



DUXTON
WATER

INVESTMENT OVERVIEW

DUXTON
WATER LTD
ACN 611 976 517

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MARCH



DUXTON WATER LTD
[ASX:D20]

INVESTMENT
OVERVIEW

Duxton Water Limited (“Duxton Water”) presents an opportunity to invest in Australian water entitlements (also known as water licences or water rights), giving a perpetual right to Australia’s water supply. Water is a key input into a number of agricultural industries, and as such, Duxton Water acts as a proxy to the agriculture industry. It is the only listed water company of this type, worldwide.

Duxton Water manages a diversified portfolio of water assets aiming to access both income yields and capital growth opportunities. Duxton Water’s Investment Manager is Duxton Capital (Australia).

Inflationary Hedge

Real Underlying Asset

Visible Revenue Stream

Dividends

Low Correlation with Equity Risk

Capital Gain Potential

Scalable

Geopolitical Stability

No Depreciation

No Long-Term Debt

Encourages Water Market Efficiency

Australian Listed Product

Relatively Low Management Fee

Listed 16 September 2016

ASX CODE
D20

SUMMARY

KEY FACTS AND INVESTMENT INFORMATION

A\$173,177,944



\$1.60/share

MARKET CAPITALISATION (11 March 2019)

(28 February 2019)

net asset value
PER SHARE A\$1.50

INVESTMENT UNIVERSE

Australian Water Entitlements*

INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

*Duxton Water may hold small land holdings from time to time when the purchase of land is required for the purchase of the associated water entitlement.

SECURITIES ON ISSUE (28 FEBRUARY 2019)

108,576,017

DIVIDENDS

The Directors were pleased to announce the Company will pay a final fully franked dividend to shareholders of 2.6 cents per share, payable in Australian dollars. The record date for receiving this dividend is 13 March 2019, and payment date will be 27 March 2019.

KEY OBJECTIVES



Water is a valuable resource for irrigators

Duxton Water provides a range of water solutions

• We provide water security •



Our leases enable farmers to make alternative capital decisions



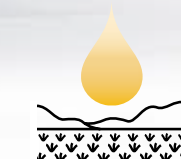
Duxton Water's commitment to deliver water supply solutions to farmers



Establishing a portfolio which is diversified within the Murray Darling Basin



To provide valuable water supply solutions through leases, forwards and allocations

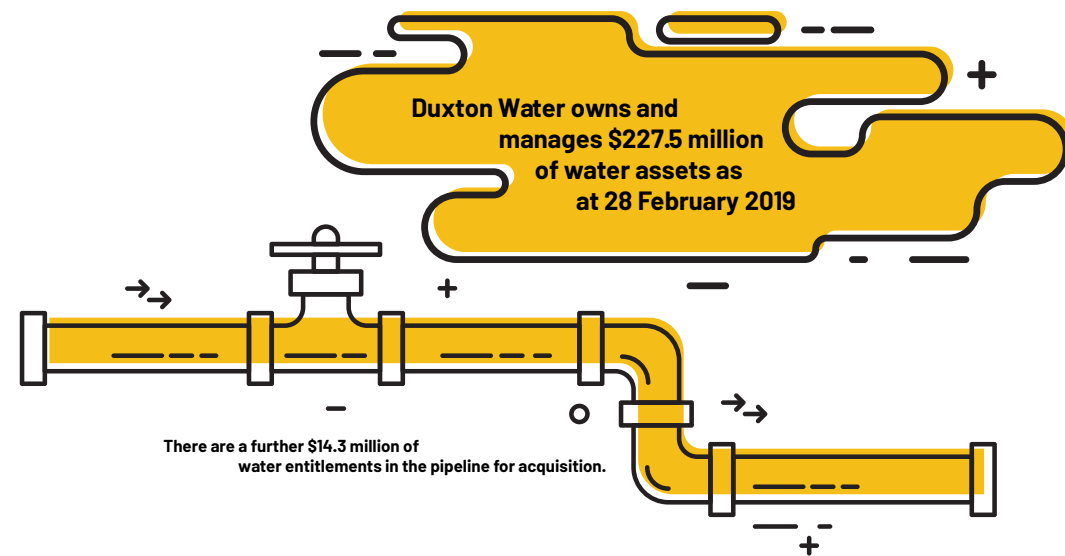


Which allows farmers to risk manage their water input to produce optimal agricultural commodities



This then enables D20 to provide investors with visible cash yields and long term growth





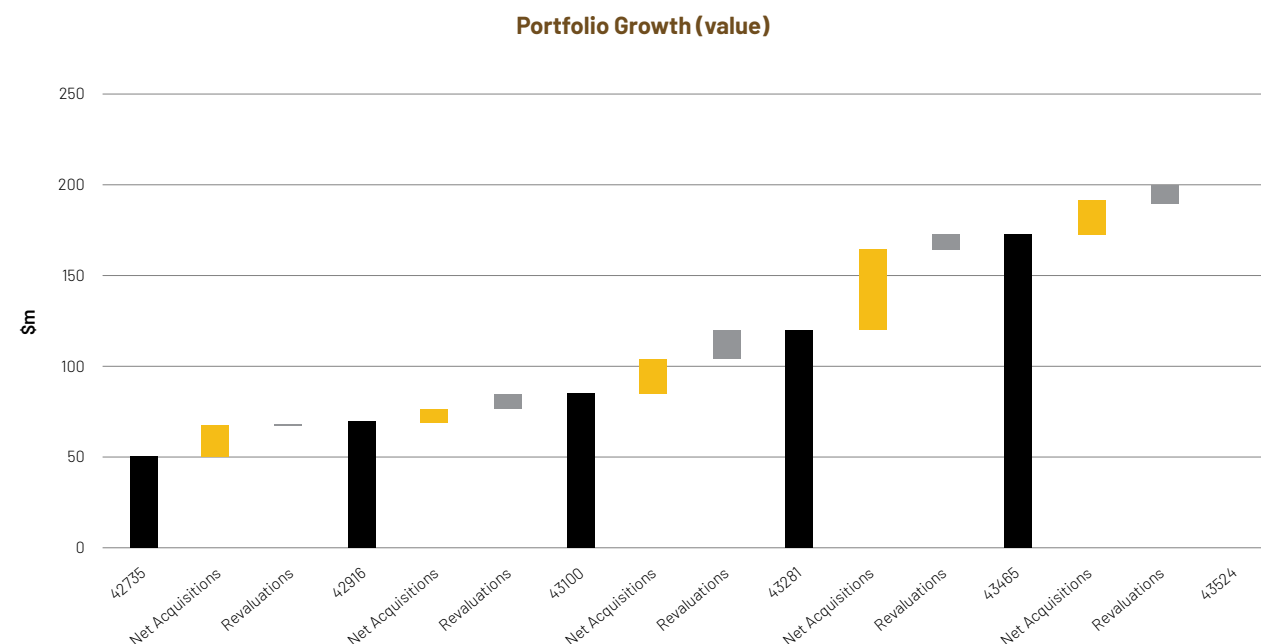
SCALABLE

Duxton Water is highly scalable; most expenses within the business will remain stable as the business grows with the exception of a few items such as Government fees and transaction costs, and management and performance related fees.

