

DUXTON WATER LIMITED

MARCH 2025



2024 ANNUAL RESULTS PRESENTATION

Duxton Water Limited | ASX:D20



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





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FULL-YEAR 2024 SNAPSHOT

Duxton Water provides water supply solutions to Australian irrigators. These products enable businesses to manage water risk, while allowing irrigators to take a multi-year approach to water security. Each year, Duxton Water supports hundreds of customers across diverse industries, including tree nuts, grapes, dairy, citrus, potatoes, cotton, wheat, cereals and rice.

1.2%
**PORTFOLIO
RETURN¹**
(12 MONTHS)

\$392M
**WATER
PORTFOLIO
VALUE³**

\$1.54
**PER SHARE
NON-STATUTORY
NET ASSET VALUE**
(POST TAX)³

91.5GL
**TOTAL WATER
OWNED**

37%
LEASED %

2.8
**YEARS
WALE²**

1. Total Portfolio Return is based on NAV movements and includes franked dividends for the 12 month period to 31 December 2024.

2. Weighted Average Lease Expiry.

3. Non-statutory value, adjusting for water entitlements held at cost in Financial Statements of \$308.6m. This includes permanent water entitlement acquisitions that are contracted but not yet settled.



Financial Results

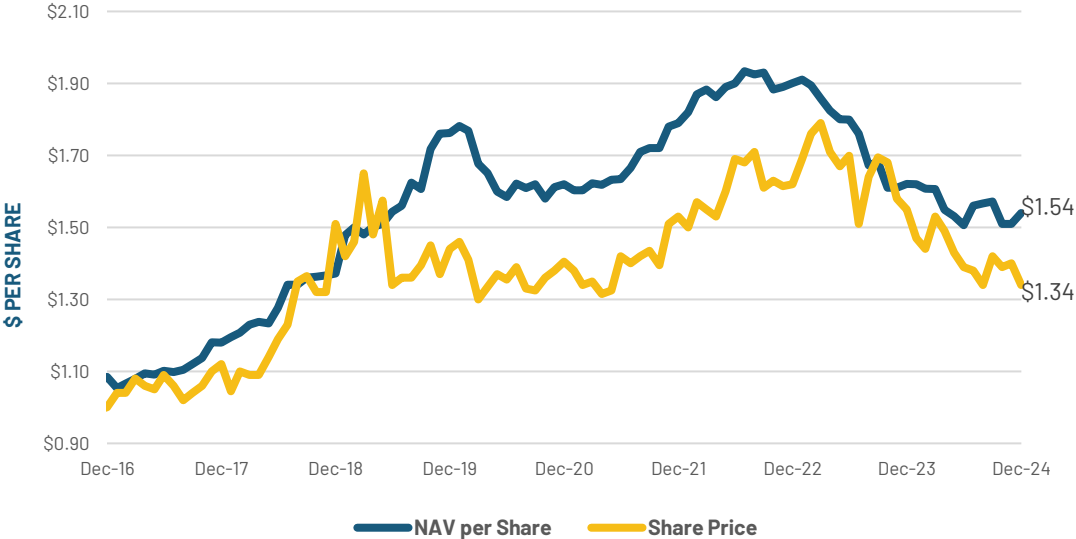


Full-Year 2024 Snapshot

Duxton Water Limited provides investors with a direct and pure exposure to Australian water entitlements as an asset class.

- Duxton Water Limited (“the Company” or “D20”) delivered on both its dividend targets in FY2024. Shareholders received fully franked dividends totalling **7.3 cents per share** during the year.
- The Company had **54%** of its portfolio committed to leases and forward allocation sales this year. The Company is actively seeking new long-term water leases commencing 1 July 2025.
- Declared a fully franked Final 2024 dividend of **3.71 cents per share** to be paid to shareholders on 24 April 2025.
- Following wetter-than-average conditions seen in early 2024, recent drier conditions over the last 9-12 months have resulted in a significant reduction in dam storage levels.
- Lower dam storages have resulted in higher allocation prices when compared to the previous 3 years.

NET ASSET VALUE VS SHARE PRICE (SINCE INCEPTION)



Portfolio Performance	6 Months	12 Months	Inception	Annualised
Total Return (NAV + Dividends)	5.5%	1.2%	102.7%	8.9%

^These figures are based on NAV movements and include franked dividends for the period to 31 December 2024.



Financial Results

The Company is pleased to report a \$13.3 million Profit Before Tax in FY2024 (+48% when compared to FY2023).

Key Metrics	FY2024	FY2023	Difference	% Change
Profit before tax	\$13.3m	\$9.0m	+\$4.3m	+48%
Net profit after tax	\$9.3m	\$6.3m	+\$3.0m	+47%
Earnings per share	6.0 cps	4.8 cps	+1.2 cps	+25%
Dividends per share	7.3 cps	6.9 cps	+0.4 cps	+6%
Portfolio size	91.5 GL	90.5 GL	+1.0 GL	+1%

- Duxton Water reported a NPAT of **\$9.3 million** for FY2024 (FY2023: \$6.3 million).
- This positive result underpinned by improving yields on the Company's high security water assets, active management of unleased allocations, and profits from water entitlement sales.
- This translated to an EPS of **6.0 cents** per share in FY2024, a **25%** increase when compared to FY2023.
- While the Company completed several strategic acquisitions and disposals in FY2024, the net portfolio size increased by 1 GL. This includes unsettled entitlement trades contracted in FY2024.



