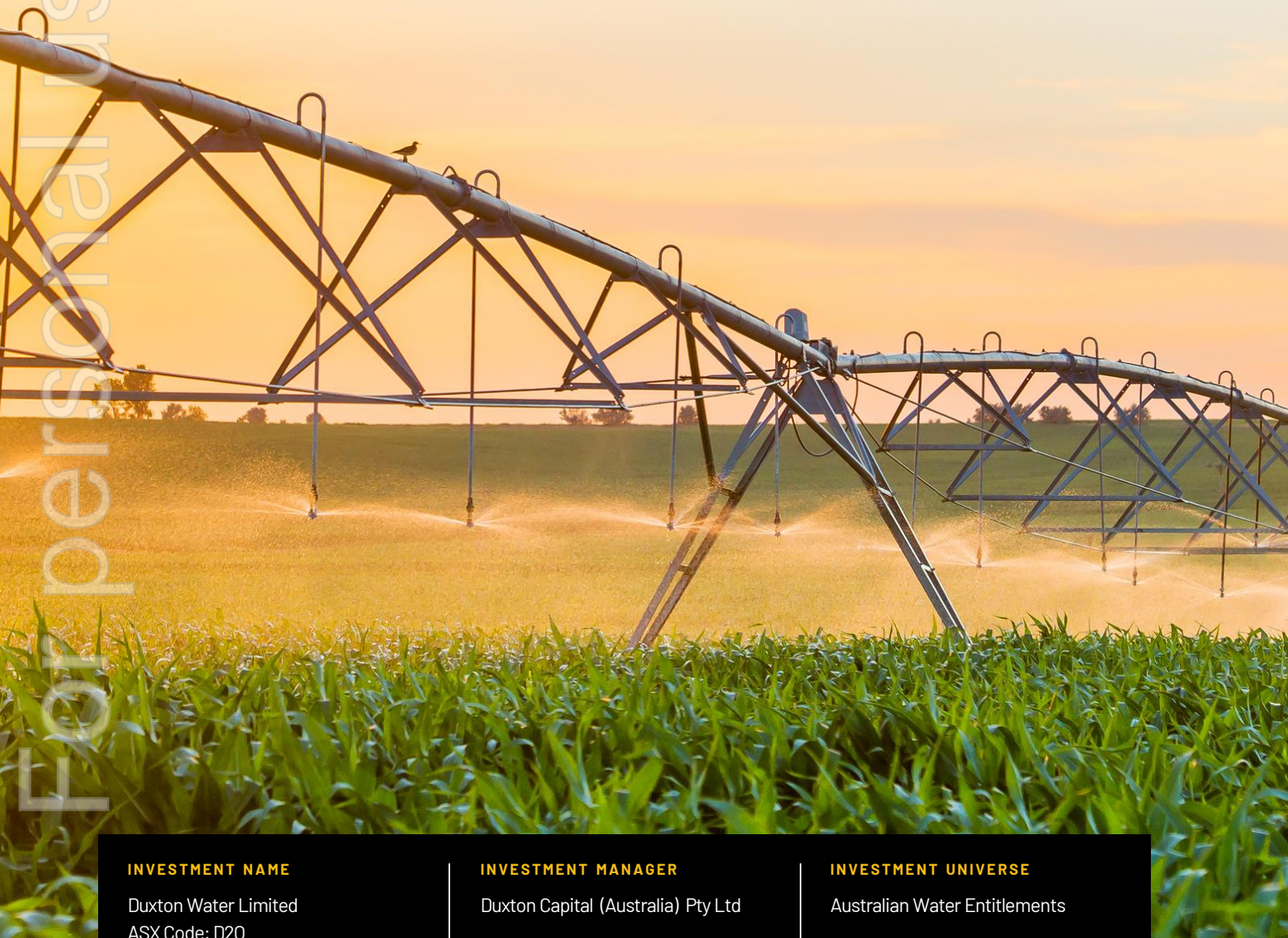


# Monthly Update



DECEMBER 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)**

\$1.54 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.



### Portfolio Managers’ Update

Duxton Water is pleased to report that the total value of its portfolio increased by \$26 million in December 2024. This growth was driven by improved entitlement values, rising water allocation prices, and recently contracted acquisitions. All these factors contributed to a 3-cent increase in the Company’s Net Asset Value per share during the month.

Consequently, these contracted acquisitions have increased the total permanent portfolio volume to 91.5 GL, marking the Company’s largest portfolio holding by volume since inception.

