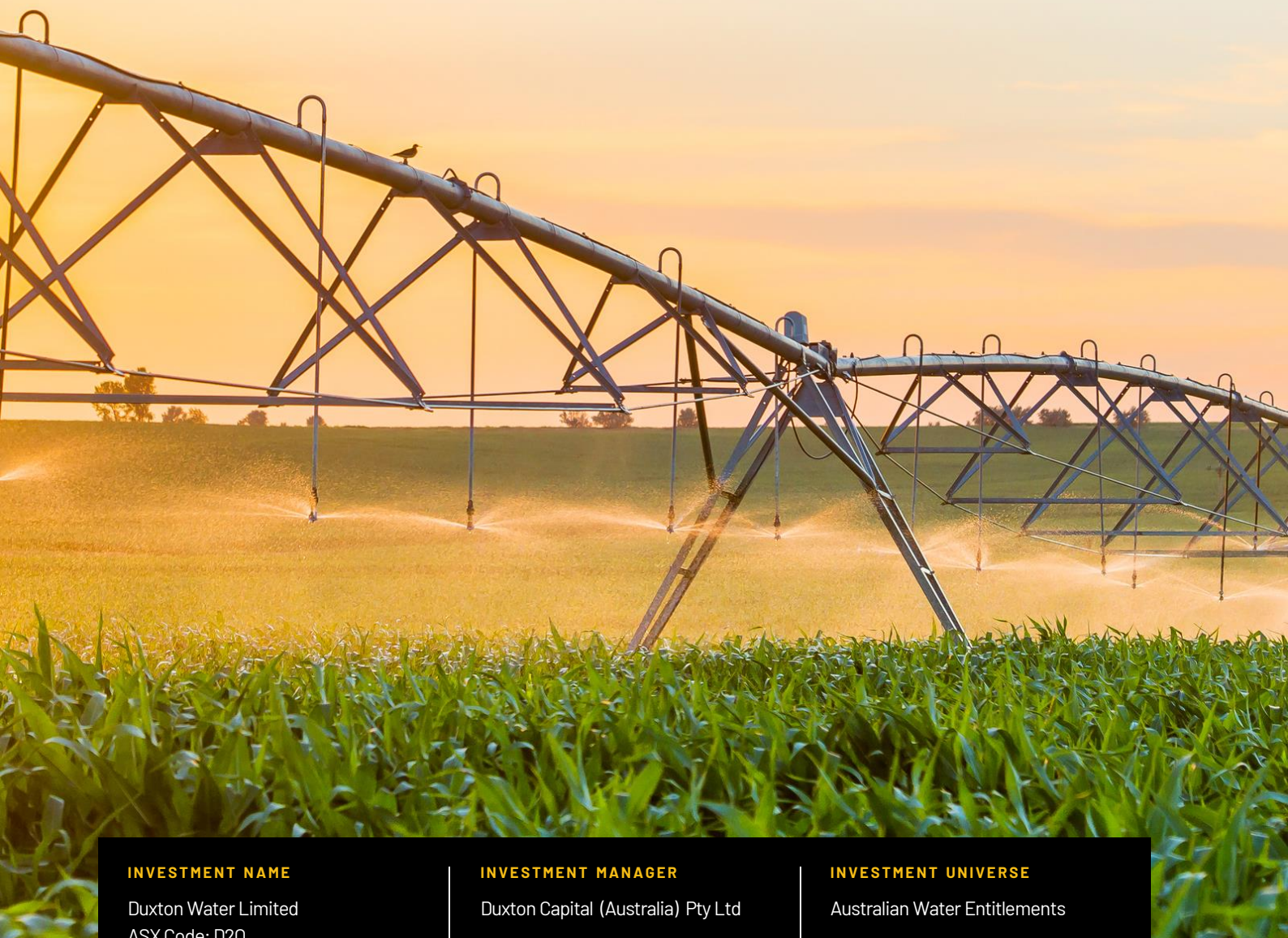


Monthly Update



APRIL 2024



INVESTMENT NAME

Duxton Water Limited
ASX Code: D20

INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

INVESTMENT UNIVERSE

Australian Water Entitlements

NET ASSET VALUE (POST-TAX)

\$1.55 per share

WATER PORTFOLIO VALUE

\$363 million

SHARES ON ISSUE: 153,298,158

OPTIONS ON ISSUE: 38,165,906



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.



