

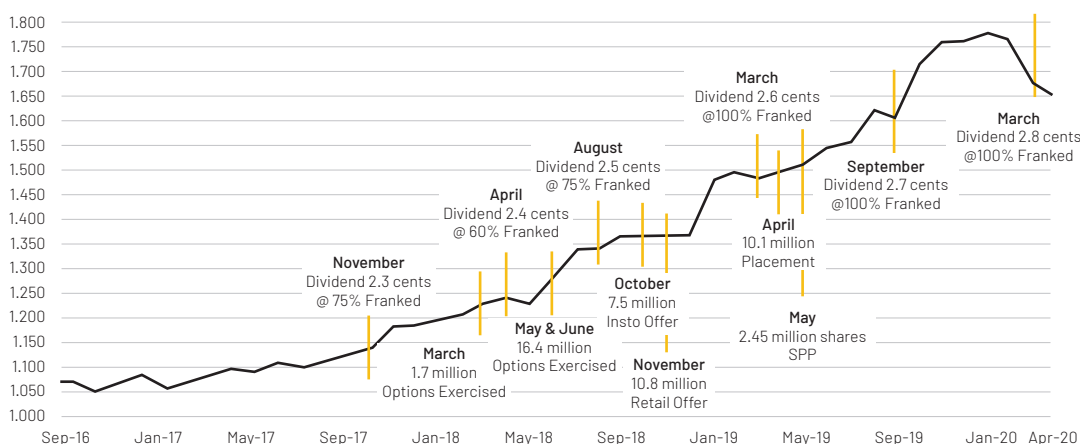
The primary investment objective of Duxton Water is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including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

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 30 April 2020 was \$1.65 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 \$1.85.** 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
-1.56%	-5.06%	-1.55%	15.18%	73.87%

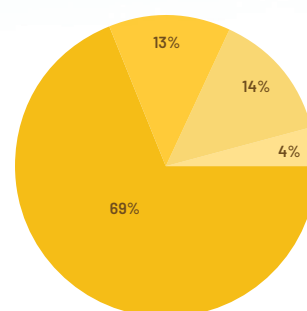
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

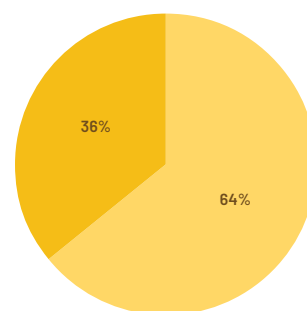
At 30 April 2020, Duxton Water Ltd is invested in approximately \$326.8 million of water assets with the remainder of the portfolio held in cash and net current assets. The Company has approximately 169ML (\$0.66 million) of water entitlements in its acquisition pipeline at 30 April 2020.

Whilst we have seen retracement in permanent entitlement values over the last three 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 through the Government buyback program which has returned between 20-22% of entitlements that were previously available to the consumptive pool. The combined impact has seen stronger demand for a reducing available water supply

Entitlement Portfolio Value by Region

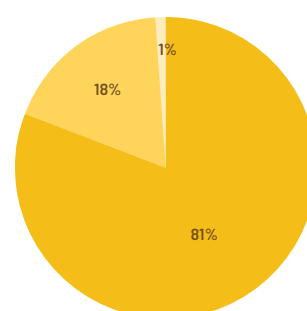


Water Portfolio Diversification



● Unleased ● Leased

Water Security Breakdown



● HS ● GS ● Bore

and subsequent increase in water 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 Southern Murray Darling Basin (MDB).

April saw good rainfall across much of the MDB, providing farmers with a welcome autumn break. While these recent rains have improved soil moisture in many areas, water storage levels within the MDB have improved marginally. Further above average rainfall will be required for several months to increase stream flows and to have a material impact on water storages levels. Murray, Goulburn and Murrumbidgee storages increased by 263GL collectively through April. While the Menindee Lakes saw a 114GL increase through March, and are projected to reach ~470GL, 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 which will deliver little additional resource to Murray irrigators.

The current volume of water available within the Murray-Goulburn system is 32% of storage capacity levels; 2% lower than 12 months ago. Northern basin storage levels are currently 17%, 5% higher than 12 months ago.

Duxton Water continues to support its irrigating farming partners into the 2019/20 water year. This involves the provision of leases to over 70 family farming and corporate businesses. Irrigators' focus has moved to balancing 19/20 water use and the emerging conditions and supply into 2020/21 water year.

The Company actively manages its allocation holding in order to deliver on demand 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 are a 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 farming 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 30 April 2020, the Company holds approximately 83,740ML of water entitlements across 19 different asset types and classes.