Financial Results

Water entitlements continue to demonstrate low/negative correlation to traditional asset classes.

Net Asset Summary	FY2024	FY2023	Difference	% Change
Permanent water assets (fair value) ^{1, 2}	\$387.1m	\$386.3m	+\$0.8m	0%
Temporary water assets (fair value) ²	\$4.4m	\$4.2m	+\$0.2m	+5%
Total net assets (fair value) ²	\$240.2m	\$247.6m	-\$7.4m	-3%
Non-statutory NAV per share	\$1.54	\$1.62	-\$0.08	-5%

- Net Asset Value (“NAV”) closed at **\$1.54 per share**, decreasing by 8 cents per share (or -5.3 %) during FY2024.
- Reduction in NAV was primarily driven by fully franked dividends paid during the year (**7.3 cents per share**). Adding back fully franked dividends, total post-tax NAV performance in FY2024 was **1.2%**.
- Water entitlement values softened in the first half of 2024, before recovering in the back half of the year. The recovery of entitlement values was likely driven by both drier weather conditions and the Government providing greater clarity on its 2024/2025 water entitlement buyback program.
- The Company held approximately **\$4.4 million** (Fair Market Value) of unleased water allocations at 31 December 2024. These water allocations have a nil cost base and have been sold throughout Q1 2025, supporting summer irrigation programs.
- The Company continues to monitor water entitlement markets for well-priced opportunities in zones that complement the existing portfolio.

1. Includes water entitlement acquisitions that are contracted at 31 December 2024 and expected to settle in 1HY2025.
2. Fair Market Value is prepared in accordance with the Company's monthly NAV statement. The water portfolio is evaluated on a monthly basis by the Company's independent valuer, "Ricardo". Fair Market Value is a non-IFRS measure that is not reviewed or audited by the Company's auditor.



Capital Management

The Company expects to substantially reduce interest costs through the sale of \$121.3 million of water entitlements to the Australian Government.

Debt Summary	FY2024	FY2023	Difference	% Change
Total debt drawn	\$116.0m	\$116.5m	-\$0.5m	0%
Total gearing	31%	29%	+2%	-
Total variable debt	\$116.0m	\$116.5m	-\$0.5m	0%
Effective cost of borrowings	5.85%	5.20%	+0.65%	-

- Gearing of **31%** remained relatively stable throughout the year (31 December 2023: 29%) and it remains within the Company's max LVR covenant of **40%**.
- The effective cost of borrowings for FY2024 was **5.85%**, up from **5.20%** in FY2023. The RBA's recent **25bps** cash rate cut has lowered the Company's interest costs and will take effect in early 2025.
- With **\$116 million** of drawn debt at 31 December 2024, the annual interest saving from this **25bps** rate cut is expected to be approximately **\$290k p.a.**

Interest Summary	FY2024	FY2023	Difference	% Change
Interest paid on debt	\$6.7m	\$5.7m	+\$1.0m	+18%
Realised cash gain/(loss) on swaps	-	-\$0.7m	+\$0.7m	-
Net finance expenses	\$6.7m	\$6.5m	+\$0.2m	+3%

- Total interest paid for FY2024 of **\$6.7 million** (FY2023: \$5.7 million).
- The Company does not have any interest rate hedging arrangements in place.





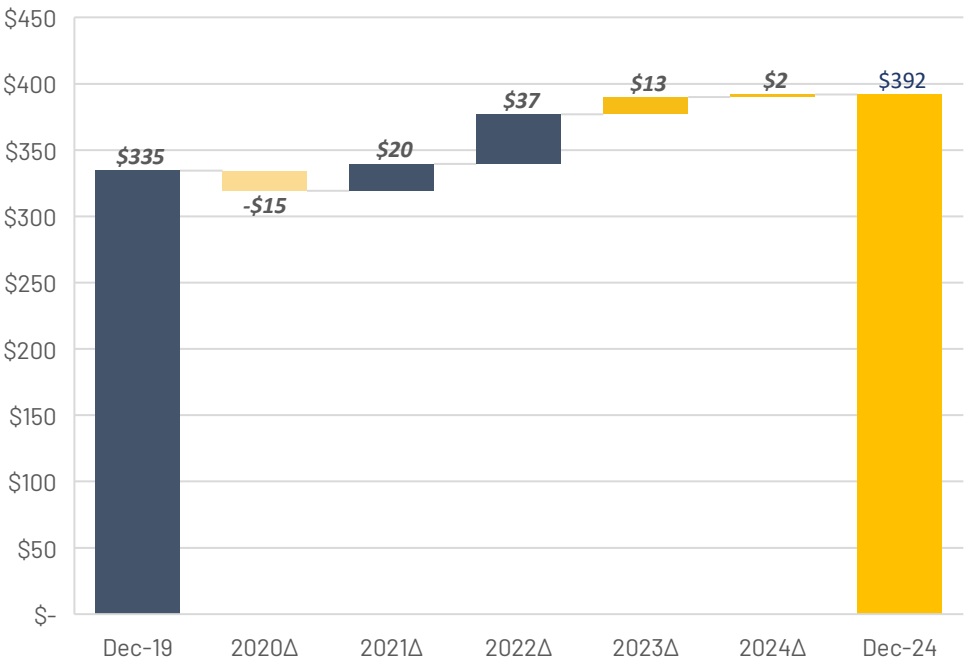
Portfolio Performance



Portfolio Performance

Strategic transactions remained the primary focus for portfolio expansion and rebalancing in FY2024.

