

# Quarterly Update



DECEMBER 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)

\$1.54 per share

## WATER PORTFOLIO VALUE

\$392 million

**SHARES ON ISSUE:** 156,403,151

**OPTIONS ON ISSUE:** 38,165,498



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 is pleased to report the total value of its portfolio increased by \$22 million during the quarter. This was primarily driven by recently contracted water entitlement acquisitions and a rise in allocation prices. This has resulted in the Company's overall portfolio reaching a new high of 91.5 GL.

Weather conditions remained persistently warm and dry across extensive areas of the southern Murray-Darling Basin ("sMDB"). These prolonged dry conditions have contributed to a significant decline in major sMDB dam storage levels, now at their lowest point since 2020.

The Commonwealth Government reaffirmed its plan to begin accepting tender offers in late 2024 and early 2025 as part of the water buyback program under the Restoring Our Rivers Act 2023. This initiative aims to recover 450 GL of water for environmental purposes by 31 December 2027. In a press release dated 8 November 2024, the Government announced that it had received over 1,000 submissions for the 70 GL tender, which closed on 11 September 2024.

## Entitlement Market

During the quarter, the Ricardo Entitlement Index ("REI") (previously Aither) decreased by -0.4%. Entitlement values increased for general security entitlements, which marginally offset declines in high security entitlements.

Over the last three months, water entitlement transaction volumes were subdued in VIC catchments relative to long-term averages and elevated in NSW catchments. General security entitlements accounted for much of the transacted volume. Many market participants are eagerly waiting for the Government to provide more details in relation to the most recent tender that closed in September 2024.

## COMPANY SNAPSHOT

	December 2024	September 2024
<b>Water Entitlements</b>	91.5 GL	87.3 GL
<b>Leased % of Portfolio</b>	37%	40%
<b>Weighted Average Lease Expiry (WALE)</b>	2.8 years	3.0 years
<b>WALE (incl. renewal options)</b>	4.4 years	4.6 years
<b>Shares on Issue</b>	156.4m	155.9m
<b>Total Water Assets</b>	\$392m	\$369m

## Allocation Market

Allocation prices increased during the December quarter as warm and dry conditions coincided with the start of the peak irrigation season. These conditions resulted in minimal improvements to awarded allocations, while cyclical demand exerted upward pressure on prices. Spot prices rose in the Murray catchments and saw little to no increase in the Goulburn. Notably, prices increased significantly in the Murrumbidgee following the closure of inter-valley trade from the Murray.

At 31 December 2024, spot water prices ranged between \$145-\$150/ML in the lower Murray, \$120-\$130/ML in the upper Murray, \$200-\$235/ML in the Murrumbidgee, and \$105-\$110/ML in the Goulburn.

## Lease and Forward Market

At 31 December 2024, the Company had 37% of its permanent entitlement portfolio leased. The Company's leased percentage decreased by 3% during the quarter. This was due to the Company increasing its portfolio holdings. The Company remains optimistic about the next water year from a leasing perspective. Recent conditions have led to an increase in demand from irrigators looking for leases commencing 1 July 2025.

During the quarter, the Company continued to deliver on its lease and forward obligations in support of Australian farming businesses.

## COMPANY PERFORMANCE TO 31 DECEMBER 2024

1 Month	3 months	6 Months	12 Months	Inception
1.97%	1.05%	5.45%	1.19%	102.74%

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





## Investment Update

The Company is pleased to report that in Q4, several contracts were secured for the acquisition of additional water entitlements. One of these parcels has been leased back to the vendor under a sale and leaseback arrangement out to 2034. These strategic acquisitions will enhance the scale and diversification of the existing portfolio, strengthening its long-term value proposition.

At 31 December 2024, Duxton Water's NAV closed at \$1.54 per share, reflecting a 3-cent decrease during the quarter. This decrease can be attributed to the Company's 3.7 cents fully franked dividend paid on 25 October 2024. The Company's pre-tax NAV (excluding tax provisions) closed at \$1.65, 3 cents lower when compared to the previous quarter.

December 2024 NAV (post-tax)	September 2024 NAV (post-tax)
\$1.54 per Share	\$1.57 per Share

At 31 December 2024, the Company's net debt to water assets ratio ("LVR") is 31%. This represents a 3% increase from the end of the previous quarter. The Company remains well below its maximum LVR covenant of 40%.