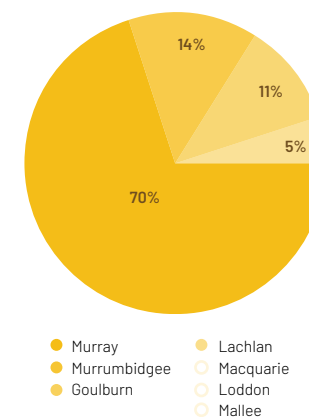
PORTFOLIO OF AUSTRALIAN WATER ASSETS

We are actively managing the composition of the Company's water portfolio and take a targeted approach to acquisitions and portfolio rebalancing. This ensures that the portfolio remains diversified and retains the ability to position itself ahead of any systematic trends or expected seasonal conditions.

This year, we have seen a significant increase in our water portfolio size, due to acquisitions funded through the introduction of new capital and deployment of debt facility funds, in addition to the capital growth achieved on these entitlements.



Entitlement Portfolio Value by Region (28 Feb 2019)



DIVERSIFICATION

The portfolio is diversified in terms of entitlement type (high security, general security and bore water), and in terms of entitlement location. Each entitlement (for example NSW High Security) has different characteristics, and the portfolio of assets is actively managed to ensure Duxton Water is managing risk and opportunistically maximising returns.

As a proxy to agriculture, given water is a primary resource to most producers in the Murray Darling Region, Duxton Water is also diversified in terms of exposure to various agriculture industries*.

CONTRACTED ASSETS / VALUATION

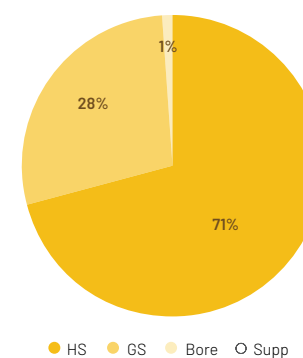
As at 28 February 2019, the Company has within its acquisition pipeline a further 14.3 million of water entitlements.

The Company's water portfolio is independently valued by Aither. 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.

Aither is an economics, policy and strategic advisory firm with a specialist expertise in Australian water market, from policy and reform, to infrastructure, resource management, and valuations.

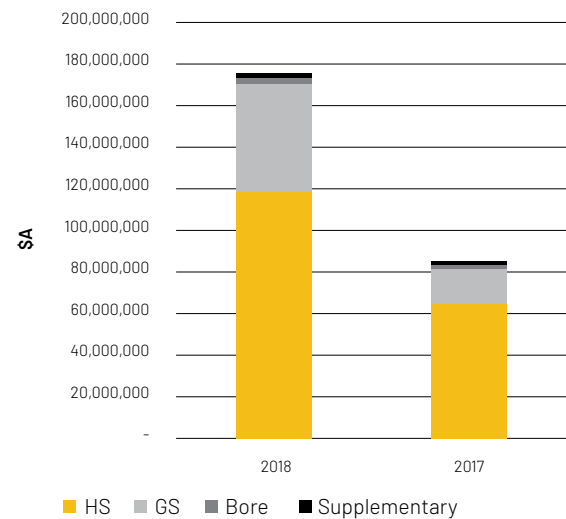
Further information can be found on www.duxtonwater.com.au

Water Security Breakdown (28 Feb 2019)

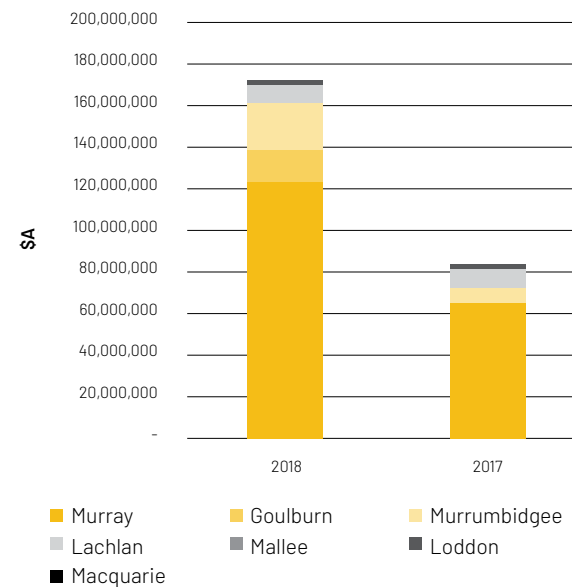


*36% of the portfolio is leased and the remaining 64% of the portfolio is unleased, with allocation received then traded on the temporary market. The leased portfolio is proportionally leased as follows: vineyards 86%, cropping 10%, dairy 3% and potatoes the remainder. The temporary allocation portion of the portfolio can be sold to various parties and as such, the precise industry utilising the water is difficult to determine.

