

## DUXTON WATER LTD ACN 611 976 517

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### OFFER DOCUMENT

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For a pro rata non-renounceable entitlement offer to Eligible Shareholders on the basis of one (1) Share for every four (4) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$1.50 per Share to raise approximately \$44,230,806 (before costs) (**Offer**).

**The Offer opens on 11 July 2023 and closes at 5:00pm (AEST) on 1 August 2023 (unless it is lawfully extended). Valid acceptances must be received before that time.**

The Offer is partially underwritten by MST Financial Services Pty Ltd (ACN 617 475 180) (AFSL 500557) (**Underwriter**). Refer to Section 6 for details regarding the terms of the underwriting.

Applications for Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

***This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the Shares offered by this document.***

***The Shares offered by this Offer Document should be considered as speculative.***

***Not for release to US wire services or distribution in the United States***

Lead Manager and Partial Underwriter



Legal Advisor to the Offer



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## 1. IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### 1.1 This document is not a prospectus

This Offer Document is dated 3 July 2023, has been prepared by Duxton Water Ltd and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 5. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

### 1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

### 1.3 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

### 1.4 Underwriter

MST Financial Services Pty Ltd has acted as lead manager and partial underwriter to the Offer. Neither the Underwriter, nor any of its affiliates or related bodies corporate (as that term is defined in the Corporations Act), nor any of their respective directors, employees, officers, representatives, agents, partners, consultants, advisers or intermediaries (together the **Underwriter Parties**), nor the advisers to the Company or any other person including clients named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Offer Document (or any other materials released by the Company) and, except to the extent expressly referred to in this Offer Document, none of them makes or purports to make any statement in this

Offer Document and there is no statement in this Offer Document which is based on any statement by any of them.

The Underwriter is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, research, principal investment, hedging, market making, brokerage and other financial and non-financial activities including for which they have received or may receive customary fees and expenses.

The Underwriter is acting for and providing services to the Company in relation to the Offer and will not be acting for or providing services to Shareholders or potential investors. The Underwriter has been engaged solely as an independent contractor and are acting solely in a contractual relationship on an arm's length basis with the Company. The engagement of the Underwriter is not intended to create any fiduciary obligations, agency or other relationship between the Underwriter and Shareholders or potential investors.

The Underwriter will receive fees and expenses for acting as the lead manager and partial underwriter to the Offer. The Underwriter Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from the Company and may in the future be lenders to the Company or its affiliates.

## **1.5 Disclaimer**

Determination of eligibility of investors for the purposes of the Offer is determined by reference to a numbers of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Underwriter.

To the maximum extent permitted by law, each of the Company and the Underwriter and each of their respective affiliates disclaim any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability (including for fault or negligence) for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Offer and the information in this Offer Document being inaccurate or due to information being omitted from this Offer Document and make no representation or warranty, express or implied, as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties, express or implied, as to the fairness, currency, accuracy, reliability or completeness of the information in this Offer Document.

The Underwriter Parties take no responsibility for any part of this Offer Document or any action taken by you on the basis of that information. To the maximum extent permitted by law, the Underwriter excludes and disclaims all liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Offer Document or otherwise arising in connection with it.

The Underwriter Parties make no recommendation as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties, express or implied, to you concerning the Offer or any such information, and by returning your personalised Entitlement and Acceptance Form or otherwise paying for your Shares through BPAY® or EFT in accordance with the instructions on your personalised Entitlement and Acceptance Form you represent, warrant and agree that you have not relied on

any statements made by the Underwriter Parties in relation to the Shares or the Offer generally and you further expressly disclaim that you are in a fiduciary relationship with any of them.

## **1.6 Overseas Shareholders**

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and Shares will not be issued to Shareholders with a registered address that is outside Australia, New Zealand, Canada, Austria, Hong Kong, Japan, Malaysia, Netherlands, Singapore, Switzerland, Thailand or the United Kingdom. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

In particular, this Offer Document may not be distributed in the United States and does not constitute an offer of securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States or for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements under US Securities Act and applicable US state securities laws. The Company will not offer or sell any Shares under the Offer to any person in the United States.

