



DUXTON
WATER

\$1.68

Net Asset Value per Share

ASX CODE (Shares) D20
Shares on Issue (March) 119,375,450

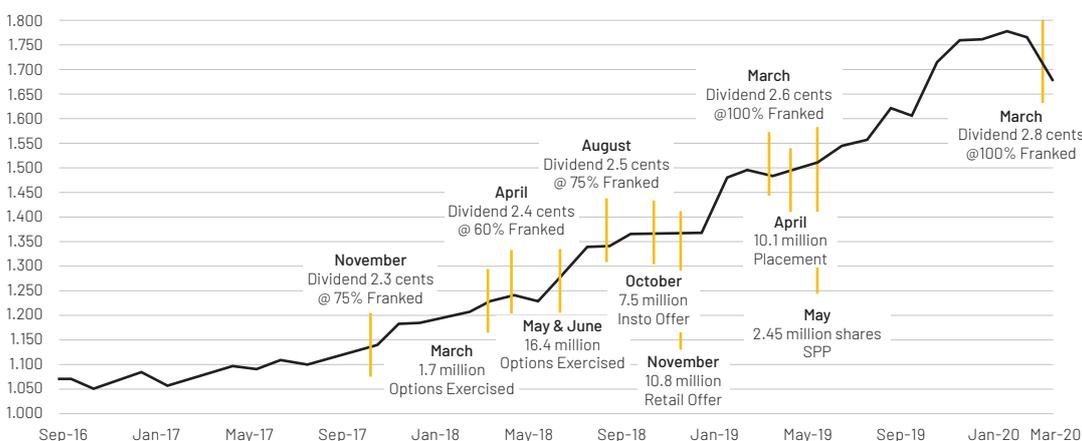
The primary investment objective of Duxton Water is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including long term entitlement leases, forward allocation contracts and spot allocation supply.

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 31 March 2020 was \$1.68 per share.

The after-tax NAV 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 on the above date. The Company does not expect to trigger these tax provisions through the turnover of these assets and expects to maintain its low entitlement turnover ratio. **The NAV excluding tax provisions for unrealised capital gain is \$1.91.** NAV is calculated based on an independent monthly portfolio valuation performed by Aither Pty Ltd ("Aither").

NET ASSET VALUE PER SHARE – SINCE INCEPTION



PERFORMANCE*

1 Month	3 Months	6 Months	12 Months	Inception
-2.88%	-2.55%	6.89%	18.63%	76.31%

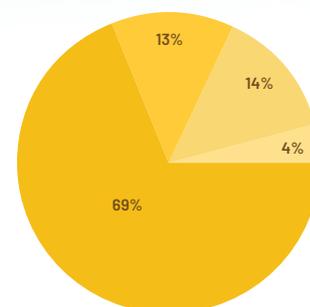
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 31 March 2020, Duxton Water Ltd is invested in approximately \$330.9 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company has approximately 16ML (\$0.07 million) of water entitlements in its acquisition pipeline at 31 March 2020.

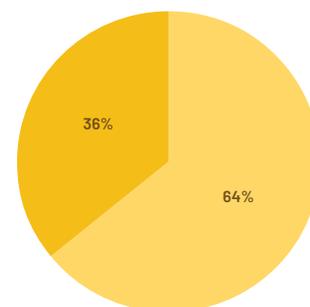
Whilst we have seen retracement in permanent entitlement values over the last couple of months, the value uplift experienced over the last 36 months reflects long-term drivers rather than the recent drought conditions. Irrigators have over the last 10 years significantly enhanced their marginal return per megalitre through both more efficient use of water and conversion to higher value commodities. At the same time, we have seen significant steps taken to return water to the environment with Government purchases of between 20-22% of entitlements that were previously available to the consumptive pool. The combined

Entitlement Portfolio Value by Region



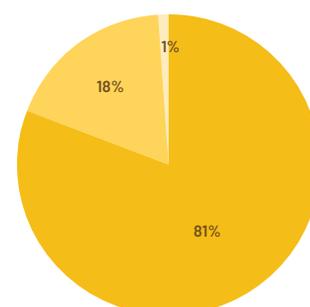
● Murray ● Goulburn
● Murrumbidgee ● Lachlan

Water Portfolio Diversification



● Unleased ● Leased

Water Security Breakdown



● HS ● GS ● Bore



impact has seen stronger demand for a reducing available water supply and subsequent increased asset prices. Irrigators themselves have been the greatest beneficiaries from this capital appreciation as they collectively own the majority of water entitlements on issue in the market.

