

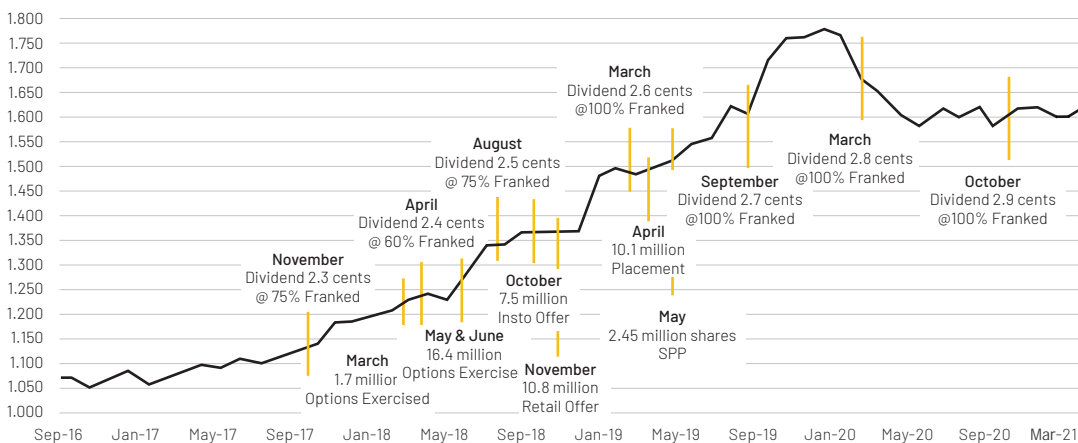
The primary investment objective of Duxton Water ("the Company") is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering Irrigators a range of supply solutions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

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 31 March 2021 was \$1.62 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 \$1.79 per share.** The Company's NAV is primarily the fair value of its water asset portfolio at the stated date. The Company uses an independent Fair Market Unit Value for entitlement and allocations provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment.

NET ASSET VALUE PER SHARE - SINCE INCEPTION



PERFORMANCE*

1 Month	3 Months	6 Months	12 Months	Inception
1.23%	0.19%	2.74%	-0.76%	75.12%

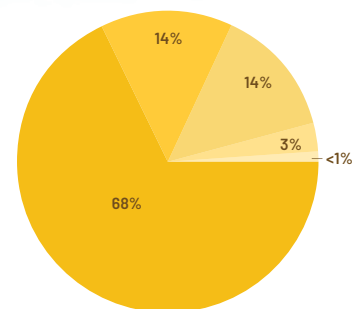
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 31 March 2021, Duxton Water is invested in approximately \$314 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company continues to mature and rebalance the portfolio as opportunities become present. The Company is currently negotiating terms on a number of new permanent entitlement parcels for acquisition.

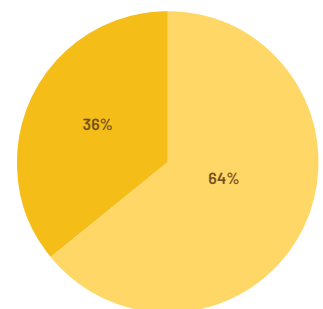
Since May 2020, entitlement prices have remained relatively stable. This follows a 6% retracement in values from their peak in January 2020. Since January 2014, water entitlement values have increased over 250%, reflective of the long-term structural drivers, rather than short-term climatic conditions. 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 buyback purchases of between 20-22% of entitlements that were previously available to the consumptive pool.

Entitlement Portfolio Value by Region



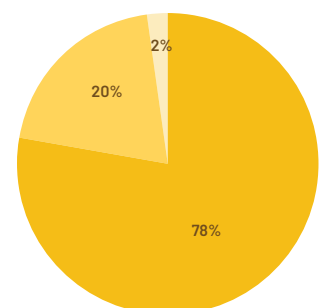
● Murray ● Goulburn
● Murrumbidgee ● Lachlan
● Mallee

Water Portfolio Diversification



● Unleased ● Leased

Water Security Breakdown



● HS ● GS ● Bore

The combined 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 entitlement on issue in the market.