WATER PORTFOLIO CHANGE IN VALUE (5 YEARS)*



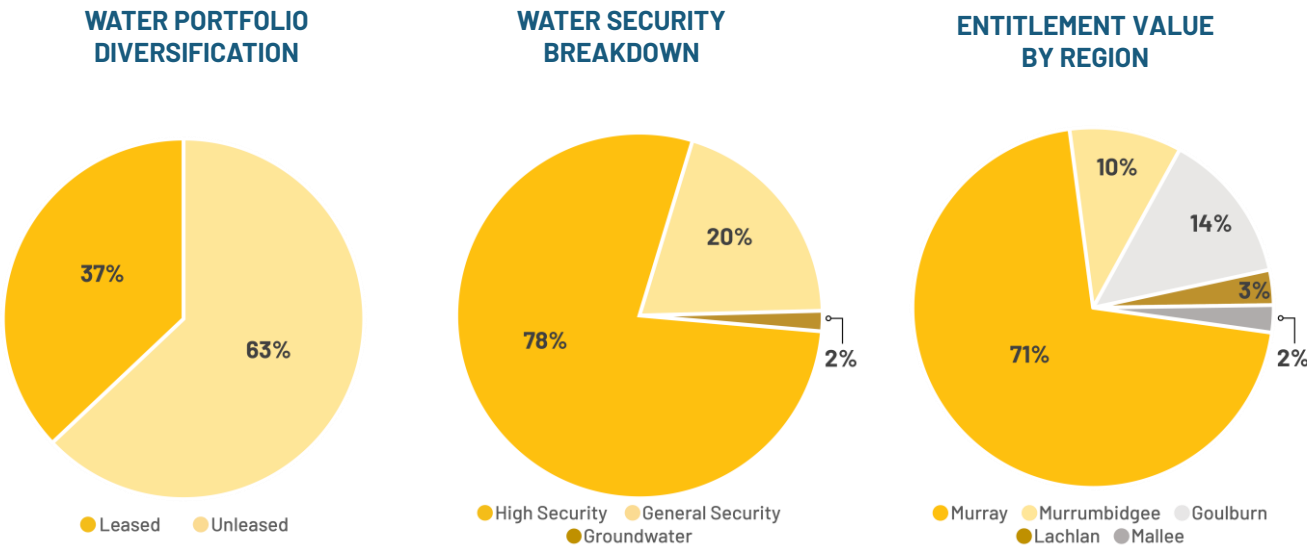
**Changes in portfolio value reflect net Fair Market Value movements in the water portfolio each year. Fair Market Value is calculated in line with the Company's monthly NAV statement. It is a non-IFRS measure and is not reviewed or audited by the Company's auditor.*

- The Company has continued to focus on expanding and rebalancing its portfolio through strategic sales and acquisitions.
- The entitlement market experienced mixed conditions throughout the year. The Ricardo Entitlement Index declined by **5.3%** in the first half of 2024, before rebounding with a **5.9%** increase in the second half, resulting in relatively stable entitlement values by year-end.
- During FY2024, the Company sold **2,799 ML** of NSW 11 high security entitlements for approximately **\$25.2 million**. This related to the acquisition and leaseback that was announced on 3 July 2023. The Company generated a significant profit from this sale.
- Contracted **\$19 million** of water entitlement acquisitions towards the end of 2024. These acquisitions will enhance portfolio diversification and increase flexibility amid evolving climate conditions.



Portfolio Diversification

Diversification remains a strategic focus, providing stability and hedging through variable weather conditions.

