

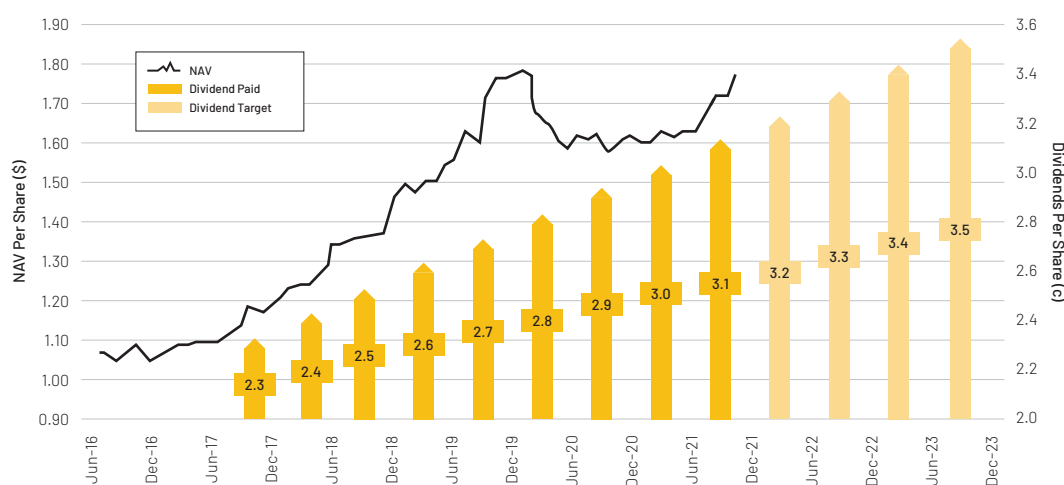
The primary investment objective of Duxton Water ("the Company") is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering Irrigators a range of supply solutions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

NET ASSET VALUE PER SHARE

Duxton Water's NAV at 30 November 2021 was \$1.78 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 \$2.02 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
3.14%	6.45%	11.51%	15.59%	97.56%

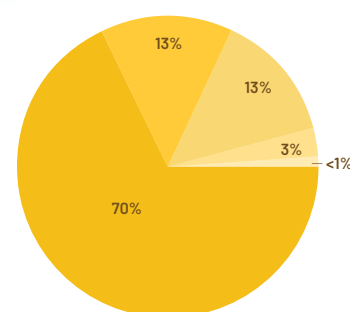
*These figures are based on NAV movements and include franked dividends for the period.

INVESTMENT UPDATE

At 30 November 2021, Duxton Water is invested in approximately \$341 million of water assets, with the remainder of the portfolio held in cash and net current assets. This month, Duxton Water entered into a number of permanent water purchase contracts in VIC Murray Zone 7 (HR), VIC Murray Zone 6B (HR) and SA Murray Zone 12 (HS). There are several transactions in the Company's acquisition pipeline.

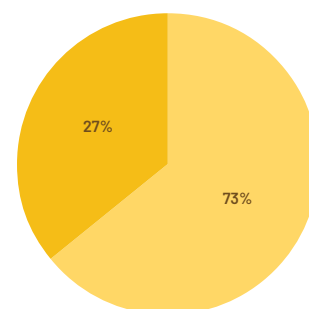
The 2021 year has seen entitlement pricing continue to strengthen for both high security and general security assets. Irrigators have continued to increase their exposure to high security water in preparation for future water years, and general security assets have drawn interest as allocations are now at 100% on general security in NSW Murray, Murrumbidgee and Lachlan. Permanent entitlement prices have increased 15.8% since the start of 2021.

Entitlement Portfolio Value by Region



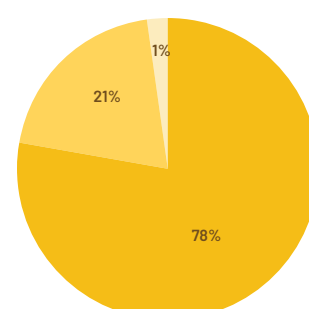
● Murray ● Murrumbidgee
● Goulburn ● Lachlan
● Mallee

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 and infrastructure upgrade projects. So far, the Government has removed ~30% of water entitlements on issue from the consumptive pool through these initiatives. This constraint on supply combined with the significant increase in inelastic demand for water from permanent crop producers, has seen the value of permanent water assets continue to increase in 2021.