## Dividends

On 25 October 2024, Duxton Water paid a fully franked dividend of 3.7 cents per share. This is the Company's 15th consecutive dividend paid. The Company paid fully franked dividends of 7.3 cents per share during FY2024. Since its inception in 2016, the Company has paid a total of 45 cents per share in dividends.

Once again, the Company offered shareholders the opportunity to participate in its Dividend Reinvestment Plan ("DRP"), providing a 5% discount to the share price (based on a 5-day VWAP prior to and inclusive of the record date). The October DRP received a 15.4% participation rate.

FY2024 Dividends	Cents Per Share	Franking
Final 2023 (Apr-24)	3.6 cps	Fully Franked
Interim 2024 (Oct-24)	3.7 cps	Fully Franked



Irrigated Canola Field

## VALUATION METHODOLOGY

The Company uses an Independent Fair Market Unit Value for entitlement and allocation provided by Ricardo to undertake the NAV assessment. Ricardo acquired Aither Pty Ltd in 2024 and has subsequently changed name from Aither to Ricardo. Ricardo'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).

## On Market Share Buyback

Duxton Water continues to operate its on-market share buyback. This allows the Company to buy back shares from the market when the Company believes the share price does not accurately reflect the underlying value of the Company's assets. The Board considers the share buyback program to be in the interest of all shareholders. The Company has bought back a total of 736,000 shares at an average price of \$1.35 per share between 27 June 2024 and 31 December 2024.

## Finance

During the December quarter, the Company received \$2.7 million in receipts from customers. In Q4, receipts from customers are primarily driven by proceeds from allocation sales and leasing revenue. Q4 coincides with peak irrigation season, which typically provides increased market activity. The Company has continued selling its unleased water allocations in early 2025. The Company also recorded higher income taxes paid during the year of \$5.1 million. This was the result of the accounting profits recorded on the Company's water entitlement sales that occurred in 2024 of \$40.7 million.

Cash outflows from investing activities for the quarter of \$4.5 million relate to payments to acquire water entitlements. This includes deposit payments for recent acquisitions that are due to settle in early 2025.

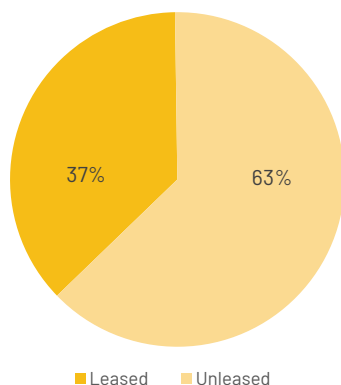
## Payments to Associates/Related Parties

During the December quarter, the following cash payments to Associates and Related Parties occurred:

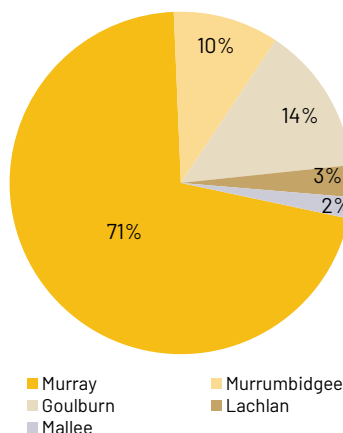
	December 2024 Quarter	YTD
<b>Duxton Capital - Administration Fees</b> (Admin, & Accounting Services)	\$56k	\$314k
<b>Duxton Capital - Management Fees</b> (As per the Management Agreement)	\$797K	\$2.66m
<b>Duxton Capital - Performance Fees</b> (As per the Management Agreement)	-	-
<b>Duxton Capital - Reimbursements</b> (On-charged Reimbursements)	\$24k	\$135k