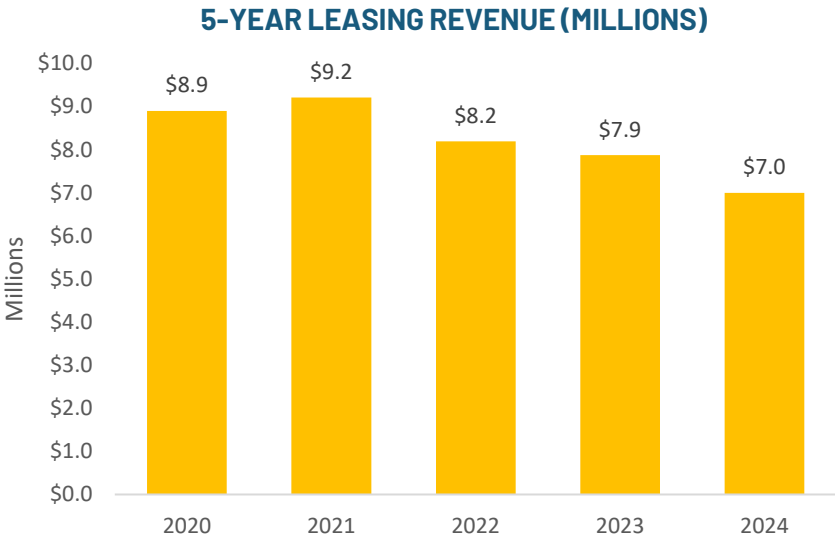


- The Company remains committed to maintaining a diversified portfolio with the intention of providing shareholders with balanced returns across various climatic scenarios.
- With wetter conditions persisting into early 2024, the Company's general security entitlements delivered above average returns, reinforcing the importance of portfolio diversification.
- Lease yields on high security water assets have exceeded spot yields on high security water assets over the last 3-4 years. This has resulted in the lease portfolio providing a significant hedge against persistent lower allocation prices.
- The Company actively monitors water markets for opportunities that complement its existing portfolio holdings.



Lease Portfolio

Demand for leases starting 1 July 2025 has continued to increase over the last 6 months as irrigators look to the years ahead.



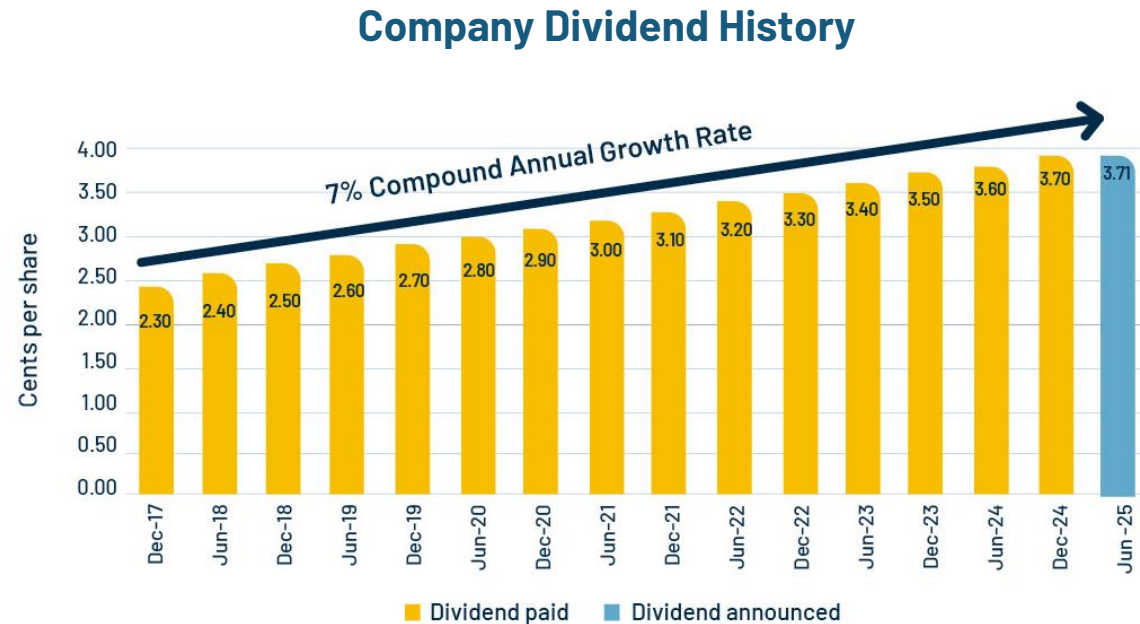
- The Company’s leasing revenue for FY2024 totaled **\$7.0 million** (FY2023: \$7.9 million), with **37%** of its portfolio locked into long-term leases at 31 December 2024 (31 December 2023: 60%).
- This revenue stream was a key driver of D20’s financial performance for the year, highlighting the strength of the Company’s long-term agreements and the resilience of its lessees.
- Throughout the year, the Company actively engaged with its customer base to renew or extend expiring lease agreements. While demand for long-term water leases was below average in the first half of 2024, interest in leases commencing on 1 July 2025 has increased over the last 6 months.
- Long-term water leases provide D20 with visibility to future revenue at the same time as providing enhanced water security to lessees.

Lease Portfolio	FY2024	FY2023	Difference	% Change
Lease revenue	\$7.0m	\$7.9m	-\$0.9	-11%
Leased %	37%	60%	-23%	-38%
Weighted Average Lease Expiry	2.8 yrs	3.1 yrs	-0.3 yrs	-10%



Dividends

Duxton Water paid two fully franked dividends during FY2024, totalling 7.3 cents per share.



- Duxton Water delivered on **both** of its dividend targets in FY2024.
- Shareholders received two fully franked dividends during the year, totalling **7.3 cents per share** (FY2023: 6.9 cents per share).
- Total dividends of **45 cents per share** have been paid to shareholders since November 2017.
- The Company is pleased to declare a fully franked Final 2024 dividend of **3.71 cents per share**. The Record Date for the upcoming dividend is **Tuesday, 8 April 2025**, with the Payment Date being **Thursday, 24 April 2025**.
- The Company is pleased to continue offering its Dividend Reinvestment Plan, allowing eligible shareholders to receive new shares in the Company at a **5%** discount to the 5-day VWAP prior to and including the Record Date.