Murray Darling Basin (MDB) active storage levels are now 35% higher than long term averages. Above average rainfall and inflows to catchments has significantly improved major storages over the last 5-6 months. The Hume dam, one of Murray Goulburn's main water storages, is at 98% capacity. The MDB authority has continued to manage Hume by releasing water to help mitigate the impacts of future spill events.

On 1 October 2021, the Victorian resource manager announced, "A first deduction of 89GL will be made with today's announcement, this is about 31% of the current volume held in spillable accounts". The resource manager then announced a further spill of 165GL, or 61% of the remaining volume held in spillable accounts. On 10 December 2021, the resource manager stated that "the Murray Darling Basin Authority have released water from Lake Hume to manage inflows from rain in the Upper Murray catchments, this means the risk of spill is still effectively 100%. Further deductions from spillable accounts will be confirmed in the December 15 seasonal determination update to account for the Lake Hume releases made in recent weeks".

Storage capacity at Burrinjuck and Blowering dams, Murrumbidgee's main storages, are both at 98%, with current air space management and supplementary events taking place. A low risk of spill has been declared in the Goulburn system.

Duxton Water has continued to work alongside its farming partners throughout November. The Company has continued to provide its range of water supply products to the market. 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 groundwater assets. At 30 November 2021, the Company holds approximately 80.3GL of water entitlements across 18 different asset types and classes.

Entitlement pricing across the southern MDB strengthened during November 2021, with a weighted average increase of 5%. Continued demand for entitlement came from an array of larger permanent crop producers looking to secure long-term water security. Small to medium sized irrigators have also continued to be active in the market preparing for future water years.

Australian irrigators continue to be the greatest beneficiaries from water entitlement price increases, as they collectively own the majority of water entitlements on issue.

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 expected future pricing impacts on allocation markets, due to increased horticulture development and past and future government water recovery initiatives

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

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.

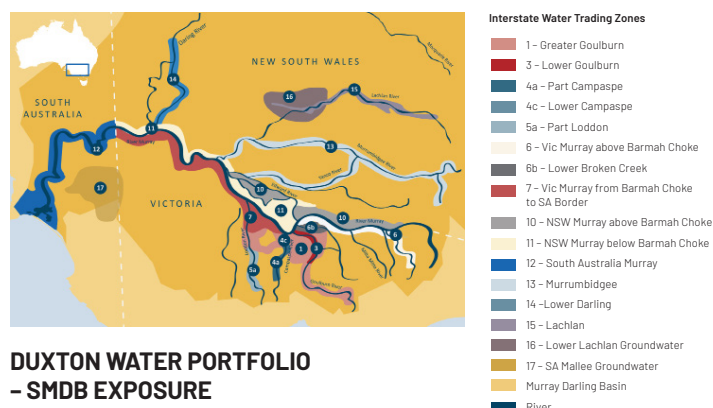
The Company uses an independent Fair Market Unit Value for allocations and dry entitlements (without allocation) provided by Aither to undertake the NAV assessment.

Notable entitlement pricing movements through November 2021:

↑ 19.7% in VIC Murray (below choke) HR (13% of portfolio)

↑ 4.9% in NSW Murrumbidgee HS (8% of portfolio)

↑ 2.8% in SA Murray (below choke) HS (10% of portfolio)



DUXTON WATER PORTFOLIO - SMDB EXPOSURE

ALLOCATION MARKET

Allocation pricing softened throughout November as rainfall persisted. Area average rainfall for the MDB was 201% above average for the month of November. A La Nina event declared in November caused hesitation amongst irrigators entering the market, as they prepare for a wetter than average summer. Improved soil moistures coupled with a lack of heat resulted in irrigators having the flexibility to sit back from the market where they would usually be entering the market at this time of year. As a result, prices traded between \$90-\$100/ML in the Lower Murray, \$70-\$80/ML in the Goulburn and Murrumbidgee, and between \$65-\$75/ML in the Upper Murray throughout November.