Portfolio Mix (Value) - Entitlement Security
[31 Dec 2018]



Portfolio Mix (Value) - Entitlement Region
[31 Dec 2018]



Entitlement Type Held	ML Change	31/12/2018 (ML)	31/12/2017 (ML)
Vic 1A Greater Goulburn HRWS	3,727.30	3,934.80	207.50
Vic 1A Greater Goulburn LRWS	75.30	75.30	0.00
Vic 1B Greater Goulburn	128.50	128.50	0.00
Vic 3 Goulburn HRWS	0.00	120.00	120.00
Vic 5 Loddon HRWS	0.00	239.00	239.00
Vic 6 Murray (Dart to Barmah) HRWS	1,753.30	5,740.90	3,987.60
Vic 6B Murray (Dart to Barmah) HRWS	96.50	96.50	0.00
Vic 7 Murray (Barmah to SA) HRWS	774.20	4,380.30	3,606.10
Vic 7 Murray (Barmah to SA) LRWS	0.00	19.20	19.20
NSW Murray 10 GS	6,926.00	13,612.00	6,686.00
NSW Murray 11 HS	220.00	7,601.15	7,381.15
NSW Murray 11 GS	4,552.79	6,219.20	1,666.41
NSW Murray 11 Supp	0.00	83.00	83.00
NSW Murrumbidgee 13 HS	358.00	2,171.00	1,813.00
NSW Murrumbidgee 13 GS	5,241.33	5,241.33	0.00
NSW Lachlan GS - Jemalong Irrigation	0.00	2,660.00	2,660.00
NSW Lachlan GS	0.00	5,110.00	5,110.00
NSW Lower Lachlan Ground Water	150.00	788.00	638.00
NSW Macquarie Valley GS	-1,120.00	0.00	1,120.00
SA Murray HS	1,466.83	2,388.41	921.58
SA Mallee Prescribed Wells Area	0.00	500.00	500.00
Total	24,350.05	61,108.59	36,758.54

INCOME

Duxton Water Ltd has three primary income streams:

Leasing entitlements

Sale of temporary allocation received on unleased entitlements

Active participation in the allocation market

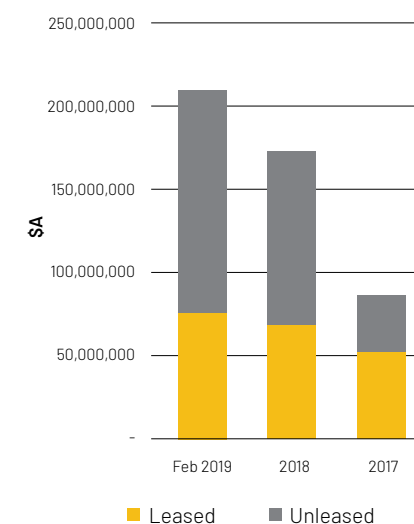
VISIBLE INCOME STREAM

Duxton Water receives revenue primarily through long-term lease arrangements with producers.

The leases are commercial in nature with varying terms, where the lessee pays a fixed annual amount (quarterly in advance) to the lessor who maintains holding over the asset title. The lessee bears the risks associated with water allocation variability year-on-year, minimising any risk of climate variability year-on-year for Duxton Water.

The water allocations of the unleased portion are actively traded in the market to return gains on sale. Through dividends, the returns flow through to investors.

Entitlement Portfolio Mix (Value) - Income Source



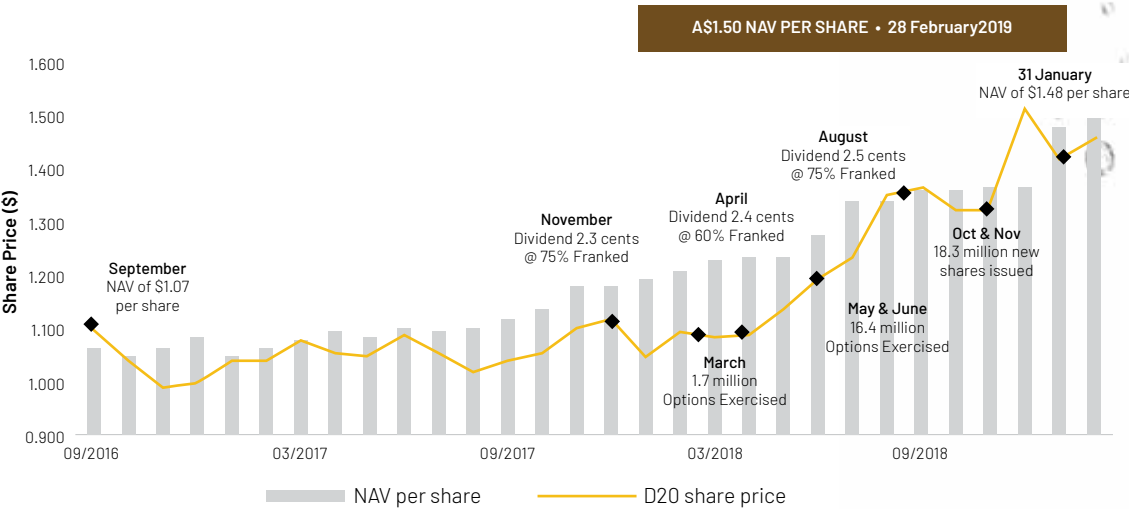
AT 28 FEBRUARY 2019 DUXTON WATER HAD 36% OF THE PORTFOLIO LEASED

This year, the Company has focused on continued acquisition of entitlement, and as such, the leased percentage of the portfolio has declined to 36% as at 28 February 2019 (2017: 62% leased). Inclusive of contracted leases, commencing 1 July 2019, the leased portfolio is 40%. The Weighted Average Lease Length of the portfolio at the end of the year was 4.3 years. The target remains to earn 6-7% return on long term leases and to have 70-80% of the portfolio leased.

PERFORMANCE

NET ASSET VALUE

DUXTON WATER NET ASSET VALUE PER SHARE



Duxton Water actively manages the composition of the Company’s water portfolio and takes a targeted approach to acquisitions and portfolio rebalancing. This ensures that the portfolio remains diversified and retains the ability to position itself ahead of any systematic trends or expected seasonal conditions.

The increase in the water portfolio size is due to both the acquisitions funded through the introduction of new capital and deployment of debt facility funds, as well as capital growth achieved on entitlements.

SHAREHOLDER RETURN

The Company’s NAV increased from \$1.1799 to \$1.3720 (up 16.3%) during 2018, and the Company paid two dividends (total 4.9 cents plus franking).

The main driver of capital growth has been the continued increase in entitlement values throughout the Murray-Darling Basin. This long-term trend is driven by broader market supply and demand factors.

During this year, we paid two dividends to shareholders; the first dividend paid in April 2018 was for 2.4 cents per share franked 60%, and the second was paid in September 2018 at 2.5 cents per share franked to 75%. This continues to evidence our pattern and intention to pay biannual dividends, franked to the greatest extent possible.

The Directors were pleased to announce the Company will pay a final fully franked dividend to shareholders of 2.6 cents per share, payable in Australian dollars. The record date for receiving this dividend is 13 March 2019, and payment date will be 27 March 2019.

Duxton Water intends to pass profits through to our shareholders as much as is prudently possible.

