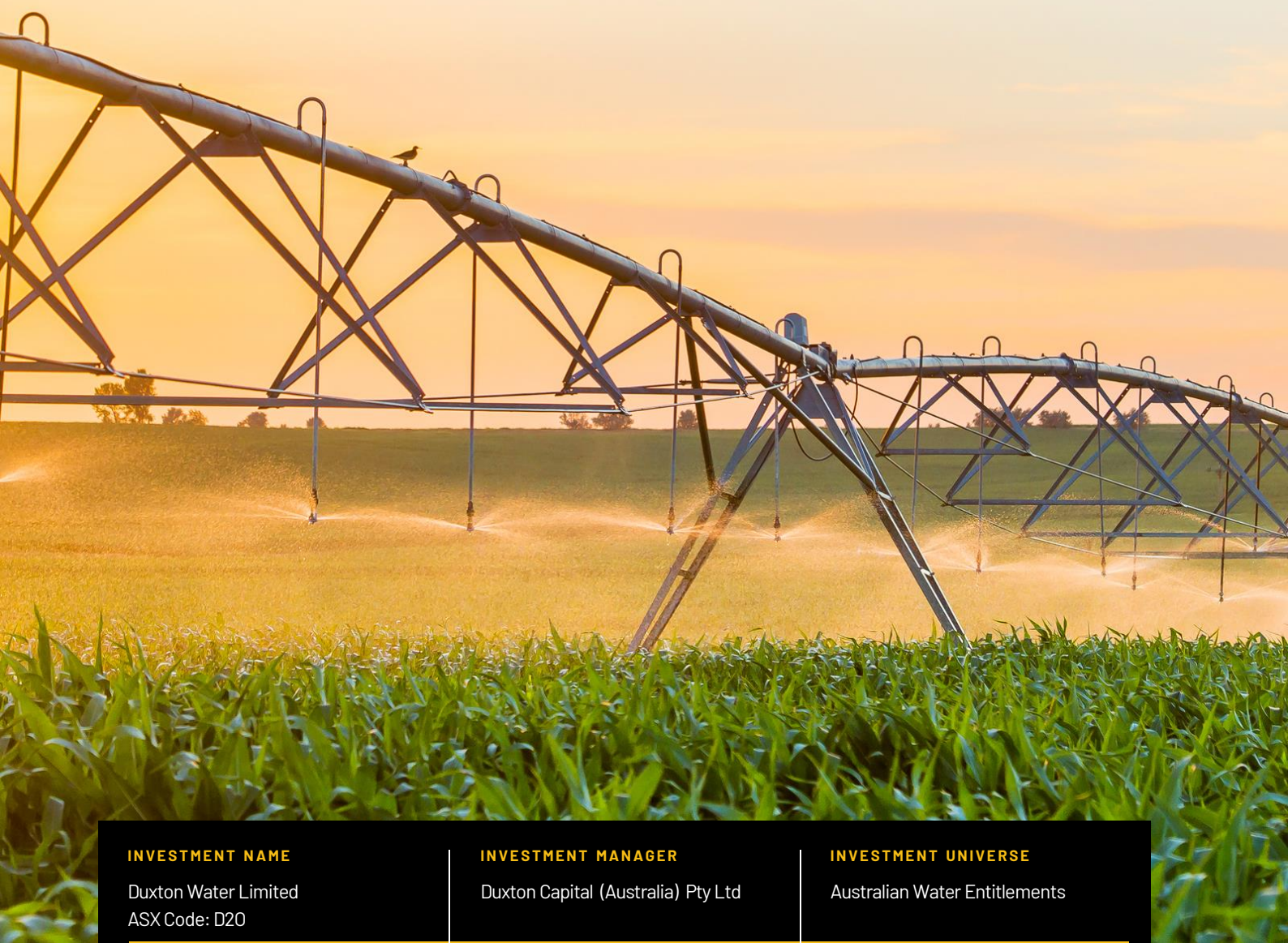


Monthly Update



DECEMBER 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)

\$1.91 per share

SHARES ON ISSUE

118,038,179

WATER PORTFOLIO VALUE

\$377 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

We are pleased to report that Duxton Water generated a 12% total return to shareholders over the 12-months to 31 December 2022, comprising of a 6% gross dividend yield and 6% share price growth. This is a great result when compared to the performance of the major Australian S&P Indices during 2022.