This Offer Document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### **New Zealand Shareholders**

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **Canada Shareholders**

This Offer Document constitutes an offering of the Shares in the Canadian province of provinces of Alberta and British Columbia (the "Province") where existing shareholders of the Company are resident. This Offer Document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Province.

No securities commission or other authority in the Province has reviewed or in any way passed upon this Offer Document, the merits of the Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Province with respect to the offering of Shares or the resale of such securities. Any person in the Province lawfully participating in the offer will not receive the information, legal rights or protections

that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province.

Any resale of the Shares in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with an exemption from prospectus requirements. Such resale restrictions do not apply to a first trade in a security (such as Shares) of a foreign issuer (such as the Company) that is not a reporting issuer in Canada and that is made through an exchange or market outside of Canada (such as ASX).

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.


### **European Union - Austria and the Netherlands only**

This Offer Document has not been, and will not be, registered with or approved by any securities regulator in Austria, the Netherlands or elsewhere in the European Union. Accordingly, this Offer Document may not be made available, nor may the Shares be offered or issued, in Austria or the Netherlands except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Shares in Austria and the Netherlands is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Investors in the Netherlands should note:

**Attention! This investment falls outside AFM supervision.**   
**No prospectus required for this activity.**

### **Hong Kong Shareholders**

WARNING: This Offer Document may be distributed in Hong Kong only to existing shareholders of the Company. This Offer Document may not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Hong Kong or used for any purpose in Hong Kong other than in connection with the recipient's consideration of the Offer.

You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

This Offer Document has not been reviewed by any Hong Kong regulatory authority. In particular, this Offer Document has not been, and will not be,

registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong under Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong.

### ***Japan Shareholders***

The Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to a small number of investors. This Offer Document is for the exclusive use of existing shareholders of the Company in connection with the Offer. This Offer Document is confidential to the person to whom it is addressed and must not be distributed, reproduced or disclosed (in whole or in part) to any other person in Japan other than by the Company to its shareholders.

### ***Malaysia Shareholders***

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to the offer of Shares. The Shares under the Offer may not be offered, sold or issued in Malaysia except to existing shareholders of the Company. Any Shares not taken up under the Offer may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, pursuant to Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act 2007.

### ***Singapore Shareholders***

This Offer Document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document relating to the Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This Offer Document has been given to you on the basis that you are an existing holder of the Company's shares. If you are not such a shareholder, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### ***Switzerland Shareholders***

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Offer Document nor any other offering or marketing material relating to the Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated

trading facility in Switzerland. Neither this Offer Document nor any other offering or marketing material relating to the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offer Document nor any other offering or marketing material relating to the offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this Offer Document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Offer Document may be distributed in Switzerland only to existing shareholders of the Company and is not for general circulation in Switzerland.

### ***Thailand Shareholders***

This Offer Document is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This Offer Document has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this Offer Document and any other document relating to the offer, sale or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public of Thailand. This Offer Document may be distributed in Thailand only to existing shareholders of the Company.

### ***United Kingdom Shareholders***

Neither this Offer Document nor any other document relating to the offer of Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this Offer Document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Offer Document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This Offer Document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Offer Document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Offer Document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document.



## **1.7 Notice to nominees and custodians**

Nominees and custodians may not distribute this Offer Document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia, Canada (Alberta and British Columbia provinces only), Malaysia, New Zealand and Singapore except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **1.8 Forward-looking statements**

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

## **1.9 Privacy Act**

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that the Company holds about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

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## 2. CORPORATE DIRECTORY

### **Directors**

Edouard Peter  
*Executive Chairman*

Stephen Duerden  
*Non-Executive Director*

Dirk Wiedmann  
*Non-Executive Director*

Dennis Mutton  
*Non-Executive Director*

Vivienne Brand  
*Non-Executive Director*

Brendan Rinaldi  
*Non-Executive Director*

### **Company Secretary**

Katelyn Adams

### **Registered Office**

7 Pomona Road  
STIRLING SA 5152

Telephone: + 61 8 8130 9500  
Email: [enquiries@duxtonwater.com.au](mailto:enquiries@duxtonwater.com.au)  
Website: [www.duxtonwater.com.au/](http://www.duxtonwater.com.au/)

