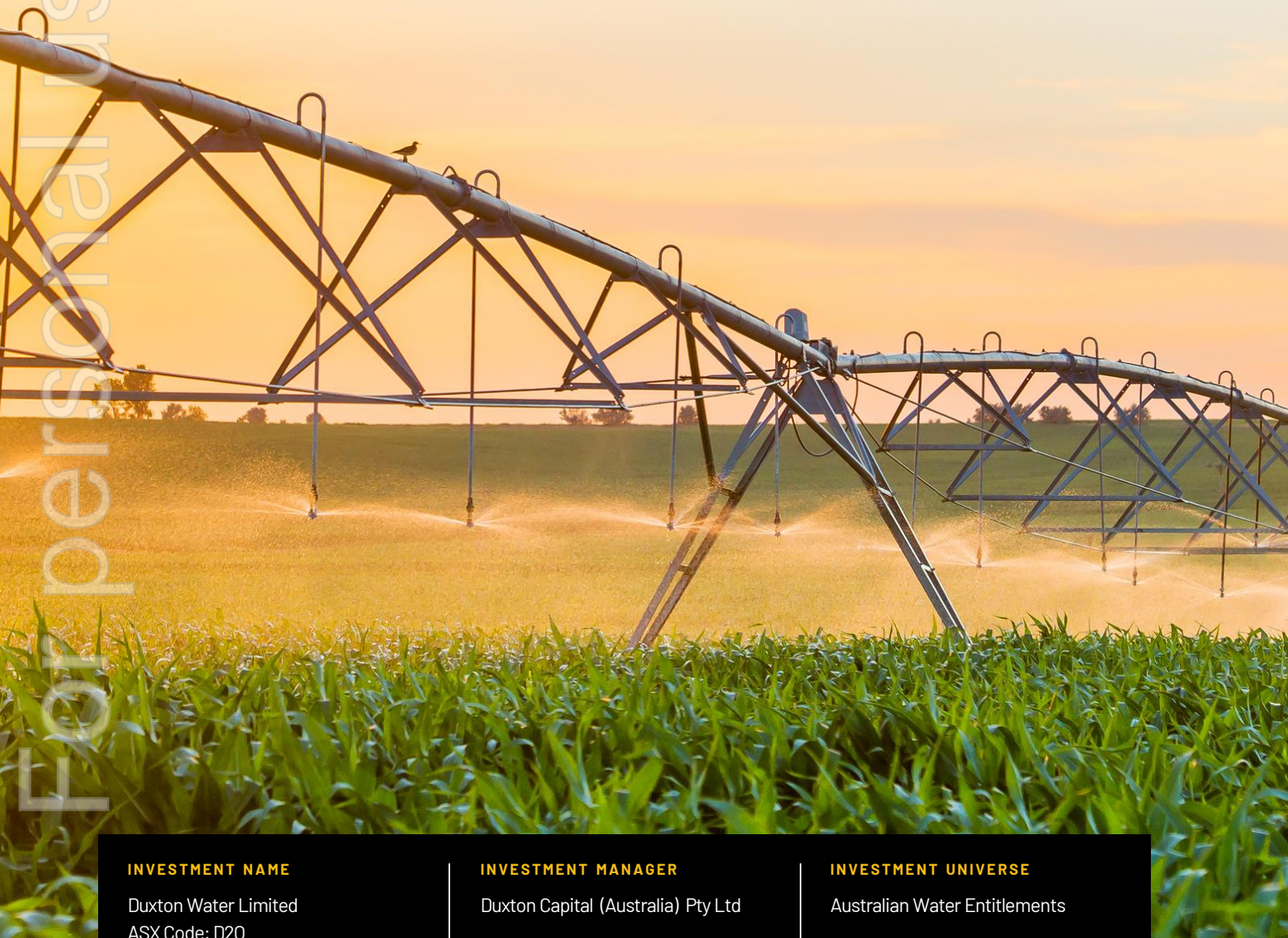


# Monthly Update



NOVEMBER 2024

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**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)**

\$1.51 per share

**WATER PORTFOLIO VALUE**

\$366 million

**SHARES ON ISSUE:** 156,513,151

**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.



### Portfolio Managers’ Update

On 1 July 2024, we commenced the new water year with a well-positioned portfolio, providing flexibility in managing our lease and forward delivery obligations. Additionally, our unleased allocation portfolio is strategically aligned for this time of year as we approach the peak irrigation season.