Water entitlement values remained relatively stable in December 2024, however several entitlements experienced valuation uplifts. This led to a ~1% increase in the overall southern Murray Darling Basin (“sMDB”) market value. Notably, general security entitlements have maintained their valuations despite lower allocation percentages. This is likely due to the carry-over opportunities these licences provide, making them attractive to irrigators seeking flexibility.

In the allocation market, there has been a surge in demand for temporary water, along with a rise in prices compared to November. The beginning of summer usually signals the start of the peak irrigation season, prompting irrigators to enter the market to improve their allocation holdings.

Allocation prices across most zones increased by approximately 10% to 15% over the past month. The largest increase in allocation prices was observed in the Murrumbidgee region, with prices increasing by approximately 80% during December (from \$130/ML to \$235/ML).

The Murrumbidgee continues to trade at a significant premium compared to other zones, where prices remain between \$100-\$150/ML.

Weather conditions in December were dry and hot in many areas of the sMDB. After a relatively wet November, December saw below average rainfall for many regions, particularly in the lower Murray area. Overall, 2024 was considerably drier than previous years for the sMDB.

Storage levels in the sMDB are currently at 70%, 3% lower when compared to last month. This marks the lowest level recorded for December since 2020. Reduced rainfall and increased water demand are the primary reasons for net outflows from the system. While river inflows peaked in early December, inflows returned to below average by the end of the month. Reduced inflows have resulted in general security entitlements receiving lower water allocations year to date.

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



**Lachlan Campbell**  
Portfolio Manager



**Lachlan Beech**  
Portfolio Manager

### COMPANY PERFORMANCE\*

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.



## Water Lease & Forward Update

At 31 December 2024, Duxton Water had 37% 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.

Compared to November 2024, the Company's lease percentage decreased by 3%. This reduction is due to the recognition of recently contracted acquisitions. This has resulted in a lower proportion of the leased portfolio relative to total holdings.

In December, the Company continued to deliver on its lease and forward obligations. The peak irrigation season is well underway, and Duxton Water is working with irrigators to support summer operations.

As is typical for this time of year, the lease market generally slows down. However, as summer progresses, transaction levels tend to increase. This occurs when irrigators begin to consider water needs for the upcoming year. The Company is in the process of negotiating a range of new lease and forward contracts for next season.

**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

### 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.*



## QUICK FACTS SUMMARY

	November 2024	December 2024
Water Entitlements	88.3GL	91.5GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	40%	37%
Weighted Average Lease Expiry (WALE)	2.8 years	2.8 years
WALE (incl. renewal options)	4.4 years	4.4 years

## Entitlement Market Update

At 31 December 2024, Duxton Water held 91.5 GL of water entitlements across 19 different types and classes. Recently contracted acquisitions will add further diversification and scale to the existing portfolio.

In December 2024, aggregate entitlement values in the sMDB increased by ~1%. Most entitlement values remained steady or even slightly improved when compared to November 2024. Trading activity was primarily concentrated in NSW regions.

## Allocation Market Update

Allocation prices increased during December 2024 due to warm and dry conditions affecting most sMDB catchments. Notably, prices saw a significant increase in the Murrumbidgee. Demand pressures and restrictions on inter-valley trading from the Murray to the Murrumbidgee led to price disparities between these two zones.

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.

### Allocations to entitlements (as of 15 January 2025):

Entitlement Region	High Security	General Security
NSW Murray	97%	53%
VIC Murray	100%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	34%
Goulburn	100%	0%



### Finance Update

At 31 December 2024, Duxton Water's post-tax NAV closed at \$1.54 per share, increasing by 3 cents during the month.

The Company's pre-tax NAV, excluding tax provisions, closed at \$1.65 per share, increasing by 4 cents during the month.

The increase in both pre-tax and post-tax NAV is attributed to an overall improvement in the portfolio, which is driven by a rise in both entitlement and allocation values. Additionally, this uplift is influenced by recent acquisitions of entitlements at attractive prices.

At 31 December 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)
\$1.54 per Share	\$1.65 per Share

### Bonus Options

As of 31 December 2024, a total of 38,165,498 options were listed on the ASX under the ticker code D200A. These options have 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

Duxton Water paid fully franked dividends totalling 7.3 cents per share in 2024. The Company's most recent dividend of 3.7 cents per share was paid to shareholders on 25 October 2024. This marked the Company's 15th consecutive dividend paid to shareholders.