### **Auditor\***

KPMG  
151 Pirie Street  
ADELAIDE SA 5000

### **Share Registry\***

Computershare Investor Services Pty  
Limited  
Level 5  
115 Grenfell Street  
ADELAIDE SA 5000

### **Legal Advisers**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### **Underwriter and Lead Manager**

MST Financial Services Pty. Ltd.  
Level 13, 14 Martin Place  
SYDNEY NSW 2000

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

### 3. DETAILS OF THE OFFER

#### 3.1 The Offer

The Offer is being made as a non-renounceable entitlement offer of one (1) Share for every four (4) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$1.50 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as set out in Section 3.8, a maximum of approximately 29,487,204 Shares will be issued pursuant to this Offer to raise up to approximately \$44,230,806.

As at the date of this Offer Document, the Company has no Options on issue.

All of the Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

#### 3.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$44,230,806 (before the payment of costs associated with the Offer).

In addition to the funds raised under the Offer, on 3 July 2023, the Company announced the Placement, pursuant to which, it has received firm commitments for an additional \$7,250,000.

Funds raised under the Offer and the Placement and are intended to be used as follows:

Items of Expenditure <sup>1,2</sup>	\$	%
Financing the Acquisition	39,127,950	76%
Additional acquisitions of Water Entitlements or repayment of the Company's debt facilities	10,861,106	21%
Expenses of the Offer and the Placement <sup>3</sup>	1,491,750	3%
<b>Total<sup>4</sup></b>	<b>51,480,806</b>	<b>100%</b>

**Note:**

1. Further details of these matters are set out in the "Acquisition and Capital Raise" presentation released to the ASX on 3 July 2023.
2. The Company also expects to incur legal fees, ASX, and share registry fees associated with the Water Entitlement Acquisition, Offer, and Placement. These costs are expected to be approximately \$150,000 and will be funded out of the Company's existing working capital facilities.
3. Comprising underwriting and lead manager fees on both the Offer and the Placement.
4. Total funds raised under the Offer, assuming 100% Entitlement take-up, and the Placement.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 3.3 Indicative Timetable

Company Announces Rights Issue	Monday, 3 July 2023
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX	Monday, 3 July 2023
Ex date	Wednesday, 5 July 2023
Record Date for determining Entitlements	Thursday, 6 July 2023
Offer Document sent out to Eligible Shareholders & Company announces this has been completed & Offer Opening Date	Tuesday, 11 July 2023
Last date to extend the Closing Date	Thursday, 27 July 2023
Closing Date	Tuesday, 1 August 2023
Shares quoted on a deferred settlement basis	Wednesday, 2 August 2023
ASX notified of under subscriptions	Thursday, 3 August 2023
Issue date/Shares entered into Shareholders' security holdings	Tuesday, 8 August 2023
Quotation of Shares issued under the Offer	Wednesday, 9 August 2023

\* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the Shares.

\*\* These dates are indicative only and are subject to change.

### 3.4 Underwriting and Lead Manager

The Offer is partially underwritten by MST Financial Services Pty Ltd (ACN 617 475 180) (AFSL 500557) to \$25,000,000. Refer to Section 6 for details of the terms of the underwriting.

The Underwriter has also been appointed as the lead manager of the Offer. The terms of the lead manager appointment and total fees payable are set out in Section 6.

The Company, in consultation with the Underwriter, will ensure that the Offer (including the equitable dispersion of any Shortfall Shares) complies with the provisions of Chapter 6 of the Corporations Act and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

The Underwriter is not presently a Shareholder in the Company. The issue of Shares to the Underwriter under this Offer may increase its interest in the Company and dilute the shareholding of other Shareholders to the extent that they elect not to participate in the Offer or are ineligible to participate in the Offer.