Weather conditions have remained variable across the country. Large parts of south-eastern Australia have been drier than expected over the last 3-4 months, resulting in a significant reduction to major dam storage levels compared to previous years.

Dam storages are an important indicator of available water supply and, therefore, a key driver of water allocation prices. As of 30 November 2024, the weighted average storage levels of the major southern Murray Darling Basin (“sMDB”) dam stood at 73%. This marks the lowest storage levels for the end of November since 2020.

Following a relatively dry winter and spring, some key irrigation regions experienced significant rainfall in late November and early December. While these conditions caused operational disruptions and challenges for farmers, they also led to a short-term drop in water allocation prices. By mid-December, however, allocation prices had rebounded.

In the water entitlement markets, the value of sMDB entitlements has remained stable overall. High-security entitlements have generally held their value compared to the previous month, while some low-reliability entitlements have seen price increases. These entitlements continue to attract interest, particularly for their carry-over opportunities.

In terms of water policy, the Government has reiterated its intention to accept tender offers in late 2024 and early 2025. The Government aims to buy up to 70 GL of water entitlements in the interconnected southern Basin. This will form part of the recovery of 450 GL of environmental water that is legislated to be completed by 31 December 2027.

Two additional Expressions of Interest (“EOIs”) for buybacks closed on 27 November 2024. The Government has indicated it will review these EOIs in 2025, after which it plans to provide clarity to the market on the scope of future water purchases. At this stage, no specific targets for the next round of buyback programs have been announced.

As we move into summer, irrigation demand typically increases. Duxton Water remains focused on ensuring smooth operations, with a primary emphasis on fulfilling lease and forward delivery commitments. This provides irrigators with reliable access to water when needed.

Looking ahead, the Company is well-positioned for the upcoming irrigation season and is pursuing new leasing opportunities as it transitions into 2025.



**Lachlan Campbell**  
Portfolio Manager



**Lachlan Beech**  
Portfolio Manager

### COMPANY PERFORMANCE\*

1 Month	3 Months	6 Months	12 Months	Inception
-0.22%	-0.48%	1.81%	0.07%	99.97%

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



### Water Lease & Forward Update

At 30 November 2024, Duxton Water had 40% of its permanent water portfolio (by value) leased to Australian farming businesses. The Company's WALE is currently 2.8 years, or 4.4 years, including renewal options.

Demand for lease contracts increased throughout November, with the Company receiving several inquiries for 5-year leases. While there remains a slight disparity between pricing expectations of lessees and lessors, the spread has narrowed as summer approaches.

The Company has several lease negotiations nearing completion with counterparties and contract terms that align with Duxton Water's strategic objectives. This includes the diversification of entitlement zones and lessee commodity exposure. The Company will continue to pursue lease arrangements commencing from 1 July 2025.

**Duxton Water offers a 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 of Australian irrigators having a well-defined water strategy.**



Irrigated Cotton Field in NSW

### QUICK FACTS SUMMARY

	October 2024	November 2024
Water Entitlements	88.3GL	88.3GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	40%	40%
Weighted Average Lease Expiry (WALE)	2.9 years	2.8 years
WALE (incl. renewal options)	4.5 years	4.4 years

### Entitlement Market Update

At 30 November 2024, Duxton Water held 88.3GL of water entitlements across 19 different types and classes. There were no changes in portfolio composition during the month.