From November 2017, NAV has been calculated based on an independent monthly portfolio valuation performed by Aither Pty Ltd (“Aither”). The after-tax 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 at 28 February 2019. Aither has adopted the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement definition of fair value in making their assessment of the fair market value.

PERFORMANCE – FEBRUARY 2019

Period	NAV Return (Capital Gain)	Cash Return (Dividend)	Total Return
1 month	1.40%	0.00%	1.40%
3 months	9.73%	0.00%	9.73%
6 months	11.83%	2.46%	14.30%
12 months	24.20%	5.24%	29.44%
Inception	40.14%	8.75%	48.89%
Inception (Annualised)	14.75%	3.48%	17.62%
Options – \$1.10/share (close date: 31 May '18)	36.32%	3.00%	39.32%
Entitlement Offer – \$1.30/share (close date: 16 Nov '18)	15.35%	0.00%	15.35%

Duxton Water is an easily scalable business, which will benefit from economies of scale. With the exception of some Government water charges on transactions, and management/performance fees, the majority of other expenses are stable or reasonably unchanged with the growth of the business.

PROFIT (EBT)		GROSS PROFIT		PORTFOLIO GROWTH (value)		ENTITLEMENT PORTFOLIO GROWTH (volume)		DIVIDEND GROWTH		EARNINGS PER SHARE (EPS)	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
10.4m	3.0m	15.5m	4.0m	194.4m	86.4m	61.1GL	36.8GL	4.9 cents	2.3 cents	8.5 cents	3.2 cents
↑ 247%		↑ 288%		↑ 125%		↑ 66%		↑ 113%		↑ 166%	

STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue and other income	4	28,213	4,111
Cost of sales		(12,695)	(140)
Gross profit		15,518	3,971
Management fees		(1,046)	(619)
Performance fees		(2,310)	(472)
Legal and professional fees		(54)	(151)
Other expenses	5	(956)	(607)
Impairment reversal /(impairment) of water entitlements	6	(155)	739
		(4,521)	(1,110)
Profit before net finance (cost)/income		10,997	2,861
Finance income		3	90
Finance expense		(608)	-
Net finance (cost)/income		(605)	90
Profit before tax		10,392	2,951
Income tax expense	7	(3,127)	(885)
Profit for the year attributable to shareholders of Duxton Water Limited		7,265	2,066
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year attributable to shareholders of Duxton Water Limited		7,265	2,066
Earnings per share attributable to shareholders of Duxton Water Limited			
Basic earnings per share	17	0.085	0.032
Diluted earnings per share	17	0.085	0.032

This Statement of Profit or Loss is from the Annual Report and does not take into consideration tax expense impact of revaluations per the balance sheet to the right.

For note reference and further information, please refer to the 2018 Annual Report.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 (ADJUSTED)

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	2,665	2,878
Trade and other receivables	5,419	573
Water allocations	20,466	1,116
Water allocations (revaluations)	1,009	683
Other current assets	113	103
Total current assets	29,672	5,353
Non-current assets		
Water entitlements	139,763	75,753
Water entitlements (revaluations)	33,189	8,813
Deferred taxation	(9,778)	(2,473)
Total non-current assets	163,173	82,093
Total assets	192,846	87,446
LIABILITIES		
Current liabilities		
Trade and other payables	2,541	626
Unearned revenue	692	676
Tax liability	1,814	118
Total current liabilities	5,047	1,420
Non-current liabilities		
Interest-bearing liabilities	38,833	2,000
Total non-current liabilities	38,833	2,000
Total liabilities	43,880	3,420
Net assets	148,965	84,026
EQUITY		
Total equity	148,965	84,026

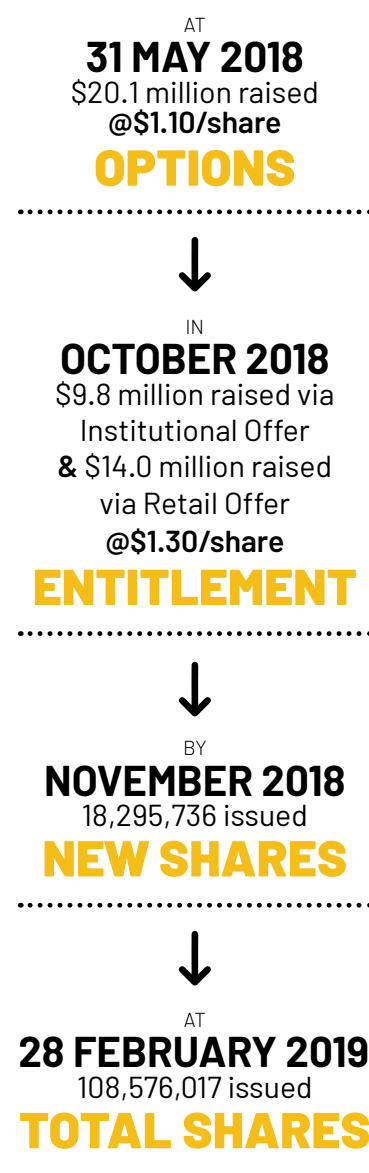
This Balance Sheet is an adjusted version of that in the Annual Report. It presents the water entitlements and allocations at fair value, as independently valued by Aither. This is consistent with the manner in which the NAV of the Company is reported to the Board for internal reporting purposes.

For note reference and further information, please refer to the 2018 Annual Report.

DEBT AND CAPITAL DEPLOYMENT

While the Board maintains its intention to not hold long-term debt, sensible debt funding has been used this year to invest in advance of two capital injections, to minimise the impact of dilution, and to continue acquiring water assets as opportunities arose. The debt position as at 31 December 2018 was \$38.8 million (~19% leverage).

At 31 May 2018, the Options (issued at IPO) expired which saw \$20.1 million raised at \$1.10/share. In October 2018, we also saw the successful completion of an Entitlement Offer (Rights Issue at \$1.30/new share), with \$9.8 million raised through an accelerated Institutional Offer and \$14.0 million raised through a Retail Offer. The aggregate effect was the issuance of 18,295,736 new shares by 23 November 2018.



AUSTRALIAN WATERMARKET



The Australian water market is the most sophisticated in the world with a cap and trade system, an efficient trading market, and managed priority of water allocation year-on-year. This structure provides an investment opportunity into a limited resource. Duxton Water has focused entitlement acquisition in the Southern Murray Darling Basin region of Australia. The MDB has a total of 7,549,881 ML of water entitlements on issue within its interconnected water systems, with an estimated value of AS\$20.2 billion¹.