Portfolio Managers' Update

In April, Duxton Water was pleased to pay its final 2023 dividend of 3.6 cents per share (fully franked). This marks the Company's 14th consecutive dividend paid since November 2017. Once again, the Company offered its shareholders the opportunity to participate in the Dividend Reinvestment Plan ("DRP"). Through the DRP, shareholders were entitled to receive additional shares in the Company at a 5% discount.¹

On 24 April 2024, the Company announced it had entered into an underwriting agreement with Petra Capital. Petra Capital agreed to underwrite \$4.5 million of the shortfall under the Company's DRP. On 2 May 2024, the Company issued 3,155,680 new shares to Petra Capital on behalf of the sub-underwriters for this transaction.

Duxton Water saw this as an opportunity to expand its current shareholder base and increase its balance sheet flexibility. As of early May, proceeds from the DRP underwriting have been used to offset against the Company's debt facilities. This enables the Company to reduce its interest costs while seeking attractive acquisition opportunities from the market.

During April, the Company also recognised the sale of 2,799 ML of NSW high security water entitlements to Treasury Wine Estates ("TWE"). This came after TWE exercised its call option to buy back water entitlements from Duxton Water. Cash from this transaction will also be used to offset against the Company's debt facilities at present.

In terms of market activity, April has been relatively quiet in the water markets. Entitlement prices in the southern Murray Darling Basin ("sMDB") have softened compared to March. Some agricultural sectors are still facing adverse economic conditions. This has resulted in some irrigators selling their water entitlements to generate working capital.

1. In accordance with DRP rules, the DRP price was based on the 5-day volume weighted average price ("VWAP") prior to and inclusive of the record date of 12 April 2024.

In the allocation market, prices closed lower than last month. Recent dry conditions have caused allocation prices to increase slightly in early May. During this time of the year, activity normally reduces. However, irrigators continue to come to the market for last-minute irrigation requirements and carry-over purposes.

By contrast, forward and carry-over markets have been active. Irrigators are already shifting their focus to 2024-2025. Likewise, the Company has finalised the majority of its allocation sales for this season and is currently preparing for the next water year. The Company has continued to execute forward contracts. These relate to the unleased portion of the portfolio and intend to act as a hedge against spot price variability for next season.

The latest weather forecast from the Bureau of Meteorology ("BOM") suggests that winter 2024 has an equal chance of above or below rainfall for most of the sMDB. Duxton Water will continue to take an active and diversified approach to managing its water portfolio holdings.

Duxton Water is pleased to see irrigators being proactive in establishing their 2024-2025 water strategy. The Company also believes this is an ideal time for irrigators to consider a multi-year approach to their annual water requirements.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
-0.40%	-1.23%	-0.46%	-9.52%	98.99%

[^]These figures are based on NAV movements and include franked dividends for the period.



Water Lease & Forward Update

At 30 April 2024, Duxton Water had 60% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for approximately 77% of the Company's high-security portfolio (by value). The Company's WALE is 2.8 years, or, including renewal options, the WALE is 4.8 years.

The leased percentage has increased compared to March. This does not reflect new leases but the reduction in the size of the water entitlement portfolio. This was due to TWE exercising its call option over the 2,799 megalitres of NSW high-security water entitlements. Further information on this transaction can be found in the Company's ASX announcements.

The market for leases starting 1 July 2024 remains slower than usual. Lessors and lessees currently have different price expectations for long-term water leases. In lieu, irrigators are seeking forward and carry-over contracts for the next season. To meet this demand, Duxton Water has been actively executing forward contracts for the upcoming season.

Irrigators are also looking for carry-over contracts for the year ahead. Through carry-over, irrigators can transfer allocation holdings from one season to the next. For Duxton Water, this is another way to diversify the income stream and generate additional revenue.

Duxton Water is pleased to see irrigators taking a proactive approach for the upcoming season. The Company would like to emphasise the importance of having a well-defined strategy. The products offered by Duxton Water intend to provide farmers with choice and flexibility to manage their annual water requirements.