The entitlement market in the sMDB had a relatively quiet month, with very few transactions taking place. As a result, entitlement values remained largely unchanged. However, several low-reliability entitlements saw some price increases, likely reflecting growing interest in carry-over opportunities.

### Allocation Market Update

Allocation prices softened slightly towards the end of November, influenced by rainfall events across several key irrigation areas. This contrasted with the dry conditions that have been seen across south-eastern Australia over the last 3-4 months.

At the end of November, spot water prices ranged between \$130-\$135/ML in the lower Murray, \$115-\$120/ML in the upper Murray, \$130-\$135/ML in the Murrumbidgee, and \$95-\$100/ML in the Goulburn.

#### Allocations to entitlements (as of 2 December 2024):

Entitlement Region	High Security	General Security
NSW Murray	97%	47%
VIC Murray	100%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	34%
Goulburn	100%	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.*





### Finance Update

At 30 November 2024, Duxton Water's post-tax NAV closed at \$1.51 per share, remaining unchanged from the previous month.

The Company's pre-tax NAV, excluding tax provisions, closed at \$1.61 per share. Similarly, this figure is also unchanged from the previous month.

The steady trend in both post and pre-tax NAV reflects no changes in portfolio composition, as well as no major fluctuations in entitlement values compared to the end of October 2024.

At 30 November 2024, the Company's net debt to water assets ratio ("LVR") was 31%. This continues to be well below the Company's maximum LVR covenant of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.51 per Share	\$1.61 per Share

### Bonus Options

As of 30 November 2024, a total of 38,165,498 options were listed on the ASX under the ticker code D200A. These options are exercisable at a strike price of \$1.92 and have an expiry date of 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.

### Dividends

The Company's most recent dividend of 3.7 cents per share fully franked was paid to shareholders on 25 October 2024. This dividend was in line with the previously stated dividend target and was fully franked (30% tax rate) for Australian tax purposes.

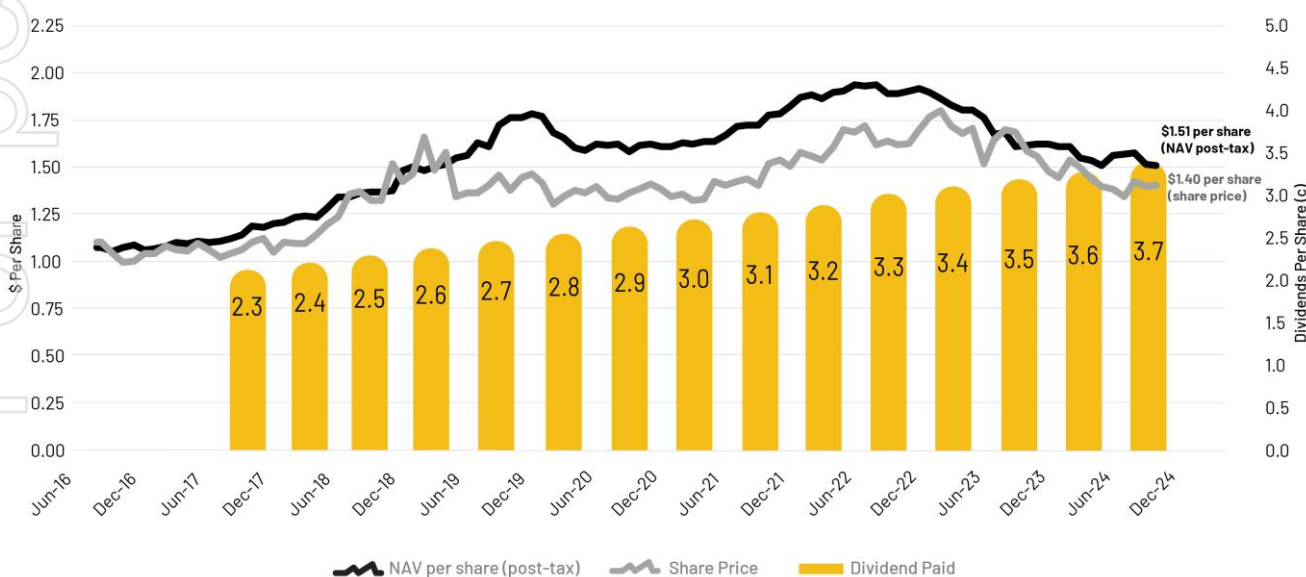
This dividend represented the Company's 15<sup>th</sup> consecutive dividend paid since November 2017. Including this latest dividend, Duxton Water has now paid a total of 45 cents per share in dividends since its inception in September 2016.

