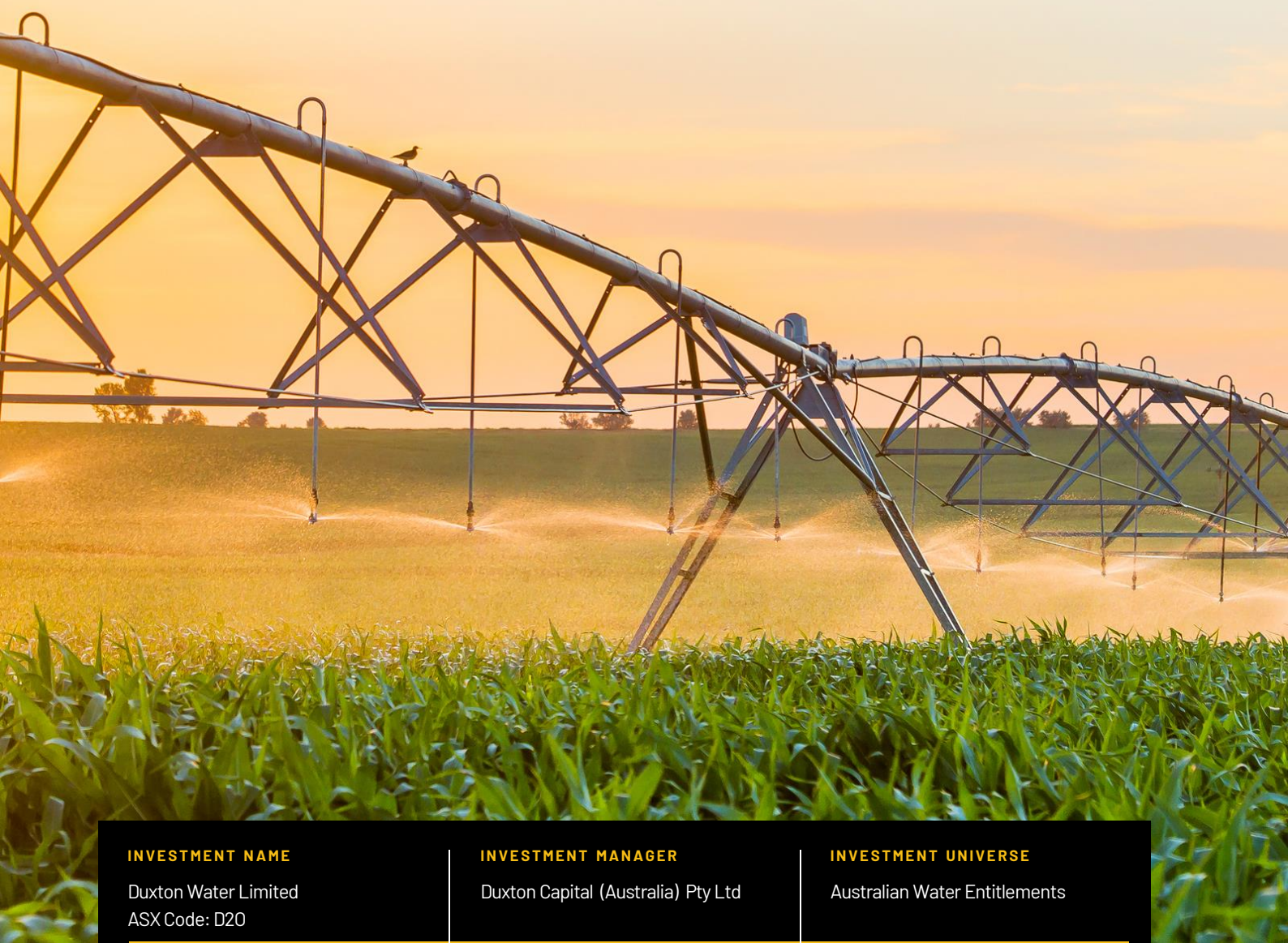


Monthly Update



JUNE 2023



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)

\$1.80 per share

SHARES ON ISSUE

117,948,814

WATER PORTFOLIO VALUE

\$401 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

On 3 July 2023, Duxton Water was pleased to announce that it has agreed to acquire \$39.1 million of high security water entitlements from Treasury Wine Estates ("TWE"). This transaction represents a significant growth opportunity for D20 as it looks to scale its portfolio to support the needs of the Australian farming community.

