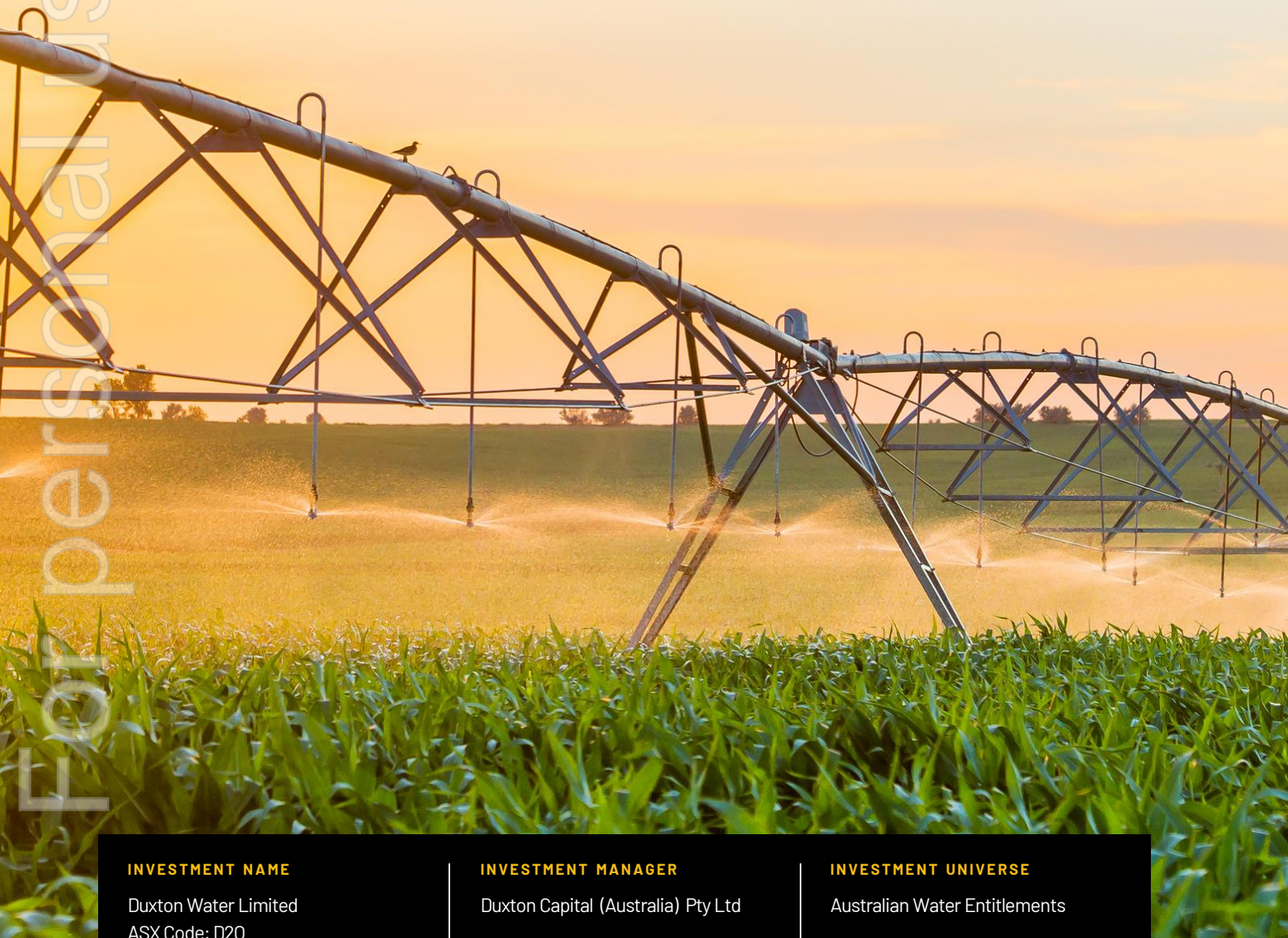


Monthly Update



JANUARY 2025

For personal use only



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)

\$1.55 per share

WATER PORTFOLIO VALUE

\$393 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

In January 2025, entitlement values maintained a positive trend. Compared to December 2024, the total value of entitlements in the southern Murray-Darling Basin (“sMDB”) has increased on average by 1%. Over the past six months, these values have risen by approximately 4%, signalling a strengthening demand for water entitlements. Additionally, over the past 2-3 months, we have observed a lower supply of water entitlements available for sale on the market.

Valuation uplifts have been most notable in lower Murray water entitlements, while other key entitlements across the Basin have remained stable. Increased entitlement values have positively impacted the Company’s portfolio and net asset value.