### On-Market Share Buyback

Duxton Water has an on-market share buyback program in place, allowing the Company to buyback shares from the market. Share buybacks may be done 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 interests of all shareholders.

The Company has bought back a total of 626,000 shares at an average price of \$1.35 per share between 27 June 2024 and 30 November 2024.

### HISTORICAL PERFORMANCE - SINCE INCEPTION



### VALUATION METHODOLOGY

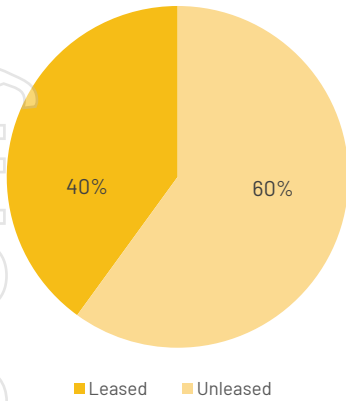
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Ricardo to undertake the NAV assessment. Ricardo acquired Aither Pty Ltd in 2024 and has subsequently changed name from Aither to Ricardo. Ricardo's definition of fair market value is consistent with the 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)

# Monthly Update

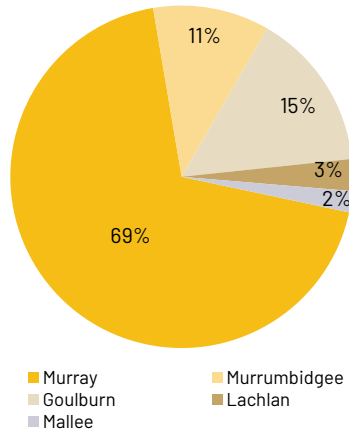
NOVEMBER 2024



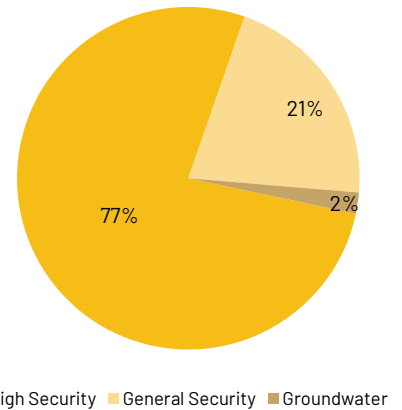
## WATER PORTFOLIO DIVERSIFICATION



## ENTITLEMENT VALUE BY REGION



## WATER SECURITY BREAKDOWN



## Weather Update

In November 2024, national rainfall was 61% above the long-term average. Most of Australia experienced average to wetter conditions, except for Tasmania, parts of Victoria, and northern Queensland. This increase in rainfall mainly occurred towards the end of the month, contrasting with what has been a relatively dry spring across eastern Australia.

In the MDB, November rainfall was 60% above the long-term average. Wet conditions were reported across most of the Basin, especially in the lower Murray region of the sMDB. The Dartmouth Reservoir, which is the largest storage in the sMDB, received 70.8 mm of rainfall in just one day, marking the highest daily rainfall recorded for November in 107 years.