This year we experienced the most impactful flooding event Australia has seen since 1956, the most significant tightening of monetary policy of the last generation, and businesses continued to deal with the long-lasting effects of COVID-19, which continue to impact many facets of business.

Considering the above, permanent water prices have continued to remain at or near all-time highs, once again showing the durability and resilient nature of the asset class. In FY2022, the portfolio generated a 12% NAV return (post-tax), inclusive of fully franked dividends.

The recent flood events continue to have significant impacts on the river and regional communities. Throughout December, flooding continued across the mid-to-lower Murray and Darling River regions. South Australia is currently being the most impacted, with the township of Berri declaring a peak in flood levels. It is anticipated that over the coming weeks and months, river levels will begin to recede as floodwaters will continue to make their way towards the Murray mouth at Goolwa, before being flushed out to sea.

The Bureau of Meteorology's ("BOM") rainfall outlook for mid-January indicates some rainfall in Queensland, while minimal rainfall is expected across the remaining areas of the Basin.

Mid-January temperatures are also increasing, edging towards 40 degrees Celsius. Low forecast rainfalls and high temperatures will likely cause increased evaporation, thus helping to reduce floodwater levels.

Looking forward, recent BOM outlooks, climate drivers, and weather models are predicting a return to more normal conditions over the next few months, with some models predicting a return to El Niño conditions by the middle of 2023. El Niño conditions typically bring drier than average conditions to the eastern half of Australia.

On the back of these outlooks, we have seen an increase in the number of irrigators seeking long-term water leases and forward allocation supply, with the view to improving their water security ahead of an expected normalisation of weather conditions.

During December, we successfully contracted two new leases to commence on 1 July 2023. These leases comprise of 6,000ML supporting two large farming businesses.

Further to this, the Company is currently going through due diligence on several additional leasing opportunities. We hope to provide an update on these leasing opportunities early in 2023.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
1.25%	1.39%	1.91%	11.74%	118.72%

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



Water Lease & Forward Update

At 31 December 2022, Duxton Water had 54% of its permanent water portfolio (by value) leased to Australian farming businesses, accounting for 70% of the Company's high-security portfolio (by value). The current Weighted Average Lease Expiry ("WALE") is 1.4 years. Inclusive of renewal options, this increases the WALE to 4.4 years.

Throughout December, the Company successfully executed two new leases comprising 6,000ML that commence on 1 July 2023. These leases will strengthen the Company's leasing revenue stream, extend the WALE, and provide further diversification for the lease portfolio from 1 July 2023. From a lessee perspective, these leases provide these farming businesses with water security and visibility to cost for the next five years.

Recent climatic outlooks, climate drivers, and weather models are suggesting rainfall conditions may normalise over the next 4-6 months. The expectation that more normal conditions are on the horizon has resulted in a significant increase in the number of irrigators enquiring about new leases and forward contracts.

Irrigators have been able to capitalise on low spot allocation prices over the last 24 months. However, a strategic approach to annual water supply is encouraged in order to improve longer-term water security.

Duxton Water will continue to work towards once again achieving its long-term leasing target of 70-80%. Long-term water leases provide farmers with access to water security at a fraction of the cost of owning the same water entitlements outright.



Irrigated Young Apple Orchard

WATER FORWARD CASE STUDY: MURRUMBIDGEE

Earlier this year, Duxton Water provided a 1,000ML forward contract to a farming business in the Murrumbidgee area. This business has a farming rotation between irrigated wheat and rice. Using this type of water product, this customer was able to secure a guaranteed supply of water, at a predetermined price, for delivery on a specific date in the current water year. This forward allocation contract has provided visibility for a key input into their business and has been used to produce 500Ha of rice this year.

Through this type of partnership, Duxton Water continues to enable Australian farming businesses to take a multi-year approach to managing their annual water supply strategy.



