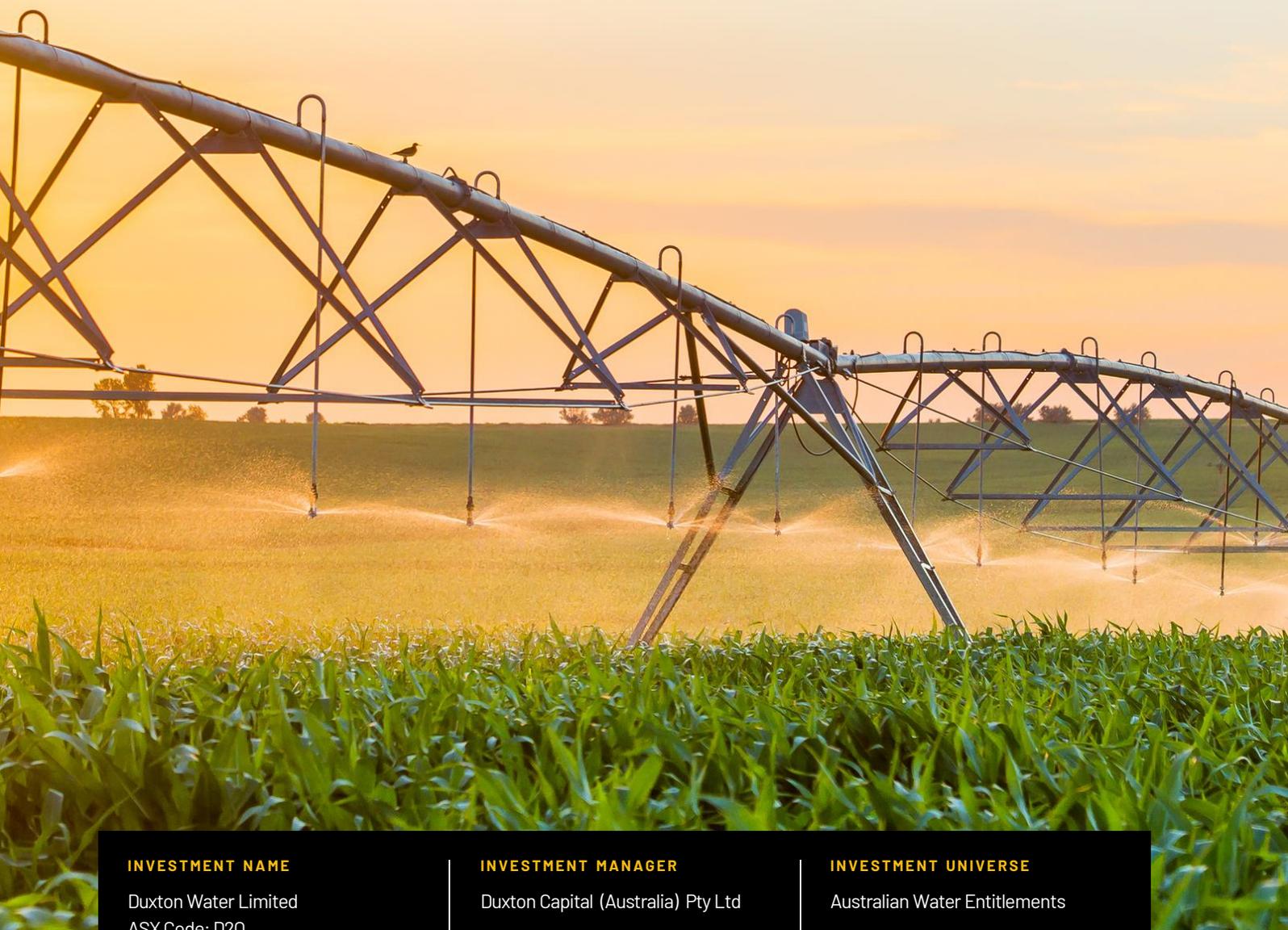


# Monthly Update



AUGUST 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)

\$1.57 per share

#### WATER PORTFOLIO VALUE

\$369 million

**SHARES ON ISSUE:** 156,208,338

**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

On 30 August 2024, Duxton Water was pleased to formally announce a 3.7 cents per share dividend to be paid on 25 October 2024. This represents the 15<sup>th</sup> consecutive dividend the Company will pay since 2017. The record date for this dividend is 11 October 2024.