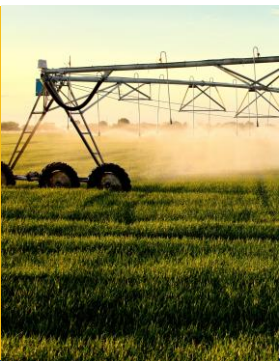


Young walnuts before harvest

CARRY-OVER CONTRACT CASE STUDY:

A carryover contract provides irrigators the option to hold water allocations on an external counterparty's water licence. The 'placer' transfers a specified volume of unused water allocations to the counterparty's allocation account, which is then to be carried over from one water year to the next, on behalf of the 'placer'. Carryover contracts provide access to water that would otherwise be lost to 'spill events', whilst enabling more efficient resource allocation. Duxton Water offers irrigators with carryover contracts in various water classes and zones.

Through this type of partnership, Duxton Water offers Australian farming businesses additional flexibility when its comes to managing their annual water requirements.



QUICK FACTS SUMMARY

	March 2024	April 2024
Water Entitlements	90.5GL	87.3GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	57%	60%
Weighted Average Lease Expiry (WALE)	2.8 years	2.8 years
WALE (incl. renewal options)	4.8 years	4.8 years

Entitlement Market Update

At 30 April 2024, Duxton Water held 87.3 GL of water entitlements across 19 different types and classes.

In April, D20 recognised the sale of 2,799 ML of NSW high-security entitlements to TWE. This transaction relates to TWE exercising its call option over the NSW water entitlements, as announced on 5 April 2024.

The entitlement market in the sMDB decreased in value by approximately 1.5% in April. This month was relatively quiet in terms of transactional volume, with mostly small parcels being traded. Price softening continues to reflect challenging financial conditions seen across many agricultural sectors over the last 2-3 years.

Allocation Market Update

Given that the peak irrigation season has now ended, demand for allocation usually reduces at this time of year. However, transactional activity for water allocations remains as irrigators look towards the next water year.

By the end of April, spot water was trading between \$15-\$20/ML in the Murrumbidgee, \$20-\$25/ML in the Goulburn, \$20-\$25/ML in the lower Murray, and \$15-\$20/ML in the upper Murray. Allocation prices have increased ever so slightly in early May. This is likely due to the drier conditions being seen across several regions of the sMDB.

Allocation awarded to entitlements (30 April 2024):

Entitlement Region	High Security	General Security
NSW Murray	100%	110%
VIC Murray	100%	100%
SA Murray	100%	n/a
Murrumbidgee	100%	100%
Goulburn	100%	77%



Finance Update

At 30 April 2024, Duxton Water's post-tax NAV closed at \$1.55 per share. A 6-cent decrease from last month.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.68, decreasing by 7 cents during the month.

The decline in both pre-and post-NAV primarily reflects the Company's 3.6 cent dividend per share, which was paid to shareholders on 26 April 2024. In addition, high-security water entitlement values decreased throughout the month. General security entitlement values remained relatively stable during April 2024.

The Company recently consolidated and renegotiated its debt facilities as part of its annual renewal process. Facilities A and B have been merged into one single facility. The Company's maximum debt facility limit remains at \$130 million, which has an expiry date of 31 March 2026.

At 30 April 2024, the Company's net debt to water assets ratio ("LVR") was 28%, a 4% decrease since last month. This is below the Company's maximum LVR of 40%.

The Company's LVR of 28% includes the receivable from the sale of water entitlements to TWE. This is estimated to be approximately \$25.2 million. The Company expects to receive these funds in the coming weeks.

NAV (post-tax)	NAV (pre-tax)
\$1.55 per Share	\$1.68 per Share

Dividends

Duxton Water paid a final 2023 dividend of 3.6 cents per share on 26 April 2024. This dividend was in line with the previously stated dividend target and was fully franked (30% tax rate) for Australian tax purposes.

Shareholders who opted to participate in the DRP have received additional shares in the Company in lieu of a cash payment. As previously announced, the DRP price included a 5% discount to the 5-day VWAP prior to and including the record date of 12 April 2024.