Outlook

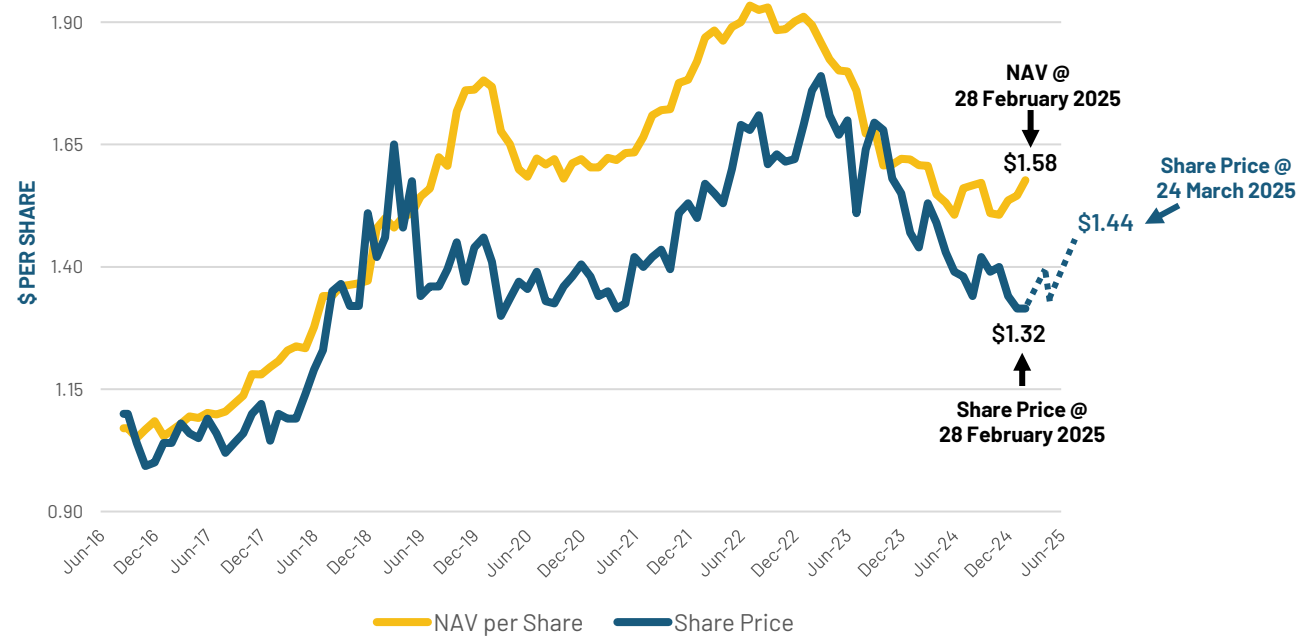


Trading Update (March 2025)

Duxton Water’s portfolio is well positioned for the upcoming water year.

- Delivered a portfolio post-tax NAV return of **4.7%** over the last three months(December 2024 – February 2025).
- This positive result can be attributed to recent acquisitions of water entitlements at below market value, and recent sales of entitlements at above market value. This was further supported by improving water entitlement and allocation prices.
- The Company recently announced the sale of approximately **\$121.3 million** of water entitlements to the Australian Government at above fair market value. See slide 22 for more information.
- Dry weather conditions persist across large areas of the southern Murray Darling Basin, leading to reduced daily river inflows and lower dam storage levels when compared to the previous 3-4 years.
- While allocation prices remain below their long-term averages, this recent tightening of supply has led to an improvement in yields on the Company’s high security water assets.

DUXTON WATER PERFORMANCE - SINCE INCEPTION



Portfolio Performance*	3 Months	6 Months	12 Months	Inception	Annualised
Total NAV Return (to 28 Feb-25)	4.7%	4.0%	4.6%	106.6%	9.0%

*These figures are based on NAV movements and include franked dividends for the period. Impacts from the recently announced \$121.3 million sale of water entitlements are not included in the table above.



Dam Storage Levels

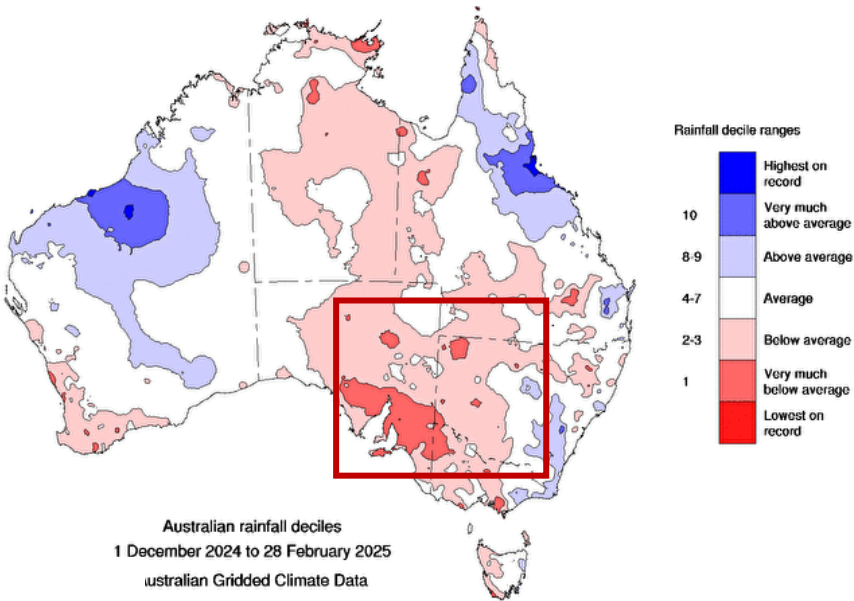
Australia’s major dam storages are significantly lower when compared the previous few years.

