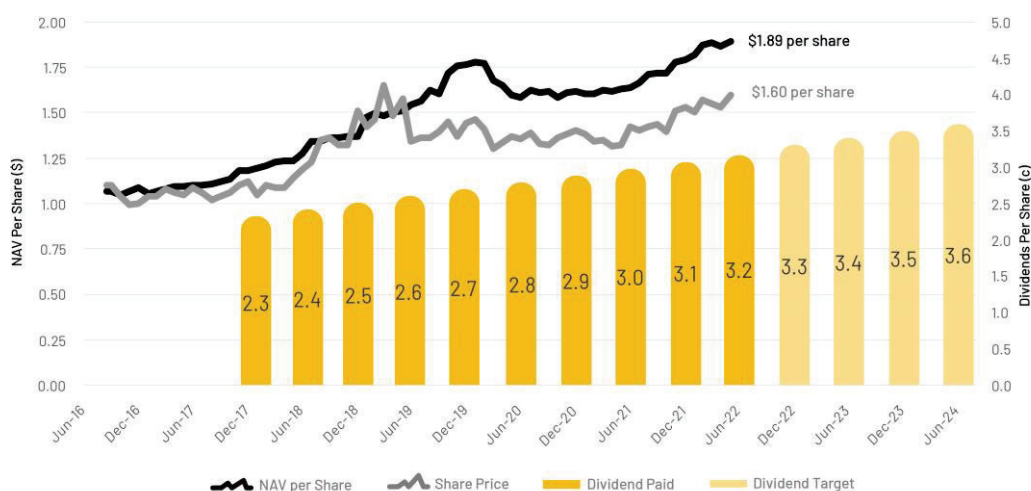
The Board maintains its commitment to providing shareholders with a bi-annual dividend, franked to the maximum extent possible.

With the Company's high percentage of leased entitlements and visible revenue streams, the Board is pleased to reaffirm targets for the following four dividends:

DIVIDEND GUIDANCE

	Cents Per Share	Franking Target
Interim 2022	3.3 cps	Fully Franked
Final 2022	3.4 cps	Fully Franked
Interim 2023	3.5 cps	Fully Franked
Final 2023	3.6 cps	Fully Franked

NET ASSET VALUE PER SHARE - SINCE INCEPTION

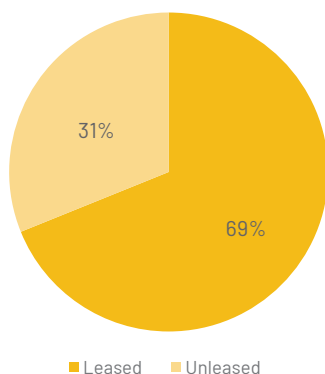


VALUATION METHODOLOGY

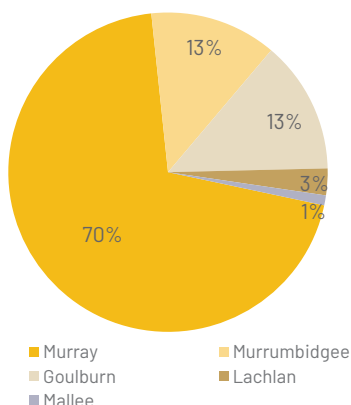
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement. 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



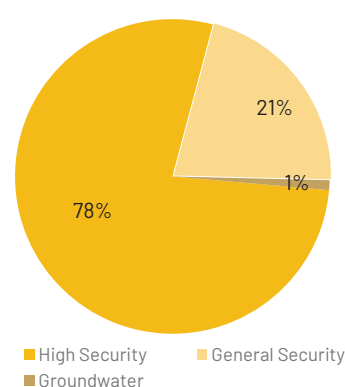
WATER PORTFOLIO DIVERSIFICATION



WATER SECURITY BREAKDOWN



ENTITLEMENT VALUE BY REGION



Weather Update

Rainfall throughout May was 40% above average for Australia as a whole. Rainfall was above average for most of Queensland, New South Wales, the far north-west of Victoria and pockets of South Australia. The Murray Darling Basin experienced its wettest autumn since 2010, while New South Wales experienced its wettest autumn since 1990.