Once again, the Board is pleased to offer shareholders the opportunity to participate in the Dividend Reinvestment Plan (“DRP”). Shareholders who participate in the DRP will be able to purchase additional D20 shares at a 5% discount to the share price<sup>1</sup>. The last date for DRP elections is the 14 October 2024. More information can be found in the D20’s ASX [announcement](#) dated 30 August 2024.

In August 2024, there was an increase in trading activity in both the entitlement and allocation markets. Permanent entitlement values in the southern Murray Darling Basin (“sMDB”) increased by 0.7%, following a significant uplift in July 2024. Since the beginning of the 2024-2025 water year, entitlement values have risen by approximately 3%.

The improvement in water entitlement values positively influenced the Company’s portfolio, subsequently enhancing the net asset value.

Since July 2024, Duxton Water has observed a change in market sentiment, which has led to a recovery in entitlement prices. The Company believes that a key factor behind this change is the Government’s update on buybacks, prompting irrigators to improve their water security in anticipation of reduced supply, particularly ahead of future dry years.

In late July, the Government announced an open tender to buy up to 70 GL of water from willing sellers. This tender remains open and is expected to close on 11 September 2024. There have been no further updates since the announcement. The Company will provide further information on this once it is available.

With regard to the allocation market, allocation prices have risen by approximately 25% since July 2024. In certain areas, such as Goulburn and the upper Murray, this increase has been as high as 40%. Many agricultural areas, especially in Victoria, have had a dry winter with unusually high temperatures. This has boosted irrigation activity and has put upward pressure on allocation prices.

Further to this, limited winter rainfall has contributed to inflows into the Murray being well below the long-term average in recent months. As this is an important aspect of seasonal determinations, this has resulted in entitlements receiving less allocation than the same time last year.

From the operational side, Duxton Water continues to successfully deliver on its lease and forward obligations. The Company is well positioned to deliver its range of water supply solutions to its customers in a flexible manner throughout the water year.

Looking ahead, the weather outlook indicates that climate drivers are likely to remain neutral during Spring. Additionally, most of Australia will likely experience high seasonal temperatures. The Company believes that given recent weather unpredictability, it is the ideal time to take a multi-year approach when it comes to managing water requirements. Duxton Water will continue to assist irrigators with their water strategy.



**Lachlan Campbell**  
Portfolio Manager



**Lachlan Beech**  
Portfolio Manager



### COMPANY PERFORMANCE

1. Based on a 5-day VWAP prior to and inclusive of the record date, as determined in accordance with DRP rules.

1 Month	3 Months	6 Months	12 Months	Inception
0.38%	2.30%	0.64%	-0.27%	100.68%

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



## Water Lease & Forward Update

At 31 August 2024, Duxton Water had 40% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for approximately 51% of the Company's high security portfolio (by value). The Company's WALE is currently 3.1 years, or including renewal options, 4.7 years.

The Company's leased percentage increased to 40% from 39% over the month due to the addition of one new lease. Although the leased percentage is lower than in previous years, the Company has positioned its portfolio to improve revenue visibility. The Company has built a sizeable forward contract portfolio to offset the shortfall in lease percentage. This provides the Company with a hedge against allocation price volatility.

Since the start of the 2024-2025 water year, the Company has observed an increase in demand for long-term leases. Recent drier conditions and high temperatures are encouraging irrigators to think about long-term water solutions. The Company is actively pursuing new leasing opportunities with the view to increasing its leased percentage as weather conditions normalise.

**Duxton Water continues to offer its range of water supply solutions to the market. These products are intended to provide farmers with choice and flexibility to manage their annual water requirements. Duxton Water highlights the importance for Australian irrigators to have a well-defined water strategy.**



Irrigated Cotton Field in NSW

## QUICK FACTS SUMMARY

	July 2024	August 2024
<b>Water Entitlements</b>	87.3GL	87.3GL
<b>Portfolio Diversification (types)</b>	19	19
<b>Leased % of Portfolio</b>	39%	40%
<b>Weighted Average Lease Expiry (WALE)</b>	3.2 years	3.1 years
<b>WALE (incl. renewal options)</b>	4.8 years	4.7 years

## Entitlement Market Update

At 31 August 2024, Duxton Water held 87.3 GL of water entitlements across 19 different types and classes. There have been no changes in portfolio composition over the month.