Major Dam Storages	Feb-2021	Feb-2022	Feb-2023	Feb-2024	Feb-2025
Dartmouth (Murray)	63%	93%	97%	97%	86%
Hume (Murray)	56%	98%	96%	78%	35%
Lake Eildon (Goulburn)	64%	84%	97%	96%	73%
Blowering (Murrumbidgee)	77%	96%	81%	67%	37%
Burrinjuck (Murrumbidgee)	71%	92%	82%	88%	50%
Menindee Lakes (Darling)	18%	98%	100%	55%	41%
Weighted Average	59%	93%	94%	84%	59%

Source: Dataset from Murray–Darling Basin Authority.

- Total major dam storages are at their lowest levels for the end of February since 2021. This demonstrates the significant shift seen in weather patterns over the last 12 months, following a very wet 36-month period.
- Lower dam storage levels typically result in less water allocations being awarded to water entitlements. This tends to constrain water annual water availability.

RAINFALL DECILE CHART (SUMMER 2024/2025)
DECEMBER 2024 – FEBRUARY 2025



Source: The Bureau of Meteorology

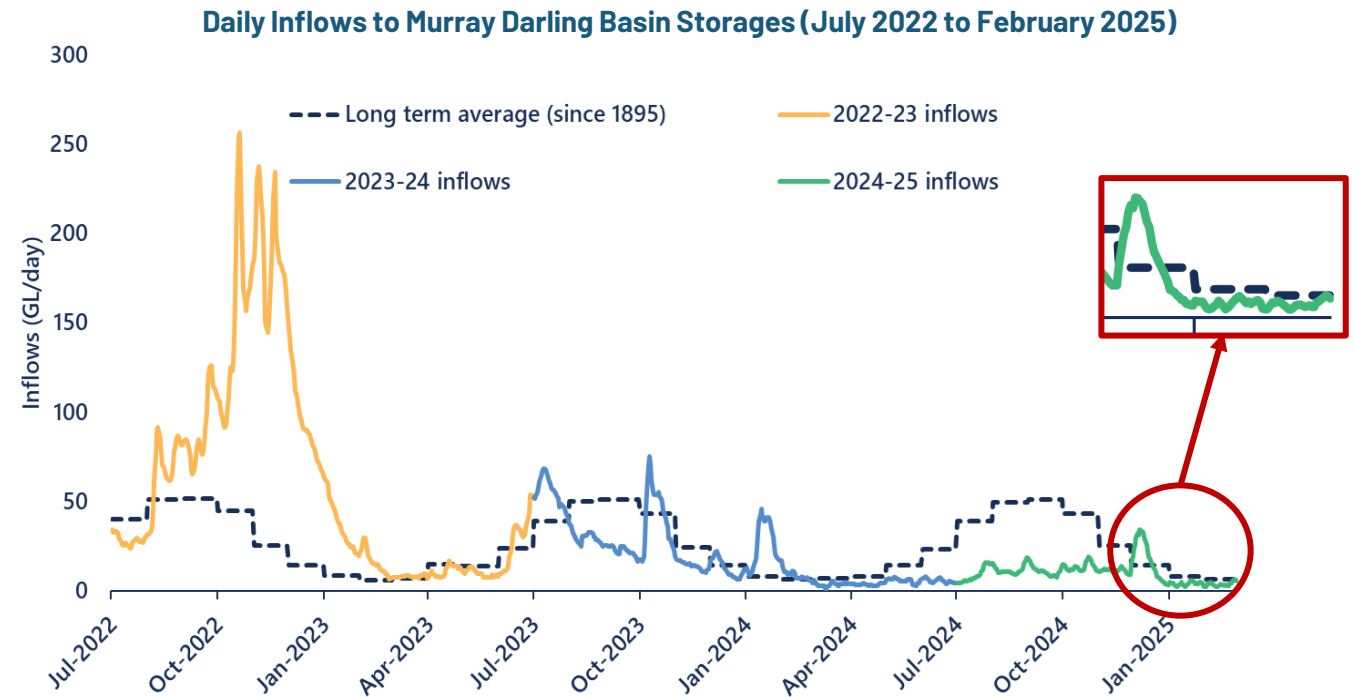
- Some parts of South Australia have experienced their driest year on record.



Dam Storage Inflows

Inflows to major dam storages since 1 July 2024 have tracked well-below their long-term averages.

