

Quarterly Update



SEPTEMBER 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: 155,993,838

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.



Operational Update

Duxton Water has delivered a strong September quarterly result (the first three months of the 2024/25 water year). The Company generated a 4.35% increase in Net Asset Value ("NAV") during the quarter. This was primarily driven by increasing entitlement values in the southern Murray Darling Basin ("sMDB"), improved allocation prices, and the issuance of new season water allocations at the start of the new water year.

During the Quarter, the Federal Government opened its water buyback tender on 15 July 2024 to recover up to 70 GL of water rights across selected catchments in key irrigated agriculture regions. This water buyback program was closed on 11 September 2024, and participants are expected to receive offers before the end of 2024.

On 30 September 2024, the Government issued two expressions of interest ("EOI") in relation to its 2025 water buyback strategy. The first EOI invites responses from a wide range of water entitlement holders in the southern Murray Darling Basin ("MDB"). The second EOI invites responses from large water holders who are looking to tender parcels of 20,000 megalitres or more. Both EOIs are scheduled to close on 27 November 2024.

Entitlement Market

During the quarter, the Aither Entitlement Index increased by 3.3%. This was reflective of higher water entitlement values being observed in many southern basin entitlements. Within the Company's portfolio, the most notable value increases during the quarter were seen in VIC Murray low reliability and SA Murray high security entitlements.

Transactional activity relative to the previous quarter has increased marginally. While that may be the case, there continues to be an abundance of smaller parcels available for sale (i.e. < 20ML), which often trade at a discount to market.

COMPANY SNAPSHOT

	June 2024	September 2024
Water Entitlements	87.3 GL	87.3 GL
Leased % of Portfolio	61%	40%
Weighted Average Lease Expiry (WALE)	2.6 years	3.0 years
WALE (incl. renewal options)	4.6 years	4.6 years
Shares on Issue	156.4m	155.9m
Total Water Assets	\$354m	\$369m

Allocation Market

Allocation prices remained relatively stable during the quarter as several pricing influences have largely offset each other. For instance, heightened storage volumes and awarded allocation for high security/reliability entitlements have offset upward pressure from below-average rainfall experienced in regions of NSW, western VIC and much of SA.

At the end of September 2024, spot water prices ranged between \$130-\$140/ML in the Murrumbidgee, \$100-\$105/ML in the Goulburn, \$145-\$150/ML in the lower Murray, and \$100-\$105/ML in the upper Murray.

Lease and Forward Market

At 30 September 2024, the Company had 40% of its permanent entitlement portfolio (by-value) leased to Australian farming businesses. There is growing interest in leases starting on 1 July 2025 as irrigators prepare for future seasons. The Company believes this increased interest is likely due to the recent dry conditions experienced in parts of the sMDB and ongoing uncertainty around the weather outlook.

The Company continues to actively manage its allocation portfolio with respect to its forward contract obligations. Earlier in 2024, the Company entered into ~\$1.7 million of forward contracts with irrigators. This forward position provides the Company with a hedge against lower allocation prices should they occur.

COMPANY PERFORMANCE - SEPTEMBER 2024

1 Month	3 months	6 Months	12 Months	Inception
0.35%	4.35%	1.07%	-0.53%	101.19%

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



Investment Update

At 30 September 2024, Duxton Water's post-tax NAV closed at \$1.57 per share. This represents a 4.35% (or 6 cent) increase during the quarter.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.68 per share, representing a 5% (or 8-cent) increase during the quarter.

Since 30 June 2024, the Company's portfolio has increased by \$15 million, primarily due to asset appreciation, and the recognition of new season water allocations being received from 1 July 2024.

At 30 September 2024, the Company's net debt to water assets ratio ("LVR") is 28%. This represents a 1% decrease from the end of the previous quarter. The Company continues to be well below its maximum LVR covenant of 40%.