¹ Aither – Water Markets Report 2017-18 review and 2018-19 outlook

The new asset class of Australian Water Entitlements

REAL UNDERLYING ASSET

Duxton Water provides an opportunity to invest in Australian water assets, a new and real asset class. Rights to water are issued and held by way of water entitlements to which actual resource is allocated each year depending on the total available resource and the priority characteristics of the particular entitlement and allocations.

NO DEPRECIATION

Water entitlements are intangible assets giving the holder a right to the underlying water. Neither water, nor the entitlement, is a depreciable asset. While the system is supported by infrastructure and mechanisms to move the physical water, the asset in which Duxton Water is invested is not depreciable.

CAPITAL GAIN POTENTIAL

There is potential for capital gains as the Australian water market continues to develop and mature, and the value of the underlying asset continues to increase. Current market insights and production trends suggest that prices may increase over the next 5 to 10 years, given that the economic value of water dictates that whomever can derive the most benefit from the water should be the most willing to pay the highest price for the resource.

ENCOURAGES EFFICIENCY

Duxton Water will aid in the development of Australia's water markets, assisting water to be appropriately valued and utilised. The water market in Australia is the most sophisticated in the world¹; it is relatively efficient and as such the resource is valued and priced according to the market drivers of supply and demand. The water, therefore, goes to the best and highest use, and water users are encouraged to be efficient with their water allocations to ensure the highest margins and yields returned for the input².

A secure, well-developed market with a real underlying asset likely to increase in value

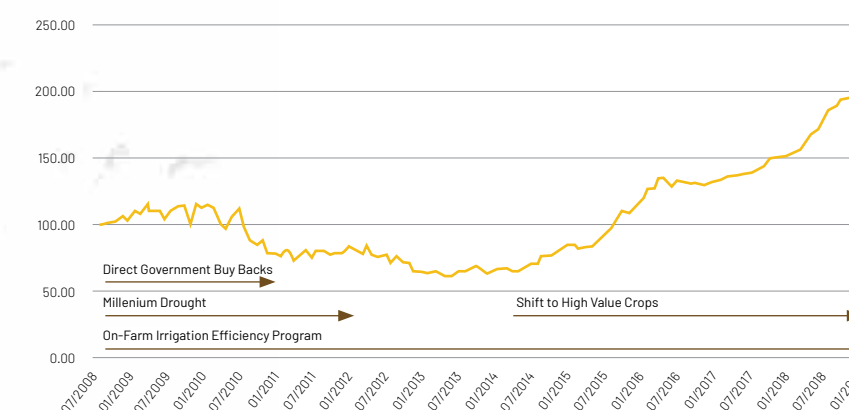


The increasing scarcity of water, coupled with rising demand, is likely to be a key economic driver underpinning the water market.

The overall Australian water market is valued at approximately AS\$46.7 billion (in 2013)¹. The Murray Darling Basin ("MDB") is the world's most sophisticated water market and the area is referred to as 'Australia's food bowl'. This is where Duxton Water is focused presently. The MDB contains about 40% of Australia's farms, and 65% of irrigated farms². In 2015-16, the MDB accounted for roughly 57% of Australia's total irrigative water³.

AITHER ENTITLEMENT INDEX

The graph below shows the Aither Entitlement Index over the period from July 2008 to January 2019 (the index as at January 2019 is 210.08). This indicates capital growth potential of the asset, supported by agricultural production shifts toward more permanent plantings (discussed in following sections)*.



¹ <http://www.afr.com/real-estate/australias-water-market-light-years-ahead-says-99m-water-fund-manager-20160812-gqr3nx>
And: <https://www.mdba.gov.au/sites/default/files/pubs/ABARES-water-market-report-14-15.pdf>, page 44

² Aither have within their 'outlook entitlement markets': "after three years of rapid price growth, the limited growth in 2016-17 reflects market sentiment, with many buyers considering higher reliability entitlements to be close to or fully valued, despite the additional horticultural development underway"

¹ <http://www.abs.gov.au/ausstats/abs@.nsf/featurearticlesbyCatalogue/CBEC67B283B69C4FCA257CAE000ED12E?OpenDocument>

² <https://www.mdba.gov.au/discover-basin/people/economy-basin>

³ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4618.0>

* Past performance is not a reliable indicator of future performance.



How it works

CAP & TRADE

In Australia, particularly in the Murray Darling Basin region, water entitlements provide a right to the use (or sale/trade) of the annual allocation of the water resource. The Australian water market is based on an unbundled ‘cap and trade’ system. Under this regime, water rights are separated from land rights.

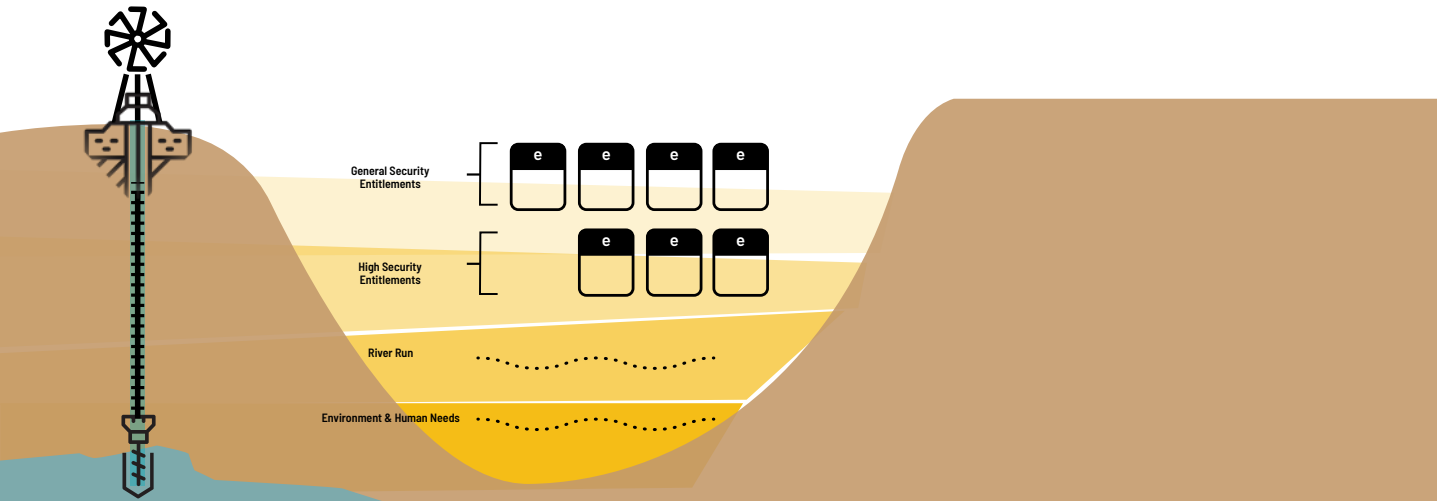
Water entitlements are traded in the permanent market and give the holder a right to the water resource.