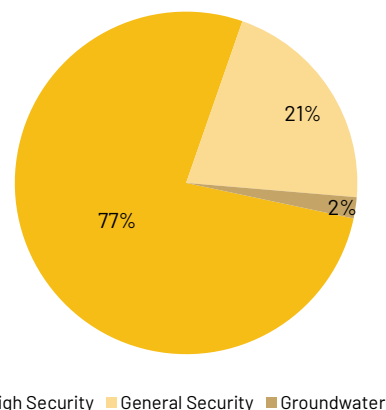
### WATER PORTFOLIO DIVERSIFICATION



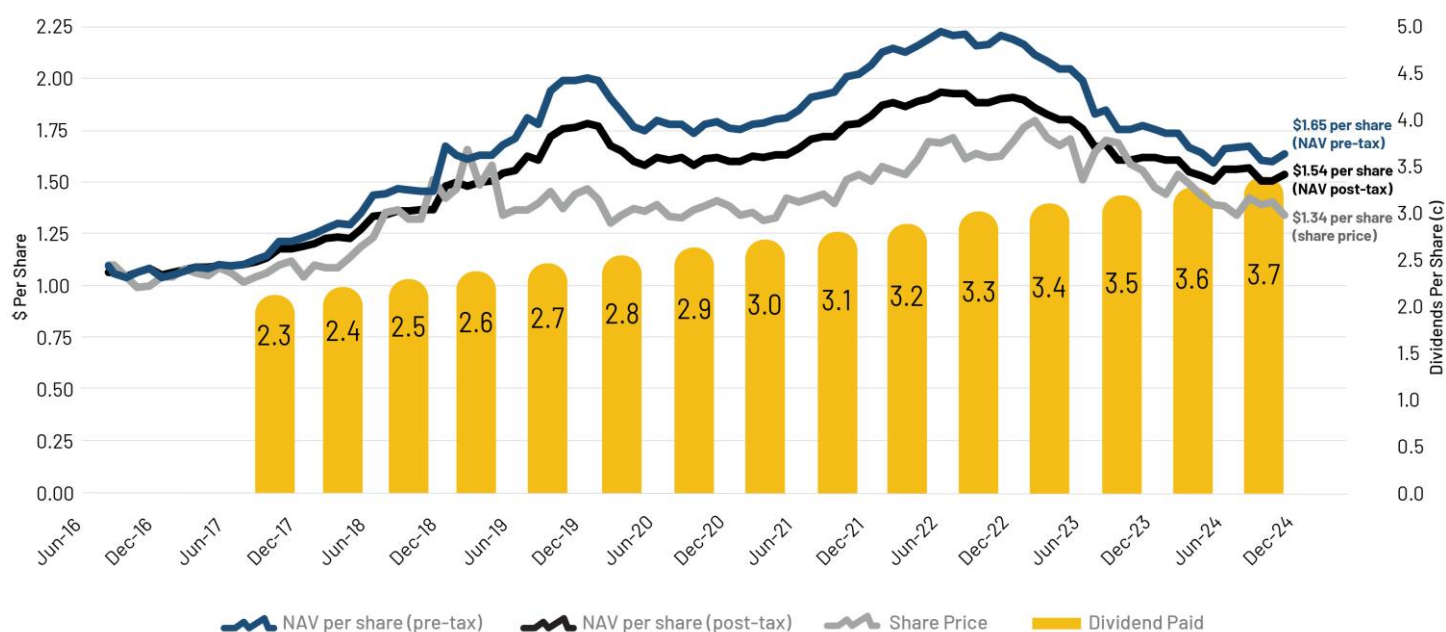
### ENTITLEMENT VALUE BY REGION



### WATER SECURITY BREAKDOWN



## 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")**

31 December 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,683	9,875
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(39)	(342)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(669)	(2,217)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1,617)	(6,809)
1.6 Income taxes paid	(422)	(5,129)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- Management Fees	(724)	(2,474)
- Performance Fee	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(789)</b>	<b>(7,096)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(4,450)	(27,818)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	<b>Net cash from / (used in) investing activities</b>	<b>(4,450)</b>	<b>12,801</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(370)	3,509
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)	(165)
3.5	Proceeds from borrowings	10,500	24,000
3.6	Repayment of borrowings	-	(24,500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(4,883)	(9,560)
3.9	Other	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>5,246</b>	<b>(6,712)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	817	1,832
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(789)	(7,096)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,450)	12,801
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,246	(6,712)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>825</b>	<b>825</b>

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	825	817
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>825</b>	<b>817</b>

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	876
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>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	130,000	116,000
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</b>	<b>130,000</b>	<b>116,000</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>14,000</b>
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 23<sup>rd</sup> 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><b>Debt Facility A</b>  <b>Lender:</b> National Australia Bank  <b>Max Debt:</b> \$130,000,000  <b>Variable Interest Rate:</b> BBSY plus 0.65% p.a. + Facility Fee of 0.65%  <b>Maturity Date:</b> 31 March 2026  <b>Secured:</b> Yes</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(789)
8.2	Cash and cash equivalents at quarter end (item 4.6)	825
8.3	Unused finance facilities available at quarter end (item 7.5)	14,000
8.4	Total available funding (item 8.2 + item 8.3)	14,825
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>18.8</b>
<p><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></p>		
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: <b>N/A</b></p> <p>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?</p> <p>Answer: <b>N/A</b></p>	



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 January 2025

Authorised by: The Chairman of the Board of Directors  
(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.