The start of 2025 has been particularly dry, contrasting with the exceptionally wet beginning of the prior year. Many areas of the sMDB have experienced rainfall well below historical averages over January.

With this period marking the peak irrigation season and heightened demand from annual and permanent crops, water allocation prices are facing upward pressure. Allocation prices have risen by 5%-10% across most water zones compared to last month, and this trend has continued into early February 2025.

Storage levels in the sMDB have continued to decline as the summer drawdown intensifies. Currently, Hume and Dartmouth, two of the largest storage facilities, are at 43% and 88%, respectively. This represents a decrease from 84% and 97% at the same time last year. Overall, sMDB storages are at 64%, down from 85% at the end of 2024.

In January and early February, awarded allocation on general security entitlements in the NSW Murray and Murrumbidgee regions increased by 9% and 1%, respectively.

The resource manager in Victoria has indicated there is little chance of improvements in allocations for low-reliability Murray entitlements this year, which currently stand at 0%. The situation is similar in the Goulburn area. These entitlements received more than 70% allocation in the past two seasons, however they remain at 0% today.

On 1 January 2025, we had a new 1,000 ML groundwater lease commence. This lease extends to 2034 and enhances the diversity of our lease portfolio. We are also in the process of negotiating several new leases with start dates of 1 July 2025.

The weather forecast for Autumn 2025 suggests that typical conditions are expected. State water authorities are anticipated to issue their first outlook for seasonal allocations, and additional information regarding government buybacks is likely to be provided. We will provide updates on these matters as more information becomes available.

The Australian Government has yet to make any formal announcements regarding the results of the 70GL Restoring Our Rivers water tender, which closed in September 2024.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager



COMPANY PERFORMANCE*

1 Month	3 Months	6 Months	12 Months	Inception
0.66%	2.41%	2.44%	1.88%	103.68%

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



Water Lease & Forward Update

At 31 January 2025, Duxton Water had 38% of its permanent water portfolio (by value) leased to Australian farming businesses. The Company's WALE is currently 2.9 years, or 4.5 years, including renewal options.

Over the past month, the Company increased its lease percentage by 1%, due to the finalisation of a 9-year sale and leaseback arrangement, extending out to 2034. This agreement secures long-term, stable lease revenue while supporting the Company's strategy to diversify its commodity and geographical exposure.

Lease enquiries have increased over the month. Demand dynamics were influenced by seasonal trends as many irrigators completed their winter crop harvests and turned their focus to securing water for next season. Transactional volumes have increased.

Beyond this, the Company has a strong pipeline of lease contracts under negotiation and remains committed to providing long-term water supply solutions to support Australian irrigated agriculture.

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

	December 2024	January 2025
Water Entitlements	91.5GL	91.5GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	37%	38%
Weighted Average Lease Expiry (WALE)	2.8 years	2.9 years
WALE (incl. renewal options)	4.4 years	4.5 years

Entitlement Market Update

At 31 January 2025, Duxton Water held 91.5 GL of water entitlements across 19 different types and classes. There were no significant changes to the portfolio during the month.

In January 2025, aggregate entitlement values in the sMDB increased by approximately 1%. Most entitlements remained somewhat stable throughout the month, except for the lower Murray entitlements, which saw an increase in value.

Allocation Market Update

Allocation prices increased across most catchments during January, as many key agricultural regions in the basin experienced high temperatures and low rainfall.

Demand for water usually increases over summer, as both annual and perennial crops prioritise irrigation to adapt to weather conditions and support yields. Price volatility peaked in mid-January but eased toward the end of the month. The lower and upper Murray catchments experienced the most significant price increases, while the Goulburn remained relatively stable.

At 31 January 2025, spot water prices ranged between \$155-\$160/ML in the lower Murray, \$130-\$135/ML in the upper Murray, \$230-\$240/ML in the Murrumbidgee, and \$90-\$95/ML in the Goulburn.

Allocations to entitlements (as of 13 February 2025):

Entitlement Region	High Security	General Security
NSW Murray	97%	62%
VIC Murray	100%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	35%
Goulburn	100%	0%



Finance Update

At 31 January 2025, Duxton Water's post-tax NAV closed at \$1.55 per share, increasing by 1 cent during the month.

The Company's pre-tax NAV, excluding tax provisions, closed at \$1.66 per share, also increasing by 1 cent during the month.

The increase in both pre-tax and post-tax NAV this month was driven by higher entitlement and allocation values compared to December 2024.