March rainfall across the MDB was 123% above the long-term average. The MDB Authority active storage levels are higher than 12 months ago, however they are still approximately 18% below long-term averages. Above average rainfall across the whole of Australia throughout March was welcomed. Rainfall was significantly above average in the northern basin, while the southern basin experienced average rainfall. New South Wales recorded its second wettest March on record, as eastern parts of the state experienced significant flooding. Following these rainfalls, irrigation demand substantially reduced which increased flows to some parts of the river. This further reduced demand on storages in the upper Murray and subsequently, the need for drawdowns from Hume dam. Warmer and drier conditions that presented after this event resulted in an increased demand for irrigation and further releases from Hume dam. The Murray-Goulburn system is currently 51% of storage capacity levels; 20% higher than 12 months ago. Northern basin storage levels are currently 48%, 36% higher than 12 months ago.

Duxton Water continues to support its Irrigator partners as they start preparing to finish off one water year and enter into another. This involves the provision of leases to over 70 family farming and corporate businesses. Through June 2020, many Irrigators took advantage of seasonally low allocation pricing and acquired allocation to carry over into the new water year. The Company has further supported Irrigator water risk management through the provision of forward allocation contracts for the 21/22 water year. This provides Irrigators with visibility to water supply and assists Duxton Water in hedging pricing risk on the allocation received on the Company's unleased portion of the portfolio.

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. In offering these products, the company supports market liquidity and risk management options for its Irrigator partners.

ENTITLEMENT MARKET

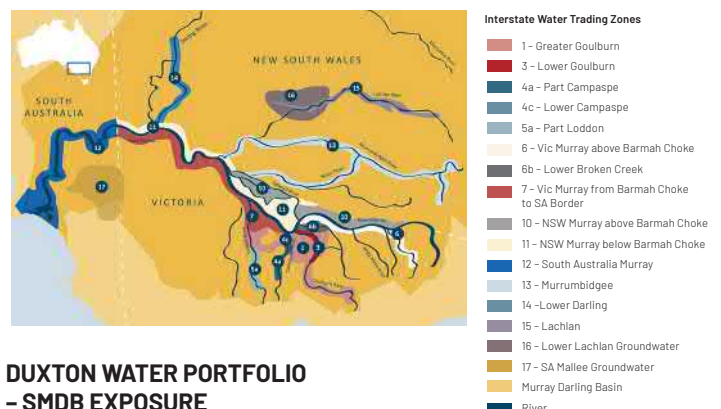
Duxton Water is engaged in building a targeted portfolio of water entitlements predominantly across the southern MDB. The Company has invested in both surface and ground water assets. At 31 March 2021, the Company holds approximately 80.8 GL of water entitlements across 19 different asset types and classes.

Entitlement pricing across the southern Murray Darling Basin has seen a slight uplift throughout March 2021, with a weighted increase of 1.63%. The company has continued to benefit from its exposure to both its high reliability Victorian entitlement and general security New South Wales entitlements, which continued to see increased capital appreciation throughout March.

On 20 November 2020, the Victorian Government released a report* on water market trends and drivers in the southern MDB. This report delivered further analysis on the future market pricing impacts on allocation prices of both the increased horticulture development as well as past and future government water recovery. The key findings of this report were that with the impact of these structural demand and supply shifts, with a repeat of the last 15 years of resource availability, it is likely the weighted average price of water will be significantly above that experienced over the last 15 years.

The Company uses an independent Fair Market Unit Value for allocations and dry entitlements (without allocation) provided by Aither to undertake the NAV assessment.

Notable Entitlement pricing movements through March 2021:
 ↑ 3.85% in VIC Goulburn (below choke) HS (13.3% of portfolio)
 ↑ 14.29% in VIC Goulburn (below choke) GS (0.01% of portfolio)
 ↑ 4.71% in VIC Murray (above choke) HS (10.7% of portfolio)
 ↑ 2.38% in NSW Murrumbidgee (above choke) GS (5.41% of portfolio)



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

* <https://waterregister.vic.gov.au/about/news/330-new-analysis-on-trends-and-drivers-of-marker-prices-for-allocation>

ALLOCATION MARKET

Allocation prices continued to ease throughout March with trades in the lower Murray occurring between \$70-80/ML. In the Goulburn prices traded between \$70-80/ML, while in the Murrumbidgee allocation traded around \$45-55/ML. This is on the back of both the Murrumbidgee intervalley trade opening in March, bringing increased supply from the Murrumbidgee to the Murray, as well as above average rainfalls. Increased supply, flooding in parts of New South Wales and above average rainfall resulted in irrigators holding back from purchasing in the market. Late March saw warmer and drier conditions return and with the realisation that inflows from the NSW floods would not cause a resetting event in the southern connected system, allocation prices held steady for the remainder of the month.