In August 2024, the entitlement market continued to exhibit signs of strengthening, as evidenced by a 0.7% increase across main permanent entitlements in the sMDB. As a result, the Company's portfolio experienced an uplift.

## Allocation Market Update

Allocation prices have increased by ~25% in August compared to last month. The Company believes this is due to above-average temperatures and below-average rainfall across key agriculture regions.

Further to this, entitlement holders have received lower than expected allocations, leading to increased pressure in the allocation market.

As of 31 August 2024, spot water prices ranged between \$130-\$135/ML in the Murrumbidgee, \$115-\$120/ML in the Goulburn, \$140-\$150/ML in the lower Murray, and \$95-\$105/ML in the upper Murray.

### Allocations to entitlements (as of 9 September 2024):

Entitlement Region	High Security	General Security
NSW Murray	97%	44%
VIC Murray	79%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	34%
Goulburn	97%	0%

## FORWARD CONTRACT CASE STUDY:

A forward contract allows an irrigator to agree on the volume, price, and future delivery date of water. This provides farmers with visibility over water costs for the season and protects against volatility in spot water prices. These contracts become particularly valuable during volatile weather conditions. Additionally, forward contracts also guarantee a reliable water supply, as the vendor is obligated to deliver the agreed quantity on the specified date.

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



## Monthly Update

AUGUST 2024



### Finance Update

At 31 August 2024, Duxton Water's post-tax NAV closed at \$1.57 per share. This represents a 1-cent increase from the previous month.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.68 per share. This also represents a 1-cent increase from the previous month.

The Company's portfolio increased by \$3 million in August due to a rise in the value of both entitlement and allocation holdings.

At 31 August 2024, the Company's net debt to water assets ratio ("LVR") was 28%. This continues to be well below the Company's maximum LVR covenant of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.57 per Share	\$1.68 per Share

### On Market Share Buyback

Duxton Water currently has a share buyback program in place. The Board believes the current share price does not accurately reflect the underlying value of the Company's assets and considers the share buyback program to be in the interests of all existing Shareholders.

As of 31 August 2024, the Company has bought back a total of 245,000 shares at an average price of \$1.35 per share since the beginning of June 2024.

### Dividends

On 30 August 2024, Duxton Water was pleased to formally declare a fully franked dividend of 3.7 cents per share. This dividend is in line with previously stated guidance and will be paid to shareholders on Friday, 25 October 2024. The record date for this dividend is 11 October 2024.

In addition, the Company will once again offer shareholders the opportunity to participate in the Company's DRP. The Board has maintained the DRP discount at 5% to encourage participation.

Participants in the DRP will be entitled to a 5% discount on the share price (based on a 5-day VWAP prior to and inclusive of the record date, as determined in accordance with the DRP Rules). The last day for DRP Elections is Monday, 14 October 2024.

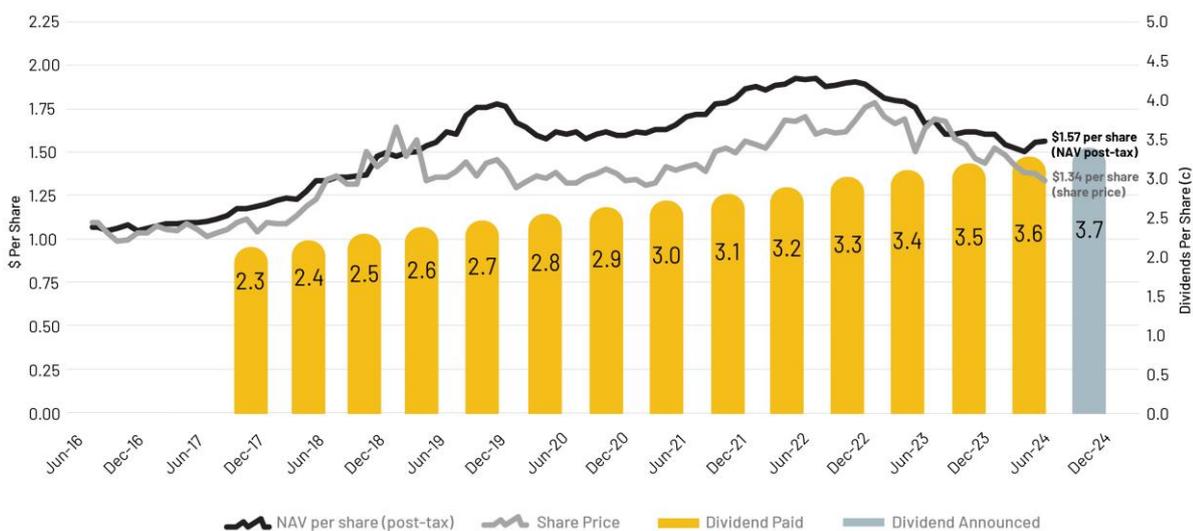
	Cents Per Share	Franking Target
Interim 2024 (declared)	3.7 cps	Fully Franked

