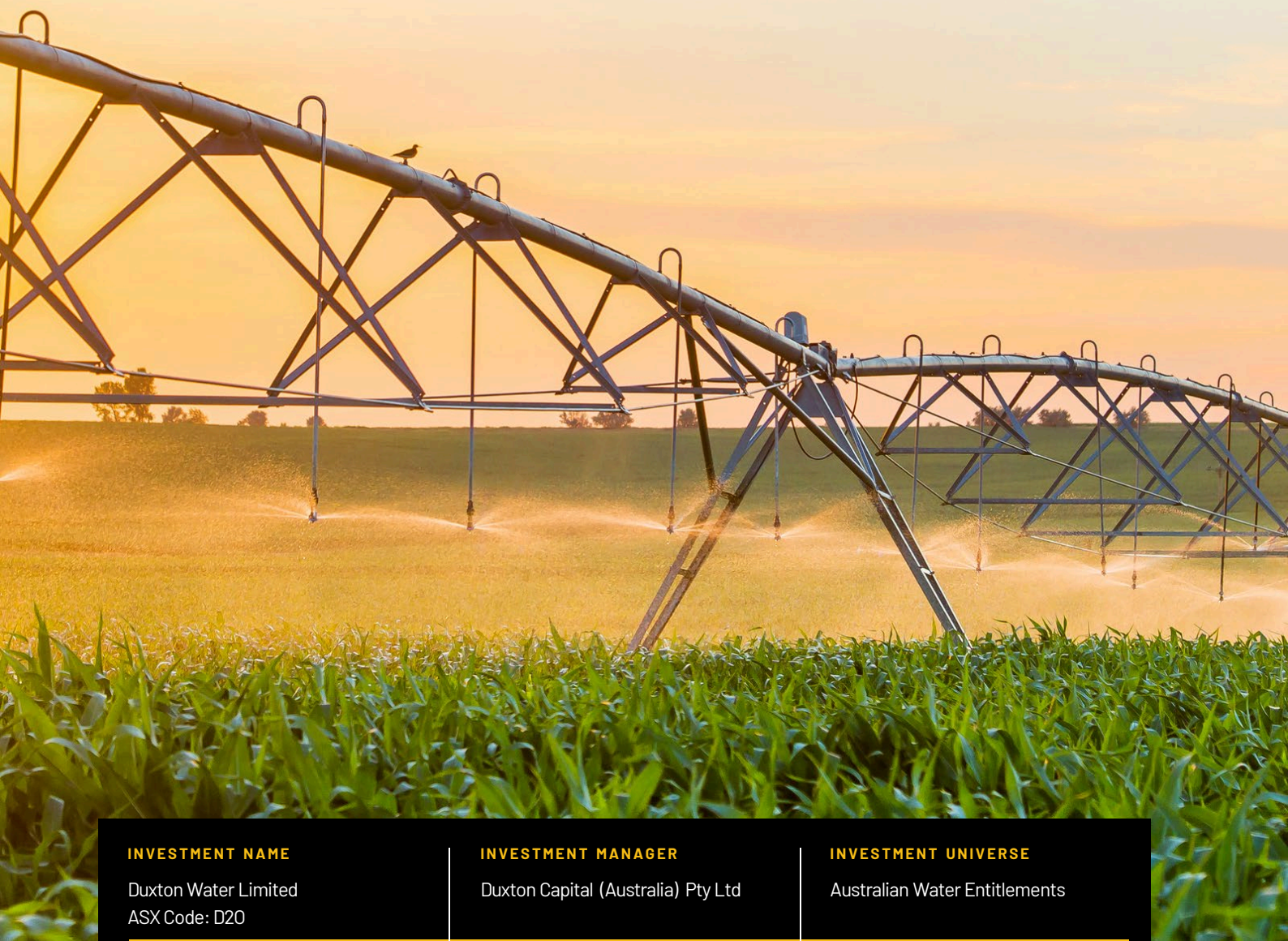


Monthly Update



MARCH 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)

\$1.88 per share

SHARES ON ISSUE

119,792,469

WATER PORTFOLIO VALUE

\$360 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 growers continue to wrap-up harvest and begin shifting their focus towards next season, we often see March as a transitional month. Irrigators are considering what to do with unused allocations and starting to consider forwards and carry over contracts for the new water year (WY) that commences 1 July 2022.