June 2024 NAV (post-tax)	September 2024 NAV (post-tax)
\$1.51 per Share	\$1.57 per Share

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 the previously stated target and represents the Company's 15th consecutive dividend paid since November 2017.

The Company was pleased to once again offer shareholders the opportunity to participate in the Company's Dividend Reinvestment Plan ("DRP"). The Board maintained the Company's DRP discount at 5% to encourage participation.

On 25 October 2024, the Company paid a fully franked 3.7 cent per share dividend to shareholders. With this latest dividend, Duxton Water has now paid a total of 45 cents per share in dividends since its inception.

	Cents Per Share	Franking Target
Interim 2024 (paid 25-Oct)	3.7 cps	Fully Franked

On Market Share Buyback

Duxton Water continues to operate its on-market share buyback. The share buyback represents an opportunity to enhance shareholder value by buying back shares at a discount to NAV. The Board believes the current share price does not represent the underlying value of the Company's assets.

Since 26 June 2024, a total of 460,000 shares were bought back at an average price of \$1.35 per share.

Finance

During the quarter, receipts from customers of \$2.5 million were comparable with the same quarter of the year prior. Receipts from customers primarily reflect cash received from lease contracts, forward deliveries, and allocation sales. Relative to the prior quarter, receipts from customers have increased by 25%. This is largely due to the commencement of the new water year and the issuance of new season water allocations.

Cash outflows from investment activities for the quarter represent payments to acquire new water entitlements, and cash outflows from financing activities primarily relate to the Company's on-market share buyback.

At the end of September, the Company had \$24.5 million of undrawn funds within its debt facility.

Payments to Associates/Related Parties

During the September quarter, the following cash payments to Associates and Related Parties occurred (GST exclusive):

	September 2024 Quarter	YTD
Duxton Capital - Administration Fees (Admin, & Accounting Services)	\$74k	\$258k
Duxton Capital - Management Fees (As per the Management Agreement)	\$616K	\$1.86m
Duxton Capital - Performance Fees (As per the Management Agreement)	-	-
Duxton Capital - Reimbursements (On-charged Reimbursements)	\$10k	\$111k



