DUXTON WATER

DUXTONWATER LTD

ANNUAL GENERAL MEETING

MAY 2021



Disclaimer

This presentation was prepared by Duxton Capital (Australia) Pty Ltd [ACN: 164 225 647; AFSL No: 450218] ("DC Australia") as Investment Manager on behalf of Duxton Water Limited [ACN 611 976 517] ("Duxton Water" or "D2O"). The content of this presentation is intended only as a source of general information and is not the basis for any contract to deal in, or an offer of, any security. Information from this presentation must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to Australian law or regulation. Specifically, this presentation shall not be construed as the making of any offer or invitation to anyone in any jurisdiction in which such offer is not authorised or in which the person making such offer is not qualified to do so or to anyone to whom it is unlawful to make such an offer. Particularly, this presentation and the information contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any US person.

This presentation is not intended to contain financial product advice as defined in the Act. This presentation is a statement of facts and is for general information only. This presentation is not intended to influence any person in making a decision in relation to investing in Duxton Water. This presentation does not take into account the investment objectives, financial situation or needs of any particular investors. No person should base their decision to invest in Duxton Water solely on the information in this presentation. Permitted Investors should consider the suitability of an investment in Duxton Water in view of their financial position and investment objectives and needs and should consult their professional advisors accordingly.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in this presentation. The forecasts and/or sensitivity analyses provided are based upon DC Australia's opinion of the market as at the date of this presentation and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market, any commodity or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of interests in the securities discussed in this presentation and any derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. Returns are not guaranteed.

Copyright protection exists in this presentation. The contents of this presentation are strictly confidential and it may not be disclosed, reproduced, distributed or published by any person for any purpose without DC Australia's written consent. To the extent permitted by applicable law, none of DC Australia or Duxton Water, their respective affiliates, or any officer or employee of DC Australia or Duxton Water accepts any liability whatsoever for any direct or consequential loss arising from any use of this presentation or its contents, including for negligence.

ADVISORS

No member of DC Australia or Duxton Water, its respective related bodies corporate, shareholders or affiliates, nor any of their respective officers, directors, employees, affiliates, partners, representatives, agents or advisers (including Bell Potter Limited and any of their respective affiliates, related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth) or their respective directors, employees officers and representatives) (each a "Limited Party") guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation (including by omission). No Limited Party represents or warrants that this presentation is complete or that it contains all information about the Fund that a prospective investor or purchaser may require in evaluating a possible investment in the Fund. To the maximum extent permitted by law, each Limited Party expressly disclaims any and all liability, including, without limitation, any or implied, contained in, arising out of or derived from, or for omissions from, this presentation including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom. Readers agree, to the maximum extent permitted by law, that they will not seek or sue or hold the Limited Parties liable, and will not take any action they may otherwise have against each Limited Party in any respect in connection with this presentation or its contents and releases each Limited Party from such claims. Furthermore, without limitation to the foregoing, neither the receipt of this presentation by any reader nor any other matter shall be deemed to created or give rise to a fiduciary, agency or similar relationship between each Limited Party and any reader.

FINANCIAL DATA

All references in this presentation to "$" are to Australian currency, unless otherwise stated. A number or figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in the presentation.

ACCEPTANCE

The information in this presentation remains subject to change without notice. No responsibility or liability is assumed by any member of DC Australia, Duxton Water or its respective advisers for updating any information in this presentation or to inform any receipt of any new or more accurate information or any errors or mis-descriptions of which any member of DC Australia, Duxton Water or its respective advisers may become aware. By accepting, accessing or reviewing this document you acknowledge and agree to the terms set out above.

The Water Team

The Duxton Water Board



Ed Peter

Chairman



Dirk Wiedmann

Independent Non-Executive Director & Deputy Chairman



Dennis Mutton

Independent Non-Executive Director



Dr Vivienne Brand

Independent Non-Executive Director



Stephen Duerden

Non-Executive Director



Peter Michell

Independent Non-Executive Director



Katelyn Adams

Company Secretary

Duxton Capital Water Team



Lachlan Campbell

Finance Manager



Lachlan Beech

Analyst



Carolyn James

Portfolio Administrator



Claire Wilde

Group Financial Controller



Sharon Ball

Finance Officer

The Board of Duxton Water have **13** years of combined Corporate + Agri Experience