Irrigators are now shifting their focus towards closing out the 20/21 water year and the commencement of the 21/22 water year. In mid-February, the Victorian Resource Manager provided the first outlooks for the 21/22 season. It is noted that without average flows into major storages by the end of June 2021, opening allocations will be less than 25% for the Murray and Goulburn systems. Further outlooks for Victoria will be provided on 17 May 2021.

In mid-March, the New South Wales Resource Manager provided the first outlooks for the 21/22 season. In this announcement, opening allocations were forecast to be 97% for high security and 0% for general security in the Murray, and 95% for high security and 10% for general security in the Murrumbidgee.

The South Australian Resource Manager is expected to announce 21/22 forecast opening allocations on 15 April 2021.

LEASES

At 31 March 2021, Duxton Water has leased 64% of its permanent water portfolio to its Australian farming partners. This represents ~78% of the Company's high security entitlement holding. The Company is working with a number of irrigators ahead of the 21/22 water year which will include establishing new lease arrangements.

The current weighted average lease expiry (WALE) is 2.04 years. Inclusive of renewal options this pushes the WALE to 4.2 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

DIVIDENDS

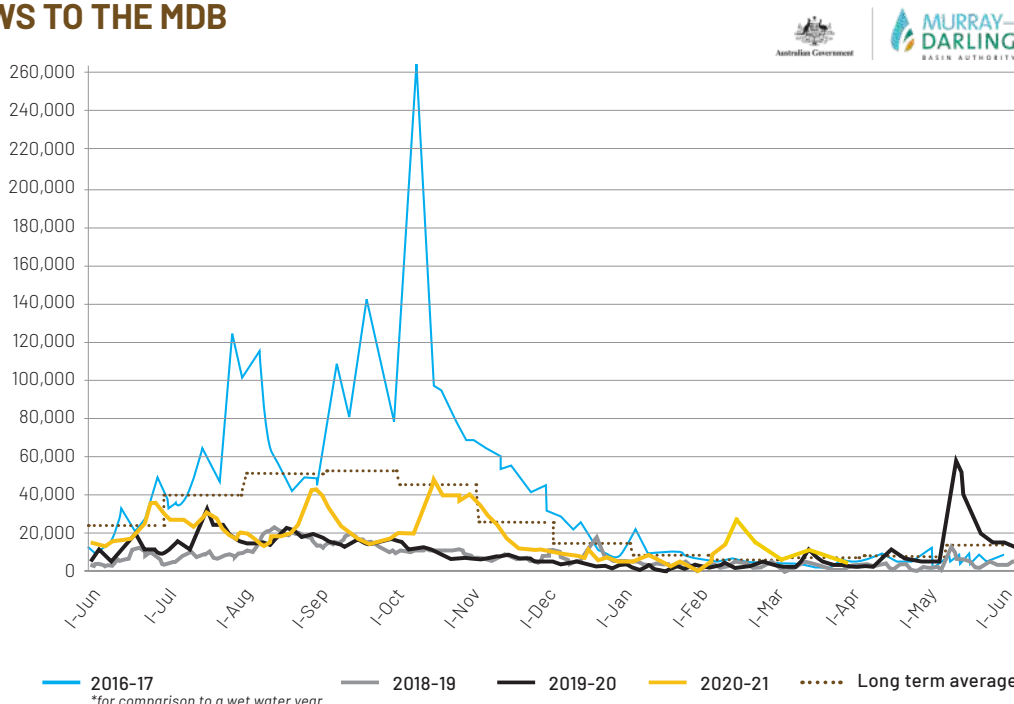
The Company is pleased to have announced a final 2020 dividend of 3.0 cents per share (franked to 100%) to be paid on 30 April 2021. The DRP will continue to operate for the upcoming dividend.

The Board maintains its commitment to providing shareholders with a bi-annual dividend, franked to the maximum extent possible. With the Company's high percentage of leased entitlements, the Directors reaffirm its target for the next four dividends.

- The Company has targeted fully franked payments of:
- 3.1 cents (\$0.031) as the interim 2021 dividend;
 - 3.2 cents (\$0.032) as the final 2021 dividend;
 - 3.3 cents (\$0.033) as the interim 2022 dividend; and
 - 3.4 cents (\$0.034) as the final 2022 dividend.