The allocation market has continued to show a level of softening over last few months as we approach the end of the 21/22WY. There has been a reduced supply of available water on the market within some valleys that created some small but unexpected pricing uplifts towards the end of March.

During the month we have been active in the market, strategically deploying capital into areas that we believe will provide us with an improved capability to deliver water supply to our customers into the future. We also see future value appreciation in these assets that will provide greater value to shareholders. Throughout March we were able to add 12 new entitlement parcels to the portfolio, with a further 10 parcels in the entitlement acquisition pipeline, ready for contract execution. These acquisitions will be reflected in the Company's April portfolio holdings.

Entitlement values continue to increase, with a weighted average increase of 1% in March. Although a level of reduced buy side pressure has been present in the market, on the back of recent price highs, it is evident that underlying demand for permanent water assets remains strong.

The allocation holdings that come from the Company's unleased entitlements (usable water) have continued to be sold down into the spot market.

These spot allocation sales have provided irrigators with any final watering requirements. They have also given irrigators the opportunity to acquire carry over space as a water security strategy heading into the next irrigation season.

The Company is in final discussions with two new lessees in relation to long-term water leases and expects to partner with these irrigators from 1 July 2022. Several other conversations with existing and future lessees are also underway. There has been a noticeable amount of demand from customers for our leasing and forward products during March, as irrigators look toward the future and consider their long-term water security positions.

On Friday 29 April 2022, the Company will pay its tenth consecutive and increasing dividend to shareholders of 3.2 cents per share (franked to 100%).

The Board of Duxton Water remains committed to achieving its long-term dividend targets and maintains its commitment to provide shareholders with a bi-annual dividend, franked to the maximum extent possible.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 months	6 Months	12 Months	Inception
0.75%	5.08%	12.05%	21.39%	107.56%

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



Water Lease Update

At 31 March 2022, Duxton Water has 68% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for 88% of the Company's high security portfolio (by value).

Demand for leasing products has increased throughout March, as irrigators switch their focus towards water security for the coming water year. The Company is in final discussions with a number of new lessees, with the expectation to grow the lease book in the coming months. Several conversations with existing lessees around the renewal of their current leases are also currently underway.

The current Weighted Average Lease Expiry ("WALE") is 1.1 years. Inclusive of renewal options, this increases the WALE to 3.3 years. From 1 July 2022, the Company's WALE is expected to be 1.8 years or 6.1 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 outright.



Hume Dam, New South Wales

QUICK FACTS SUMMARY

	February 2022	March 2022
Water Entitlements	81.7GL	82.2GL
Portfolio Diversification (types)	18	18
Leased % of Portfolio	69%	68%
Weighted Average Lease Expiry (WALE)	1.2 years	1.1 years
WALE (incl. renewal options)	3.4 years	3.3 years

Entitlements Market Update

At 31 March 2022, Duxton Water holds approximately 82.2GL of permanent water entitlements across 18 different asset types and classes. An additional 12 parcels of entitlement water were added to the portfolio during March, with 10 new parcels in the acquisition pipeline ready for contract execution.

Permanent water pricing across the southern Murray Darling Basin (MDB) continued to strengthen during March, with a weighted average increase of 1%. Notable appreciation was seen in VIC Goulburn Low Reliability entitlements, NSW Murray High and General Security entitlements, and SA Murray High Security Entitlements. The Company continues to deploy capital into valleys and zones that fit its target portfolio composition, as well as those entitlements that provide greater flexibility when it comes to the delivery of water to its irrigator customers.

Allocation Market Update

As irrigation requirements begin to decrease and irrigators turn their focus towards the upcoming water year, allocation prices have continued to soften over last 6-8 weeks. There has been a notable decrease in supply of available water on the market towards the end of March that has created small pockets of buying pressure for some valleys. Allocations traded between \$55-\$65/ML in the Lower Murray, \$40-\$50/ML in the Goulburn system, \$8-\$12/ML in the Murrumbidgee, and \$15-\$20/ML in the Upper Murray throughout March.