This transaction also involves the leaseback of 80% of the acquired entitlement volume and a call option for TWE to buy the water entitlements back from D20. Further details on the acquisition, lease, and call option can be found in the Company's recent ASX announcements.

To fund this acquisition, the Company has invited its existing Eligible Shareholders¹ to participate in a partially underwritten 1:4 Non-renounceable Entitlement Offer ("Offer").

This presents an opportunity for existing shareholders to acquire additional shares in the Company at \$1.50 per share. The Offer aims to raise up to \$44.2 million and is open for applications from 11 July 2023, and is expected to close on 1 August 2023.

Further to that, the Company has successfully completed a \$7.25 million underwritten Placement to institutional and sophisticated investors.

Any surplus funds raised will be used to further expand the Company's water portfolio or to reduce debt.

In addition to the above, the Company was pleased to announce a Bonus Option Issue. Eligible Shareholders² will receive one (1) free Bonus Option for every four (4) ordinary shares held in the Company at the Bonus Option Record Date of 3 November 2023.

1,2 Eligible Shareholders are those who hold shares in the Company on the Record Date and do not have a registered address in the United States of America.

The Bonus Options are intended to be quoted on the ASX under ticker code D200 and will provide shareholders with the ability to acquire additional shares in the Company at \$1.92 per share prior to the Bonus Option Expiry Date of 10 May 2025.

Further details regarding the above activities can be found in the Company's ASX announcements on 3 July 2023.

Regarding business operations, D20 had several legacy leases with Duxton Vineyards and Duxton Dairies that end on 30 June 2023. These leases commenced in 2016, and while they did include options to extend, the respective lessees have decided not to exercise these options.

The Bureau of Meteorology ("BOM") weather outlook for August to October continues to be drier and warmer than average. The likelihood of El Niño and a positive Indian Ocean Dipole ("IOD") remains high, with El Niño already being declared by several international weather agencies.

The Company expects the leased percentage and Weighted Average Lease Expiry ("WALE") from 1 July 2023 to be 53% and 3.3 years, respectively. These figures exclude the TWE leases that will commence upon settlement of the water entitlement acquisition. Upon this occurring, the Company's expected leased percentage and WALE will increase to 61% and 3.5 years.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
-0.12%	-0.56%	-2.81%	-1.31%	112.94%

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



Water Lease & Forward Update

At 30 June 2023, Duxton Water had 53% of its permanent water portfolio (by value) leased to Australian farming businesses, accounting for 67% of the Company's high-security portfolio (by value). The WALE at 30 June 2023 is 1.1 years, and with renewal options, the WALE increases to 4.0 years.

Compared to May, there has been a 4% decrease in the Company's leased percentage. This is due to the acquisition of water entitlements from TWE being recorded at 30 June 2023 and the leaseback commencing upon settlement of the water entitlement acquisition. This is expected to occur in August 2023. The lease will be backdated to commence 1 July 2023 once this occurs.

In addition to the above, D20 successfully completed two new long-term water leases in the month of June. A 5-year surface water lease to a new lessee and a 10-year groundwater lease to an existing lessee. These leasing arrangements will provide the lessees with visibility to water supply and cost for the next 5 and 10 years, respectively. They will also provide the Company with a visible revenue stream for the duration of the leases.

Overall, D20's lease portfolio is in a strong position for the upcoming water year. Taking into account the Company's existing leases rolling off on 30 June 2023 and excluding the TWE lease, the Company expects to have 53% of its portfolio leased, with a WALE of 3.3 years (4.8 years including renewal options) from 1 July 2023.

Once the TWE lease commences, the Company anticipates the leased percentage and WALE to increase to 61% and 3.5 years, respectively (5.5 years with renewal options).

The Company anticipates an annualised leasing revenue stream of \$9 million for the upcoming water year (including the TWE lease).

It should be noted that if TWE buys the water entitlements back from the Company, the lease will be cancelled, thus impacting the Company's leased percentage, leasing revenue stream and WALE from the point in time that this occurs.