QUICK FACTS SUMMARY

	November 2022	December 2022
Water Entitlements	85.0GL	83.6GL
Portfolio Diversification (types)	18	18
Leased % of Portfolio	55%	54%
Weighted Average Lease Expiry (WALE)	1.4 years	1.4 years
WALE (incl. renewal options)	4.5 years	4.4 years

Entitlement Market Update

At 31 December 2022, Duxton Water holds 83.5GL of permanent water entitlements across 18 different asset types and classes.

During December, two permanent entitlement sales were executed at attractive valuations that resulted in the Company unlocking statutory earnings. Sale proceeds from these transactions can be used to redeploy into different zones or offset against the Company's debt facilities.

Throughout December, permanent water pricing across the southern Murray-Darling Basin ("MDB") strengthened, with price increases seen in many zones. Throughout the basin, entitlements saw a weighted average price increase of 0.8% for December.

Allocation Market Update

Allocation prices in December increased across all major zones in the Basin due to stronger demand from irrigators. With water storages at full capacity, irrigators will continue to benefit from low allocation prices this season.

Allocation water in December traded between \$30-\$40/ML in the Lower Murray, \$30-\$40/ML in the Goulburn, \$15-\$25/ML in the Murrumbidgee, and \$15-\$25/ML in the Upper Murray.

Duxton Water continues to sell down any residual allocation holdings, providing irrigators with spot water for irrigation requirements.



Finance Update

The Company is pleased to report that Duxton Water shareholders received a total return of 12% in FY2022. This comprised of a 6% gross dividend yield and 6% share price growth. A strong result when compared to the performance of the major Australian S&P Indices over the same period.

In December, Duxton Water's post-tax NAV increased by 2 cents to \$1.91 per share. This was largely due to the appreciation in the value of a range of entitlements within the portfolio.

The Company's post-tax NAV increased 7% in FY2022, resulting in a 12% shareholder return on a post-tax NAV basis (when including fully franked dividends).

The Company is also pleased to report that Net Debt to Water Assets reduced to 30% during the month of December, representing a 1% reduction to the Company's Net Debt position. The Company has a maximum Net Debt covenant of 40% in place.

With the expectation of more interest rate movements in 2023, the Company continues to closely monitor interest rate markets and actively manage its interest rate swap portfolio and debt position.

NAV (post tax)	NAV (pre tax)
\$1.91 per Share	\$2.22 per Share

Share Buyback

At 31 December 2022, Duxton Water bought back a total of 2.8 million shares (equivalent to 2% of the Company's shares), at an average price of \$1.61 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

Over the last 5 years, Duxton Water has proven its ability to pay a consistent and increasing dividend stream to shareholders.

The Board would like to reaffirm its intention to continue to provide shareholders with a bi-annual dividend, franked to the greatest extent possible.

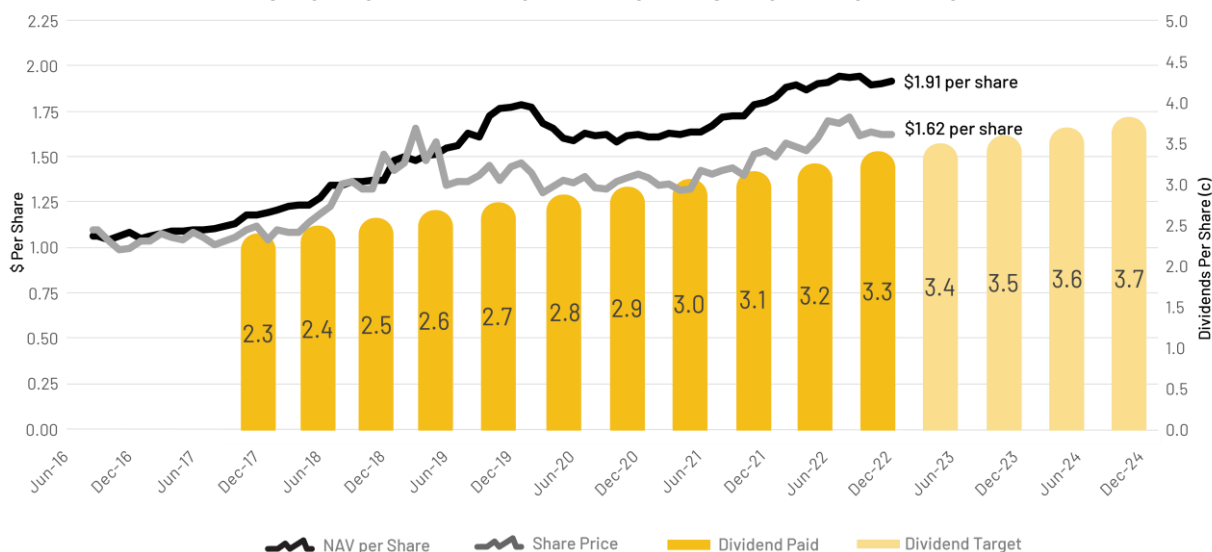
Following the 24-month dividend guidance provided out to the end of FY24, the Company will return to a 12-month dividend guidance to better align with standard market practices.