WATER LEASE CASE STUDY: MALLEE

Duxton Water recently finalised a 500ML water lease to a family farming business located in the Mallee region, South Australia. This lease has enabled the owners of this business to expand their production into irrigated agriculture without the need for owning water entitlements outright. This allows them to produce a higher value commodity that has a greater economic benefit for their business. This is a long-term lease arrangement that will provide a guaranteed supply of water for years to come.

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





Finance Update

During March, Duxton Water increased its maximum debt facility from \$106 million to \$130 million which will take the Company's gearing to 35% once fully deployed (based on current water prices). The funds will be used to acquire permanent water entitlements that will be leased to irrigators, further strengthening the Company's visible leasing revenue stream. The Company's maximum Net Debt Covenant has also been extended from 35% to 40% to allow for portfolio value fluctuations.

Sensible debt funding continues to be used to enhance shareholder returns with interest rates being lower than lease income rates. At full deployment, D20 will have approximately 40% of its debt locked into 5 and 10-year interest rate swaps that expire between 2024 and 2031.

Duxton Water's post-tax NAV increased 1 cent during the month of March 2022 to \$1.88 per share.

The Company's NAV excluding tax provisions for unrealised capital gain increased 2 cents during the month to \$2.16 per share.

The 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.

At 31 March 2022, the Company's Net Debt to Water Assets is 28%.

NAV (post tax)	NAV (pre tax)
\$1.88 per Share	\$2.16 per Share

Share Buyback

At 31 March 2022, the Company has bought back a total of 435k shares at an average price of \$1.51 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 3 March 2022, Duxton Water was pleased to announce that it would pay its tenth consecutive and increasing dividend to shareholders of 3.2 cents per share (franked to 100%).

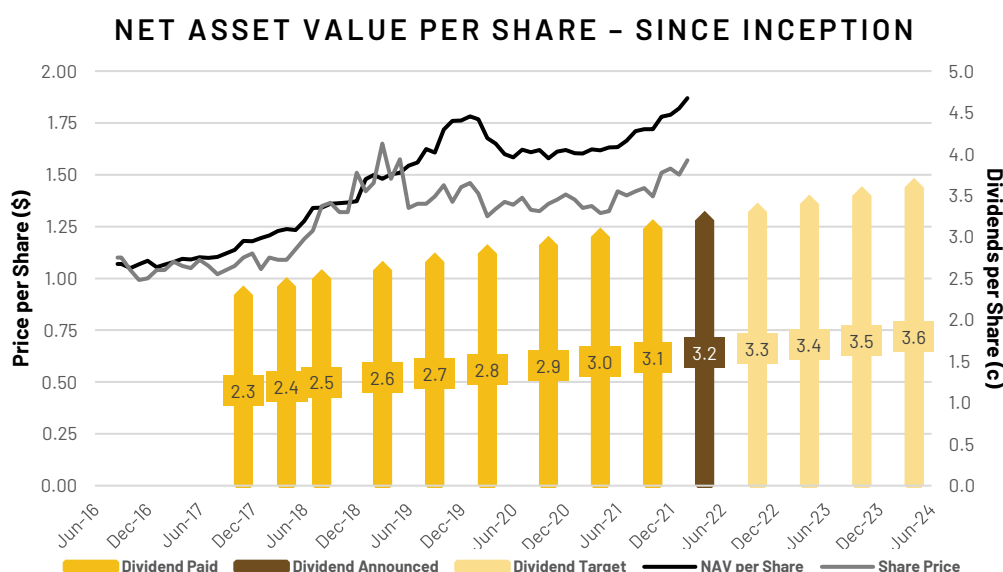
The record date for this dividend is Thursday 14 April 2022, with the payment date being Friday 29 April 2022.

The Board of Duxton Water is pleased to offer shareholders the ability to participate in the Company's Dividend Reinvestment Plan.