### 3.5 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

You can also apply for Additional Shares under the Shortfall Offer in addition to your Entitlement by following the instructions set out in Section 4. The Shortfall Offer is described in Section 4.6.

### 3.6 No rights trading

The rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX, and you may not dispose of your rights to subscribe for Shares under the Offer to any other party. If you do not take up your Entitlement to Shares under the Offer by the Closing Date, the Offer to you will lapse.

### 3.7 Pro-forma balance sheet

The unaudited balance sheet as at 31 May 2023 and the unaudited pro-forma balance sheet as at 31 May 2023 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming that the Company has received all funds under the Placement and all Entitlements are accepted.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Period <sup>1</sup>	Pre-Transaction 31 May 2023 (unaudited)	Acquisition, Rights Issue, & Placement <sup>2</sup>	Post-Transaction 31 May 2023 (unaudited)
	\$	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	642,776	-	642,776
Trade and other receivables	1,243,006	-	1,243,006
<b>Total current assets</b>	<b>1,885,782</b>	<b>-</b>	<b>1,885,782</b>
<b>Non-current assets</b>			

Period <sup>1</sup>	Pre-Transaction 31 May 2023 (unaudited)	Acquisition, Rights Issue, & Placement <sup>2</sup>	Post-Transaction 31 May 2023 (unaudited)
	\$	\$	\$
Water entitlements	371,639,635	41,108,850	412,748,485
<b>Total non-current assets</b>	<b>371,639,635</b>	<b>41,108,850</b>	<b>412,748,485</b>
<b>Total assets</b>	<b>373,525,417</b>	<b>41,108,850</b>	<b>414,634,267</b>
<b>Current liabilities</b>			
Trade and other payables	1,070,852	-	1,070,852
Other liabilities	1,805,165	-	1,805,165
<b>Total current liabilities</b>	<b>2,876,017</b>	<b>-</b>	<b>2,876,017</b>
<b>Non-current liabilities</b>			
Term debt <sup>3</sup>	127,500,000	(10,861,105)	116,638,895
Deferred tax liabilities	30,689,306	594,270	31,283,576
<b>Total non-current liabilities</b>	<b>158,189,306</b>	<b>(10,254,836)</b>	<b>147,922,471</b>
<b>Total liabilities</b>	<b>161,065,322</b>	<b>(10,254,836)</b>	<b>150,798,487</b>
<b>Net assets</b>	<b>212,460,095</b>	<b>51,375,685</b>	<b>263,835,780</b>
<b>Equity</b>			
Issued capital	134,464,441	49,989,055	184,453,496
Reserves	72,815,320	1,980,900	74,796,220
Retained earnings	5,180,334	(594,270)	4,586,064
<b>Total equity</b>	<b>212,460,095</b>	<b>51,375,685</b>	<b>263,835,780</b>
<b>LVR (gearing)</b>	<b>34%</b>	<b>(6%)</b>	<b>28%</b>
<b>NAV per share</b>	<b>\$1.80</b>	<b>(\$0.07)</b>	<b>\$1.73</b>

**Notes:** The figures do not include accounting adjustments. The audited figures may differ based on the adjustments made.

1. Unaudited Non-statutory balance sheet – water entitlements recorded at fair market value at 31 May 2023.
2. Institutional Placement of \$7.25m, and assuming a 100% take-up for the Rights Issue (\$44.2m).
3. Total cash, cash equivalents, and term debt will vary depending on subscriptions received for the Rights Issue.
4. It should be noted that an increase in issued capital will lead to an increase in Management Fees paid to the Investment Manager (0.85% p.a.).

### Material Transaction: June 2023

As announced on 3 July 2023, the Company recently entered into a contract to dispose of \$9.3 million parcel of water entitlements. The Company received an attractive valuation on the disposal of this asset. This transaction will generate a before-tax accounting profit of \$5.7 million. Sale proceeds will be used to fund the Acquisition (if needed), acquire additional water entitlements, or to reduce debt.