QUICK FACTS SUMMARY

	May 2023	June 2023
Water Entitlements	85.0GL	88.8GL
Portfolio Diversification (types)	18	18
Leased % of Portfolio	57%	53%
Weighted Average Lease Expiry (WALE)	1.2 years	1.1 years
WALE (incl. renewal options)	4.1 years	4.0 years

Entitlement Market Update

At 30 June 2023, Duxton Water holds 88.8GL of permanent water entitlements across 18 different asset types and classes.

During June, the Company successfully acquired 4,770 ML of high security water entitlements in the Lower Murray.

In June, the Company also completed a 1,000 ML water entitlement sale as part of its portfolio rebalancing strategy. Sale proceeds will be used to partially fund the acquisition from TWE, used to acquire additional water entitlements or reduce debt.

In June, entitlement values softened by -0.5%. This small reduction was primarily observed in Victoria, while most entitlements in NSW and SA remained steady.

Allocation Market Update

The 2022-2023 Water Year (WY) has come to an end, and as expected, spot allocation prices closed at low levels. Allocation water traded between \$6-\$11/ML in the Goulburn, \$2-\$13/ML in the Lower Murray, \$1-\$11/ML in the Upper Murray, and \$2-\$3/ML in the Murrumbidgee.

In July 2023, the State Water Authorities released the following opening allocations for the 2023-2024 WY:

Entitlement Zone	High Security	General Security
NSW Murray	97%	55%
VIC Murray	80%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	37%
Goulburn	100%	0%

ENTITLEMENT LEASE CASE STUDY: MURRAY

Duxton Water recently entered a 6-year, 400ML lease with a table grape grower in Sunraysia, Victoria. Table grapes, like other perennials, require water security to produce high-quality crops. Through this partnership, this grower now has cost visibility for the next 6 years and water certainty to maintain adequate moisture levels throughout the entire growing period. By entering a long-term water lease, this customer has also hedged against future allocation price increases and can redirect any excess funds into their land and production assets.

Through this type of partnership, Duxton Water offers Australian farming businesses a flexible and cost-effective way to fulfil their irrigation requirements without having to purchase water entitlements outright.





Finance Update

At 30 June 2023, Duxton Water's post-tax NAV remained at \$1.80 per share.

The Company's NAV, excluding tax provisions, also closed at \$2.06 per share, similar to the previous month.

At the close of June, the Company's adjusted Net Debt to Water Assets ratio was 33%, which is below the Company's maximum Net Debt covenant of 40%. This adjusts for equity funding of the TWE water acquisition.

The Company will provide updates on the impact of its capital-raising activities on the NAV and LVR in future reports.

NAV (post-tax)	NAV (pre-tax)
\$1.80 per Share	\$2.06 per Share

Non-Renounceable Entitlement Offer

D20 is pleased to invite existing Eligible Shareholders to participate in a 1:4 Non-Renounceable Entitlement Offer ("Offer"). Under the Offer, shareholders can acquire additional shares in the Company at \$1.50 per share. The Offer opened on Tuesday, 11 July 2023, and is anticipated to close on Tuesday, 1 August 2023.

The Offer intends to raise a maximum of \$44.2 million (before costs) and is partially underwritten to \$25 million.

Proceeds received from the Offer will be used to fund the Company's recent acquisition of water entitlements from TWE.

Institutional Placement

The Company has also successfully completed a \$7.25 million underwritten Institutional Placement to institutional and sophisticated investors.

Under the Placement, D20 will issue 4.8 million new fully paid ordinary shares at an issue price of \$1.50 per new share.

Proceeds raised under the Placement will be used to partially fund the acquisition of water entitlements from TWE.

Bonus Option Issue

In addition to the above, Eligible Shareholders will also receive one (1) free Bonus Option for every four (4) ordinary shares held in the Company at the Bonus Option Record Date of 3 November 2023.

Bonus Options will provide shareholders with the ability to acquire additional shares in the Company at \$1.92 per share prior to the Bonus Option Expiry Date of 10 May 2025.