The national average temperature in November was 1.83°C above the long-term average, the fifth warmest November since 1910. Both maximum and minimum temperatures were above the long-term average.<sup>1</sup>

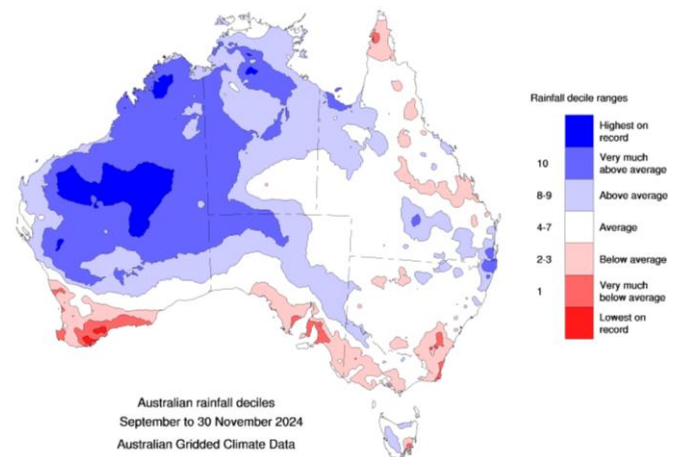
The El Niño–Southern Oscillation (“ENSO”) is currently neutral, with some recent oceanic indices showing weak La Niña characteristics. The Indian Ocean Dipole (“IOD”) has firmed back to neutral, after trending towards negative thresholds for several weeks leading up to the beginning of December.

As of 7 December 2024, the Southern Annular Mode (“SAM”) is negative, having been positive for most of November. It is forecast to return to neutral by mid-December. A negative SAM typically increases rainfall and can bring lower temperatures over parts of central and southern Australia.

As of 7 December 2024, the Madden–Julian Oscillation (“MJO”) is slowly moving across the Maritime Continent. Most models forecast a weakening of the MJO. There is also an increased risk of further tropical cyclones as the MJO passes close to Australia in the coming fortnight.

## RAINFALL DECILE CHART (SPRING)

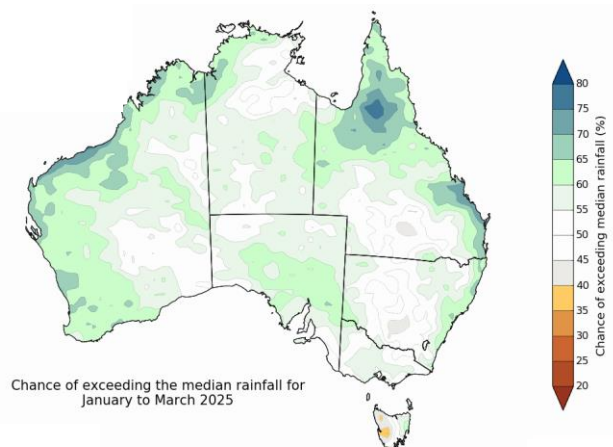
SEPTEMBER 2024 – NOVEMBER 2024



Source: Bureau of Meteorology

## CHANCE OF ABOVE-AVERAGE RAINFALL

JANUARY 2025 – MARCH 2025



Source: Bureau of Meteorology – 5 December 2024

1. Bureau of Meteorology, Australia in November 2024 – 2 December 2024  
 2. Bureau of Meteorology, Southern Hemisphere monitoring – 10 December 2024



### Outlook & Storages

The weather forecast for January to March 2025 indicates above-average rainfall along sections of Australia’s western, northern, and eastern coasts. Meanwhile, most other regions are expected to experience rainfall within the typical seasonal range. Both minimum and maximum temperatures are forecast to be warmer than average during this period.<sup>1</sup>