The Board is pleased to reassure shareholders that the following four dividend targets remain unchanged:

DIVIDEND GUIDANCE

	Cents Per Share	Franking Target
Final 2022	3.4 cps	Fully Franked
Interim 2023	3.5 cps	Fully Franked
Final 2023	3.6 cps	Fully Franked
Interim 2024	3.7 cps	Fully Franked

HISTORICAL PERFORMANCE - SINCE INCEPTION



VALUATION METHODOLOGY

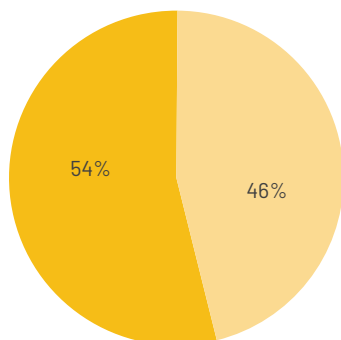
The Company uses an Independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ('Aither') to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement.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

Monthly Update

DECEMBER 2022

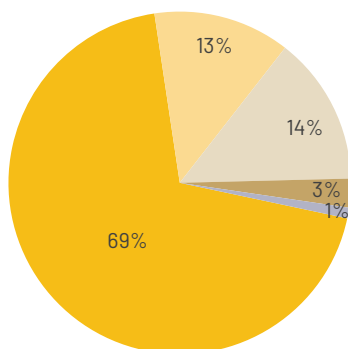


WATER PORTFOLIO DIVERSIFICATION



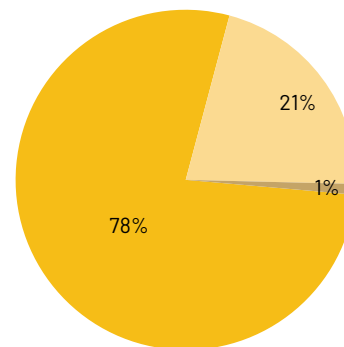
■ Leased ■ Unleased

WATER SECURITY BREAKDOWN



■ Murray ■ Murrumbidgee
■ Goulburn ■ Lachlan
■ Mallee

ENTITLEMENT VALUE BY REGION



■ High Security ■ General Security ■ Groundwater

Weather Update

Rainfall in December was 33% above average for the whole of Australia, with varying levels of rainfall being seen across different parts of the country.

Rainfall was above average for most of the Northern Territory, western Queensland, the eastern half of the Kimberley, and the Gascoyne in Western Australia. Meanwhile, rainfall was below average for some areas of the southern half of Australia, in particular south-west Western Australia, eastern New South Wales, and western Tasmania.

Across the MDB, December rainfall was 39% below the long-term average. Flooding events continued in south-eastern Australia as flood waters made their way through several inland rivers in the south-eastern mainland states, and southern Queensland. Major flooding events affected the Darling, Namoi, Barwon, Macquarie, and Murray Darling rivers during December.

The national mean temperature for December was 0.21 °C, cooler than the long-term average. The mean maximum temperature was 0.33 °C below average, and the mean minimum was also below average by 0.11 °C.