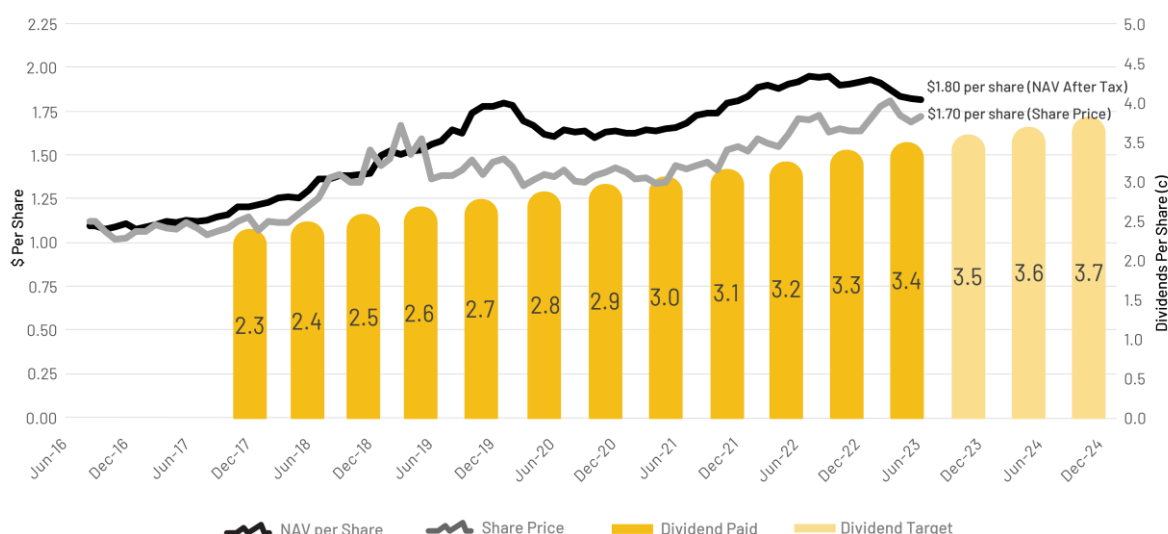
The Company will apply to have the Bonus Options quoted on the ASX under ticker code D200, making them tradeable.

Dividends

The Board would like to reaffirm the Company's dividend guidance provided out to the end of 2024:

	Cents Per Share	Franking Target
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

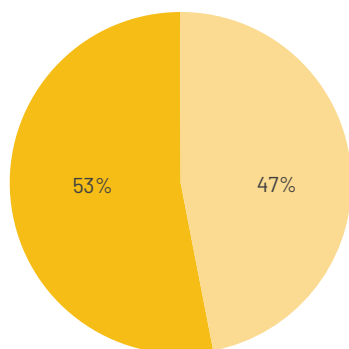


VALUATION METHODOLOGY

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

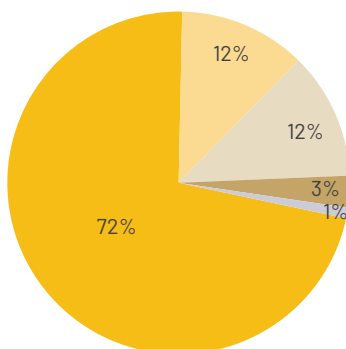


WATER PORTFOLIO DIVERSIFICATION



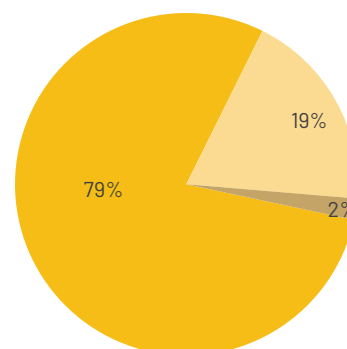
■ Leased ■ Unleased

ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee
■ Lachlan ■ Mallee

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

Weather Update

In June 2023, the national rainfall was 24.6% higher than the long-term average for the same period. For South Australia, it was the seventh-highest on record and for Victoria, the eighth-highest on record.

Rainfall was below average for most of central and eastern Queensland, coastal New South Wales and large parts of Western Australia.

In the Murray Darling Basin ("MDB"), June rainfall exceeded the long-term average by 50%, which improved soil moisture levels across most catchments in the sMDB.