Earlier in the year, the Company paid a dividend of 3.6 cents per share on 26 April 2024. Both dividends were consistent with the previously stated targets and were fully franked for Australian tax purposes at a 30% tax rate.

Since its inception in September 2016, Duxton Water has paid a total of 45 cents per share in dividends.

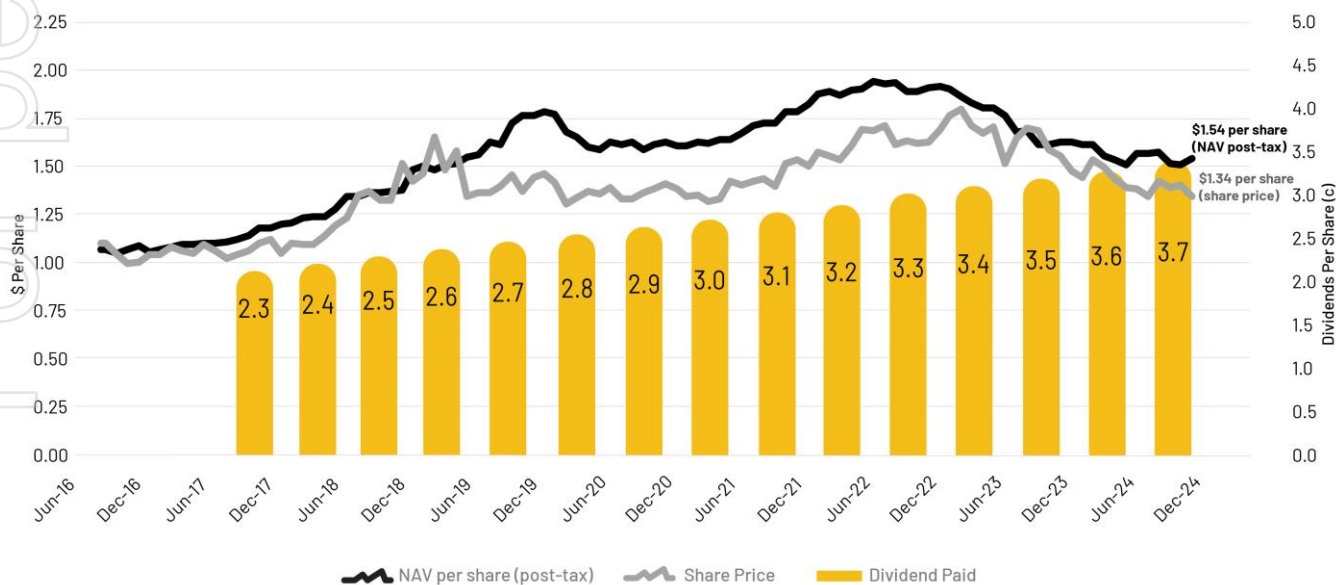
### On-Market Share Buyback

Duxton Water has an on-market share buyback program in place, allowing the Company to buy back 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 736,000 shares at an average price of \$1.35 per share between 27 June 2024 and 31 December 2024.

### HISTORICAL PERFORMANCE - SINCE INCEPTION



### VALUATION METHODOLOGY

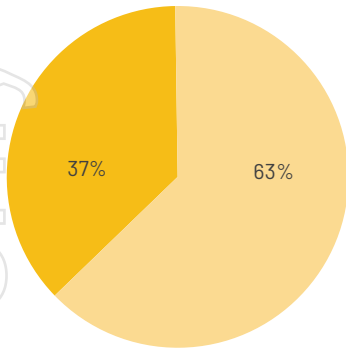
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Ricardo to undertake the NAV assessment. Ricardo acquired Aither Pty Ltd in 2024 and has subsequently changed name from Aither to Ricardo. Ricardo's definition of fair market value is consistent with the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

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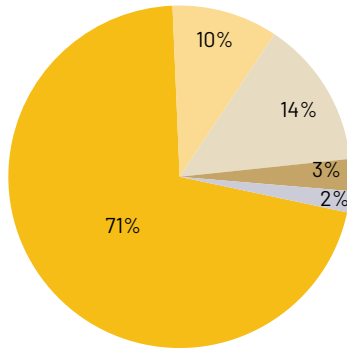