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

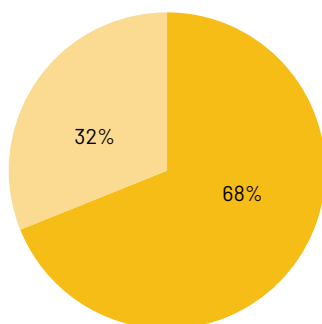


VALUATION METHODOLOGY

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

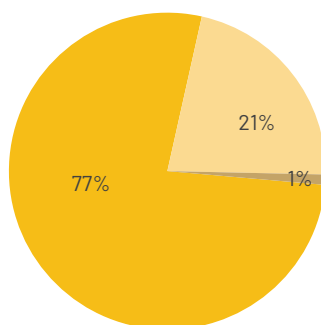


WATER PORTFOLIO DIVERSIFICATION



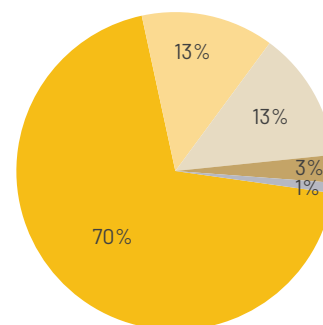
■ Leased ■ Unleased

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee
■ Goulburn ■ Lachlan
■ Mallee

Weather Update

March rainfall was 27% below average for Australia as a whole. Rainfall was however above average for eastern New South Wales and parts of the Riverina and Lower Western districts, south-east Queensland and much of Victoria. Rainfall levels were the highest on record for March (since 1900) for the areas of the central and northern New South Wales coast, leading to the extensive flooding that has been experienced across parts of the state. Sydney recorded its wettest March on record.

Rainfall over the MDB area for the month of March was 12% above average. It is expected that in valley rainfall experienced in eastern parts of the country will make its way into river systems and downstream in the coming weeks and months.

The La Nina event in the tropical Pacific Ocean remains active, however the Bureau of Meteorology (BOM) have indicated it has passed its peak and is likely to return to neutral (neither La Nina or El Nino) in the coming months. It is expected that the La Nina event will continue to influence Australia's climate until then, including contributing to an increased risk of tropical cyclones.

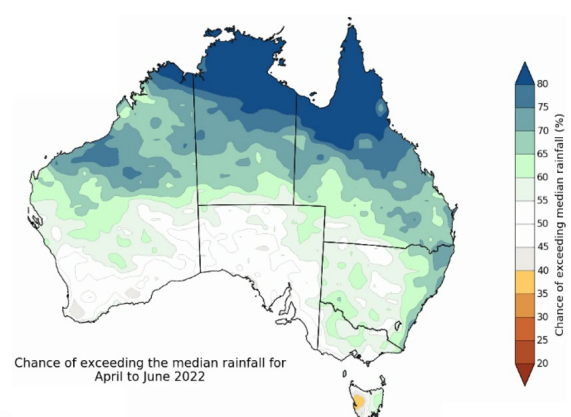
The Madden-Julian Oscillation (MJO) is forecast to remain weak, with little influence on climate in the coming weeks.

The Southern Annular Mode (SAM) is neutral and is expected to remain neutral over the coming weeks. A neutral SAM should have little influence over Australia's climate.

The Indian Ocean Dipole (IOD) event that influenced our climate throughout winter and spring remains neutral. The IOD has had little impact on global weather conditions since December 2021, with little influence expected to April 2022.

