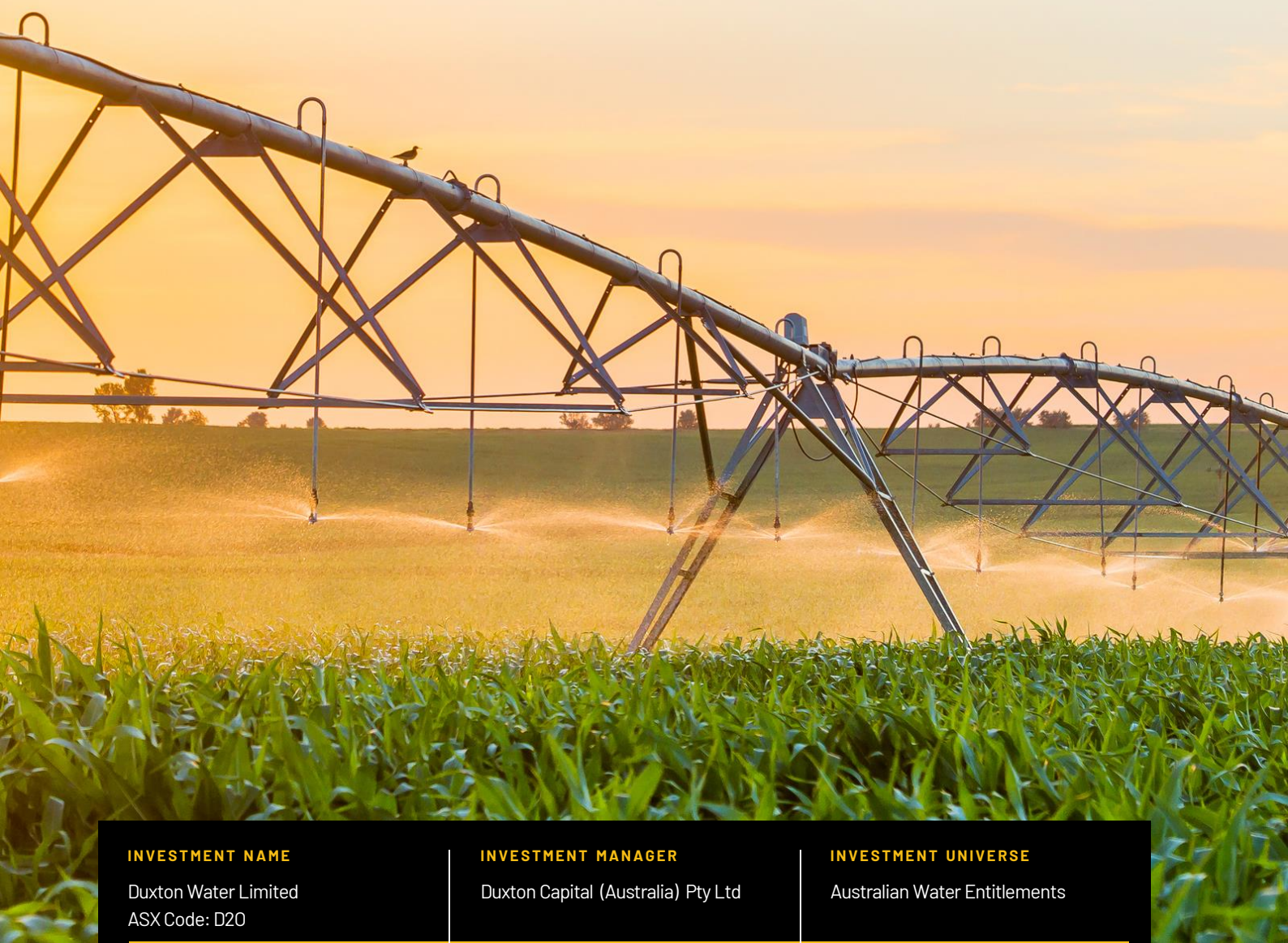


Monthly Update



JUNE 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)

\$1.92 per share

SHARES ON ISSUE

119,695,944

WATER PORTFOLIO VALUE

\$381 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

June is typically a quieter period in the water market as irrigators have typically completed their sell down of surplus allocation holdings and have locked into future water security ahead of the new Water Year (WY) that begins 1 July each year.

As irrigators continued to offload unused allocation into the market throughout June, on the back of continued wet conditions, we saw some opportunistic buyers scoop up any last-minute parcels for further carryover capacity while prices were low.

