

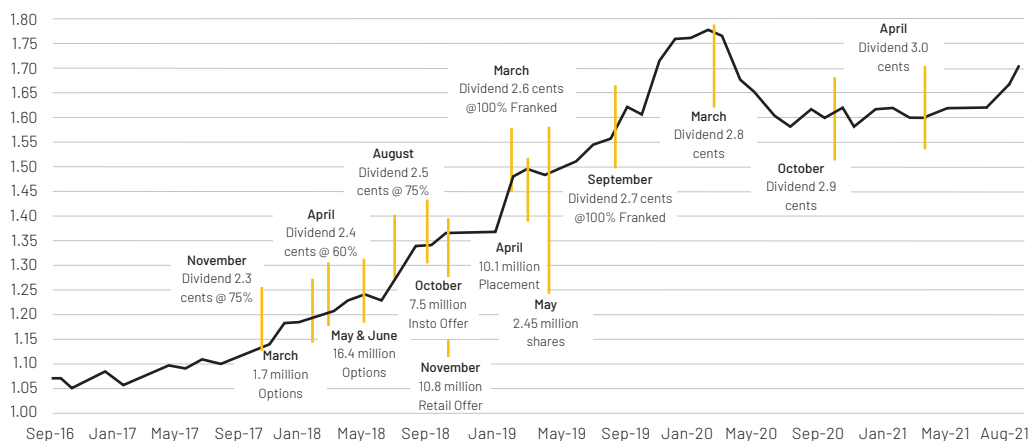
The primary investment objective of Duxton Water (“the Company”) is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering Irrigators a range of supply solutions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

NET ASSET VALUE PER SHARE

Duxton Water’s NAV at 31 August 2021 was \$1.71 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 \$1.92 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
2.70%	4.75%	9.33%	11.50%	87.25%

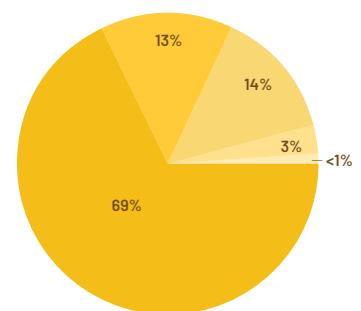
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 31 August 2021, Duxton Water is invested in approximately \$323 million of water assets with the remainder of the portfolio held in cash and net current assets. Duxton Water has recently repositioned part of its portfolio which has allowed the Company to re-deploy capital into zones that offer more flexibility when delivering water to its lessee counterparties. During the month of August, the Company contracted the purchase of a NSW Murray Zone 11 general security parcel. There are a number of negotiations still currently in the acquisition pipeline.

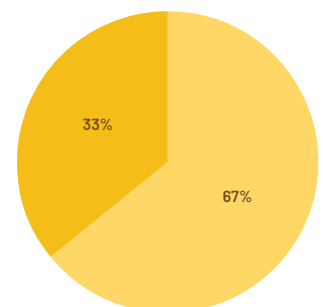
Since December 2020, entitlement prices have continued to strengthen, with a notable uplift being seen across the Company’s general security portion of the portfolio. By December 2020, entitlement prices softened from their peak in January 2020. The 2021 year has seen entitlement pricing continue to strengthen for both high security and general security assets as general security assets receive an allocation and permanent irrigators continue to increase their exposure to high security assets. Permanent entitlement prices have increased 5.3% since the start of 2021.

Entitlement Portfolio Value by Region



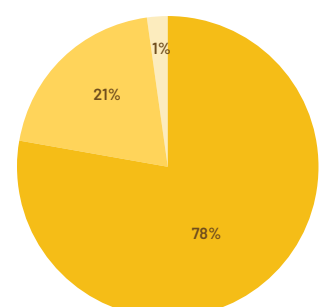
- Murray
- Goulburn
- Murrumbidgee
- Lachlan
- Mallee

Water Portfolio Diversification



- Unleased
- Leased

Water Security Breakdown



- HS
- GS
- Bore



The Government has taken significant steps to return water to the environment with buy-backs. So far the Government has bought back 31% of high security and 27% of general security entitlements from the consumptive pool. This constrain on supply combined with the significant increase in demand for permanent water from permanent horticulture has and will continue to see value appreciation for permanent water assets.