At 31 January 2025, the Company's net debt to water assets ratio ("LVR") is 30%. This continues to be well below the Company's maximum LVR covenant of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.55 per Share	\$1.66 per Share

Bonus Options

As of 31 January 2025, 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

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.

Overall, Duxton Water paid two fully franked dividends totalling 7.3 cents per share in 2024. Since its inception in September 2016, Duxton Water has paid a total of 45 cents per share in dividends.

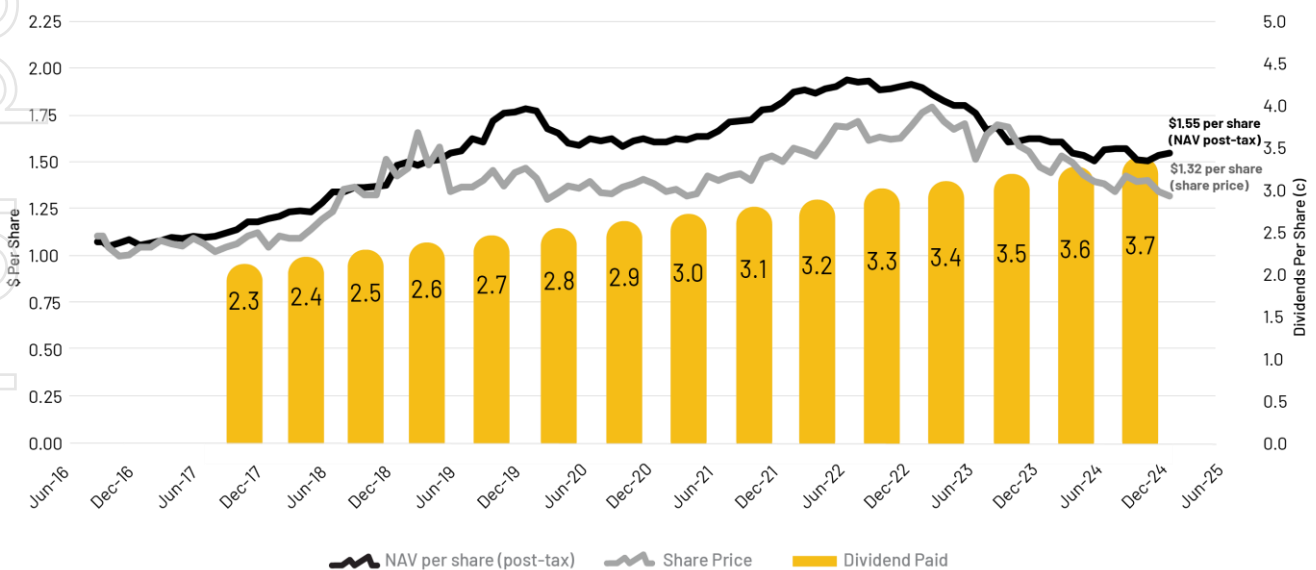
On-Market Share Buyback

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 January 2025.

HISTORICAL PERFORMANCE - SINCE INCEPTION



VALUATION METHODOLOGY

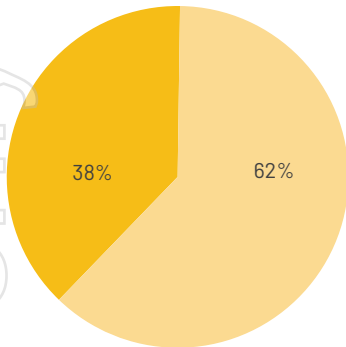
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Ricardo to undertake the NAV assessment. Ricardo acquired Aither Pty Ltd in 2024 and has subsequently changed name from Aither to Ricardo. Ricardo's definition of fair market value is consistent with the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

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JANUARY 2025

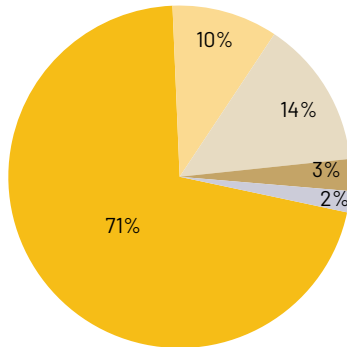


WATER PORTFOLIO DIVERSIFICATION



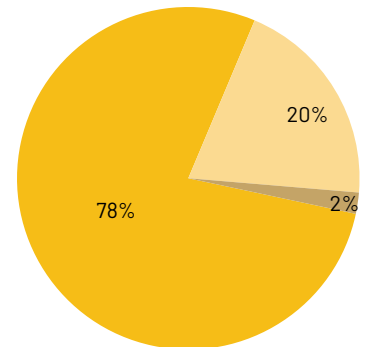
■ Leased ■ Unleased

ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee
■ Lachlan ■ Goulburn ■ Mallee

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

Weather Update

In January 2025, national rainfall was 33% below the long-term average, marking the lowest level recorded since 2019. Above-average rainfall occurred only in scattered regions of Australia. Nearly half of Australia experienced rainfall below to significantly below average in January 2025, especially in South Australia and the Northern Territory.