The price gap between the below and above choke Murray markets closed towards the end of June on the back of the Barmah Choke opening for trade. This was a result of an environmental transfer of ~38GL to above choke Murray for carry over purposes. This opening resulted in many irrigators, quickly purchasing cheap allocation and pushing this back through the choke to the lower Murray.

Throughout June, two Government Water Authorities were actively deploying capital in the entitlement market with a mandate to spend remaining budgets ahead of 30 June. This resulted in Victorian Murray (below choke) high reliability entitlement transacting above \$8,000/ML. We continued to be active in the market, however we were cautious not to overpay for entitlements in zones where these Government Water Authorities were actively buying.

We instead continued to look for well priced opportunities that presented across a range of other zones and valleys. Throughout June, we were able to add an additional 13 parcels to the portfolio, with one additional parcel in the entitlement acquisition pipeline, ready for contract execution. These acquisitions will be reflected in the Company's July portfolio holdings.

Throughout June, we actively engaged with several existing and potential future lessees through a range of regional community engagement initiatives. We recently participated in an irrigator conference in Whitton, NSW, where we networked and talked water with likeminded irrigators and other water market participants. We will continue to development and maintain these relationships with the view to strengthening ties to regional communities and further expanding our customer base.

On 1 July 2022, the new water year commenced. Opening allocations for this season were the highest seen since 2003. As at 15 July 2022, awarded allocations are now:

Valley	High Security (Reliability)	General Security (Reliability)
VIC Murray	96%	0%
VIC Goulburn	68%	0%
NSW Murray	97%	49%
NSW Murrumbidgee	95%	38%
NSW Lachlan	100%	0%
SA Murray	100%	0%

Opening spot allocation prices for the 22/23WY have so far been trading between \$80-\$85/ML in the Lower Murray, \$70-\$80/ML in the Goulburn, \$70-\$75/ML in the Murrumbidgee, and \$45-\$60/ML in the Upper Murray throughout July.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 months	6 Months	12 Months	Inception
1.53%	4.34%	9.64%	22.93%	115.20%

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



Water Lease Update

At 30 June 2022, Duxton Water had 67% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for 86% of the Company's high security portfolio (by value).

Conversations for lease products have continued to be present as we finish one water year and enter another. This comes on the back of irrigators thinking forward and planning for future water security. The Company has been actively engaging with irrigators by attending rural community irrigator events.

The current Weighted Average Lease Expiry ("WALE") is 0.9 years. Inclusive of renewal options, this increases the WALE to 3.0 years. From 1 July 2022, the Company's WALE is expected to be 1.8 years or 4.9 years including renewal options (based on already executed contracts). The Company is actively working towards increasing the WALE over the coming months.

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 outright.



Irrigated Vegetable Field

QUICK FACTS SUMMARY

	May 2022	June 2022
Water Entitlements	83.6GL	84.6GL
Portfolio Diversification (types)	18	18
Leased % of Portfolio	69%	67%
Weighted Average Lease Expiry (WALE)	0.9 years	0.9 years
WALE (incl. renewal options)	3.1 years	3.0 years

Entitlements Market Update

At 30 June 2022, Duxton Water holds approximately 84.6GL of permanent water entitlements across 18 different asset types and classes. An additional 13 parcels of entitlement water were added to the portfolio throughout June, increasing holdings by 1.03 GL. At the end of June, there was one additional parcel in the acquisition pipeline ready for contract execution.

Permanent water pricing across the southern Murray Darling Basin (MDB) strengthened throughout June, with a weighted average increase of 0.7% (~19% increase since June 2021). This came from an increased level of buy-side pressure that was experienced throughout the month which included two Government Water Authorities deploying capital into the entitlements markets ahead of the end of the water year. This resulted in Victorian (Below Choke) Murray High Reliability entitlement transacting above \$8,000/ML in some instances. The Company has avoided bidding against these parties and has instead strategically looked for well priced opportunities elsewhere.

Allocation Market Update

Allocation pricing continued to soften as we closed off the 21/22WY. Allocations traded between \$10-\$15/ML in the Lower Murray, \$10-\$15/ML in the Goulburn, \$1-\$2/ML in the Murrumbidgee, and \$5-\$10/ML in the Upper Murray throughout June.

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.





Finance Update

At 30 June 2022, Duxton Water's share price closed at \$1.69 which resulted in the Company having a total market capitalisation of over \$200 million for the first time since inception. This is reflective of a 20% share price increase for shareholders from \$1.36, 12 months prior (30 June 2021).