Murray Darling Basin (MDB) active storage levels are now 9.2% higher than long term averages. Above average rainfall and inflows to catchments has seen major storages significantly improve over the last 2-3 months. The Hume dam which is one of the Murray Goulburn's main water storages is currently at 97% capacity with spill events taking place. Storage capacity at Burrinjuck and Blowering dam which are two of the Murrumbidgee rivers main storages are currently at 96% and 94%, with current spill events taking place.

Duxton Water has continued to work alongside its farming partners throughout August. Although storages have significantly improved, demand for the available resource has continued to strengthen throughout the month. Duxton Water is committed to supporting irrigators through these conditions by offering long-term water leases, spot allocation sales, forward contracts and carry over products.

ENTITLEMENT MARKET

Duxton Water is engaged in building a targeted portfolio of water entitlements predominantly located across the southern MDB. The Company has invested in both surface and ground water assets. At 31 August 2021, the Company holds approximately 80 GL of water entitlements across 18 different asset types and classes.

Entitlement pricing across the southern MDB strengthened during August 2021, with a weighted average increase of 0.4%. The Company has continued to benefit from its exposure to high security New South Wales and Victorian entitlements, which continued to see increased capital appreciation throughout the month.

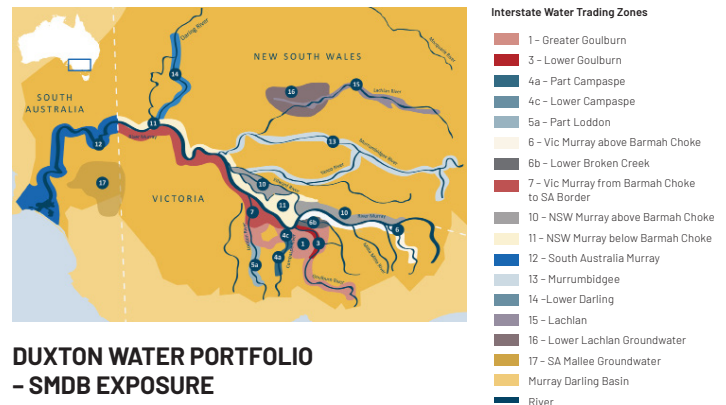
On 20 November 2020, the Victorian Government released a report* on water market trends and drivers in the southern MDB. This report delivered further analysis on the future market pricing impacts on allocation prices of both the increased horticulture development as well as past and future government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

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

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 August 2021:

- ↑ 2.4% in NSW Murray (below choke) HS (19.4% of portfolio)
- ↑ 1.1% in VIC Murray (above choke) HR (9.7% of portfolio)
- ↑ 0.8% in VIC Murray (below choke) HR (10.5% of portfolio)



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

ALLOCATION MARKET

Allocation pricing strengthened throughout August. This comes after a soft market open in July as irrigators held back from transacting early in the new water year. This initial pull back in trading was also influenced by the significant amount of water carried forward from the 20/21 water year and the above average rainfall that was experienced in June-July.

Allocations awarded in August were low, relative to the significant amount of rainfall that was seen throughout the basin. In particular, Victorian high reliability and New South Wales general security, assets saw low allocations which resulted in irrigators entering the market to purchase allocation. As a result of this increased demand, allocation prices firmed to \$140-\$150/ML in the Lower Murray, \$100-\$110/ML in the Goulburn and between \$110-\$120/ML in the Murrumbidgee by the end of August.