April 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 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 the horticultural industries is estimated to be 55% greater at crop maturity than ABS 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

- ↑ 2.9% in NSW Murray 11 GS (~4.0% of portfolio)
- ↓ 5.4% in NSW Murray 10 GS (~6.3% of portfolio)
- ↓ 5.4% in SA Murray HS (~8.3% of portfolio)
- ↓ 2.6% in NSW Murrumbidgee 13 GS (~4.5% of portfolio)
- ↓ 1.3% in NSW Murrumbidgee 13 HS (~8.3% of portfolio)
- ↓ 1.1% in NSW Murray 11 HS (~20.9% of portfolio)

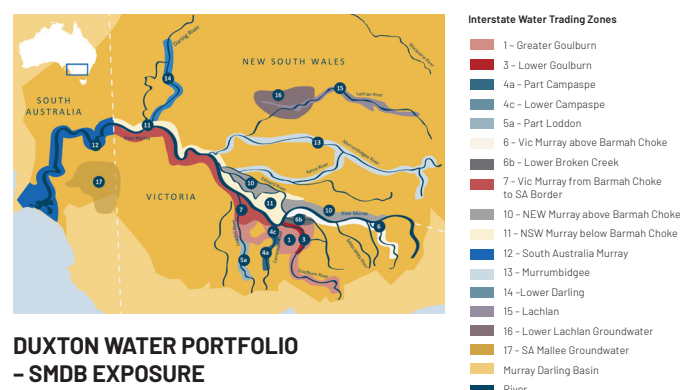
NORTHERN BASIN

There was no change in northern pricing.

ALLOCATION MARKET

Allocation prices have continued to soften through April, with rainfall reducing final irrigation requirements. Allocation in the below choke Murray and Murrumbidgee through the end of April was trading between \$350-380/ML within the Goulburn and above choke Murray around \$350-380/ML.

Contracts for forward allocation sales for delivery in the 2020/21 water year are currently completing at between \$480-500/ML



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

LEASES

The Company has executed a new lease encompassing approximately 2% of the portfolio, commencing 1 July 2020 for three years. Engagement around prospective 2020/21 water leases continues with a number of irrigators ahead of the start of the 20/21 water year. These new leases would commence 1 July 2020.

The leased portion of the water entitlement portfolio remains at ~64%. This represents ~75% of the Company's high security entitlement holding. With the inclusion of the new lease entered this month, approximately 66% of the Company's entitlement portfolio and ~78% High Security portfolio is committed from 1 July 2020.

The current weighted average lease expiry (WALE) remains at 2.9 years. Inclusive of renewal options this pushes the WALE to 5.2 years. The Company continues to work towards its long-term goal of having 70-80% of the portfolio under lease.

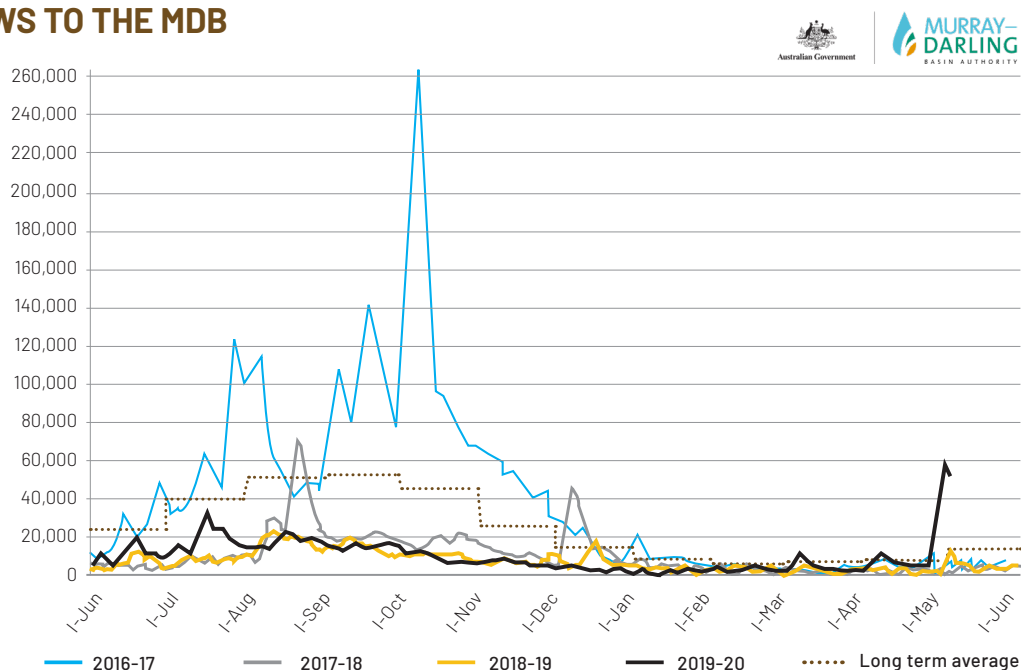
DIVIDENDS & BUY BACK

The Company paid a fully franked final dividend on the 30th of 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 inclusion of the Company's most recent lease which has supported an increase to the Company's annualised lease revenue to approximately \$9.5m from the 1 July 2020, the Board is comfortable in providing an increased level of shareholder visibility to its targeted dividend forecast.