Duxton Water has continued to deliver on forward allocation sale contracts throughout November that were contracted earlier in the 20/21 water year. 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 that hedges the Company's unleased portion of the portfolio against future allocation pricing movements.

DIVIDENDS & BUY BACK

The Board of Duxton Water is committed to providing shareholders with a bi-annual dividend. On 29 October 2021, Duxton Water paid its ninth successive and increasing dividend to shareholders of 3.1 cents per share (franked to 100%). The Board of Duxton Water was pleased to see continued support from shareholders who elected to participate the Company's Dividend Re-investment Plan (DRP).

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 streams, the Board is pleased to reaffirm targets for the following four dividends.

The Company has provided the following fully franked dividend targets:

- 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.

Dividend targets are to be paid in the following reporting periods.

On 13 October 2021, the Company announced it would commence an on-market share buyback program. As of 30 November 2021, the Company had purchased 72,757 shares at an average price of \$1.45 per

share. The Board believes the purchase of the Company's shares at the current discount to NAV is in the interest of all shareholders.

LEASES

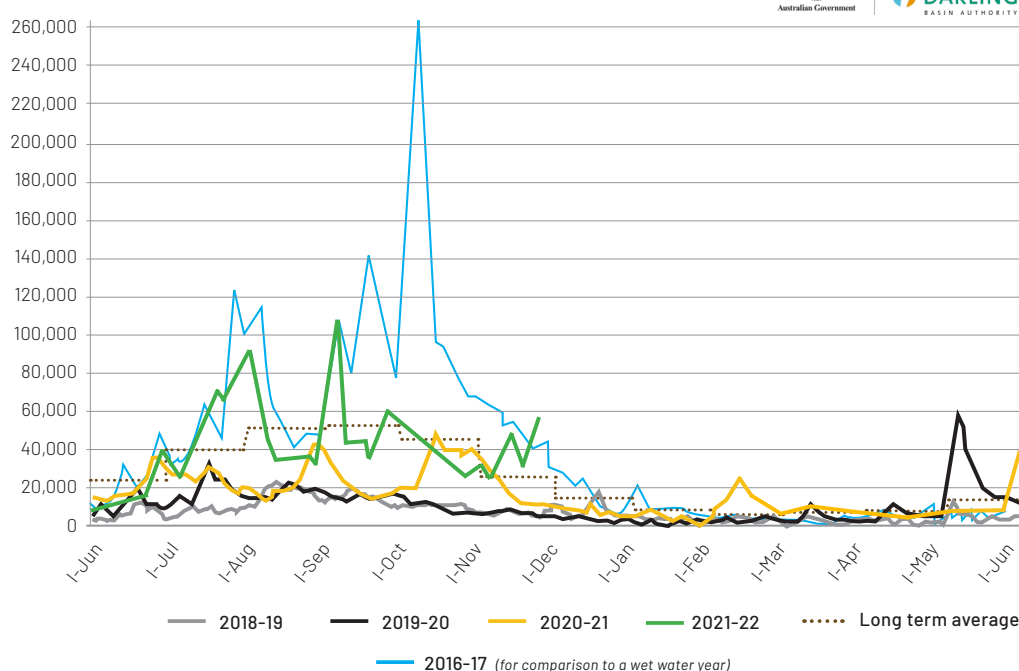
Through long-term leasing arrangements, Duxton Water is able to satisfy the water requirements of its irrigator partners, enabling them to risk manage a key input into their business. Long-term water leases give irrigators a cost-effective way to access water and provide water security as they can be guaranteed a water allocation every year at a fixed cost.

At 30 November 2021, Duxton Water has 73% of its permanent water portfolio leased to Australian farming businesses. This represents 92% of the Company's high security entitlement holding. Although the company did not enter into any new leases throughout November, the recent surge in entitlement values has resulted in an increase to the Company's leased percentage.