In early July, the Company's share price reached \$1.76, representing a new all time high. Based on a share price of \$1.76 per share, the Company had a market capitalisation of \$210 million.

Since inception, Duxton water has consistently outperformed the ASX300 (TR Index) in the months the index experienced a substantial loss (as can be seen from the table below). This is a testament to the defensive nature and low correlation that water as an asset class exhibits.

D20 vs ASX300 (Total Return Index)			
Period	S&P/ASX 300 Total Return	Total D20 Return	Difference
March 2020	-20.83%	-4.96%	+15.86%
June 2022	-8.97%	5.62%	+14.59%
February 2020	-7.76%	-3.42%	+4.34%
January 2022	-6.45%	-1.96%	+4.49%
October 2018	-6.16%	-3.30%	+2.86%
March 2018	-3.73%	-0.91%	+2.82%
September 2020	-3.59%	-0.38%	+3.22%
May 2022	-2.76%	4.58%	+7.33%

The table above details the **largest negative monthly returns** for the ASX 300 since the inception of Duxton Water (September 2016).

This is compared to Duxton Water's total performance over the same months.

June NAV (post tax)	June NAV (pre tax)
\$1.92 per Share	\$2.21 per Share

Share Buyback

At 30 June 2022, the Company has bought back a total of 1 million shares at an average price of \$1.56 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.

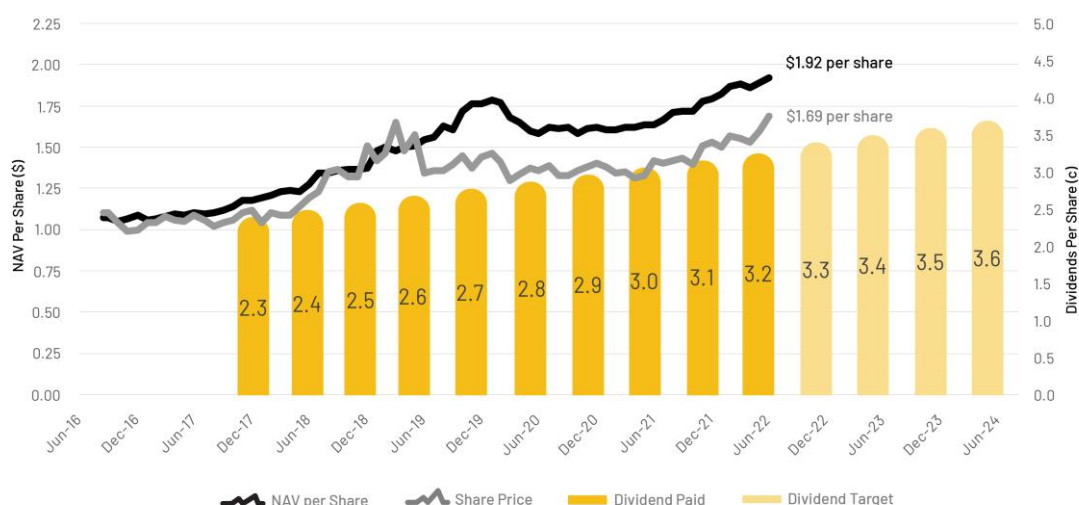
The Board maintains its commitment to providing shareholders with a bi-annual dividend, franked to the maximum extent possible.

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

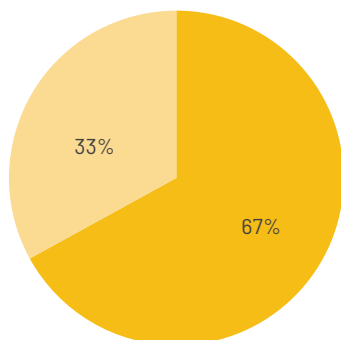
The Company uses an Independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ('Aither') to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement.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

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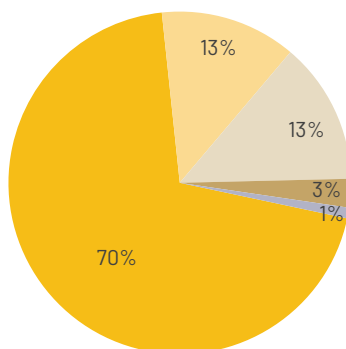