- Inflows into major dam storages have remained well below average since mid-2024.
- This decline in dam storage levels has been driven by significantly drier conditions seen across the southern Murray-Darling Basin over the last 9-12 months.
- Inflows over the next 6 months will be crucial for dam storages heading into summer 2025/2026. This may influence spot prices for next season.
- **Chart interpretation:** the **yellow** line represents what inflows look like in an extremely wet year (2022/2023), the **blue** line represents an average year (2023/2024), and the **green** line represents a dry year (2024/2025). The dotted line represents the long-term average daily inflows to storages.



Source: Prepared by Ricardo (2025)



Allocation Market Update

Drier conditions and lower allocation determinations tend to increase spot and lease prices.



- Average allocation prices in the southern Murray-Darling Basin reached a peak of approximately **\$800/ML** in late 2019, following a period of prolonged dry conditions. Water allocation prices in several zones exceeded **\$1,000/ML**.
- Allocation prices have reduced significantly from their peaks in 2019 due to 3-4 wet years in a row. Current allocation prices are approximately **\$160/ML**.
- Historical data indicates a clear correlation between dry periods and elevated allocation prices, while wet periods have generally resulted in lower prices.
- While recent drier conditions have contributed to upwards pressure on allocation and lease prices, they remain below their long-term averages.
- Limited inflows to dam storages over winter may continue to strain water availability. This may influence water allocation prices for next season (2025/2026).
- Allocation prices trend to reflect increased sensitivity to weather patterns and water availability, reinforcing the strategic importance of portfolio diversification and water security.

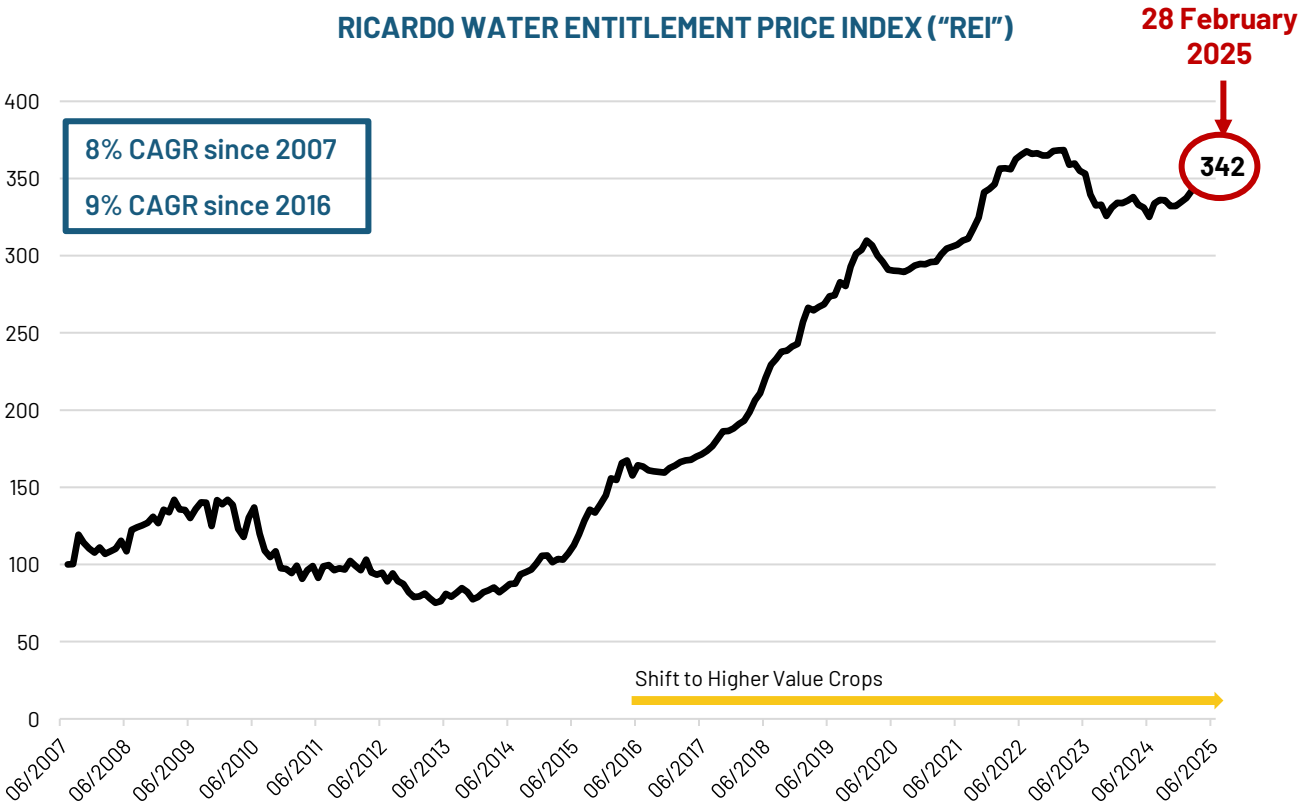
1. Average of allocation prices across all major southern Murray-Darling Basin zones (Upper Murray, Lower Murray, Goulburn, & Murrumbidgee).



Water Entitlement Market Update

Water is a defensive asset class with a proven track record of strong performance over the last 10-15 years.