Each water year (July to June) each water entitlement is allocated a portion of the total available resource (i.e. one might receive a 90% allocation of one’s total right). **Annual allocations** are traded in the ‘temporary market’.

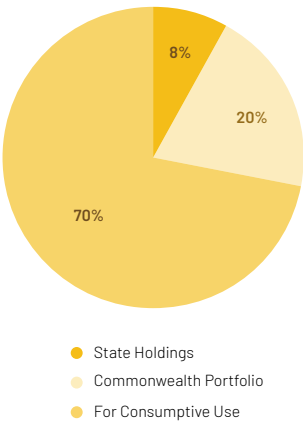
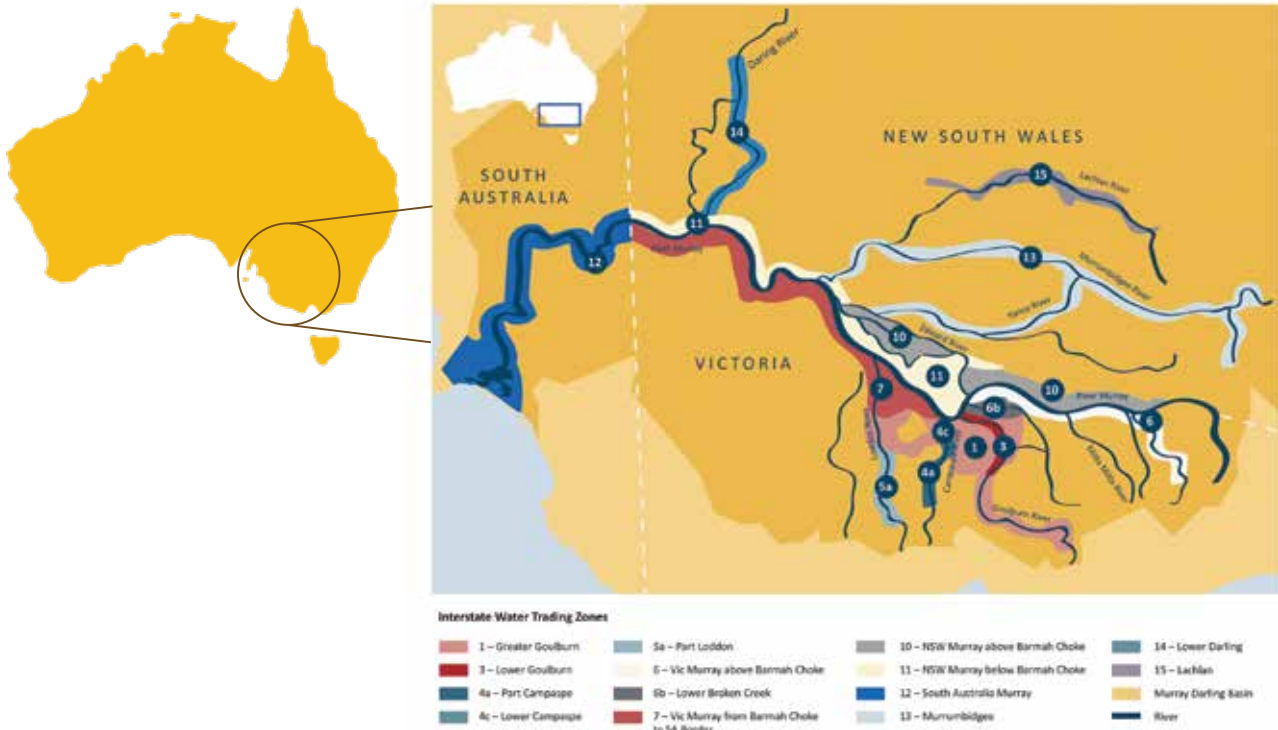
There are various different entitlement types in the market, classified by ‘region’ (i.e. NSW vs VIC) and by reliability (i.e. High Security which is given priority in allocation, and General Security which is allocated to at a lower priority). Subject to market regulations, water users have the option to use their water rights, buy and sell licences, lease rights and/or carry over the water allocation into a new water year.

The value of traded water entitlements and water allocations can be regularly and easily obtained from relevant water authorities subsequent to registration. Determination of seasonal allocations to water entitlements are governed by defined, published processes and calculations, based on the measurable water availability conditions.

Refer to the diagram below to see how allocations are prioritised; at a high level, the resource is firstly allocated to environmental and human consumption needs, then to the river system itself to ensure sustainability and flow, and then to the irrigators via water entitlement characteristics (priority).



The Southern Murray Darling Basin



SUPPLY AVAILABILITY

Duxton Water has focused entitlement acquisition in the Southern Murray Darling Basin region, known as the “food bowl” of Australia. Refer to the map above. The MDB has a total of 7,549,881 ML of water entitlements on issue within its interconnected water systems, with an estimated value of AS\$20.2 billion¹. Referring to the diagram, as at 30 June 2018, 20% of this volume (1.5m ML) is held within the Commonwealth Environmental Water Holdings (“CEWH”) and is unavailable for irrigative use. The CEWH has an estimated value of AS\$4.3 billion. 8% is held by the respective States. This leaves 72% of the system available to investors and producers; at present roughly 4-5% of entitlement holders are ‘investor type’ and the remainder are primary producers².

The MDB Plan involves a Government buy-back of water entitlements for environmental purposes. The Plan targeted recovering 2,750 GL of water entitlements. Of that, 640 GL are still available to be recovered as at 30 June 2018³.

The Australian Government has invested approximately AS\$13 billion over the last 10+ years to restore the balance between the baseline environmental requirements and the productive demands on the water system⁴.

The market encourages efficient use of water by producers and presents a value on the asset in relation to the supply and demand for water.