Rainfall in the Murray-Darling Basin ("MDB") was 50% below the long-term average. Rainfall was confined to the eastern parts of the MDB, while the western regions, especially the lower Murray in South Australia and Victoria, experienced a particularly dry January.

The national average temperature in January was 2.15°C above the long-term average. This was the second warmest January on record. For Western Australia and Queensland, it was the warmest on record for January. Both maximum and minimum temperatures were above the long-term average.¹

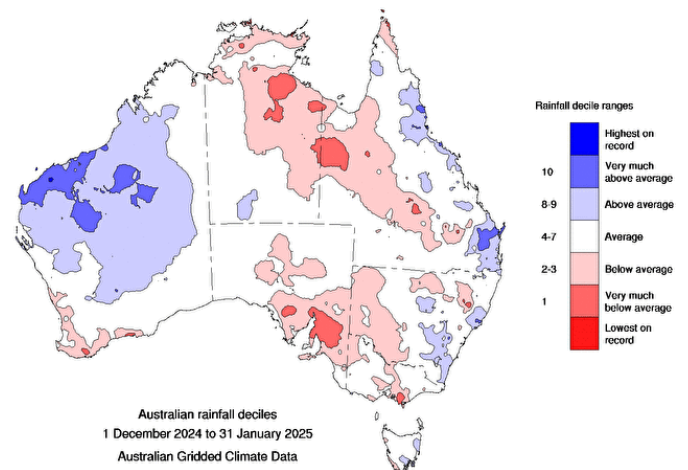
Sea surface temperatures ("SSTs") in the Australian region during January 2025 were the warmest on record since 1900. Despite changes in SSTs more consistent with La Niña patterns, the El Niño-Southern Oscillation ("ENSO") has remained neutral for the past 6 months. The Indian Ocean Dipole ("IOD") is also currently neutral. The IOD typically has little influence on the Australian climate from December to April.²

The Southern Annular Mode ("SAM") is in a negative phase after remaining neutral for most of January. It is expected to return to neutral by mid-February. During summer, a negative SAM generally reduces rainfall in eastern Australia and increases rainfall in western Tasmania.³

The Madden-Julian Oscillation ("MJO") is showing a moderate to strong pulse near the Western Pacific. This is likely to affect northern Australia over the next few weeks, resulting in increased rainfall, flooding, and potential tropical cyclones⁴.

RAINFALL DECILE CHART (SUMMER)

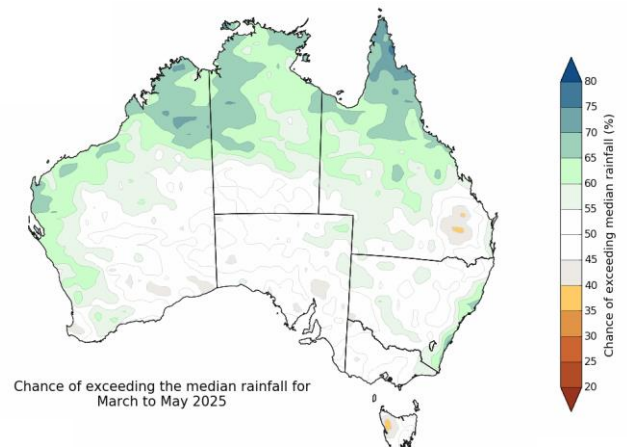
DECEMBER 2024 - JANUARY 2025



Source: Bureau of Meteorology

CHANCE OF ABOVE-AVERAGE RAINFALL

MARCH 2025 - MAY 2025



Source: Bureau of Meteorology - 6 February 2025

1. Bureau of Meteorology, Australia in January 2025 - 3 February 2025
2-3 Bureau of Meteorology, Southern Hemisphere monitoring - 5 February 2025
4. Bureau of Meteorology, Tropical monitoring and outlooks - 3 February 2025



Outlook & Storages

The weather forecast for Autumn 2025 suggests that northern and western parts of Australia, as well as the eastern coastline, are expected to experience above-average rainfall. In contrast, the rest of Australia is likely to receive typical rainfall for this time of year. Average rainfall is likely for most of the MDB.