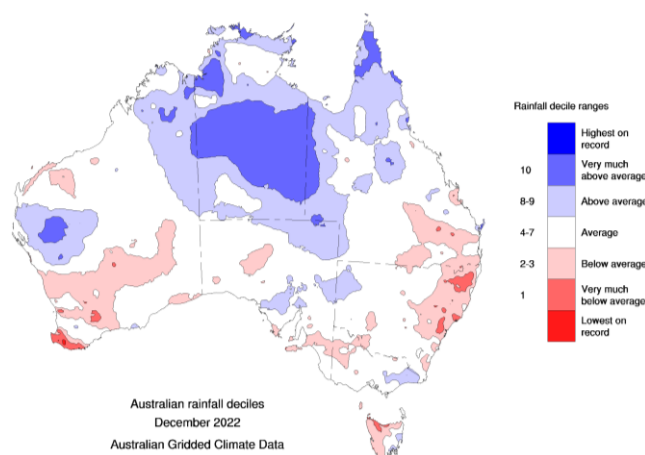
La Niña remains active in the Pacific Ocean, but is expected to dissipate by the end of summer. La Niña events increase the chances of above-average rainfall for northern and eastern Australia during spring and summer.

The Indian Ocean Dipole is currently neutral and typically has little influence on the Australian climate from December to April.

The Southern Annular Mode ("SAM") index remains positive and is likely to remain positive until mid-January. During summer, a positive SAM increases the chance of above-average rainfall for parts of eastern Australia and below-average rainfall for western Tasmania.

RAINFALL DECILE CHART (SUMMER)

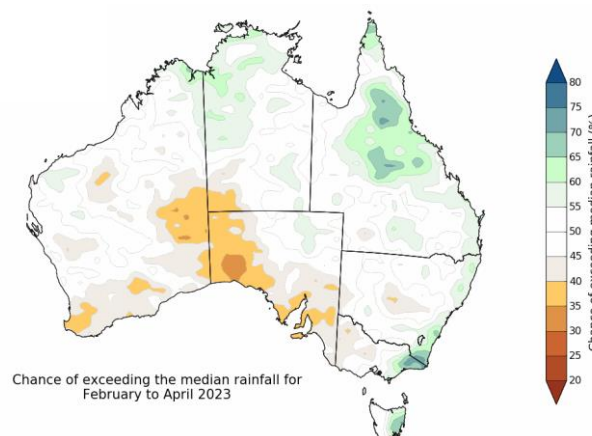
DECEMBER 2022



Source: Bureau of Meteorology

CHANCE OF ABOVE-AVERAGE RAINFALL

FEBRUARY 2023 - APRIL 2023



Source: Bureau of Meteorology



Outlook & Storages

The February to April outlook suggests below median rainfall for parts of Western Australia, central Australia, and South Australia. Some areas of South Australia and Western Australia are at risk of experiencing unusually dry conditions.

Above median rainfall is expected for southern coastal parts of New South Wales, far eastern Victoria, and parts of eastern Tasmania.

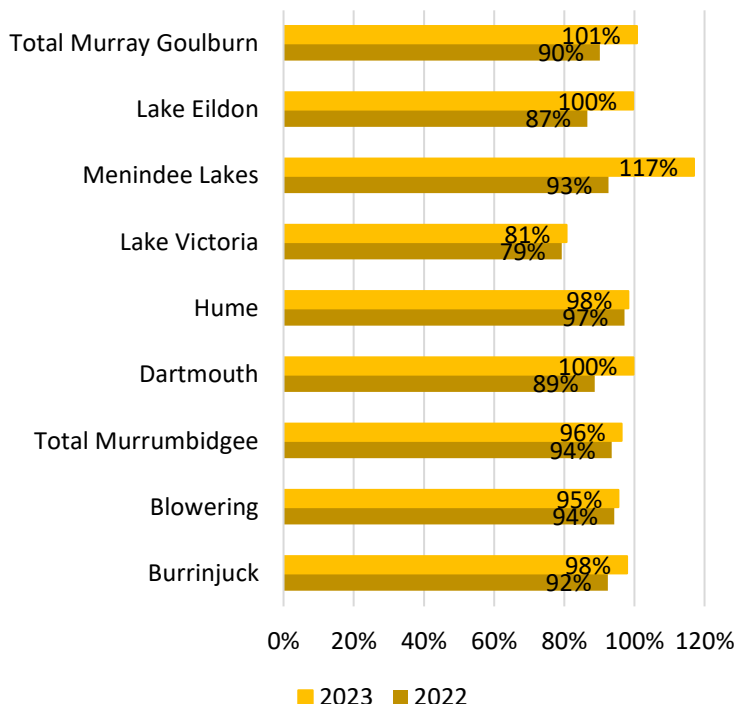
La Niña is expected to ease over summer, with forecasts suggesting a return to neutral conditions in early 2023.