CHANCE OF ABOVE-AVERAGE RAINFALL

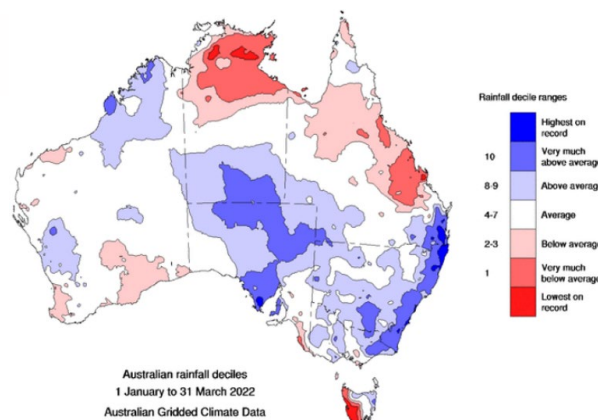
APRIL 2022 - JUNE 2022



Source: Bureau of Meteorology

RAINFALL DECILE CHART

JANUARY 2022 - MARCH 2022



Source: Bureau of Meteorology



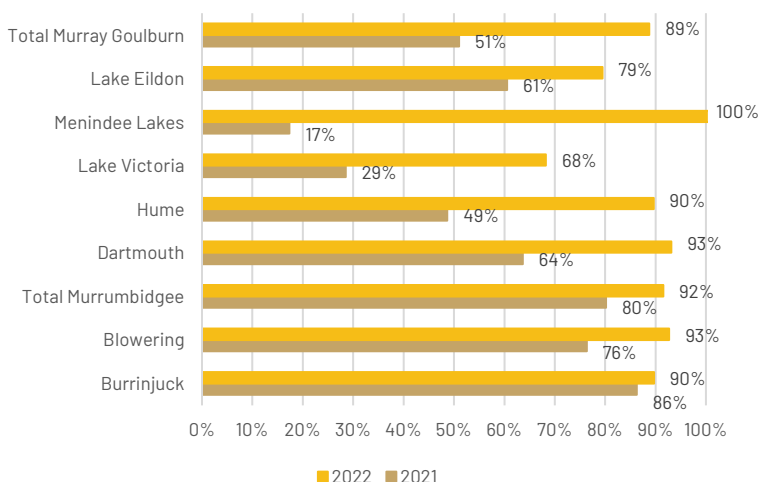
Outlook & Storages

The outlook for April to June suggests a wetter autumn for parts of northern and eastern Australia. Although the La Nina event in the tropical Pacific Ocean has likely passed its peak and is expected to return to a neutral level, it will continue to influence parts of Australia for the coming months. April is likely to be the wettest month for many regions.

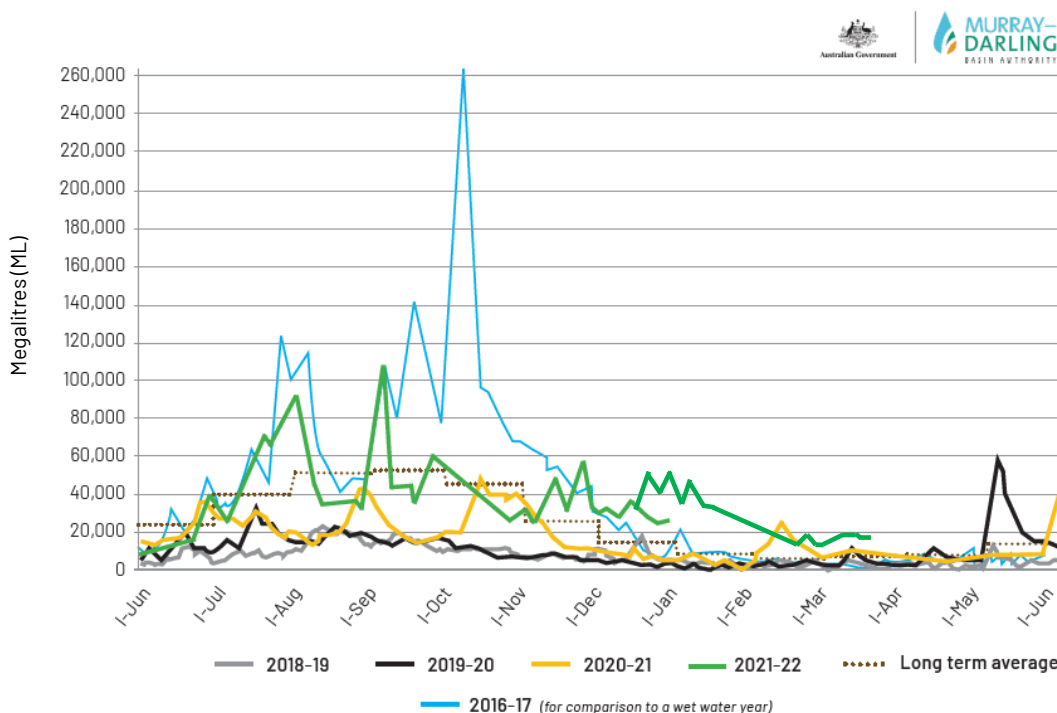
For April to May, high streamflows are expected at most forecast locations on the eastern mainland, with near-median streamflows at many of the other locations. Warmer days can be expected across the north, west and south of the country, while cooler days can be expected for the east. Nighttime temperatures are likely to remain warm across the country until June.

In the northern and southern MDB, storages are now at 95% and 89%, compared to 48% and 51% 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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