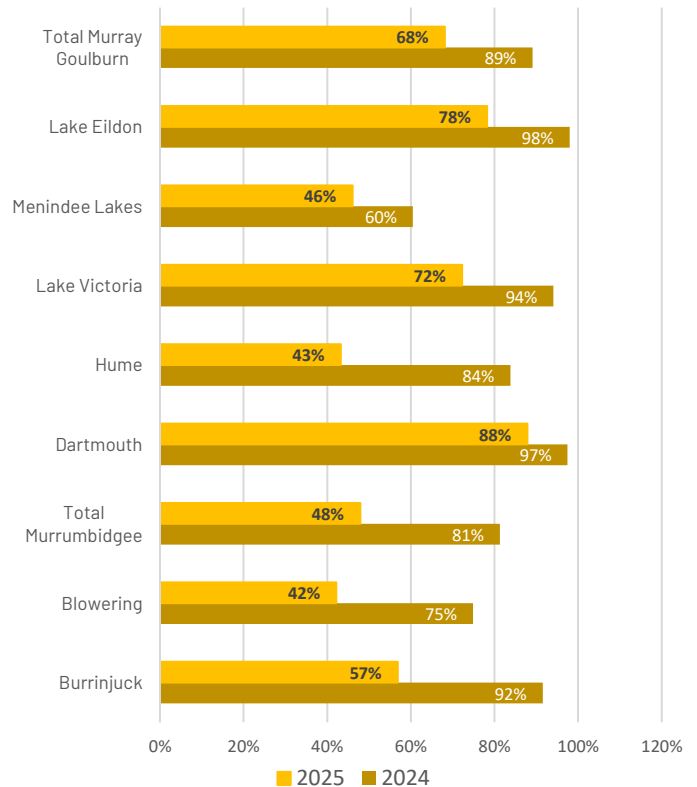
Warmer than average temperatures are forecasted for most of southern and eastern Australia, whereas northern Australia temperatures are likely to be in the typical range.¹

ENSO is expected to remain neutral (neither El Niño nor La Niña) from March until at least June, according to the Bureau of Meteorology, that states that all international models surveyed support this forecast.²

In January 2025, the daily inflows of the Murray River were below the long-term average. During 2024-2025, river inflows remained consistently below historical records for most months and significantly lower than in the last couple of years. Low to median inflows are forecasted for the remainder of February to April 2025.

MDB storage levels were at 65% at the end of January 2025, down from 85% at the same time last year. At the end of January, storage levels in the northern and southern basins were at 63% and 64%, respectively. In comparison, at this time last year, the northern basin was at 69%, while the southern basin was at 88%.³

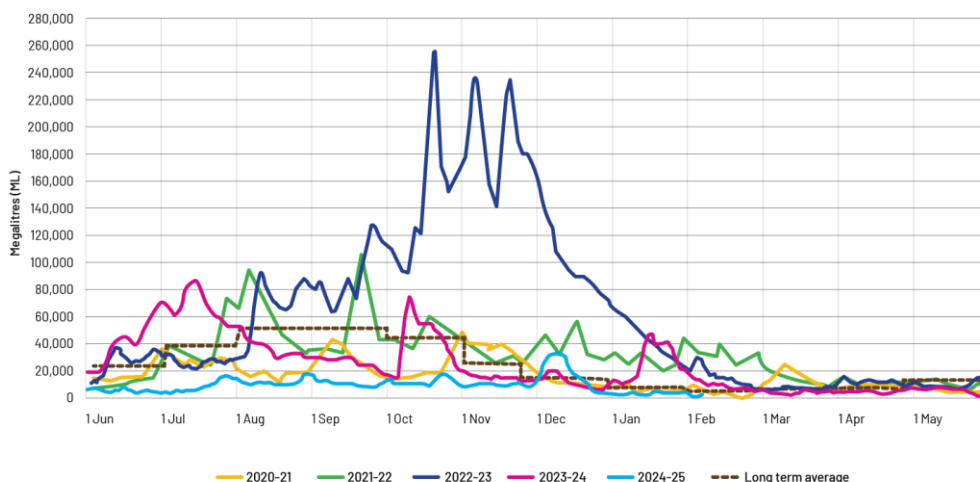
STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology, Long-range forecast overview - 6 February 2025
 2. Bureau of Meteorology, Southern Hemisphere monitoring - 5 February 2025
 3. Murray Darling Basin Authority, Basin water in storage report - 29 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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