### Bonus Options

At 31 August 2024, there were 38,165,906 options on issue on the ASX under the ticker code D200A. These can be exercised on or before 10 May 2026.

Further information about the Company's bonus option issue can be found in the Company's bonus option prospectus, released on the ASX on 30 October 2023.

## HISTORICAL PERFORMANCE - SINCE INCEPTION



### VALUATION METHODOLOGY

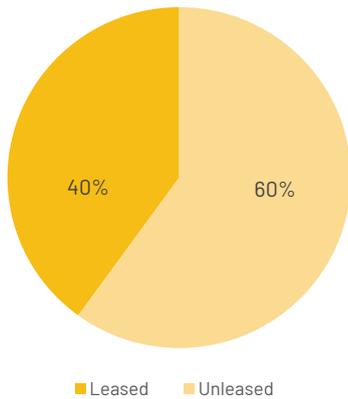
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement. 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](http://www.duxtonwater.com.au)

# Monthly Update

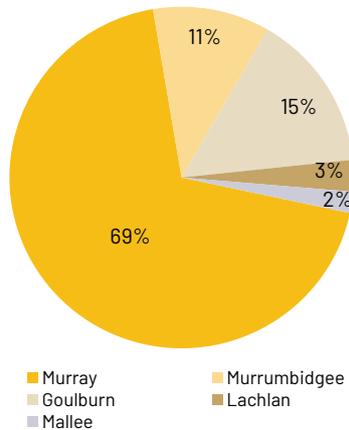
AUGUST 2024



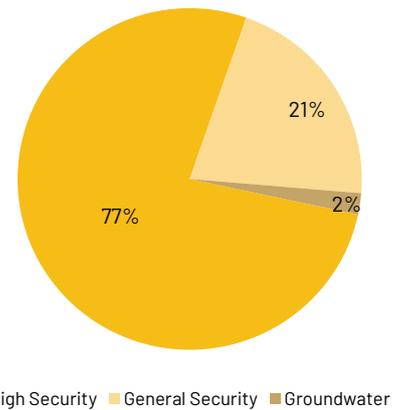
## WATER PORTFOLIO DIVERSIFICATION



## ENTITLEMENT VALUE BY REGION



## WATER SECURITY BREAKDOWN



## Weather Update

In August 2024, the national average rainfall was 4.8% below the long-term average. Rainfall was below average for much of Victoria and South Australia, with Victoria experiencing its driest August since 2014. By contrast, large areas of Tasmania, Western Australia, and Queensland received above-average rainfall in August.

In the Murray Darling Basin (“MDB”), August rainfall was 34% below the long-term average. Dry conditions and high temperatures were registered across the Murray and the Murrumbidgee during the month. This has led to soil moisture being drier than usual for parts of the southeast.

The national average temperature in August 2024 was 3.03°C above the long-term average. Both maximum and minimum temperatures were also above the long-term average.<sup>1</sup>

Overall, Winter 2024 was drier and warmer than usual for the southeast, including some agricultural regions of South Australia, Victoria and southern New South Wales.