Agenda

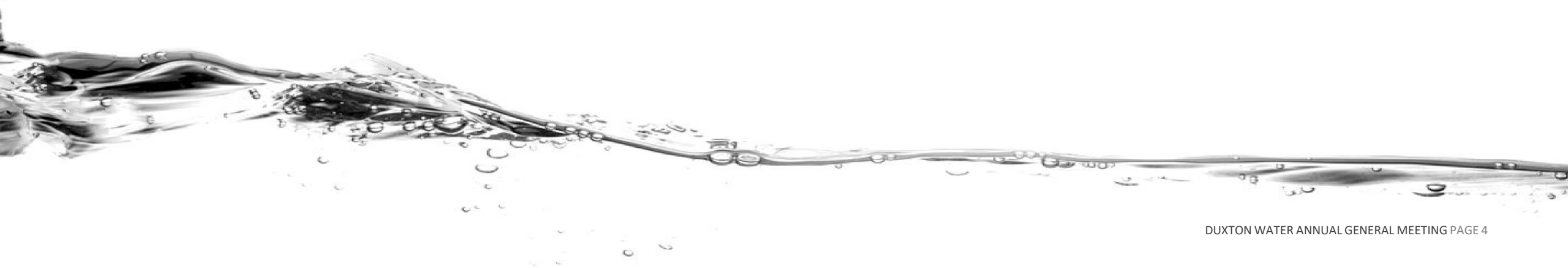
The Water Team

Chairman's Address

Portfolio Manager’s Update

Items of Business

Questions & Answers



2020 Results Summary

DIVIDEND GROWTH

2020	2019	2018	2017
5.7 cents	5.3 cents	4.9 cents	2.3 cents

EXPECTED 2021 6.1 cents

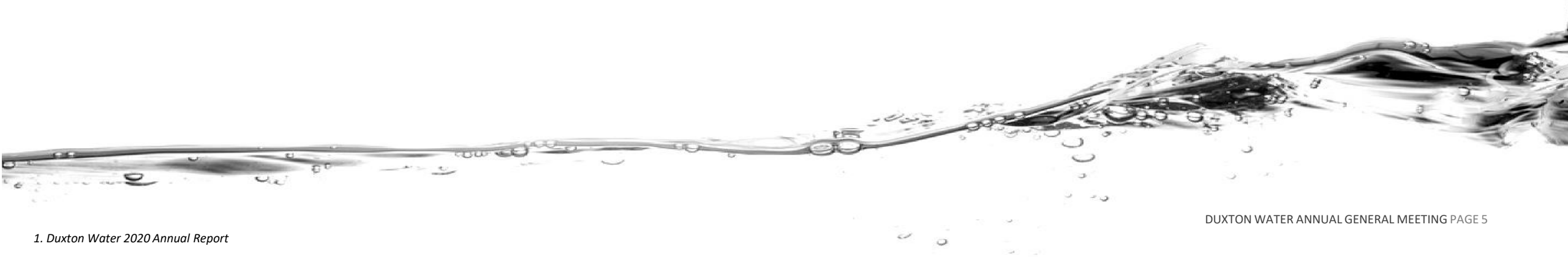
EXPECTED 2022 6.5 cents

EARNINGS PER SHARE (EPS)[1]

2020	2019	2018	2017
7.3 cents	6.4 cents	8.5 cents	3.2 cents

2020 Financial Highlights

- Duxton Water delivered an operational profit of **$16.7 million** (2019: $12.9 million).
- Increased annual visible leasing revenue to **$8.9 million** (2019: $5.8 million).
- Paid two fully franked dividends totalling **5.7 cents** per share.
- Provided Shareholders with increasing dividend targets for the next **24 months**.
- At 31 December 2020, the Company held unrealised capital gains of **$69.3 million** against its water portfolio, however due to the application of accounting standards, this gain is not included in the Company's statutory financials.
- In 2020, the portfolio generated an Earnings per Share of **7.3 cents** and paid dividends of **5.7 cents** (fully franked) to shareholders. With the leased portion of the portfolio providing income visibility, the Company has provided dividend targets for the next **24 months**.



1. Duxton Water 2020 Annual Report

Dividend Guidance

The Board maintains its commitment to continue providing shareholders with visibility to future dividend targets.

The Company is pleased to reaffirm its intention to pay the following dividends:

Interim 2021	Final 2021	Interim 2022	Final 2022
$0.031	$0.032	$0.033	$0.034

DIVIDEND TARGETS ARE EXPECTED TO BE FULLY FRANKED

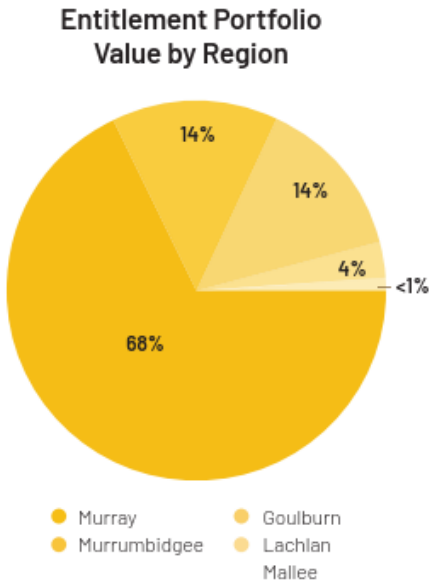
Leases

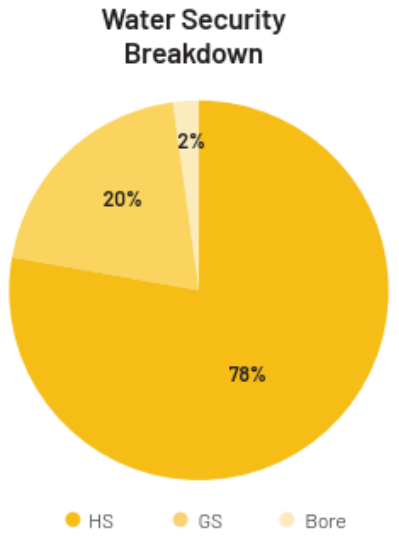
Duxton Water has developed a diversified portfolio of water assets which assist the Company in meeting its lease delivery obligations.

Water entitlement leases provide Duxton Water with a reliable, visible income stream and are an increasingly attractive long-term solution for irrigators.

The Company's leasing revenue increased to **$8.9 million** in 2020, up from **$5.8 million** in 2019. 64% of the portfolio is leased with a Weighted Average Lease Expiry (WALE) of 2.2 years (4.5 years including renewal options).

Based on current negotiations, Duxton Water expects to increase its leased exposure, achieving the Company's goal of having between 70-80% of the portfolio leased.





^As at 31 December 2020

Duxton Water Portfolio



Duxton Water has continued to build its water entitlement portfolio and through the provision of water supply solutions to its farming irrigation partners, mature its increasingly visible revenue to support shareholder returns.

Allocation water received on the Company's unleased portion of the portfolio is actively managed and sold down to producers through spot and forward contract sales.