June 2023 was warmer than usual, with the national mean temperature being 1.12°C above average, representing the seventh-warmest on record. The national mean maximum temperature was also by 1.25 °C above average, the tenth-warmest on record.

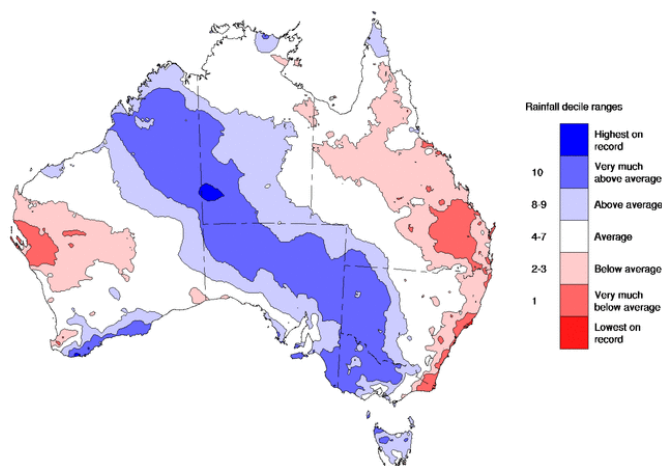
On 4 July 2023, The World Meteorological Organisation declared El Niño is underway for the first time in seven years. This declaration followed a similar announcement by The National Oceanic and Atmospheric Administration (USA) in early June.

The BOM is yet to declare El Niño and maintains the El Niño-Southern Oscillation outlook to "El Niño Alert". This indicates a 70% chance of El Niño occurring this year. El Niño typically reduces winter and spring rainfall across eastern parts of Australia.

The IOD indicator remains neutral. However, all climate models suggest that a positive IOD event may develop in the coming months. A positive IOD can reduce winter and spring rainfall over much of Australia while potentially exacerbating the dry effects of El Niño.

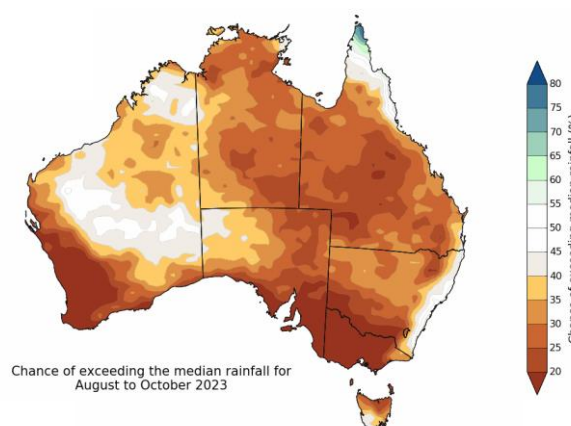
The Southern Annular Mode (SAM) index is currently negative. A negative SAM usually leads to increased rainfall in certain areas of south-west and south-east Australia.

RAINFALL DECILE CHART (WINTER) JUNE 2023



Source: Bureau of Meteorology

CHANCE OF ABOVE-AVERAGE RAINFALL AUGUST 2023 - OCTOBER 2023



Source: Bureau of Meteorology



Outlook & Storages

The 3-month August to October outlook indicates that below-median rainfall is likely for most of Australia. For Victoria, parts of South Australia and Western Australia, the likelihood of below average rainfall is greater than 80%.

For the majority of Australia, August to October is also expected to be warmer than average, with maximum and minimum temperatures all expected to be above average.

This drier and warmer outlook is influenced by the increased likelihood of both El Niño and a positive IOD developing during the winter months.