Duxton Water has delivered on a number of forward allocation sale contracts that were contracted in the 20/21 water year, with more deliveries to occur in the coming months. These forward allocation sale contracts benefit irrigators by providing a guaranteed supply of water at a predetermined price. They also provide Duxton Water with a visible revenue stream which hedges the Company's unleased portion of the portfolio against future allocation pricing movements.



DIVIDENDS

The Board of Duxton Water is committed to providing shareholders with a bi-annual dividend. In April 2021, Duxton Water paid its eighth successive and increasing dividend of 3.0 cents per share (franked to 100%).

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 and visible revenue stream, the Board is pleased reaffirm dividend targets for the next five dividends.

The Company has provided the following fully franked dividend targets:

- 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.
- 3.5 cents (\$0.035) as the interim 2023 dividend.

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

LEASES

Through long-term leasing arrangements, Duxton Water is able to satisfy the water requirements of its irrigator partners, enabling them to risk manage a key input into their business.

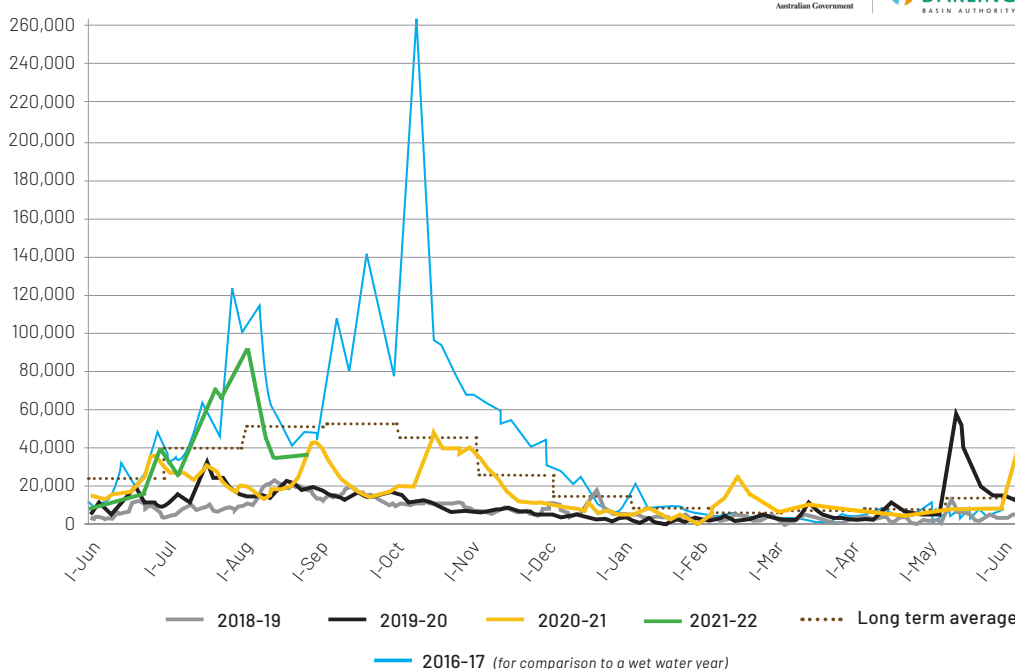
Long-term water leases give irrigators a cost-effective way to access water and provide water security as they can be guaranteed a water allocation every year at a fixed cost.

At 31 August 2021, Duxton Water has leased 67% of its permanent water portfolio to Australian farming businesses. This represents 78% of the Company's high security entitlement holding. During August, the Company added one new lease to book which backdates to start 1 July 2021. This is a longer term (10 year) lease that provides long-term water security to the lessee, whilst also providing long term revenue visibility to the Company.

The Company is currently in discussion with a number of new and existing lessees around locking in water security for their businesses in the coming years.

The current weighted average lease expiry ("WALE") is 1.7 years. Inclusive of renewal options this increases 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.