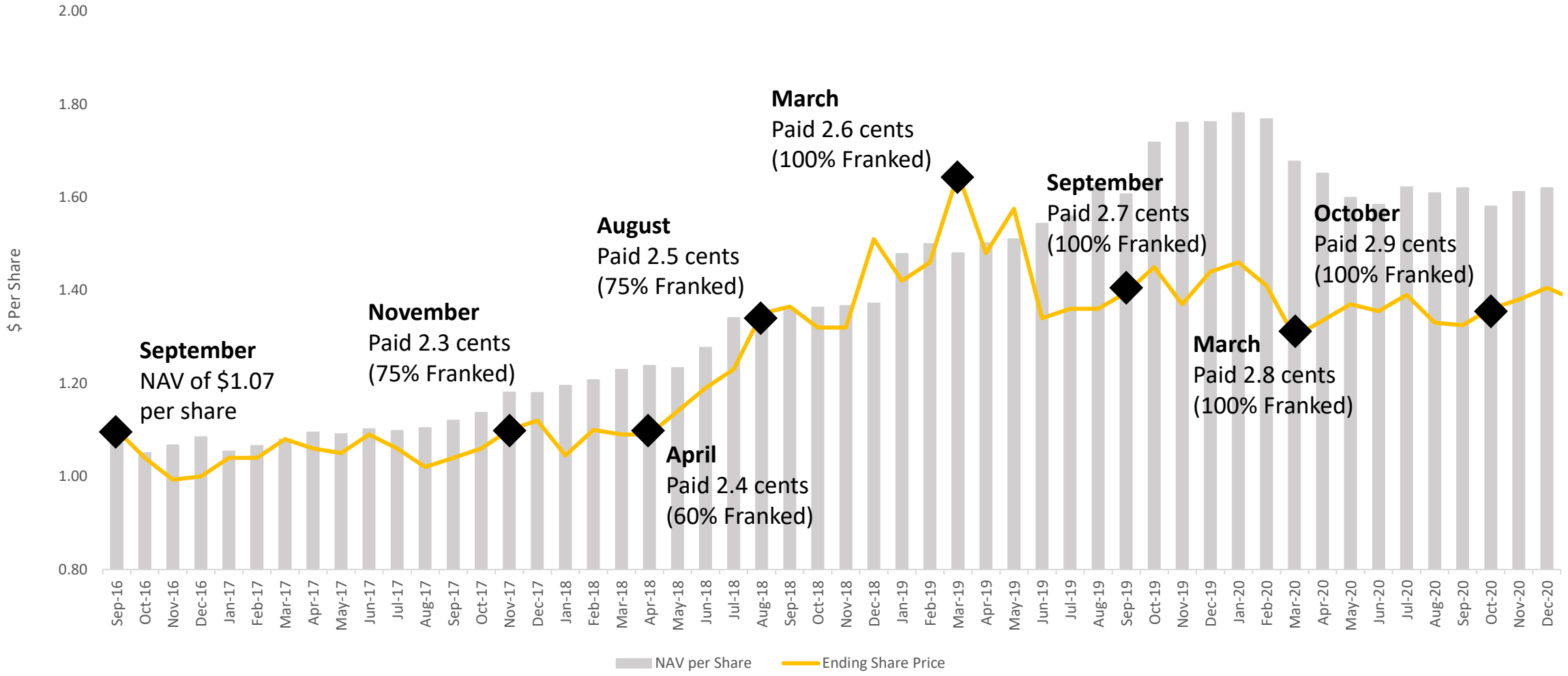
At 31 December 2020, the Company is invested in approximately $319 million of water assets (81GL) and has a NAV of $1.62 per share.

Since the Company's listing in September 2016, water entitlements across the SMDB have increased by 84%.

** Announced + targeted dividends*

31 December 2020
NAV of $1.62 per share

Duxton Water NAV vs Share Price



Debt

- The board will continue to use sensible debt funding to grow and develop the portfolio of water assets. Due to the economic impacts of COVID-19, interest rates which resulted in an overall cash benefit to the Company.
- A portion of the Company's long-term debt has been assigned to interest rate swaps which will hedge the Company's exposure to future interest rate movements.

Company Debt Profile	FY2020	FY2019
Debt Drawn	$109m	$94m
Loan-to-Value Ratio (LVR)	34%	28%
Effective Interest Rate	2.3%	3.2%



Source: Duxton Water 2020 Annual Report

ACCC Final Report

- The ACCC Final Report into the Australian water market has identified opportunities to improve the governance, regulatory and operational frameworks that support all stakeholders.
- The Australian water market has grown and matured over the last 20+ years, the ACCC found that the water market of today has significantly outgrown the frameworks that were once sufficient.
- The ACCC notes that it does not ***…consider it a viable option to entirely or substantially dismantle existing water markets, or to make them more restricted.***
- The report's recommendations are heavily dependent upon the establishment of a new, independent, Basin-wide, **Water Market Agency.**

ACCC Findings

- There is a lack of quality, timely and accessible information and that lack of market transparency contributes to misconceptions and misinformation about the conduct of market participants.
- There are scant rules governing the conduct of the market participants, and no particulate body to oversee trading.
- Differences in governance between states furthers the unnecessary complexity of the Basin's market.
- The water market allows irrigators to supplement their water supply in the short and long term, expand production or free up capital that can be invested elsewhere in their businesses.

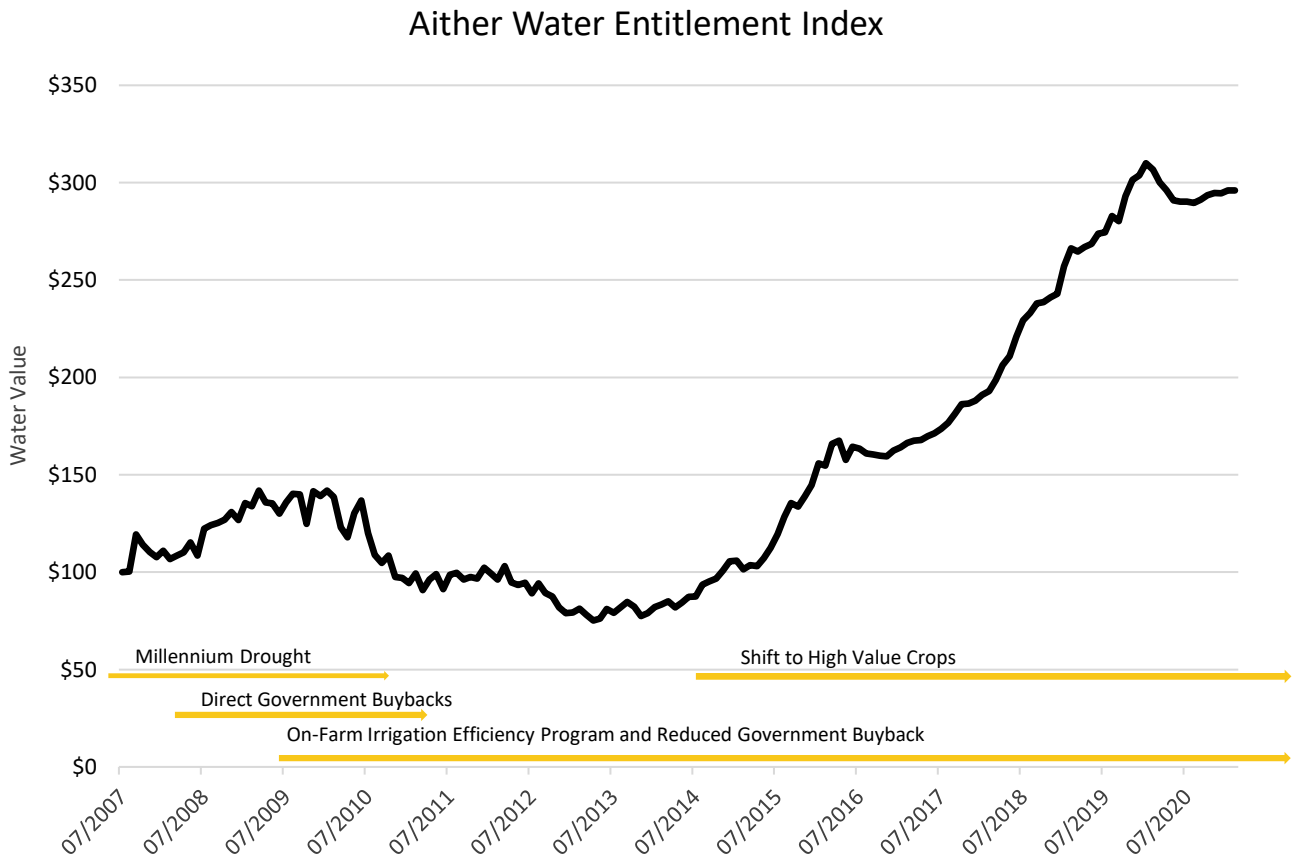
Aither Entitlement Index

This graph shows the Aither Entitlement Index over the period from July 2008 to February 2021.