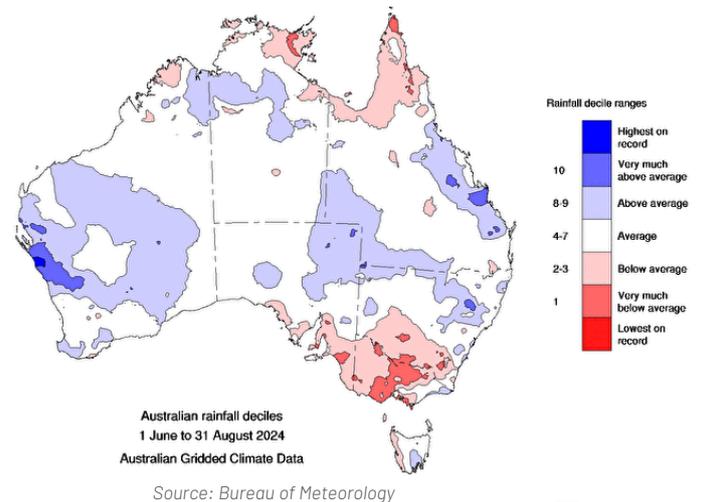
The El Niño-Southern Oscillation (“ENSO”) and the Indian Ocean Dipole (“IOD”) remained neutral. The ENSO outlook is at “La Niña Watch”. This indicates a 50% chance of a La Niña event developing later in the year.

As of 1 September 2024, the Southern Annular Mode (“SAM”) is currently positive, having been neutral for most of the second half of August. The SAM index is forecast to become neutral during the coming week. A neutral SAM typically has no strong signal on long-range forecast conditions.

As of 1 September 2024, the Madden-Julian Oscillation (“MJO”) is moving near the equator. The majority of models suggest MJO will either maintain its strength or strengthen slightly. When the MJO is in the Maritime Continent at this time of year, it may contribute towards strengthening trade winds, which can assist with La Niña development.

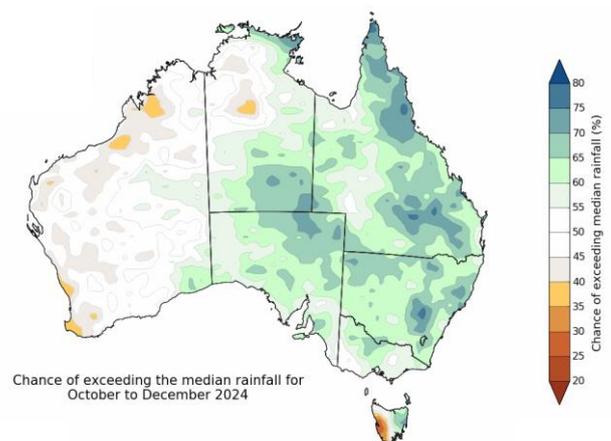
## RAINFALL DECILE CHART (WINTER)

JUNE 2024 - AUGUST 2024



## CHANCE OF ABOVE-AVERAGE RAINFALL

OCTOBER 2024 - DECEMBER 2024



1. Bureau of Meteorology, Australia in August 2024 - 2 September 2024  
2. Bureau of Meteorology, Climate Driver Update - 3 September 2024



Outlook & Storages

The weather forecast for October to December suggests that above average rainfall is expected across much of the eastern half of Australia, especially in December 2024. The rest of Australia is likely to receive typical seasonal rainfall, while Tasmania is expected to experience drier-than-average conditions.

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.<sup>1</sup>

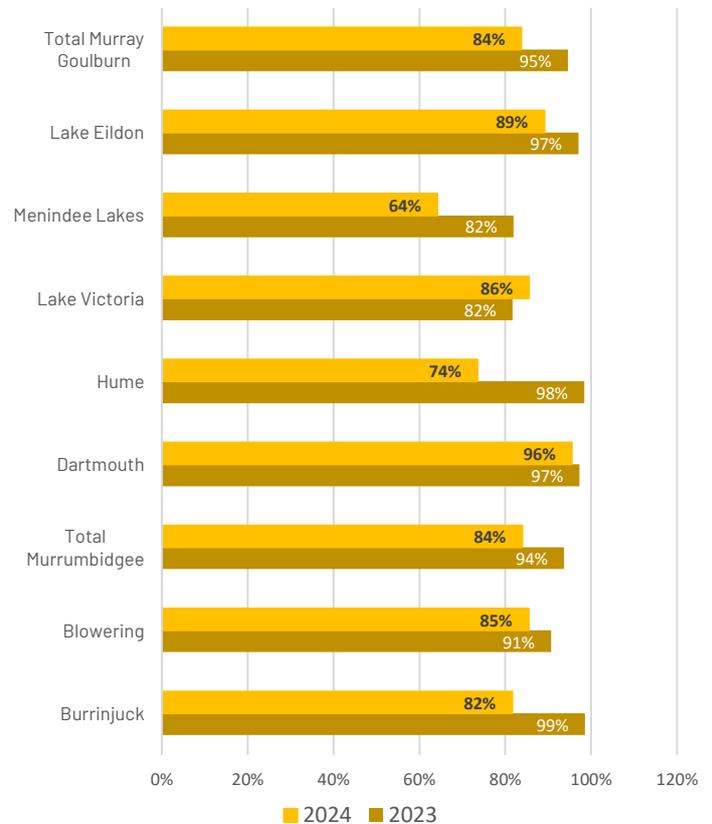
The Bureau of Meteorology continues to forecast neutral ENSO during Spring 2024. Four out of seven climate models suggest neutral ENSO values, while 3 suggest the possibility of ENSO exceeding the La Niña threshold from October. La Niña typically increases the chance of rainfall in eastern, central, and northern Australia.