Throughout March, the Murray Darling Basin (MDB) experienced below average temperatures, while ex tropical cyclone Esther brought heavy rain to many regions within the MDB. These rains improved soil moisture through the delivery of in-valley rainfall, however there has been limited improvement in southern basin water storage levels to date. Murray, Goulburn and Murrumbidgee storages decreased by 161 GL collectively through March, reaching levels not seen since the millennial drought. While the Medindie Lakes saw a 203 GL increase through March, and is projected to reach 395 -425GL of resource, the majority of this volume is likely to be quarantined for operation of the Lower Darling and environmental flow over the next 12-18 months, and will deliver little addition resource to Murray Irrigators.

The current volume of water available within the Murray-Goulburn system is 30% of storage capacity levels; 6% lower than 12 months ago. Northern basin storage levels are currently 15%; 3% higher than 12 months ago.

Duxton Water continues to support its irrigation farming partners into the 2019/20 water year. This involves the provision of leases to over 70 family farming and corporate businesses. Irrigators attention has moved to balancing 2019/20 water use and the emerging conditions and supply into the 2020/21 water year.

The Company actively manages its allocation holding in order to deliver on demand for spot allocation sales, meet its obligation for the provision of forward allocation sales and deliver on new entitlement lease arrangements. With low storage levels, visible water supply through the provision of these products area critical tool that irrigators use to risk manage their water requirement. In the offering of these products, the Company supports market liquidity and risk management options for our irrigation partners.

ENTITLEMENT MARKET

Duxton Water Ltd is engaged in building a targeted portfolio of water entitlements predominantly across the southern MDB. The Company has invested in both surface and ground water assets. At 31 March 2020, the Company holds approximately 83,714ML of water entitlements across 19 different asset types and classes.

March delivered some retracement in the value of the Company's permanent portfolio on the back of relatively low levels of entitlement trade.

Ongoing maturity of permanent plantings has seen greater water demand from high value crop industries such as almonds

* https://waterregister.vic.gov.au/images/documents/Water-Supply-and-Demand-Report_Aither_FINAL.pdf

and citrus. Demand for long-term water security such as high security entitlement ownership and long-term leases continues to increase. The Company's view in this regard has been further supported by a new report released by the Victorian Government (www.waterregister.vic.gov.au/) which indicates that demand by horticultural industries is estimated to be 55% greater at crop maturity than ABARES have previously estimated*.

Aither Pty Ltd values the Duxton Water Ltd portfolio monthly, on a dry (without allocation) equivalent basis. There were notable movements in values and are shown below:

SOUTHERN BASIN

- ↓ 8.2% in Vic 6 Murray HR (~10.6% of portfolio)
- ↓ 3.9% in NSW Murrumbidgee 13 HS (~8.3% of portfolio)
- ↓ 2.6% in NSW Murrumbidgee 13 GS (~4.6% of portfolio)
- ↓ 2.3% in Vic 7 Murray HR (~11.4% of portfolio)
- ↓ 1.3% in SA Murray HS (~8.7% of portfolio)
- ↓ 1.2% in Vic 1A Goulburn HR (~13.1% of portfolio)

NORTHERN BASIN

- ↓ 16.7% in NSW Lachlan GS (~2.8% of portfolio)

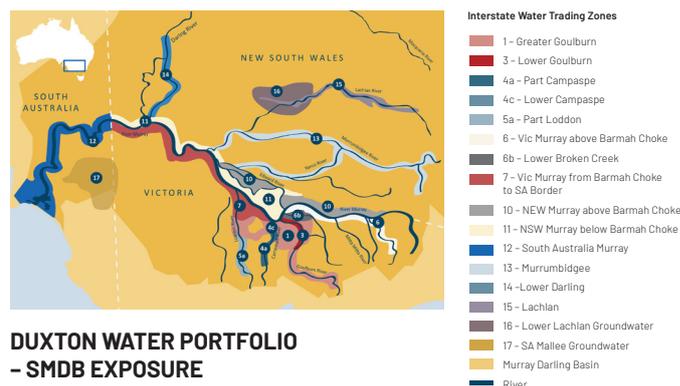
ALLOCATION MARKET

Allocation prices have continued to soften, with pricing in the below choke Murray and Murrumbidgee through the end of March trading between \$475-490/ML, with the Goulburn and above choke Murray around \$400-450/ML.