The Aither Entitlement Index tracks the weighted change in entitlement values of a group of major water entitlement types across the southern Murray-Darling Basin.

The graph indicates the movement in values since 2014, driven by major increases in permanent crop plantings.

Entitlement values have seen a Compound Annual Growth Rate (CAGR) of 14% over the past five years. Since the inception of the Index (10 years), an 8% CAGR has been observed.



Source: Aither Pty Ltd

Current Pricing

- Permanent water pricing has continued to strengthen in early 2021. D2O saw a 1.3% uplift in its permanent water portfolio in April alone.
- Current season allocation prices opened at **$350/ML** in the lower Murray and **$250-$260/ML** in the upper Murray and Murrumbidgee regions. Goulburn opened slightly lower at **$230-$250ML.**
- Pricing has since stabilised around the **$85-$95/ML** mark for 2021 across NSW, VIC & SA.
- Forwards for next season are transacting between **$220-$250/ML** in the lower Murray and **$160-$190** in the Murrumbidgee and upper Murray regions.
- Carry Over pricing of general security upper Murray has been selling for **$60-$75/ML**, general security lower Murray for **$100-$120/ML** and NSW Murrumbidgee general security carry over space reached **$130/ML.**



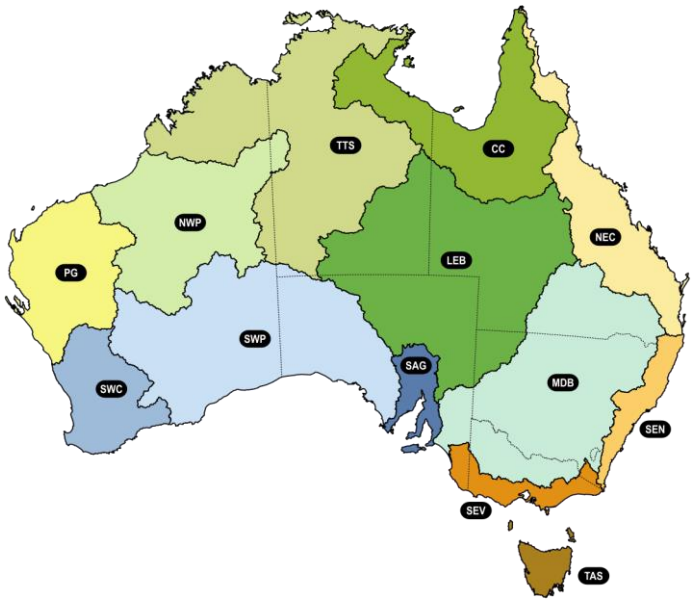
Portfolio Composition

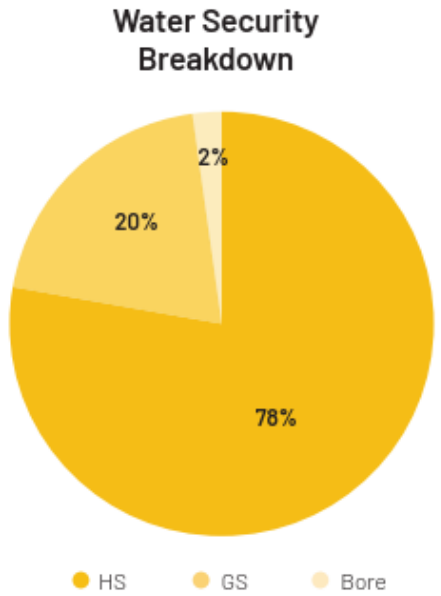
Duxton Water has aggregated a diversified portfolio of water assets which assist the company in meeting our water supply requirements to lessees.

The company's portfolio is weighted toward high security entitlements because of their capability to receive an allocation in most years ensuring D2O can meet leasing requirements. The general security entitlements in the portfolio assist in wetter years when these assets receive a higher amount of allocation relative to the capital cost.

The Company is considering ownership of water outside of the southern Murray Darling Basin.

Expanding to other areas would further diversify the portfolio and give shareholders a broader exposure to Australian Water rights.





^As at 31 December 2020

Opening Allocations

Water Season 2021/2022	Projected Minimum Opening (High Security)	Projected Minimum Opening (General Security)
VIC (Murray, Goulburn, Campaspe and Loddon)	25%	0%
NSW (Murray)	97%	0%
NSW (Murrumbidgee)	95%	27%
SA (Murray)	94%	0%

Government Buy-Back

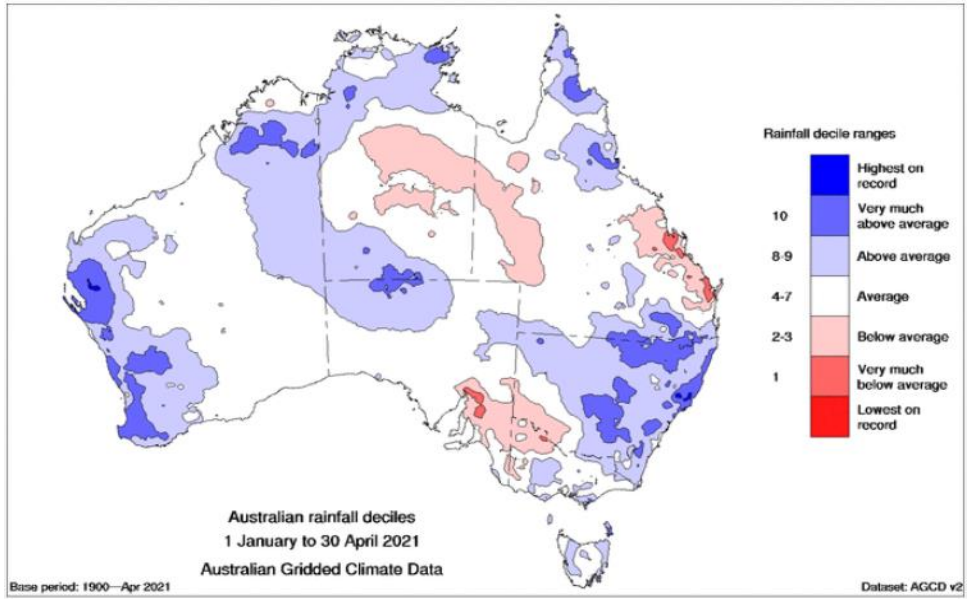
Water available for consumptive use has decreased with the ongoing Government buy-back program. This initiative aims to support environmental water requirements by reclaiming water for environmental and river conveyancing needs. This reduces the consumptive pool of water available for irrigated agriculture.