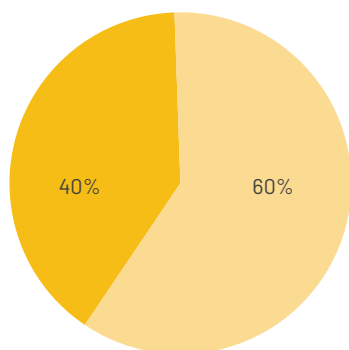
Irrigated Canola Field

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

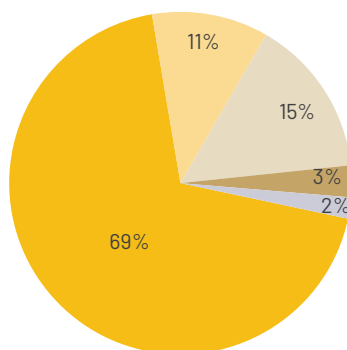


WATER PORTFOLIO DIVERSIFICATION



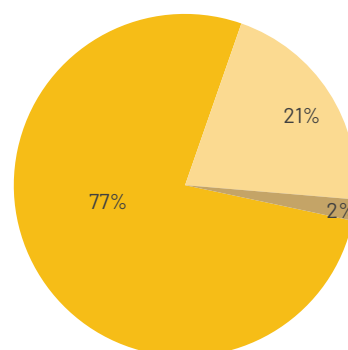
■ Leased ■ Unleased

ENTITLEMENT VALUE BY REGION



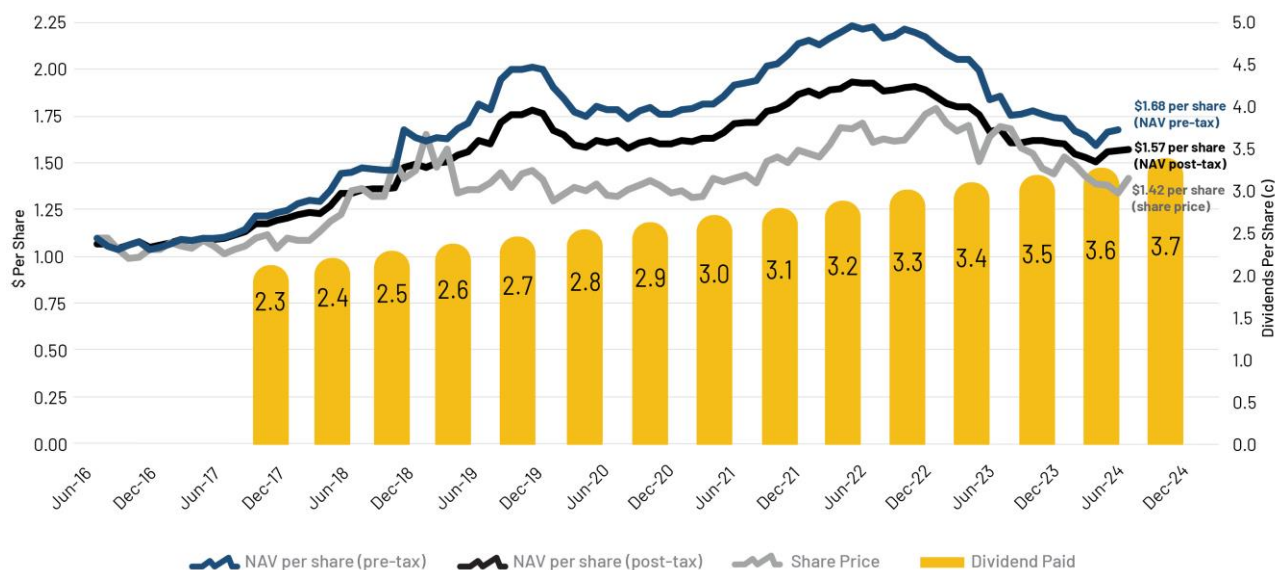
■ Murray ■ Murrumbidgee
■ Goulburn ■ Lachlan
■ Mallee

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

HISTORICAL PERFORMANCE - SINCE INCEPTION



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

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Duxton Water Limited

ABN

53 611 976 517

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,523	7,191
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(49)	(303)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(479)	(1,548)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1,914)	(5,192)
1.6 Income taxes paid	(729)	(4,707)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- Management Fees	(560)	(1,750)
- Performance Fee	-	-
1.9 Net cash from / (used in) operating activities	(1,208)	(6,309)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(1,210)	(23,368)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	40,619
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,210)	17,251

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(565)	3,879
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	4
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(163)
3.5	Proceeds from borrowings	-	13,500
3.6	Repayment of borrowings	-	(24,500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(4,677)
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	(566)	(11,957)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,801	1,832
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,208)	(6,309)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,210)	17,251
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(566)	(11,957)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	817	817

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	817	3,801
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	817	3,801

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	700
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	130,000	105,500
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	130,000	105,500
7.5	Unused financing facilities available at quarter end		24,500
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>On 23rd April 2024, Duxton Water Ltd successfully renegotiated its debt facility with NAB as follows. Noting that Facility A and B have now been consolidated into Facility A:</p> <p>Debt Facility A Lender: National Australia Bank Max Debt: \$130,000,000 Variable Interest Rate: BBSY plus 0.65% p.a. + Facility Fee of 0.65% Maturity Date: 31 March 2026 Secured: Yes</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,208)
8.2	Cash and cash equivalents at quarter end (item 4.6)	817
8.3	Unused finance facilities available at quarter end (item 7.5)	24,500
8.4	Total available funding (item 8.2 + item 8.3)	25,317
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	21.0
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: **N/A**

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 October 2024.....

Authorised by: ..The Chairman of Duxton Water Limited.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.