¹ Aither - Water Markets Report 2017-18 review and 2018-19 outlook
² Commonwealth Environmental Water Holding, The Living Murray, New South Wales Office of Environment and Heritage, as at 30 June 2018
³ <https://www.mdba.gov.au/managing-water/environmental-water/progress-water-recovery>
⁴ <https://www.smh.com.au/environment/at-great-risk-13-billion-murray-darling-plan-headed-for-failure-report-says-20171129-gzv344.html>

Duxton Water is taking a long-term approach to water because of the trends observed on both the supply and demand sides of the Australian water market.

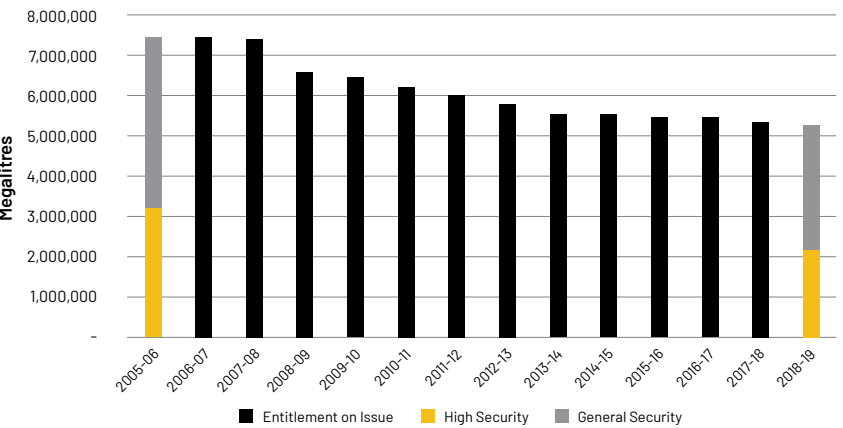
ENTITLEMENT SUPPLY

Permanent supply is fixed within the “cap and trade” model.

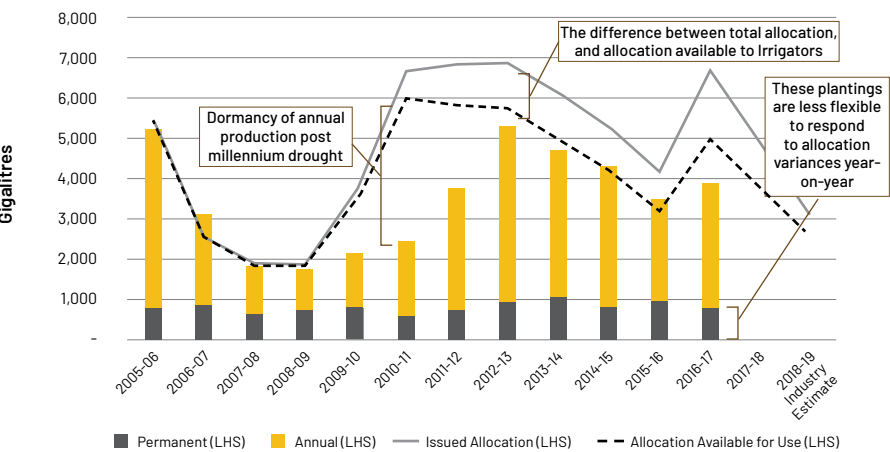
Supply available for consumptive use has decreased with the ongoing Government buy-back program to support environmental requirements.

The Government has purchased both high security (31%) and general security (27%) entitlements.

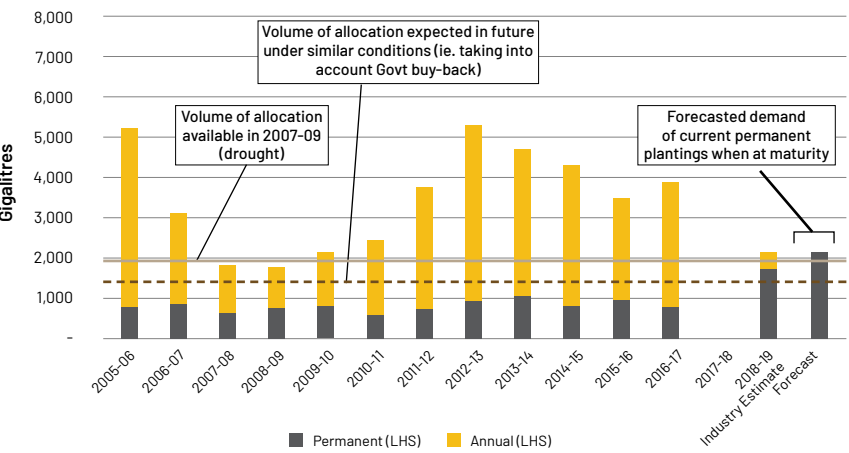
There are now 31% less high security entitlements available, which are key to long-term water security particularly for permanent plantings.



ALLOCATION SUPPLY



DEMAND TRENDS



Demand (usage) trends are shifting towards more permanent crops (grapes, fruit and nuts).

Such crops require more water as they mature but are higher value and can therefore afford to pay more for water.

This shift to higher margin, permanent plantings, together with the intensification of agriculture is steadily driving up entitlement values.

Industry estimates and forecasts indicate a significant increase in permanent plantings with inelastic demand.

The graph shows the future demand expected from the plantings in the ground now, when they reach full maturity over the next 5-7 years.

If the region experiences drought conditions similar to those in 2007-2009, there is expected to be even less available water since the Government has bought back entitlements (the allocation on these rights is no longer in the market and therefore available for irrigative use).

Demand and Market Trends

ANNUAL CROPS

It is estimated that 67,304 hectares of irrigated cotton were planted in the 2017/18 season, making the Murrumbidgee region (NSW) – part of the SMDB – the largest cotton growing region in Australia this season. In the last 8 years the number of farms in the Murrumbidgee growing cotton has increased 369%¹. Traditionally, there has been more variability in plantings of annual crops as irrigators can respond to annual weather and water allocation conditions; they can choose to expand (in wetter periods) or reduce (in drier) the size of their plantings. This shift towards cotton means the irrigators can pay more for the water resource given the high margins in cotton production, even when water allocation prices rise in drier periods. It is expected that this will lift the average water allocation price over time.