### WATER PORTFOLIO DIVERSIFICATION



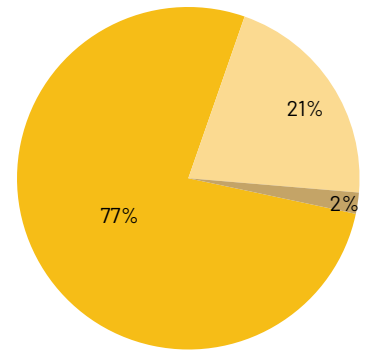
■ Leased ■ Unleased

### ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee  
■ Lachlan ■ Goulburn ■ Mallee

### WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

## Weather Update

In December 2024, national rainfall was 36% above the long-term average. This increase in rainfall was primarily observed in Western Australia, Tasmania, and northern Queensland and the Northern Territory. In contrast, South Australia, as well as certain areas of New South Wales and eastern Victoria, experienced drier than average conditions. The remainder of Australia saw typical conditions for that month.

Rainfall in the Murray-Darling Basin (“MDB”) was 5% above average, although this varied by region. Most of the sMDB experienced average to below-average rainfall, particularly in the lower Murray region of South Australia. However, several catchments, such as the Goulburn and Lachlan, recorded above-average rainfall.

The national average temperature in December was 1.88°C above the long-term average. This was the third warmest December on record. Both maximum and minimum temperatures were above the long-term average.<sup>1</sup>

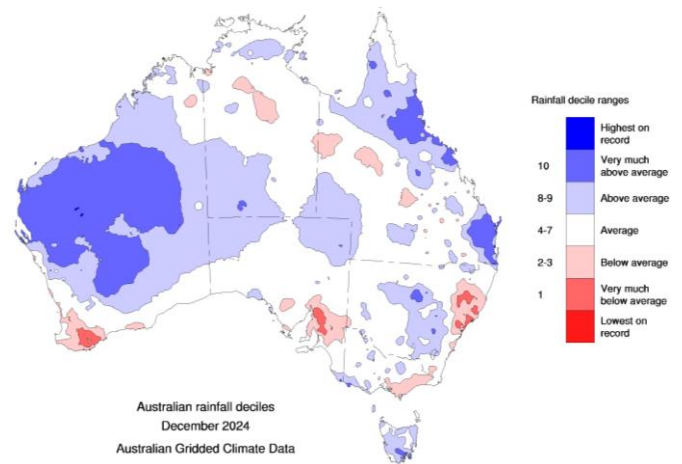
The Bureau of Meteorology (“BOM”) indicates that recent ocean and atmosphere indicators are typically consistent with La Niña conditions. However, the El Niño–Southern Oscillation (“ENSO”) remains neutral. La Niña generally has less influence on temperature and rainfall patterns over Australia during summer compared to winter and spring.<sup>2</sup>

As of 8 January 2025, the Southern Annular Mode (“SAM”) is neutral, having been negative for most of December 2024. A negative SAM during summer typically decreases rainfall over eastern Australia but may enhance rainfall in the west of Tasmania.

As of 4 January 2025, the Madden-Julian Oscillation (“MJO”) has weakened in the Western Pacific and is expected to have minimal impact on northern Australian rainfall. It may trigger a late monsoon onset in Darwin if it shifts eastward, but it will likely have little impact on southern and eastern parts of Australia.

## RAINFALL DECILE CHART (SUMMER)

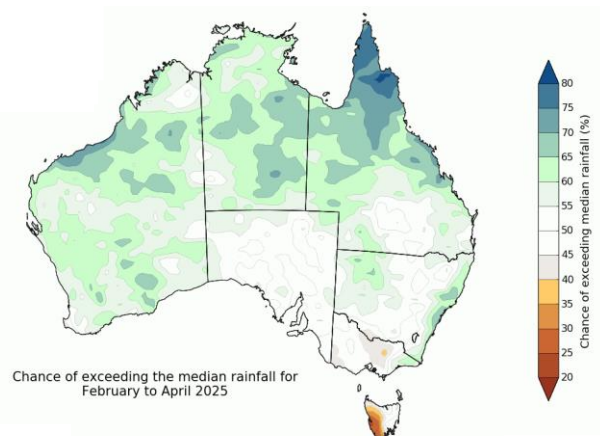
DECEMBER 2024



Source: Bureau of Meteorology

## CHANCE OF ABOVE-AVERAGE RAINFALL

FEBRUARY 2025 – APRIL 2025



Source: Bureau of Meteorology – 9 January 2025

1. Bureau of Meteorology. Australia in December 2024 – 6 January 2025  
2. Bureau of Meteorology. Southern Hemisphere monitoring – 8 January 2025



### Outlook & Storages

The weather forecast for February to April 2025 suggests above-average rainfall for northern and western parts of Australia, as well as coastal regions of New South Wales and Victoria. In contrast, parts of Tasmania are expected to experience below-average rainfall, while the rest of Australia will likely receive typical rainfall for this season.