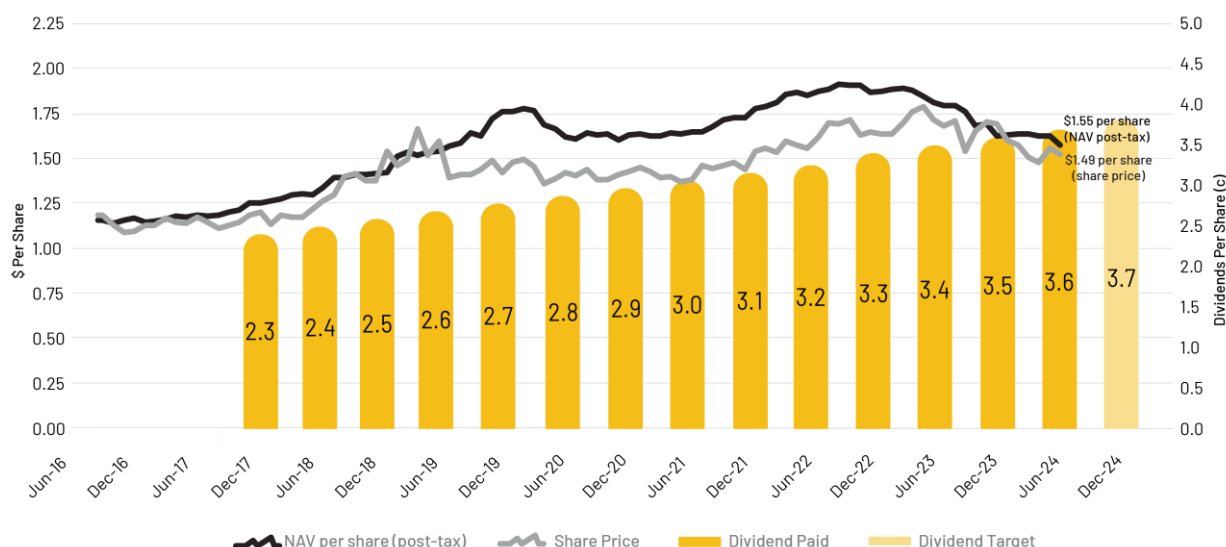
On 24 April 2024, the Company announced that it had entered into an underwriting agreement with Petra Capital to underwrite \$4.5 million of the shortfall of the Company's DRP. This meant that Petra Capital would subscribe or procure a subscription for 3,155,680 new shares in the Company on behalf of the sub-underwriters. These shares were issued at the same DRP price to existing shareholders under the Company's DRP.

This transaction allowed Duxton Water to welcome new shareholders into the register while strengthening its balance sheet. The Company will reduce debt in the interim and seek well-priced acquisition opportunities in due course. More information on the dividend, DRP, and underwriting can be found in the Company's ASX [announcement](#).

Looking ahead, the Board of Duxton Water is pleased to reaffirm dividend guidance for the remainder of FY2024:

	Cents Per Share	Franking Target
Interim 2024	3.7 cps	Fully Franked

HISTORICAL PERFORMANCE – SINCE INCEPTION

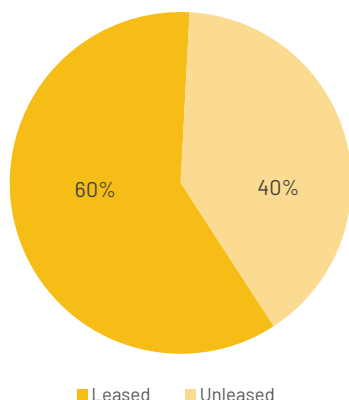


VALUATION METHODOLOGY

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

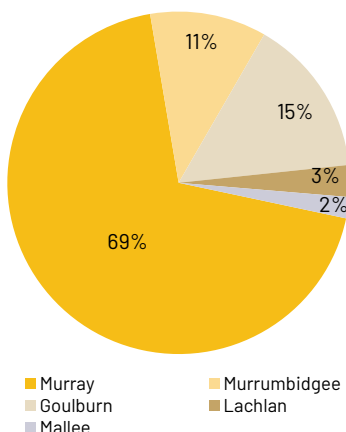


WATER PORTFOLIO DIVERSIFICATION



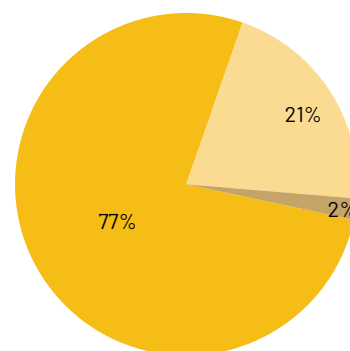
■ Leased ■ Unleased

ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee ■ Lachlan ■ Mallee ■ Goulburn

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

Weather Update

In April, Australia experienced different rainfall levels across states and territories. The national average rainfall was 26% below the long-term average. This was particularly true for the western, southern, and central parts of Australia. In South Australia, this April was the eighth driest on record. However, the eastern and northern regions of the country received below-average rainfall.