PERMANENT CROPS

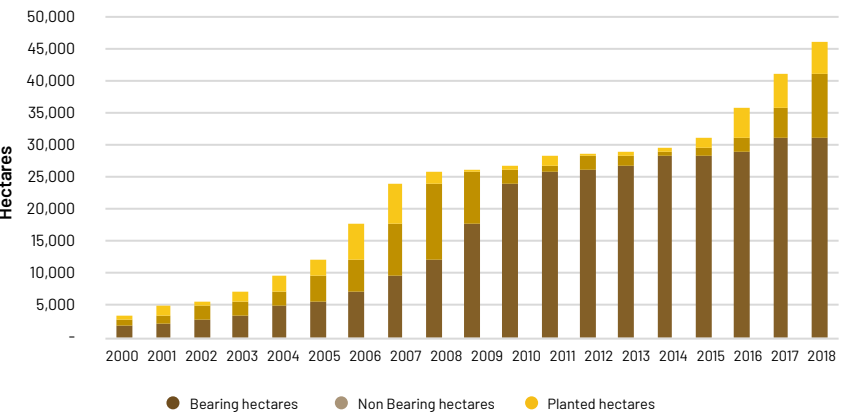
The other significant trend observed is in the shift from annual crops to increased permanent irrigated plantings. Given the significant capital investment made by the irrigator to plant the nut trees or vines, as an example, there is an increased price inelasticity within the market; irrigators become less flexible in terms of responding to climatic and water allocation changes. Farmers are therefore committing to locked long-term demand, in ever-increasing volumes. The impact of this will be felt most by the market when the plantings reach maturity. There are substantial new plantings taking place now which will only reach full maturity of water demand, and maturity of fruit (or other) production, in 5 – 7 years.

The Southern Murray Darling Basin

CASE STUDY: ALMONDS

Australian bearing almond orchard size has grown 14.9x since 2000. Australian almond growers have been forecast to plant an additional 15,000+ hectares between 2016 to 2018 to reach a total market orchard size of 45,000 ha. At planting stage, trees demand 3ML/ha (average), and build up to 14ML/ha at maturity (6+ years).

At full maturity, this equates to a total industry demand (assumed no further plantings) of approximately ~630 GL of water to sustain production.² This equals ~8% of total entitlements on issue and ~28.2% of High Security entitlements available to Irrigators; this could represent a higher percentage depending on annual allocation volumes.



With a cap and trade system there is a limited supply of the resource; there is a limit on the volume of water entitlements on issue, and there is a limit on annual water allocation. The market trends (in both annual and permanent crops) discussed above highlight both the markets increase price inelasticity, and the increased levels of demand yet to be realised.

Given that new permanent plantings and those still in development stages are not requiring their full water supply yet, there is a possibility that the market has not fully factored this future demand into the price and value of particular water entitlements today.

¹ <http://www.theland.com.au/story/5226905/favourable-projections-for-australian-cotton/?cs=4936>
² Source: Australian Almonds, Orchard Size Statistics

THE BOARD HAS A TOTAL OF 82 YEARS EXPERIENCE IN THE AUSTRALIAN WATER MARKET. THE BOARD HOLDS A COMBINED 125 YEARS OF EXPERIENCE IN AGRICULTURE



Duxton Water has no direct employees and as such the portfolio of water assets is managed by Duxton Capital (Australia), part of the Duxton Group as a wholly owned subsidiary of Duxton Capital Pte Ltd.

The Group manages, advises and administrates over AS\$1.2 billion in assets (at 31 December 2018). The members of the Duxton Group have been exposed to Australian water markets since 1999.

The Australian Management team is supported by the Duxton Group's investment team in Singapore. The Duxton Group's executive management team has an average of 29 years of industry experience.

The Duxton investment team of 19 staff is based in Singapore and Australia with an average of 13 years of industry experience in agricultural investments, emerging market private equity, complex assets and listed equities, and a total of 266 years of combined industry experience.

Duxton Water has access to specialist industry knowledge and key networks developed over a combined 81 years in the water industry.

The Duxton Group is fully owned by Ed Peter, Stephen Duerden, Desmond Sheehy, the Group's co-founders, and Scott Jaffray.

MANAGEMENT & PERFORMANCE FEE

Duxton Capital (Australia) as the Investment Manager receives a management fee of 0.85% p.a. on the adjusted net asset value (NAV) of the Company.

Duxton Capital (Australia) is entitled to a performance fee (subject to a high watermark) of 5% p.a. payable on annual returns above 8%, and 10% p.a. on annual returns above 12%. The Investment Manager is also paid for reimbursable costs.

Please refer to the Prospectus for full calculation method and definitions regarding performance and management fees.



ED PETER
Chairman of the Board

Ed Peter is the co-founder and Chairman of Duxton Asset Management ("Duxton"). Prior to forming Duxton in 2009, Ed was Head of Deutsche Asset Management Asia Pacific ("DeAM Asia"), Middle East and North Africa. Ed has been exposed to the Australian water market since 1999.



PETER MICHELL
Independent Non-Executive Director

Peter Michell is Executive Director at Michell Wool P/L and was its Managing Director for the decade following 2004. Peter holds a Bachelor of Management UniSA, FAICD, FGLF2000, and currently sits on the University of Adelaide's Agribusiness Advisory Board.



STEPHEN DUERDEN
Non-Executive Director

Stephen Duerden is the CEO of Duxton Asset Management. Stephen has over 26 years of experience in investment management and joined Duxton in May 2009. Prior to this, Stephen was the COO and Director for both the Complex Assets Investments Team and the Singapore operation of DeAM Asia.



DIRK WIEDMANN
Independent Director / Deputy Chair

Dirk Wiedmann has 28 years of experience in the finance industry. Over his career, Dirk has held senior global positions with several Banks, including UBS AG, Bank Julius Baer & Co Ltd and Rothschild Bank AG. Dirk has been investing in Australian agricultural businesses since 1999.



DENNIS MUTTON
Independent Non-Executive Director

Dennis Mutton has a long history in the fields of natural resource management and primary industries. Dennis has also held roles as Commissioner and Deputy President of the Murray Darling Basin Commission and Chair of the SA Natural Resources Management Council.



KATELYN ADAMS
Company Secretary

Katelyn has over 10 years of accounting and company secretarial experience, servicing predominantly ASX listed companies. Katelyn has extensive knowledge in company secretarial duties, ASX Listing Rule requirements, IPO and capital raising processes, as well as a strong technical accounting knowledge.

DISCLAIMER.

If you have any questions please contact us.

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