- Water as an asset class has continued to generate strong capital returns over the last 10-15 years, increasing by an average of **8% p.a.** since 2007, and **9% p.a.** since 2016.
- Transactional activity for water entitlements has increased over the last 3-4 months as government buybacks take place, and weather patterns remain drier than usual.
- The Ricardo Entitlement Index has increased by **2.2%** over the last three months (December 2024 – February 2025). This contrasts with the trend observed 18 months prior to this, during which the prices of many high security water entitlements declined.

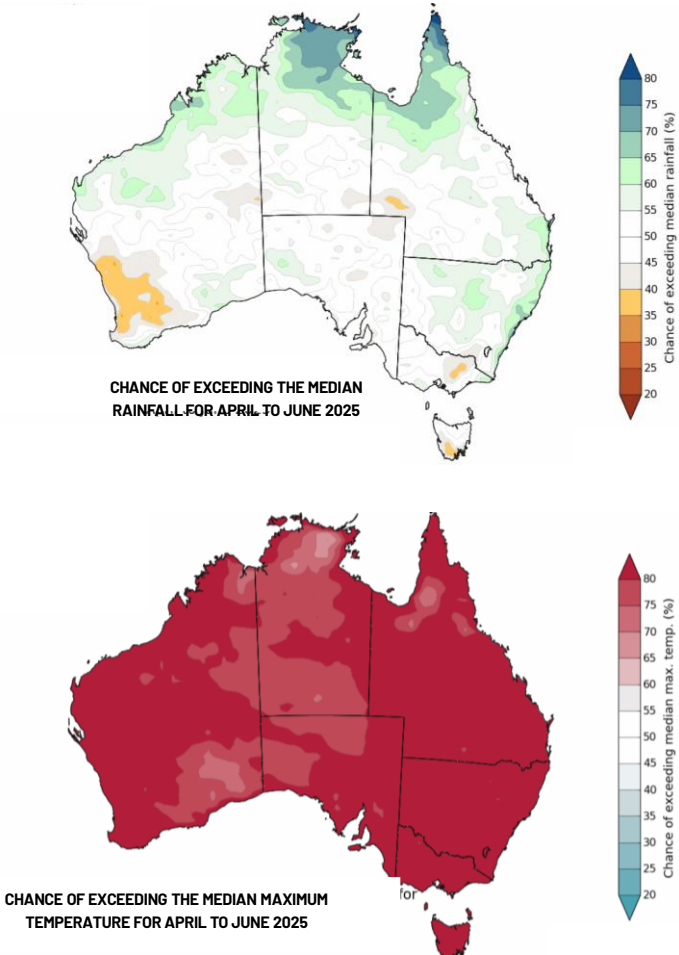


Source: Dataset from (Ricardo). Prepared by Duxton Capital.



Weather Outlook

Duxton Water will continue to work with irrigators to provide water security and flexibility throughout the climate cycle.



- The Bureau of Meteorology’s rainfall forecast for April 2025 to June 2025 suggests that rainfall is expected to be within the typical range for the period across most of eastern, central, and southern Australia.
- Rainfall over most of the Murray Darling Basin is expected to be average for the next three months.¹
- The outlook also indicates a high likelihood of above-average maximum temperatures throughout Australia from April 2025 to June 2025.¹
- The El Niño-Southern Oscillation (“ENSO”) remains neutral. The Bureau of Meteorology’s model predicts neutral ENSO (neither El Niño nor La Niña) until at least August 2025. This is consistent with all surveyed international models.
- The Indian Ocean Dipole (“IOD”) is also neutral. The IOD typically has little association with the Australian climate from December to April each year.²

1. Source - Bureau of Meteorology Maps - climate outlook issued 20 March 2025.
2. Source - Bureau of Meteorology - Southern Hemisphere monitoring issued 18 March 2025.



Sale of water entitlements to the Australian Government

On 6th March 2025, the Company announced it had executed an agreement to sell \$121.3 million of water entitlements at a premium to fair market value.

- **\$121.3 million sale** – D20 has agreed to sell 30,614 megalitres of water entitlements to the Australian Government to support environmental river flows.
- **Premium to NAV** – the sale was executed at a premium to fair market value and will be reflected in the Company's March 2025 Monthly Update (released prior to 15 April 2025).
- **Strategic alignment and rebalancing** – the transaction supports the Federal Government's 'Restoring Our Rivers Act' to recover 450GL of water and improve environmental outcomes in the Murray-Darling Basin, while allowing D20 to strategically rebalance its portfolio.
- **Enhanced balance sheet flexibility** – proceeds are expected to be used to settle approximately \$19 million of recently contracted entitlement acquisitions, and to reduce drawn debt facilities.
- **Portfolio impact** – Sale includes 3,010 ML of High Security (NSW), 13,114 ML of High Reliability (Victoria), and 14,491 ML of General Security (NSW) water entitlements.

Further information can be found in the Company's recent [announcement](#).



Thank You

We have great confidence in the future of our business.

We would like to reaffirm our commitment to continue optimising our portfolio, strengthening relationships with customers, and delivering long-term value to our stakeholders as we look ahead to 2025.

We would like to thank our shareholders for their ongoing investment in our business. In addition, we extend our gratitude to our customers, lessees, and service providers for their support in 2024.

We look forward to discussing our results at our Annual General Meeting later this year.

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