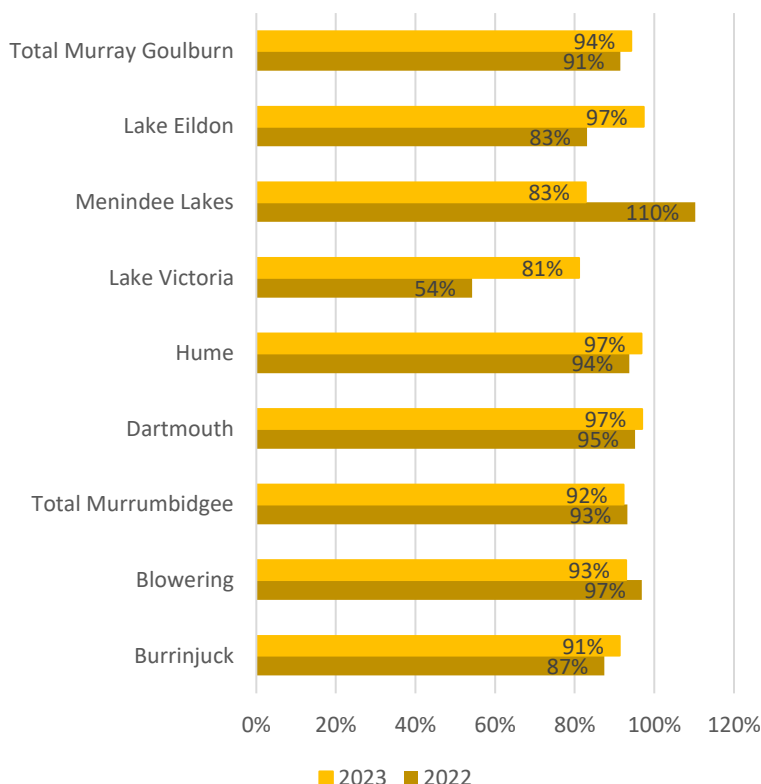
River inflows to the Murray system were above the long-term average for June. Nationally, near median to high streamflows are likely for July to September.

Storages remained high at 93% in the northern Basin and 94% in the southern Basin, compared to 103% and 90% at the same time last year. Water authorities continue to manage airspace releases in major water storages.

In early July 2023, the Resource Manager in Northern Victoria updated the risk of spill for the upcoming water year in the Goulburn and Murray system to be 100%.¹

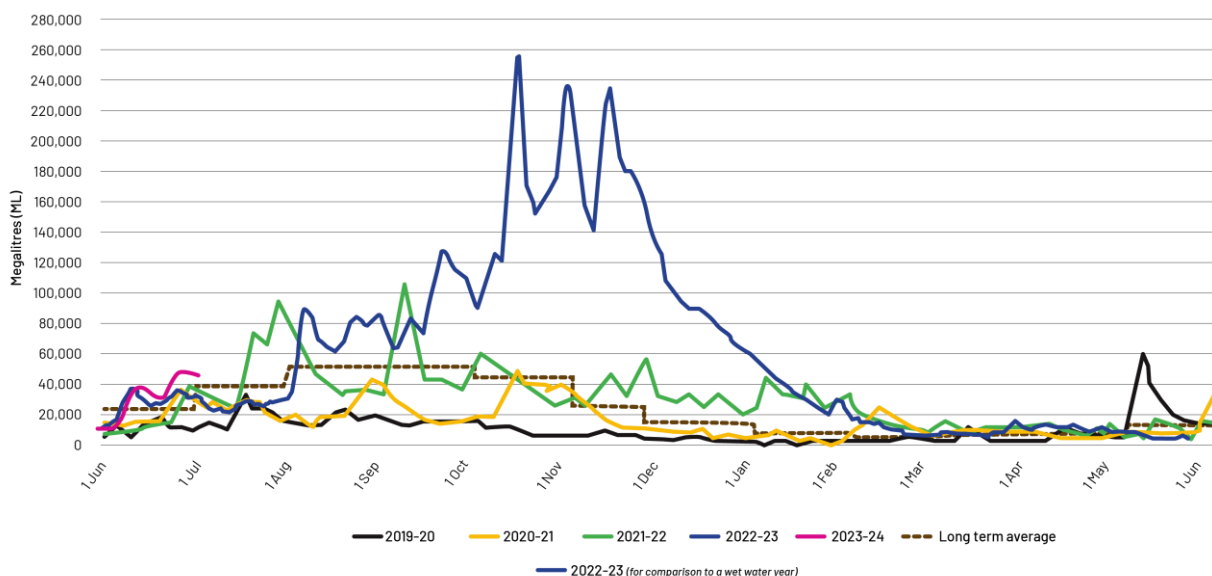
¹ The risk of spill is a water accounting assessment. It does not refer to flood risks downstream of the storages.

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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