Over the last 12 years, the Government has bought back 20-22% of water entitlements on issue.

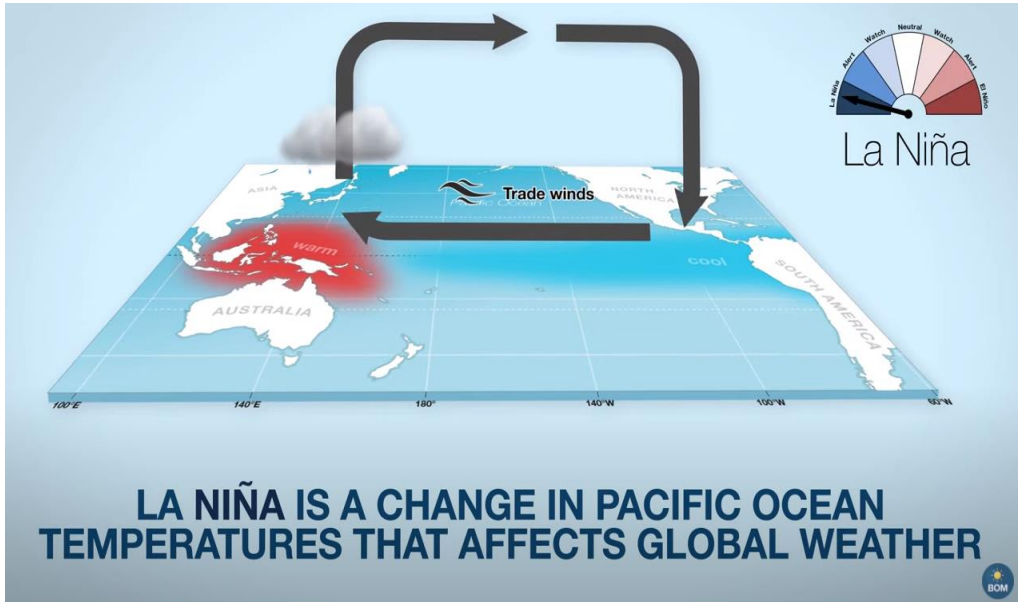
Current Climate

- Australia experienced wetter than average conditions throughout the beginning of 2021.
- The La Nina event in the Pacific Ocean brought above average rainfalls as trade winds become stronger, changing ocean temperatures.
- In April 2021, the Bureau of Meteorology confirmed temperatures in the Pacific Ocean had returned to an ENSO neutral level resulting in drier conditions being experienced throughout April and May.

Rainfall Decile Graph [1]
January to April 2021



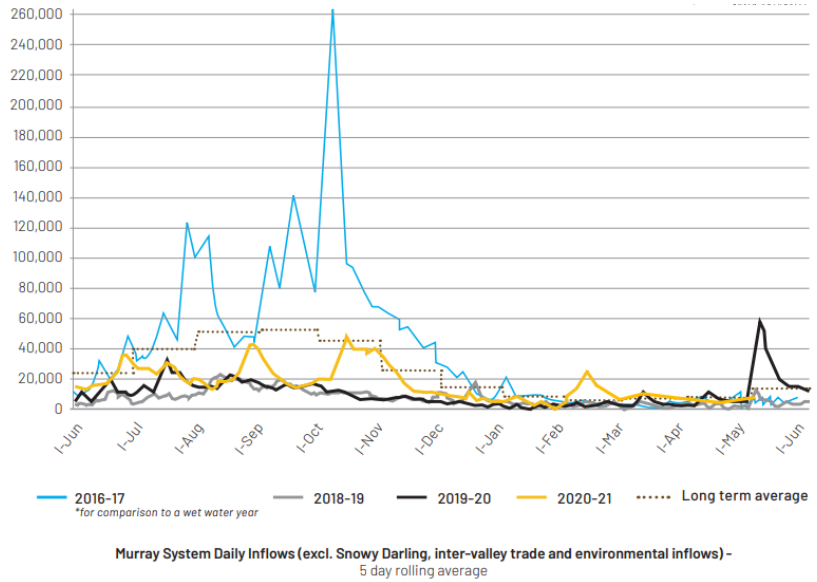
Chance of Exceeding Median Maximum Temperature [2]



1. Bureau of Meteorology
2. Bureau of Meteorology

Current Climate

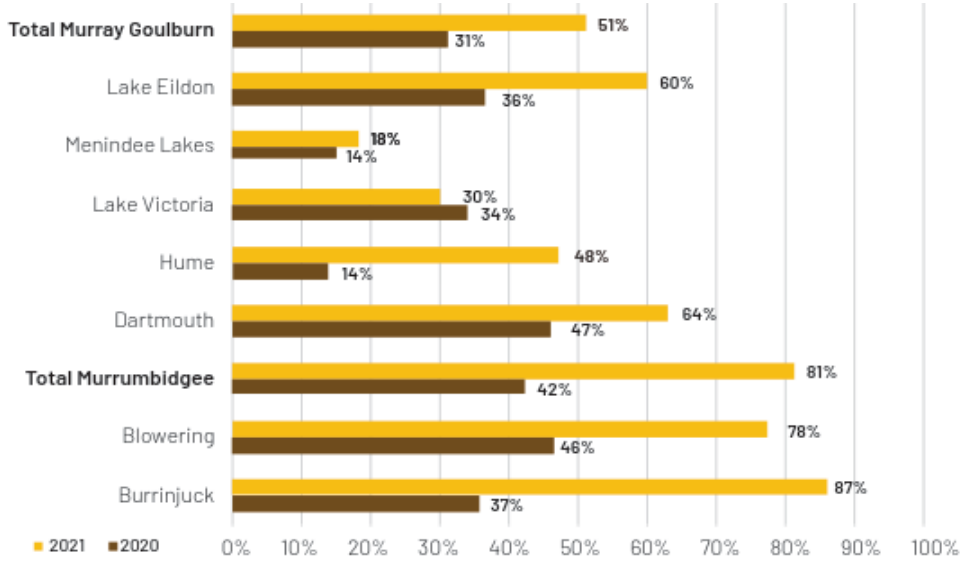
Murray System Daily Inflows[3]