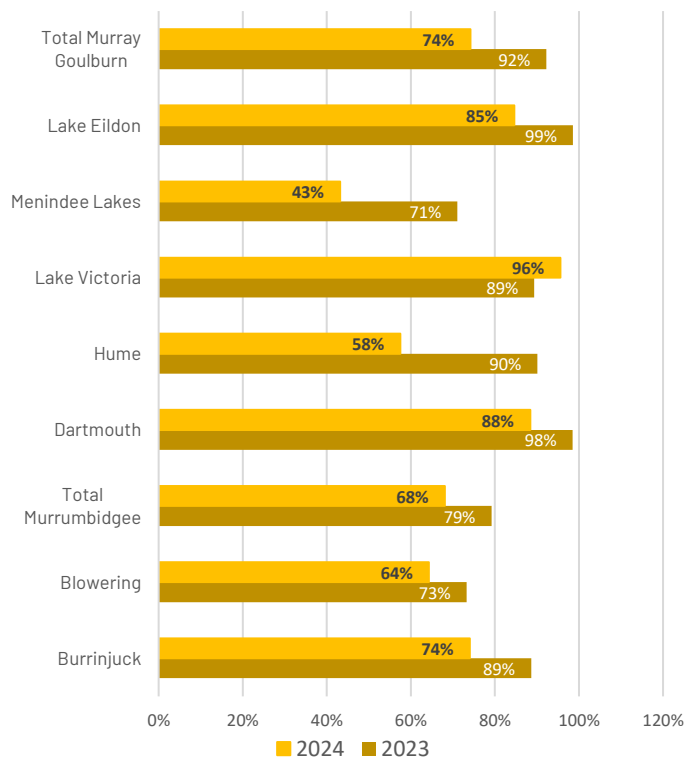
The Bureau’s model predicts that ENSO conditions will likely remain neutral through April 2025, aligning with the forecasts of 4 out of 6 international climate models reviewed.

Similarly, climate models project that the IOD index is expected to remain neutral through April 2025. This is consistent with 5 out of 6 international climate models surveyed.<sup>2</sup>

In November, river inflows into the Murray system remained below the long-term average. However, in the early days of December, inflows exceeded the long-term average due to rainfall events. For the remainder of the year, low to near-median streamflow is expected.

MDB storage levels were at 73% at the end of November 2024, down from 88% at the same time last year. At the end of November, storage levels in the northern and southern basins were at 70% and 73%, respectively. In comparison, at this time last year, the northern basin was at 80%, while the southern basin was at 91%.

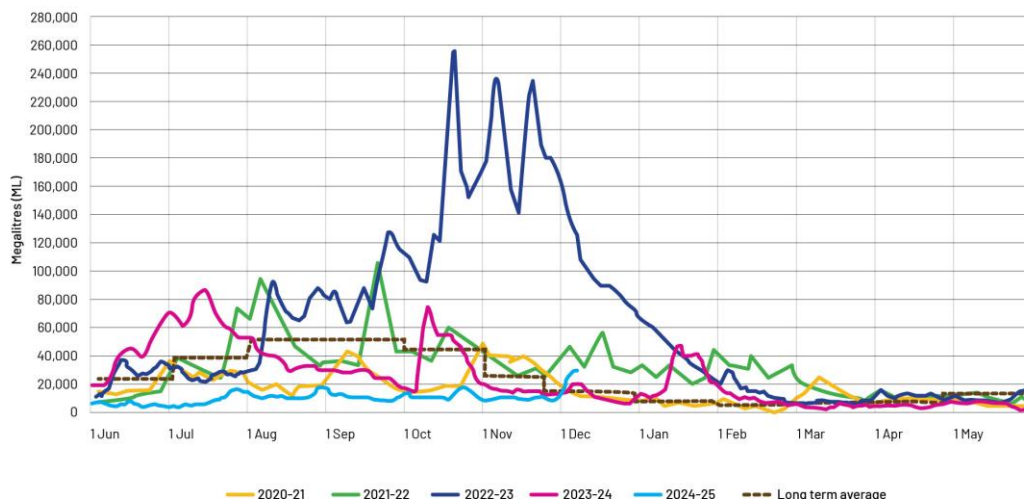
### STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology, Long-range forecast overview – 5 December 2024  
 2. Bureau of Meteorology, Southern Hemisphere monitoring – 10 December 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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