In the MDB, April rainfall was 12% above the long-term average. Most of this rain was concentrated in the northern basin, covering NSW and Queensland. By contrast, in the southern basin, some parts of Victoria and South Australia registered dry conditions.

For the same period, the national average temperature was 0.51°C lower than the long-term average, and both the maximum and minimum temperatures were also below the long-term average.¹

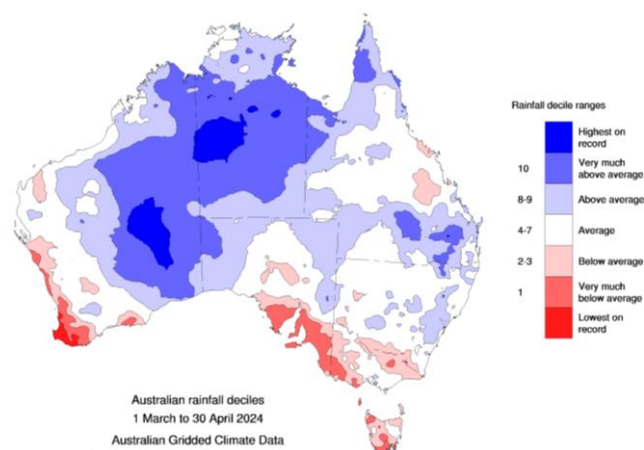
On 16 April 2024, the BOM confirmed that El Niño had ended and the El Niño-Southern Oscillation ("ENSO") had returned to neutral conditions. The Indian Ocean Dipole ("IOD") is currently neutral. The IOD was above the positive threshold for April. However, it has been within the neutral thresholds in May. For the BOM to declare a positive IOD, the index must be above +0.40°C for approximately 8 weeks.²

At the end of April 2024, the Southern Annual Mode ("SAM") index was neutral. SAM has little influence on Australian autumn rainfall patterns.

The Madden-Julian Oscillation ("MJO") is moderately strong and currently located in the eastern Indian Ocean. The majority of international climate models indicate the MJO will track further eastward into the Maritime Continent in the coming week.³

RAINFALL DECILE CHART (AUTUMN)

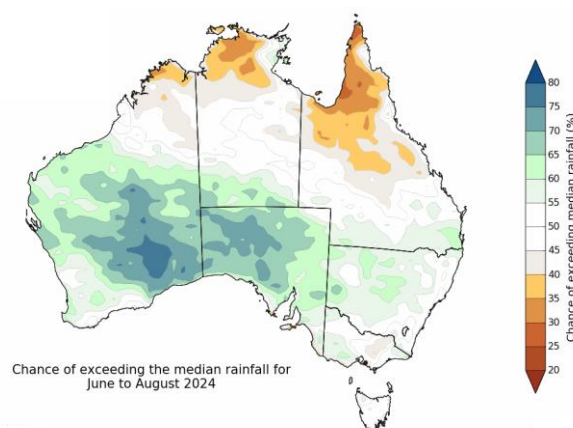
MARCH - APRIL 2024



Source: Bureau of Meteorology

CHANCE OF ABOVE-AVERAGE RAINFALL

JUNE 2024 - AUGUST 2024



Source: Bureau of Meteorology - 9 May 2024

1. Bureau of Meteorology. Australia in April 2024 - 1 May 2024
2. Bureau of Meteorology. Climate Driver Update - 14 May 2024.
3. Bureau of Meteorology. Tropical Climate Update - 7 May 2024.



Outlook & Storages

The weather outlook for winter 2024 indicates that eastern Australia has an equal chance of above or below median rainfall. However, rainfall is likely to be above the median for most of South Australia and Western Australia.

During the same period, most of Australia is expected to have temperatures that are warmer than usual. Both maximum and minimum temperatures are likely to be above average.