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

Murray Darling Basin Storage Levels

Storages at 5 May 2021



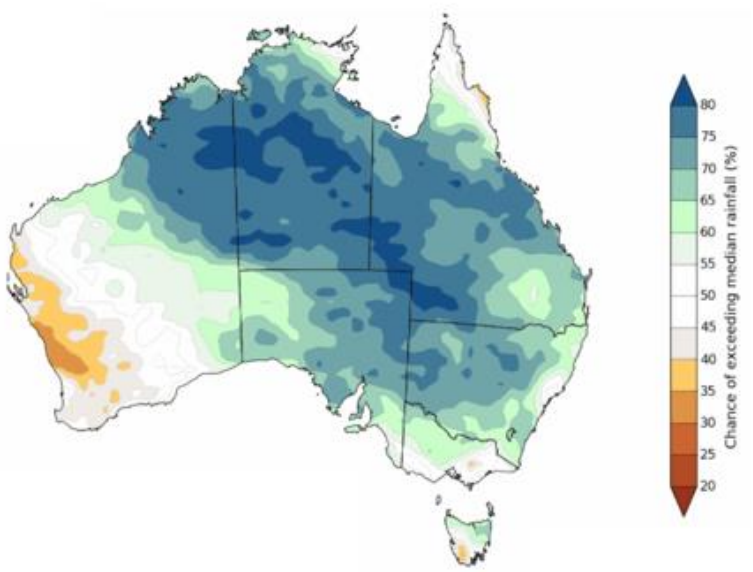
Murray Darling Basin Storage Level Comparison	Season 20/21	Season 19/20
Northern Basin Storage Levels	49%	18%
Southern Basin Storage Levels	51%	35%

3. *Murray Darling Basin Authority*

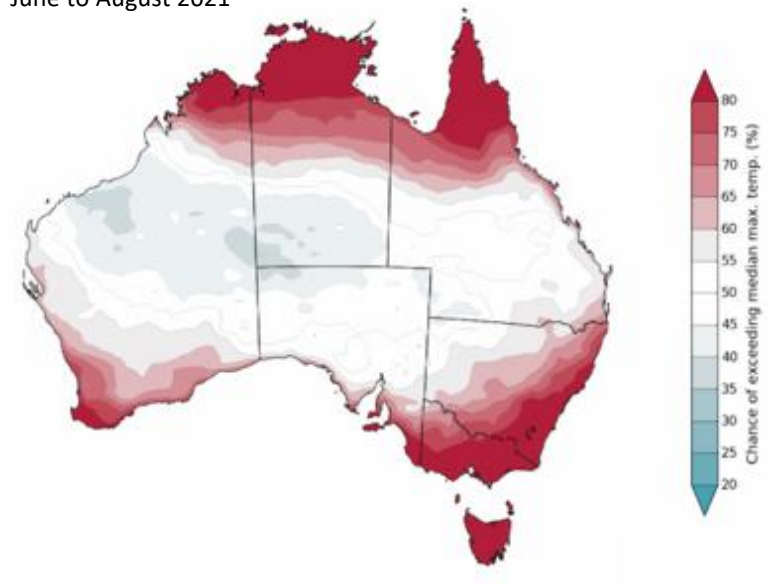
Climate Outlook

- Average to above average rainfalls are expected for June to August.
- Winter daytime temperatures are likely to be warmer for those areas closer the coast. While winter night temperatures are likely to be warmer than average across the country.

Chance of Exceeding Median Rainfall [4]
June to August 2021



Chance of Exceeding Median Maximum Temperature [5]
June to August 2021



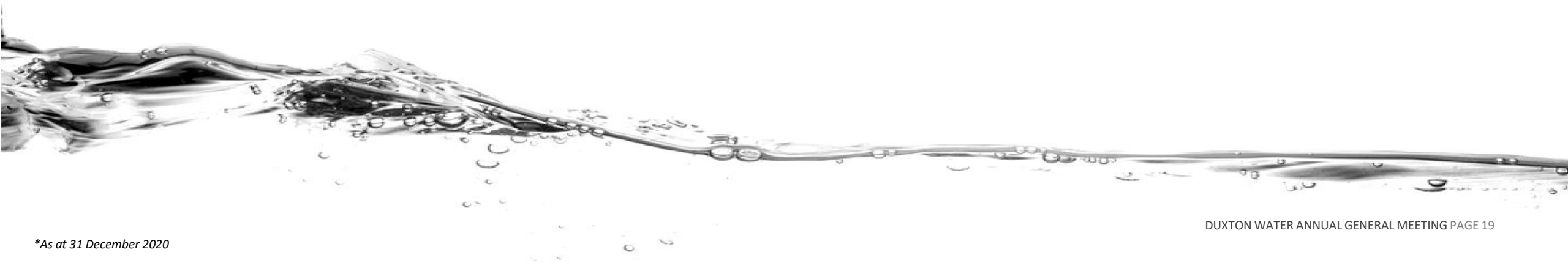
4. Bureau of Meteorology
5. Bureau of Meteorology

Since IPO
in September 2016
Duxton Water
has

invested over
$250million
in Australian water assets (cost).
Now valued at*
$319million

Currently, 64%
of the portfolio
is leased,
providing the company with cashflow visibility