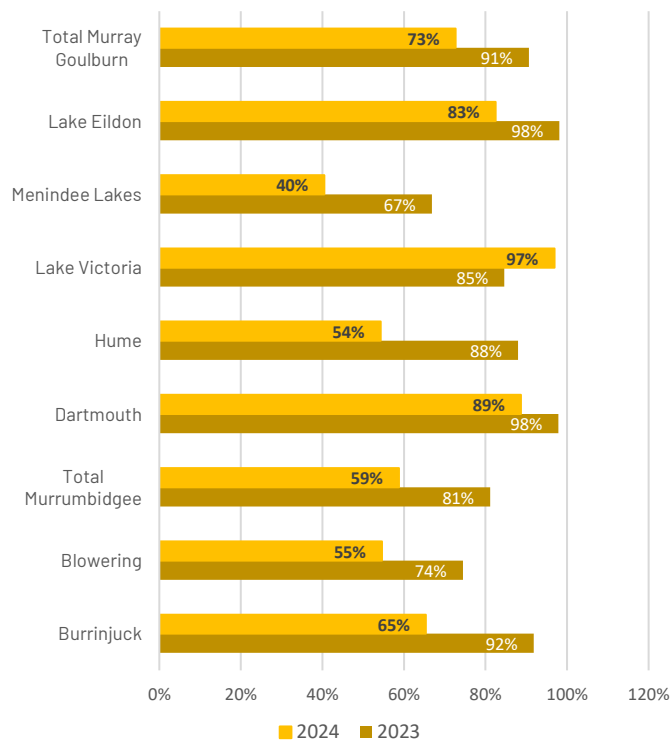
Warmer than average temperatures continue to be forecasted for most of Australia, except for areas in Western Australia and the Northern Territory.<sup>1</sup>

The BOM has discontinued its ENSO outlook report. Therefore, forecasts are no longer available. However, in the latest edition of the Southern Hemisphere monitoring report, the BOM indicates that most international climate models suggest that if La Niña develops during summer, it will likely return to neutral conditions by March 2025.<sup>2</sup>

In December, river inflows peaked early in the month, following six months of below average inflows. By late December and early January, inflows dropped back below historical levels. Low to median inflows are forecasted for the remainder of January to March 2025.

MDB storage levels were at 71% at the end of December 2024, down from 86% at the same time last year. At the end of December, storage levels in the northern and southern basins were at 69% and 70%, respectively. In comparison, at this time last year, the northern basin was at 75%, while the southern basin was at 88%.<sup>3</sup>

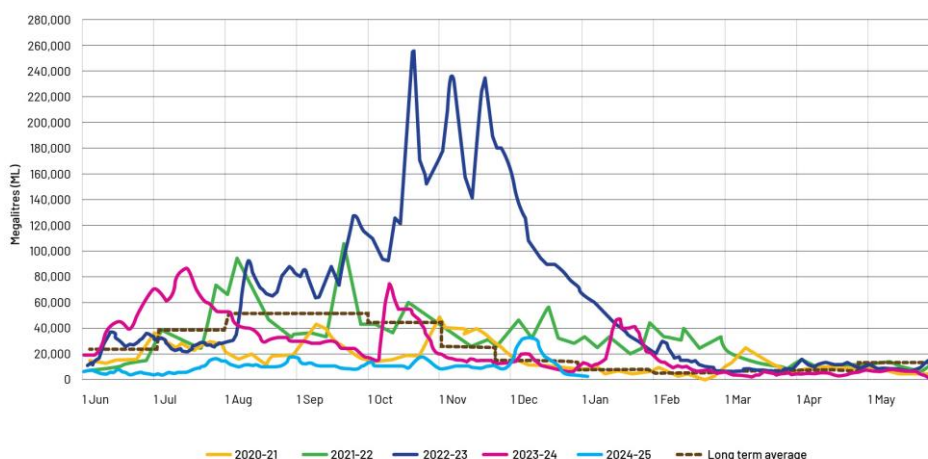
### STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology, Long-range forecast overview - 9 January 2025  
 2. Bureau of Meteorology, Southern Hemisphere monitoring - 8 January 2025  
 3. Murray Darling Basin Authority, Basin water in storage report - 1 January 2025

### 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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