Contracts for forward allocation sales to be delivered in the 2020/21 water year are currently completing at between \$675-750/ML.

LEASES

No new leases were entered into in March; however, the Company continues to work with a number of farming partners in looking ahead to 2020/21 water requirements. These new leases would not be recognised until the 1 July 2020.





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The leased portion of the water entitlement portfolio currently sits at ~64%. This represents ~74% of the Company's high security entitlement holding.

The current weighted average lease expiry (WALE) remains at 3.0 years. Inclusive of renewal options this pushes the WALE to 5.3 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

DIVIDENDS & BUY BACK

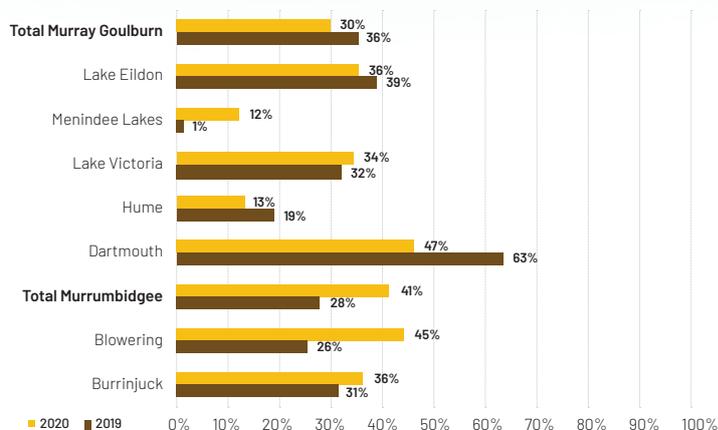
The Company paid a fully franked final dividend on 30 March 2020 of 2.8 cents (\$0.028) per share.

The Board maintains its commitment to providing our shareholders with a bi-annual dividend. With the increased forward-looking leasing revenue the Company is also now in a position to provide a targeted figure for the interim dividend of 2.9 cents (\$0.029), fully franked, expected to be paid in September 2020 and a 3.0 cents (\$0.03), fully franked, expected to be paid in March 2021.

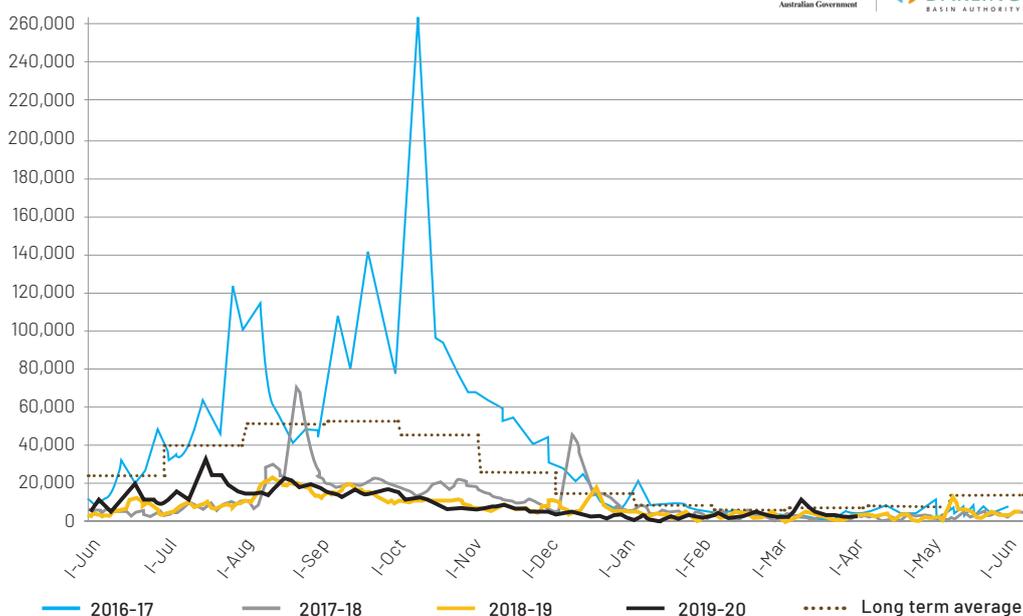
On 10 September 2019, the Company announced a share buyback. As of 31 March 2020, the Company had purchased 2,301,857 shares at

an average price of \$1.442/share. The Board believes the purchase of the Company's shares at the current discount to NAV is in the interest of all shareholders.

STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MDB



Murray System Daily Inflows (excl. Snowy Darling, inter-valley trade and environmental inflows) - 5 day rolling average





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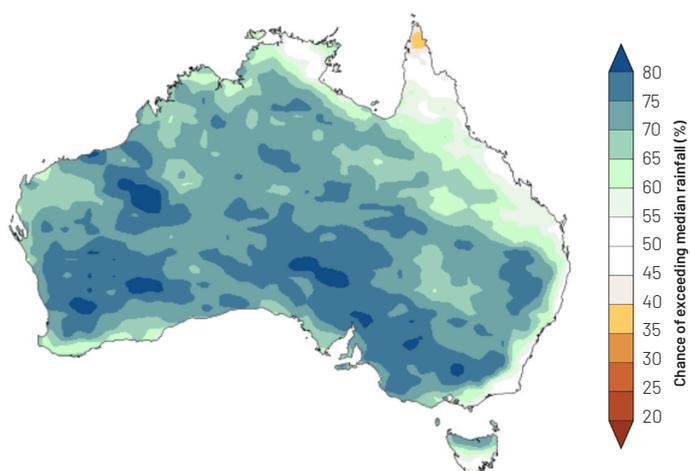
MARKET UPDATE & OUTLOOK

Rainfall through March and heavy rainfalls in early April have been a welcome start to Autumn however the drought in many places is far from over. While these rains have increased soil moisture, they have only provided marginal replenishment to water storages. Following up from above, average rainfall will be required for several months to increase stream flows and to have a material impact on water storages levels.

Australia's major climate drivers are currently neutral and are likely to remain neutral through winter. However warmer than average waters to the northwest of Australia are likely to bring tropical rainfall across the continent through April. May to July rainfall is likely to be marginally above average across the majority of the country. Temperatures are likely to be above average in the northern half of Australia and below average in the southern half of Australia.

CHANCE OF ABOVE-AVERAGE RAINFALL

MAY 2020 – JULY 2020



Inflows have tracked significantly below average throughout 2019/20. This delivered little improvement in resource availability has produced only a small net increase in storage levels since February. In the northern and southern MDB, storages are now at 15% and 30%, compared to 12% and 36% this time last year.

Within Victoria, a conservative approach to their water resource management has enabled them to deliver increased allocation on the back of small resource improvements. As of the 1 April 2020, South Australian irrigators have received 100% allocation whilst Victorian Murray and Goulburn irrigators have received 66% and 80% respectively. NSW Murray and Murrumbidgee HS licences received 95% and 97% respectively. NSW Murrumbidgee GS licences have received an allocation of 6% for the 2019/20 water year, however resource deficits in the NSW Murray have seen no allocation to Murray GS licence holders for the second year in a row.

COVID-19 UPDATE

The Investment manager and Board of Duxton Water Ltd continue to monitor the on-going Covid-19 pandemic. The Investment manager has put in place measures to ensure staff are able to continue to operate effectively whilst adhering to Government recommendations. This has enabled the day to day operations of the Company to continue with little impact. The distancing measures will require the Company to hold its AGM, scheduled for 19 May 2020, via an audio webcast. The Notice of Meeting will be posted to shareholders in the coming days. While the Board will continue to monitor and advise of any change, it does not currently foresee any significant operational impact to the business and has reaffirmed its September 20 and March 21 dividend targets.

VALUATION METHODOLOGY

Alther undertakes a monthly valuation of the Duxton Water portfolio. Total assets of the Company are valued based on an assessment of fair market value. Alther has adopted the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement definition of fair value. Further information can be found on www.duxtonwater.com.au

This announcement has been authorised for release by the Board of Duxton Water Limited.

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