

15 May 2025

## **AGM - Letter to Shareholders and Webcast Details**

Duxton Water Limited ("Duxton Water" or "the Company") encloses a copy of a letter that is being despatched to the Company's Shareholders today.

Instructions advising Shareholders on how to lodge their proxy vote or attend the Annual General Meeting ("AGM") are contained in the letter.

The Company advises that it will host an online webcast for the AGM on Friday, 30 May 2025 at 11:00am ACST (11:30am AEST).

Please note the webcast will not have a function to vote, ask questions, or post comments. If you are unable to attend in person and have a specific question or comment you would like addressed by the Board, please submit it to [enquiries@duxtonwater.com.au](mailto:enquiries@duxtonwater.com.au) by COB Friday, 23 May 2025.

**Access AGM webcast via the following link:** <https://ccmediaframe.com/?id=0rGDIEu5>

For further information relating to the Company's upcoming AGM please see the Notice of Annual General Meeting that was lodged with the ASX on Wednesday, 30 April 2025.

### **About Duxton Water Limited**

Duxton Water provides shareholders with direct exposure to Australian water markets. The Company generates a return by leasing its portfolio of permanent water entitlements to Australian farming businesses, with the unleased portfolio being sold into the forward and spot allocation markets each year.

For all enquiries, please contact Duxton Water Limited on +61 (8) 8130 9500.

*This announcement has been authorised for release by the Board of Duxton Water Limited.*

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Dear Shareholder,

15 May 2025

As announced on 4 April 2025, Duxton Water Limited (“Duxton Water” or “the Company”) announced a proposal to internalise its Management Team and key business functions. The internalisation is subject to shareholder approval at the Company’s upcoming Annual General Meeting (“AGM”) to be held on 30 May 2025. I write to you on behalf of the Independent Directors of the Company to seek your voting support for Resolution 5 at the Company’s AGM.

### **Proposed Internalisation of Duxton Water’s Management Team – Your Support is Important**

Since listing on the ASX in 2016, D2O has been externally managed by Duxton Capital Australia Pty Ltd (“DCA”) under an Investment Management Agreement (“IMA”). The Board believes this structure has served shareholders well over the last 8.5 years, with DCA having been instrumental in D2O delivering total portfolio returns since inception of 119% (or 9.6% p.a.).

With the first 10-year term of the IMA coming to an end in July 2026, the Independent Directors have undertaken a comprehensive 12-month review of the Company’s performance and operating structure, seeking expert advice from a range of advisors and service providers, and engaging with several shareholders to determine the best way forward.

The review identified that Duxton Water has now reached sufficient scale for internalisation to be strategically appropriate and in the best interests of the Company. An internalised management structure is expected to deliver cost efficiency, greater control and oversight of the Company’s personnel and operations, and stronger alignment between management and shareholders.

As part of the internalisation, Duxton Water will directly employ the team currently responsible for managing its operations. This approach ensures continuity of leadership and minimises operational disruption. The existing team is well positioned to support a seamless transition while continuing to focus on delivering strong outcomes for shareholders during the transition period and beyond. While this transaction has been led by the Company’s four Independent Directors, all six of the Company’s Directors unanimously support this proposal.

### **Expected Benefits of Internalisation**

- **Governance:** Improved overall corporate governance consistent with market expectations of ASX-listed companies, to enable continued growth and investment.
- **Control:** Greater control over the Company’s operations including more direct oversight of the management team, and an ability to develop remuneration plans to retain and incentivise key management personnel.
- **Fees:** Removes the need to pay ongoing management and performance fees to the Investment Manager, resulting in a more positively scalable Company.

- **Expected Cost Savings:** The Company expects ongoing annual costs of operating an internal management team to be less than the current fees paid to the Investment Manager.
- **Certainty:** The internalisation provides greater certainty around the Company's future operating structure, eliminating the need to renew the IMA at the end of each term.

### Independent Expert (BDO)

While the Company was not legally required to engage an Independent Expert, it did so in line with best practice principles. The Company engaged BDO as its Independent Expert to express an opinion on the Proposed Internalisation. The Independent Expert opined that in the absence of a superior scenario, internalisation under the proposed terms is more advantageous to shareholders than extending the existing IMA for an additional 5-year term.

Accordingly, the Independent Expert has opined that the proposed transaction is both fair and reasonable to non-associated shareholders. A full copy of the Independent Expert Report has been attached to the Company's AGM Notice of Meeting that was released to the ASX on 30 April 2025. Further information on the Proposed Internalisation, can be found in the Company's recent ASX announcements.

### Next Steps and Voting

The Proposed Internalisation will be put to shareholders at Duxton Water's upcoming Annual General Meeting on 30 May 2025. If you are unable to attend the Meeting in-person, proxy votes must be lodged by 11:00am (ACST), on Wednesday, 28 May 2025.

To submit your proxy or vote ahead of AGM, please visit [www.investorvote.com.au/Login](http://www.investorvote.com.au/Login) and enter the following Control Number: 184843. You will also need your HIN/SRN and postcode to complete the login process.

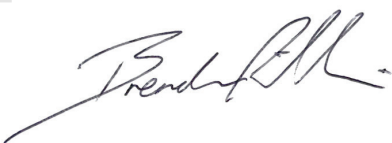
**Your vote matters:** The Independent Directors of Duxton Water encourage all shareholders to **vote in favour of Resolution 5**, in support of the Internalisation at the upcoming AGM.

Please note that the Chair intends to vote all available proxies in favour of each resolution.

If you have any questions, please contact us at [enquiries@duxtonwater.com.au](mailto:enquiries@duxtonwater.com.au) or call us on (08) 8130 9500, Monday to Friday, between 9:00am and 5:00pm (Adelaide time).

Thank you for your ongoing support.

Yours sincerely,



**Brendan Rinaldi**  
Independent Director  
(On behalf of the Independent Directors of Duxton Water Limited)