Enabling D2O to pay
fully franked
dividends per share
of 5.7cents
In 2020



As at 31 December 2020

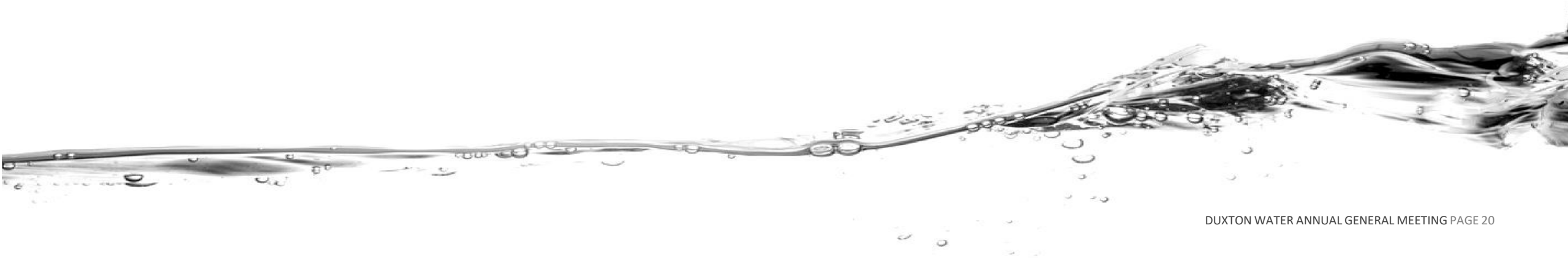
Item 1: Financial Report and Reports of the Directors and Auditor

Item 2: Remuneration Report

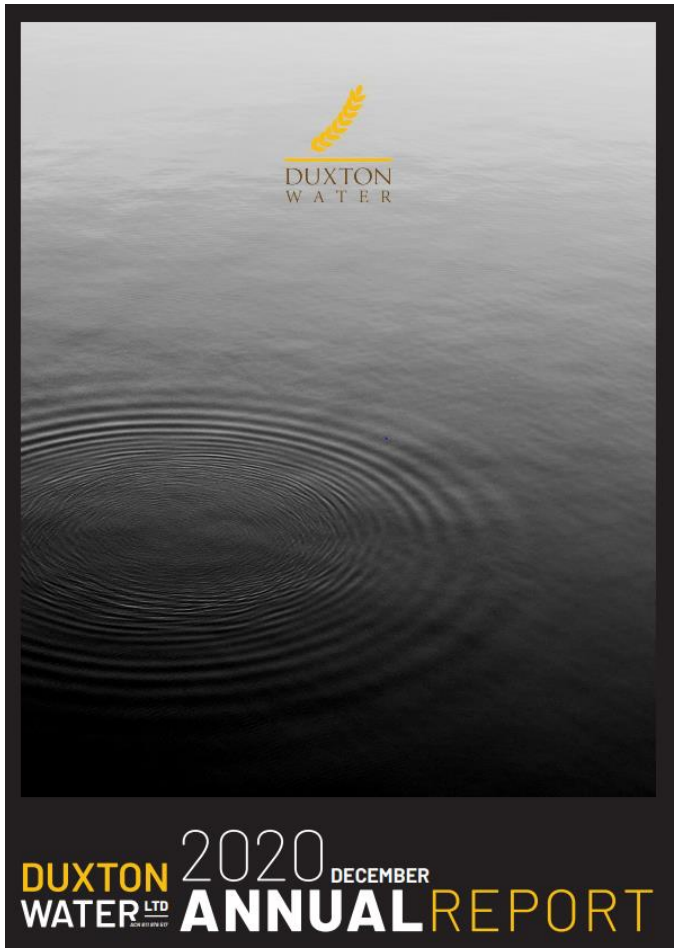
Item 3: Election of Director – Vivienne Brand

Item 4: Election of Director – Stephen Duerden

Item 5: Approval of 10% Placement Capacity



Item 1: Financial Report and Reports of the Directors and Auditor



To receive and consider the Financial Report, Directors' Report and Independent Auditor's Report for the financial period ended 31 December 2020. The relevant documents are also available at the Duxton Water website: https://www.duxtonwater.com.au/investor-centre

Item 2: Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"The Company's Remuneration Report for the financial period ended 31 December 2020 is adopted."



VOTE TYPE	VOTED	%	% OF ALL SECURITIES
For	19,733,596	98.66	16.47
Against	111,962	0.56	0.09
Open-Unusable	155,916	0.78	0.13
Board	107,281	0.54	0.09
Non-Board	48,635	0.24	0.04
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	60,657	N/A	0.05
Excluded	0	N/A	0.00

Item 3: Election of Director – Vivienne Brand

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Vivienne Brand, in accordance with Clause 17.3 of the Constitution and for all other purposes, be elected as a Director of the Company."

VOTE TYPE	VOTED	%	% OF ALL SECURITIES
For	19,820,030	99.08	16.54
Against	28,812	0.14	0.02
Open-Unusable	155,916	0.78	0.13
Board	107,281	0.54	0.09
Non-Board	48,635	0.24	0.04
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	57,373	N/A	0.05
Excluded	0	N/A	0.00



Item 4: Election of Director – Stephen Duerden

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Stephen Duerden, having retired as a Director in accordance with Clause 17.3 of the Constitution and, being eligible and having offered himself for re-election, be re-elected as a Director of the Company."



VOTE TYPE	VOTED	%	% OF ALL SECURITIES
For	19,795,477	98.95	16.52
Against	53,365	0.27	0.04
Open-Unusable	155,916	0.78	0.13
Board	107,281	0.54	0.09
Non-Board	48,635	0.24	0.04
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	57,373	N/A	0.05
Excluded	0	N/A	0.00