DAILY INFLOWS TO THE MDB



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



**DUXTON
WATER**

\$1.71

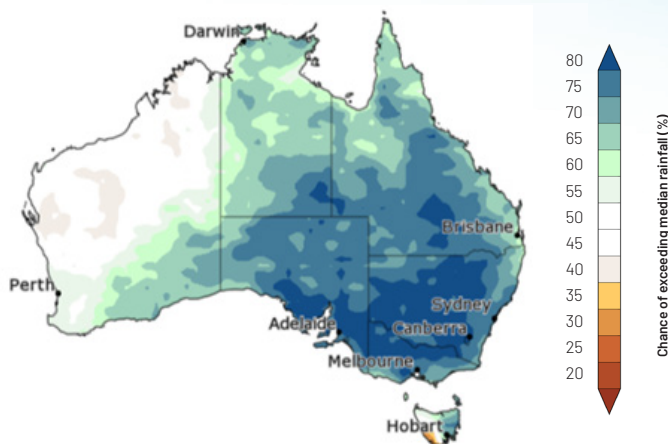
Net Asset Value per Share

ASX CODE: D20

Shares on Issue (August): 119,840,047

CHANCE OF ABOVE-AVERAGE RAINFALL

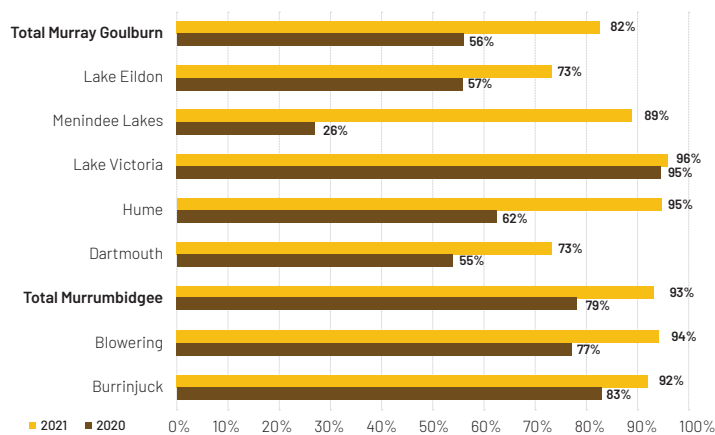
October - December 2021



MARKET UPDATE & OUTLOOK

The Bureau of Meteorology ("BOM") has confirmed the current negative Indian Ocean Dipole (IOD) event has weakened. However, the pattern of sea surface temperatures in the Indian Ocean remains likely to influence Australia's rainfall over the coming months. Models have suggested that the weakened negative IOD could persist at borderline levels through October before reducing. A negative IOD typically bring above average spring rainfall to southern and eastern Australia. The BOM has also stated that model outlooks and recent cooling in the tropical Pacific Ocean has raised the chance of La Nina forming in 2021. As a result, the BOM has lifted its ENSO outlook status to 'watch', meaning there is 50% chance of La Nina forming.

STORAGE LEVELS IN MAJOR DAMS



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

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La Nina typically increases the chances of above average rainfall for northern and eastern Australia during spring and summer.

It is expected that spring is likely to be wetter than average for the eastern two thirds of Australia. High streamflow is expected for most forecasted locations over September and October. Where soils and catchments are wet and streamflow is high, further rainfall will increase the risk of flooding, particularly in eastern parts of Australia. Spring days are likely to be warmer than average in the north and south-east, but average in throughout central parts of Australia. Night-time temperatures are likely to be warmer than average for most of Australia.

Rainfall for the MDB during August was 44% below the long-term average. In the northern and southern MDB, storages are now at 81% and 82%, compared to 26% and 56% the same time last year.

ACCC

On 26 March 2021, the ACCC released the final report into the southern Murray Darling Basin Water Market. The ACCC spent almost a year reviewing the markets operation and engaging with key stakeholders. The Commission 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 stated that:

"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 managed by 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.

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