WATER PORTFOLIO DIVERSIFICATION



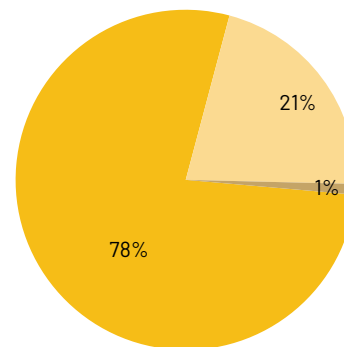
■ Leased ■ Unleased

WATER SECURITY BREAKDOWN



■ Murray ■ Murrumbidgee ■ Goulburn ■ Lachlan ■ Mallee

ENTITLEMENT VALUE BY REGION



■ High Security ■ General Security ■ Groundwater

Weather Update

Rainfall throughout June was 22% below average for Australia as a whole. Rain was below average for most of New South Wales, central to eastern South Australia excluding most agricultural districts, the far north-west and eastern tip of Victoria, and much of the east coast of Queensland.

Rainfall was however above average for parts of southern Victoria. A series of cold fronts and low-pressure troughs with strong westerly flows brought this rainfall throughout the month.

Across much of the Murray-Darling Basin, rainfall was 31% below the long-term June average, except for the upper Murray, which was average to above average.

National mean maximum and minimum temperatures were above average for June, with the national mean temperatures for June being 0.51°C warmer than the 1961-1990 average for Australia as a whole.

The Indian Ocean Dipole (IOD) has been very close to negative IOD thresholds over the past four weeks. All model outlooks surveyed suggest a negative IOD is likely to develop in the coming months. A negative IOD typically increases the chances of above average winter-spring rainfall for much of Australia.

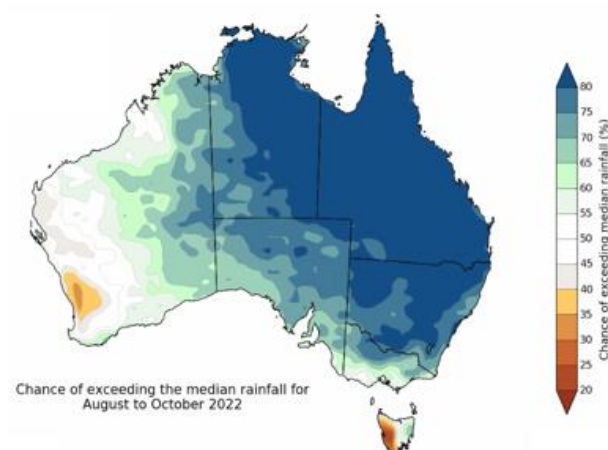
The 2021-2022 La Niña event in the tropical Pacific Ocean has ended. However, climate model outlooks suggest La Niña may re-form later in 2022.

The Madden-Julian Oscillation (MJO) is currently over the western hemisphere, expected to weaken in the coming days.

The Southern Annular Mode (SAM) is currently positive. It is expected to return to neutral values shortly and remain neutral to positive for the rest of July.