The Company is pleased to reaffirm its intention to pay a fully franked 2.9 cent dividend in September 2020 and a fully franked 3.0 cent dividend in March 2021. In addition, the Company has advised of a fully franked dividend target of 3.1 cents to be paid in September 2021 and a target of 3.2 cents fully franked to be paid in March 2022, giving our shareholders 24 months visibility in these uncertain times.

DAILY INFLOWS TO THE MDB



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

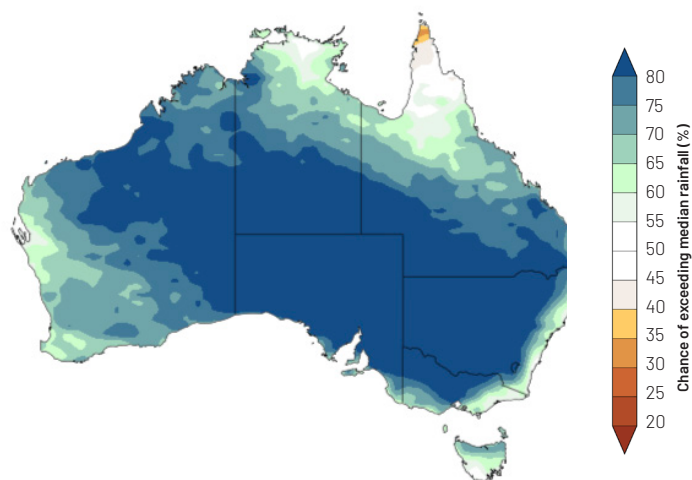
MARKET UPDATE & OUTLOOK

Rain in Autumn combined with an above average rainfall outlook for the next 3 months offers a promising start to the southern cropping season for much of the MDB.

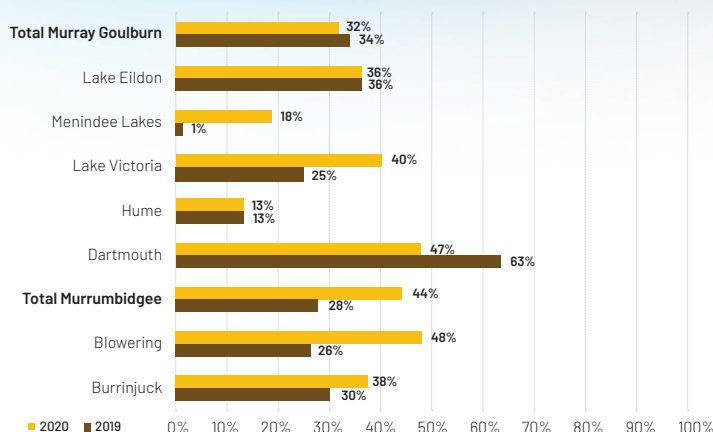
Warmer than average ocean temperatures to the north-west of Australia continue to draw tropical moisture across central and southern Australia. This pattern is likely to continue over winter, with the BOM reporting that this trend could continue to intensify and has the potential to turn into a negative Indian Ocean Dipole (IOD). The IOD is one of Australia's major climate drivers and a negative IOD typically results in above average rainfall in southern Australia. BOM forecasts suggest May to July rainfall is likely to be above average across central and southern Australia while temperatures are likely to be average for most of the MDB.

CHANCE OF ABOVE-AVERAGE RAINFALL

JUNE 2020 – AUGUST 2020



STORAGE LEVELS IN MAJOR DAMS



Inflows have tracked significantly below average throughout the 2019/20 water year. This has delivered little improvement in resource availability which resulted in a small net increase in storage levels since March. In the northern and southern MDB, storages are now at 17% and 40%, compared to 12% and 38% this time last year. While rainfall has improved, storages remain low and is providing a level of uncertainty through the market of the likely 2020/21 water supply availability.

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 the 19th of May 2020, via an audio webcast. The updated Notice of Meeting was released on the 13 May 2020. While the Board will continue to monitor and advise of any change, it does not currently foresee any significant operational impact to the business.

VALUATION METHODOLOGY

Either undertake a monthly valuation of the Duxton Water portfolio. Total assets of the Company are valued based on an assessment of fair market value. Either 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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