The Company is currently in discussions with a number of existing lessees to renew their current leases as well as engaging with new potential lessees looking for long term water security for their businesses.

The current weighted average lease expiry ("WALE") is 1.4 years. Inclusive of renewal options this increases the WALE to 3.5 years. The Company has reached its long term goal of having having 70-80% of the portfolio under lease (by value).

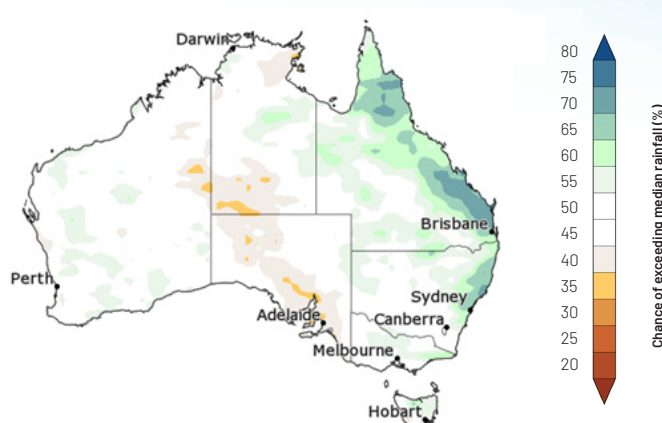
DAILY INFLOWS TO THE MDB



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

CHANCE OF ABOVE-AVERAGE RAINFALL

January 2021 – March 2022



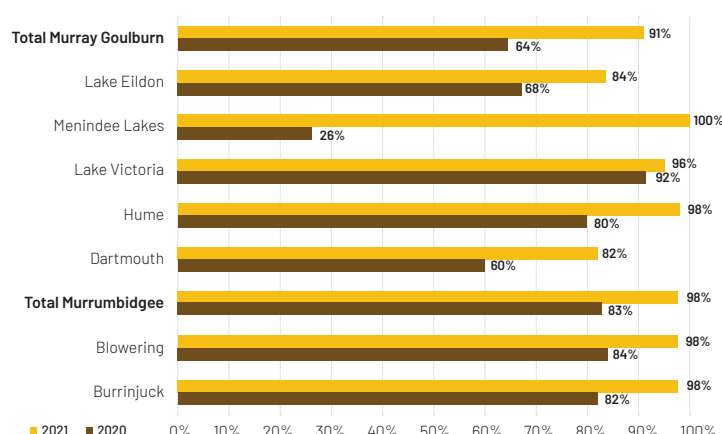
MARKET UPDATE & OUTLOOK

Spring has been wetter than normal for 2021. Rainfall across the MDB area was 201% above average for the month of November. Maximum temperatures across southern Australia were the coolest they have been since 2016. The above average spring rainfall has resulted in the top metre of soil moisture being very much above average. This has increased rain runoff which has contributed to the flooding experienced throughout the the basin.

The Bureau of Meteorology ("BOM") has now declared that a La Nina event has been established in the tropical Pacific Ocean. Climate models suggest that this La Nina event will likely persist throughout summer months and into early autumn 2022. A La Nina event typically increases the chance of above average rainfall across much of northern and eastern Australia during summer.

The BOM expects the negative Indian Ocean Dipole ("IOD") event that has

STORAGE LEVELS IN MAJOR DAMS



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

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influenced our climate for much of winter and spring is now approaching its end. However warmer waters to the north-west of Australia may persist, increasing the chance of rainfall at times.

To the south, strong winds over Antarctica helped draw weather systems further south in November, adding to the wet conditions being experienced in NSW and VIC. This pattern is called the Southern Annular Mode ("SAM") and is likely to remain in place throughout December.

As a result, the January to March rainfall outlook suggests average to wet conditions, with the La Nina event likely to bring wetter than average conditions to parts of eastern Australia. The streamflow outlook suggests high flows are likely at most locations. Daytime temperatures for summer are likely to be warmer than average, except for in parts of the south-east. Night time temperatures are likely to be above average across the country.

ACCC

On 26 March 2021, the ACCC released the final report into the Murray Darling Basin Water Markets. The ACCC 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 markets. 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