Item 5: Approval of 10% Placement Capacity

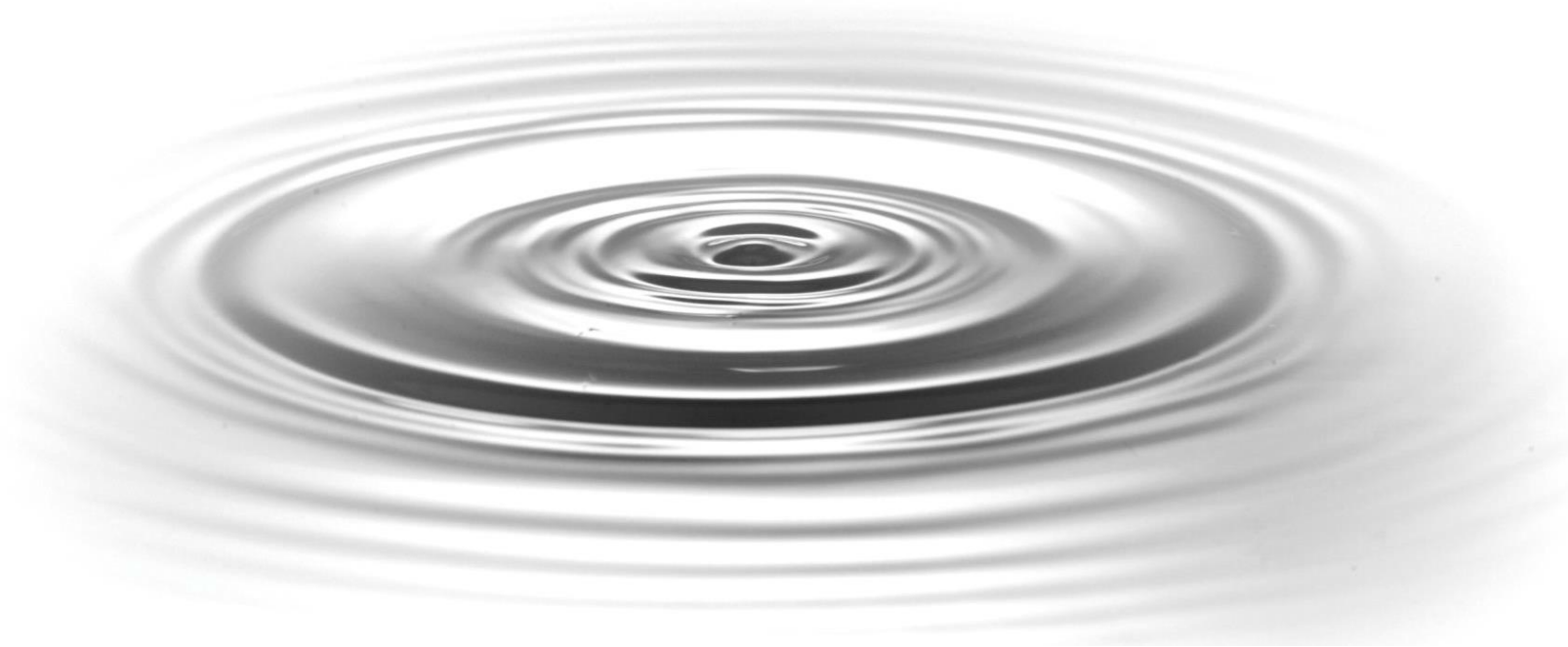
Special Resolution
To consider and, if thought fit, pass, the following resolution with or without amendment, as a special resolution:

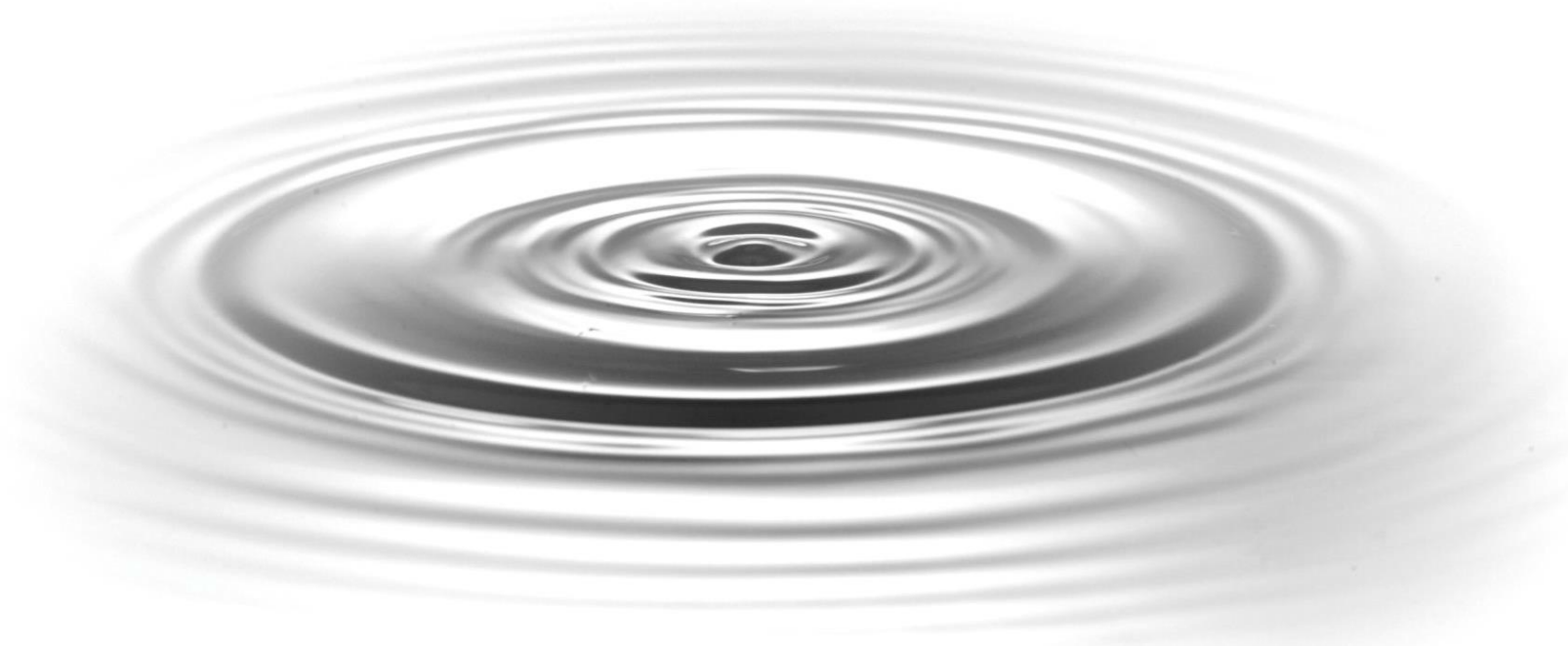
"In accordance with ASX Listing Rule 7.1A, and for all other purposes, the issue of Shares of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions in the Explanatory Statement, is approved."

VOTE TYPE	VOTED	%	% OF ALL SECURITIES
For	18,079,618	90.46	15.09
Against	1,752,558	8.76	1.46
Open-Unusable	155,916	0.78	0.13
Board	107,281	0.54	0.09
Non-Board	48,635	0.24	0.04
Open-Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	74,039	N/A	0.06
Excluded	0	N/A	0.00



Voting Polls Now Open







Bridget Johnson
Duxton Capital (Australia)
Business Development
Bridget.johnson@duxtonam.com
+61 475 045 434
+61 8 8130 9500



Jordy Kitschke
Duxton Capital (Australia)
Business Development
Jordy.kitschke@duxtonam.com
+61 427 075 138
+61 8 8130 9533



Duxton Capital (Australia) Pty Ltd
Duxton House, 7 Pomona Road, Stirling SA 5152
Ph: +61 8130 9538 / www.duxtonam.com / enquiries@duxtonam.com