Warmer days are likely for most of Australia for February to April, with minimum and maximum temperatures above the median. Cooler days are expected for the New South Wales central coast and eastern Victoria.

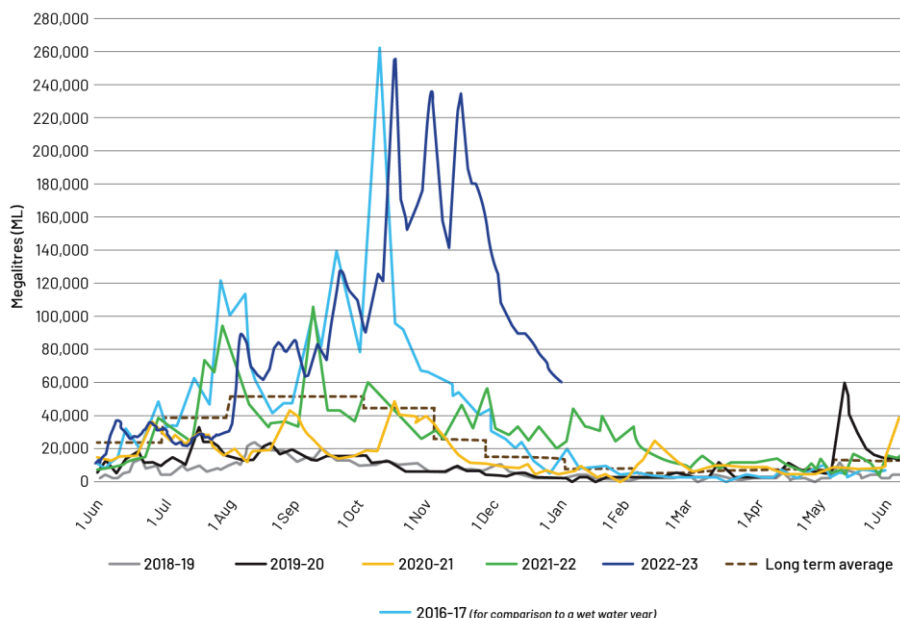
High streamflows were seen at several sites in the southern MDB. High streamflows are likely for January to March along the east and south-east coast of the mainland and for north-east Tasmania.

Both the northern and southern MDB storages are now at 100%, compared to 96% and 89% at 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

DISCLAIMER: This factsheet is prepared by Duxton Capital (Australia) Pty Ltd [ACN: 164 225 647; AFSL no. 450218] ("Duxton Capital (Australia)"). Duxton Capital (Australia) is the Investment Manager of Duxton Water Limited [ACN 611 976 517] ("Duxton Water"). This factsheet has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in Duxton Water. Information from this factsheet must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to local law or regulation. The terms of Duxton Water are set out in the prospectus of Duxton Water ("Prospectus"), and should there be any conflict between the terms set out in this factsheet and the Prospectus, the terms in the Prospectus shall prevail. The forecasts provided are based upon our opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of shares/units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met. This document does not constitute investment, tax, legal or any other form of advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. If you require investment or financial advice please contact a regulated financial adviser. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in this presentation. The Duxton Group or its affiliates may hold positions in the securities referred. Where stocks are mentioned, it should not be construed that these are recommendations to buy or sell those stocks. You are not authorized to redistribute this document nor qualified to make any offer, representation or contract on behalf of Duxton Capital (Australia) or its affiliates. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by Duxton Capital (Australia) or its affiliates or any of their directors or employees. The information and opinions contained may also change. Copyright protection exists in this presentation. To the extent permitted by applicable law, none of the Duxton Group, their affiliates, or any officer or employee of the Duxton Group accepts any liability whatsoever for any direct or consequential loss arising from any use of this factsheet or its contents, including for negligence.