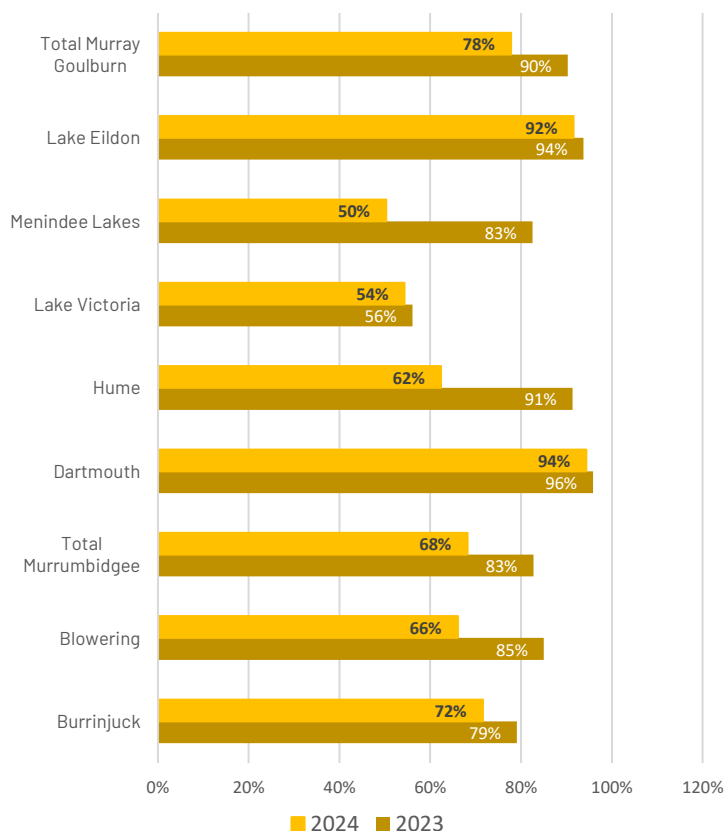
On 14 May 2024, the BOM announced "La Niña Watch". This means there are early signs that La Niña may form later in 2024. The BOM's recent modelling suggests that the El Niño Southern Oscillation will likely remain neutral until July 2024.

The most recent IOD forecast suggests that the IOD may remain neutral in May and into winter. This comes after two weeks of the index falling into neutral territory after seven weeks above the positive threshold.¹

In April 2024, river inflows into the Murray system were well below the long-term average. Near median to high streamflow is likely for May to July 2024.

By the end of April, the MDB's storage levels were at 75%, 2% below the previous month. Storages in the northern basin were at 66%, while southern basin storages were at 76%. In comparison, at the same time last year, the whole basin was at 90%, with the northern basin at 94%, and the southern basin at 88%.

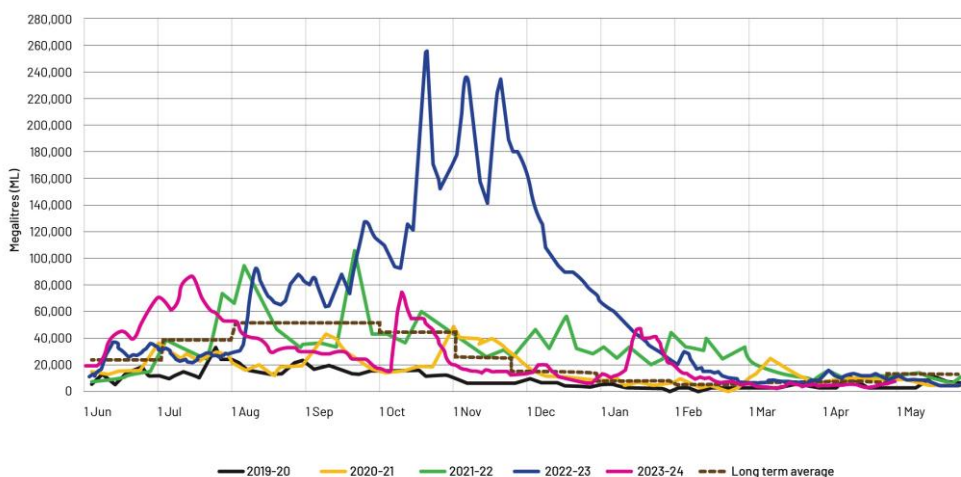
STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology, Climate Driver Update – 14 May 2024.

DAILY INFLOWS TO THE MURRAY DARLING BASIN

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



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

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