Regarding the IOD, most climate models indicate that the IOD is likely to remain neutral until at least the end of spring.<sup>2</sup>

In August 2024, river inflows into the Murray system were significantly below the long-term average. Low river streamflow is likely for September to November 2024.

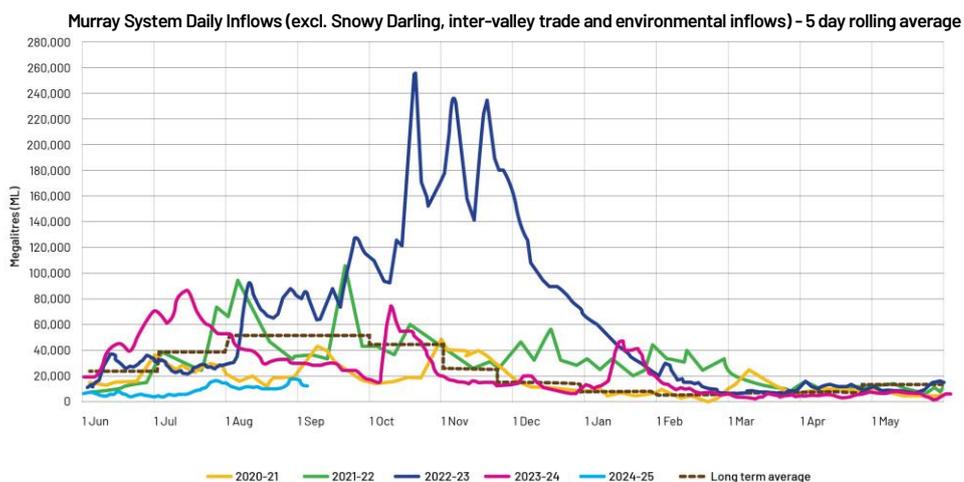
By the end of August 2024, MDB storage levels were at 83%. Storages in the northern and southern basins were at 76% and 84%, respectively. At the same time last year, the northern basin storage level was at 93%, and the southern basin storage level was at 95%.

STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology. Long-range forecast overview - 12 September 2024  
 2. Bureau of Meteorology. Climate Driver Update - 3 September 2024

DAILY INFLOWS TO THE MURRAY DARLING BASIN



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

DISCLAIMER: This factsheet is prepared by Duxton Water Limited [ACN 611 976 517] ("Duxton Water"). This factsheet has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in Duxton Water. Information from this factsheet must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to local law or regulation. The terms of Duxton Water are set out in the prospectus of Duxton Water ("Prospectus"), and should there be any conflict between the terms set out in this factsheet and the Prospectus, the terms in the Prospectus shall prevail. The forecasts provided are based upon Duxton Water's opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market 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 shares/ units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met. This document does not constitute investment, tax, legal or any other form of advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. If you require investment or financial advice please contact a regulated financial adviser. 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. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by Duxton Water or its affiliates or any of their directors or employees. The information and opinions contained may also change. Copyright protection exists in this presentation. To the extent permitted by applicable law, none of Duxton Water, Duxton Capital (Australia) Pty Ltd, their respective affiliates, or any of their respective officers or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this factsheet or its contents, including for negligence.