CHANCE OF ABOVE-AVERAGE RAINFALL

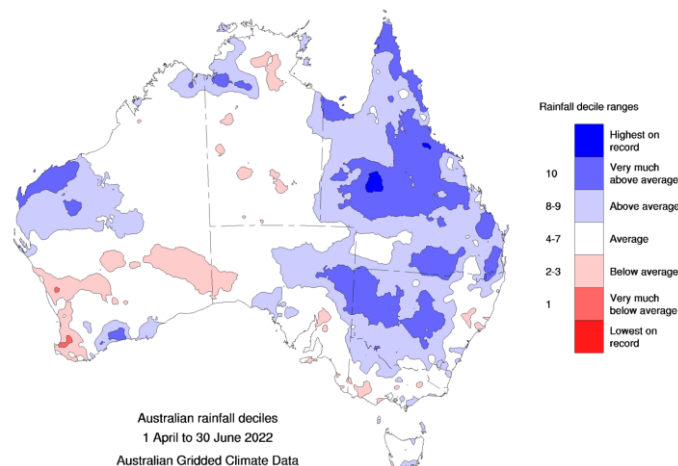
AUGUST 2022 - OCTOBER 2022



Source: Bureau of Meteorology

RAINFALL DECILE CHART

APRIL 2022 - JUNE 2022



Source: Bureau of Meteorology



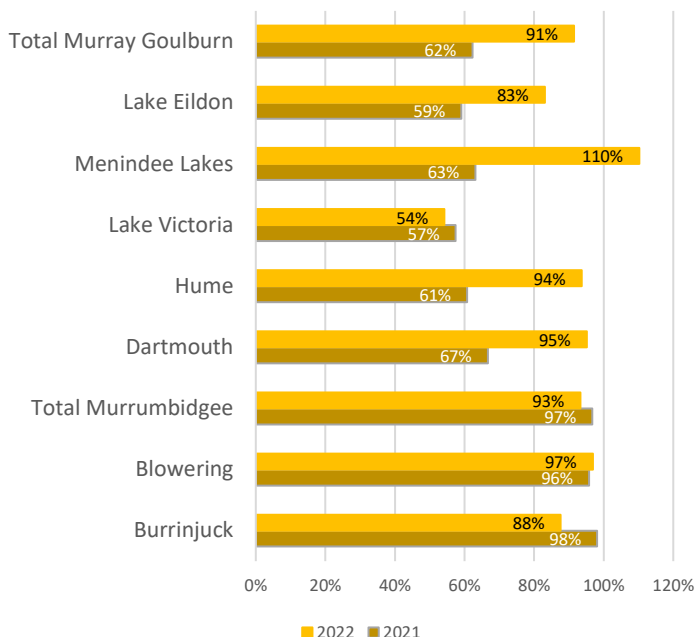
Outlook & Storages

The August to October rainfall outlook suggests an above average rainfall is likely for the eastern two-thirds of the country, although parts of Tasmania and Western Australia are likely to be drier than average. Although the La Niña event in the Pacific Ocean has officially receded, a 50% chance remains for a La Niña to return in Spring. In addition to this, the Negative Indian Ocean Dipole continues to strengthen, with a likeliness to form in the coming months.

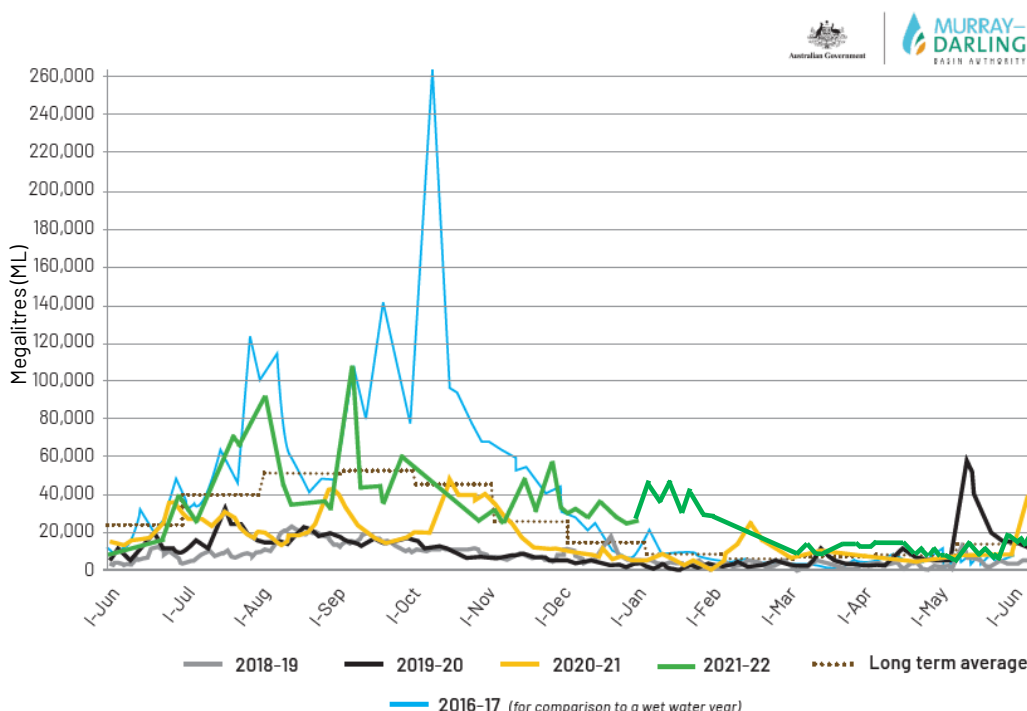
Streamflows are likely to be higher than average during July to September in the east and lower than average in the south-west of the country. Warmer days can be expected for the north and south of the country, while cooler days can be expected in the east, particularly for inland New South Wales and south-east Queensland. Night temperatures are likely to be warmer than average for most of Australia.

In the northern and southern MDB, storages are now at 102% and 90%, compared to 59% and 67% 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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