A low-pressure trough and a series of cold fronts affected southern and south-eastern parts of Australia towards the end of the month, bringing widespread rainfall to south-eastern South Australia, western New South Wales and western Victoria. Rainfall for the MDB area was 59% above the long-term average for May.

National mean maximum and minimum temperatures were above average for May, with the national mean temperatures for May being 1.02°C warmer than the 1961-1990 average for Australia as a whole.

The Indian Ocean Dipole (IOD) is currently neutral. However, all model outlooks surveyed suggest a negative IOD is likely to develop in the coming months. The IOD index has been below zero over the past four weeks. A negative IOD typically increases the chances of above average winter-spring rainfall for much of Australia.

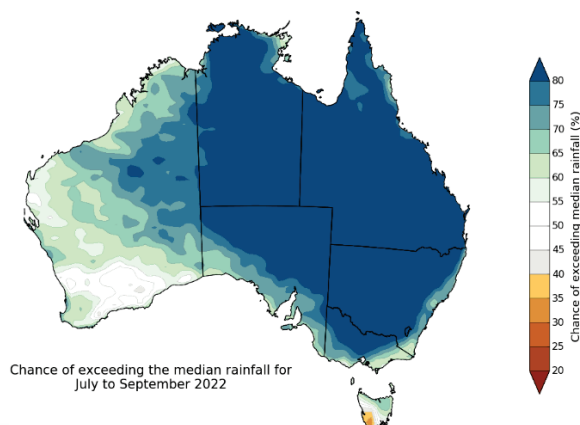
The La Niña event in the tropical Pacific Ocean remains active, however it is forecast by the Bureau of Meteorology (BOM) that it will likely return to a neutral ENSO by the end of winter.

The Madden-Julian Oscillation (MJO) is currently at moderate strength over the western hemisphere, with a likeliness to strengthen in the coming weeks.

The Southern Annular Mode (SAM) is currently positive, but it expected to return to neutral and remain so for June.