The dividend targets are to be paid in the following reporting periods.

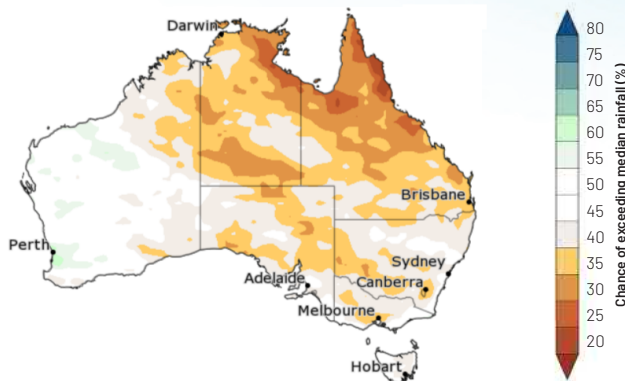
DAILY INFLOWS TO THE MDB



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

CHANCE OF ABOVE-AVERAGE RAINFALL

APRIL - JUNE 2021

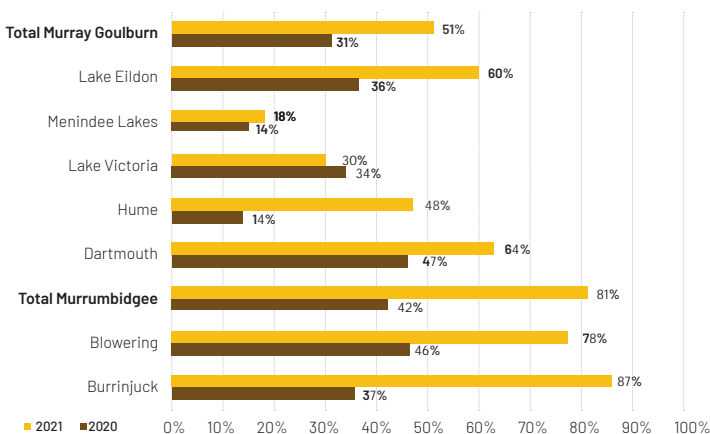


MARKET UPDATE & OUTLOOK

The Bureau of Meteorology ("BOM") confirm that temperatures in the Tropical Pacific Ocean have returned back to ENSO neutral levels, with trade winds and patterns remaining La Nina like. Although La Nina like conditions (wetter) may continue into April, it is expected La Nina patterns may begin to dissipate throughout May and June.

Rainfall for the MDB during March was 123% above the long-term average. Day and night-time temperatures are expected to be average for eastern parts of Australia. In the northern and southern MDB, storages are now at 48% and 51%, compared to 12% and 31% this time last year.

STORAGE LEVELS IN MAJOR DAMS



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

ACCC FINAL REPORT

On 26 March 2021, the ACCC released the final report into the southern Murray Darling Basin Water Market. The ACCC has spent almost a year reviewing the markets operation and engaging with key stakeholders. The Commission has had an ongoing role in monitoring the Australian Water Markets, having issued reports on its operation since 2012.

Duxton Water actively participated in the ACCC inquiry and supports any efforts to provide further transparency and benefits to participants of the Australian water market. Duxton Water believes the report is a thorough and well-balanced report.

The Final Report has identified opportunities to improve the governance, regulatory and operational frameworks that support the Australian water market. We believe that a consistent and committed focus in these areas will benefit all stakeholders.

We note the ACCC has stated:

Investors provide benefits to water markets. They provide new sources of capital to irrigated agriculture, increase water market liquidity and provide a range of water products which help irrigators to manage water supply risks.

The ACCC also stated it does not support a return to the system where water ownership was tied to land.

Duxton Water is part of the Australian owned Duxton Group, which actively manages farms throughout Australia, producing a variety of agricultural commodities including wine grapes, dairy, walnuts, dried fruit, apples and grain. As an agricultural producer, irrigator and water product supplier, the Duxton Group understands the importance of water in the development of the Australian agricultural sector. 100% of the Company's water is actively used by farmers.

The Final Report can be found on the ACCC website via the URL below.

<https://www.accc.gov.au/publications/murray-darlingbasinwatermarkets-inquiry-final-report>

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

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