CHANCE OF ABOVE-AVERAGE RAINFALL

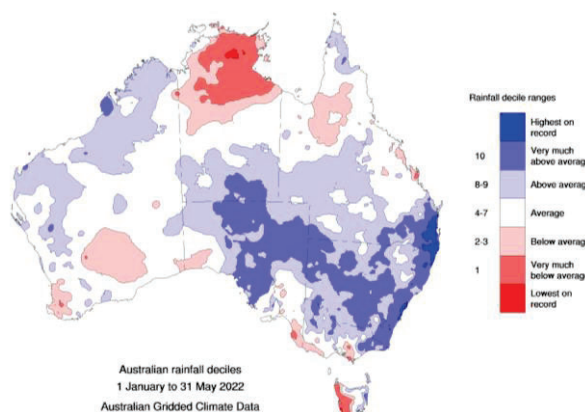
JULY 2022 - SEPTEMBER 2022



Source: Bureau of Meteorology

RAINFALL DECILE CHART

JANUARY 2022 - MAY 2022



Source: Bureau of Meteorology



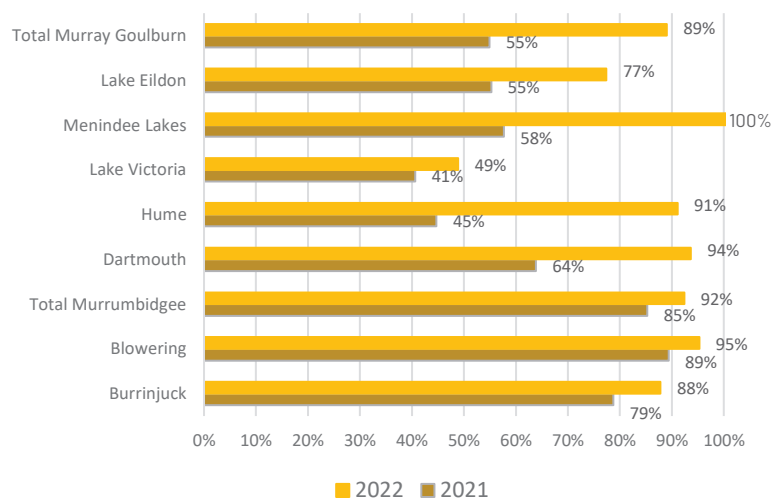
Outlook & Storages

The June to September outlook suggests a wetter than average winter for much of the Country, with parts of central and eastern Australia having a chance of being unusually wet. While it is expected that the La Niña event in the Tropical Pacific Ocean will fade during winter, ocean temperature patterns in the Pacific may still favour cloud and rainfall. To the west of the Country, a negative IOD could likely develop in the coming months.

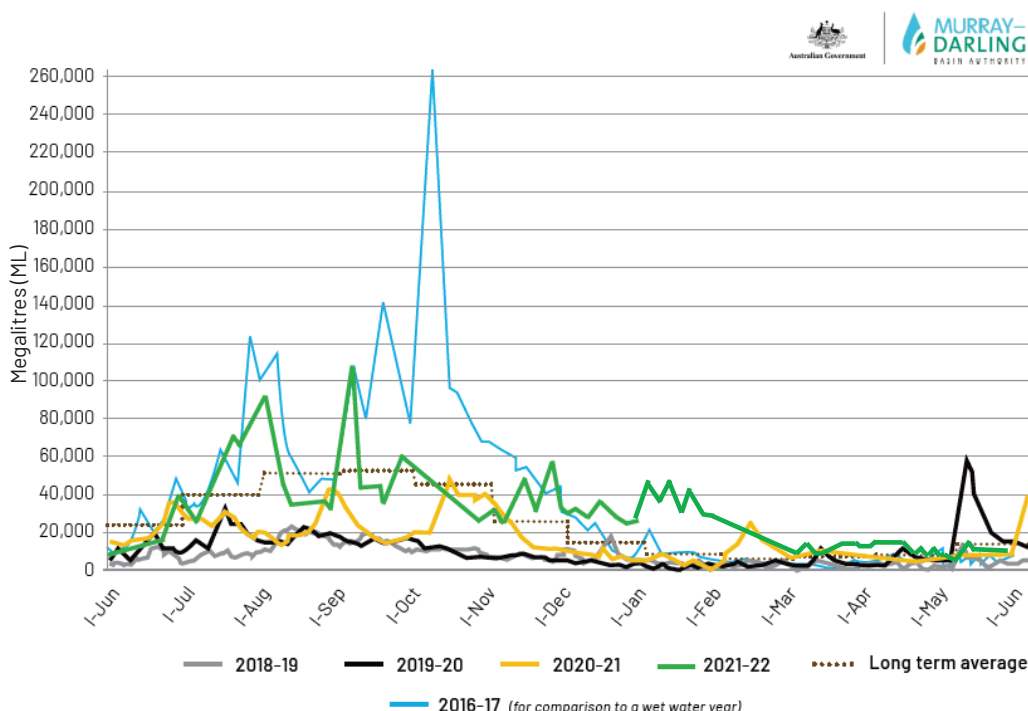
Streamflow's are forecast to remain high across eastern Australia until July. Further rainfall onto an already wet landscape, means soil moisture is likely to remain high throughout winter. Cooler days can be expected across a large area of inland Australia. Night temperatures are likely to be warmer than average for most of Australia this winter.

In the northern and southern MDB, storages are now at 98% and 89% respectively, compared to 50% and 55% the same time last year.

STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MURRAY DARLING BASIN



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

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

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