## 3.8 Capital structure

The effect of the Offer and the Placement on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares	Number
Shares currently on issue	117,948,814
Shares offered pursuant to the Offer <sup>1</sup>	29,487,204
Shares to be issued pursuant to the Placement after the Record Date	4,833,334
<b>Total Shares on issue after completion of the Offer and the Placement<sup>1</sup></b>	<b>152,269,352</b>

#### Notes:

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Offer.

## Options

Options	Number
Options currently on issue	Nil
Options offered pursuant to the Offer	Nil
Options offered pursuant to the Placement	Nil
<b>Total Options on issue after completion of the Offer and the Placement</b>	<b>Nil</b>

The capital structure on a fully diluted basis as at the date of this Offer Document would be 117,948,814 Shares and on completion of the Offer and the Placement (assuming all Entitlements are accepted) would be 152,269,352 Shares.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

## 3.9 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date <sup>1</sup>	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	50,000,000	42.39%	12,500,000	50,000,000	33.91%
Shareholder 2	25,000,000	21.20%	6,250,000	25,000,000	16.96%
Shareholder 3	10,000,000	8.48%	2,500,000	10,000,000	6.78%
Shareholder 4	1,000,000	0.85%	250,000	1,000,000	0.68%
Shareholder 5	100,000	0.08%	25,000	100,000	0.07%

**Notes:**

1. This is based on a share capital of 117,948,814 Shares at the date of this Offer Document.

### 3.10 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Edouard Peter	7,324,677	6.21%	1,831,169	2,746,754
Stephen Duerden	89,623	0.08%	22,406	33,608
Dirk Wiedmann	1,403,016 <sub>1</sub>	1.19%	350,754	526,131
Dennis Mutton	52,636	0.04%	13,159	19,739
Vivienne Brand	9,062	0.01%	2,266	3,398
Brendan Rinaldi	10,000	0.01%	2,500	3,750

Each of Edouard Peter, Stephen Duerden, Dennis Mutton, Vivienne Brand, and Brendan Rinaldi intend on taking up all, or a portion, of their Entitlements.

### 3.11 Substantial holders

Based on publicly available information as at the date of this Offer Document, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue and their Entitlement prior to the Offer are set out in the table below.

Substantial Holder	Shares	Voting Power (%) <sup>1</sup>	Entitlement	\$
BNP Paribas NOMS Pty Ltd	13,746,905	11.65%	3,436,726	5,155,089
HSBC Custody Nominees (Australia) Limited	10,081,328	8.55%	2,520,332	3,780,498

**Notes:**

<sup>1</sup> Refer to Appendix 3Y dated 27 May 2019.



1. The voting power in the table is prior to settlement of the Offer.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

### **3.12 Effect of the Offer on control and voting power in the Company**

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible Shareholders being unable to participate in the Offer; and
- (b) in the more likely event that there is a Shortfall, Eligible Shareholders who do not subscribe for their full Entitlement of Shares under the Offer and ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement as shown by the table in Section 3.9.

### **3.13 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	1.80	12 and 13 April 2023
Lowest	1.60	11 May 2023
Last	1.695	30 June 2023

### **3.14 Opening and Closing Dates**

The Offer opens on the Opening Date, being 11 July 2023, and closes on the Closing Date, being 5:00pm (AEST) on 1 August 2023 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

### **3.15 Issue and dispatch**

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 3.3. Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the share registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and

returning the Entitlement and Acceptance Form.

The expected dates for issue of Shares offered by this Offer Document is expected to occur on the dates specified in the indicative timetable set out in Section 3.3.

Holding statements for Shares issued under the Offer will be dispatched as soon as practicable after the issue of Shares and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

### **3.16 ASX listing**

Application for official quotation by ASX of the Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

### **3.17 CHESS**

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be Company sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and Company sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **3.18 Risk Factors**

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 5 for further details.

### **3.19 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Offer Document.

### **3.20 Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is

subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website <https://www.duxtonwater.com.au/investor-centre> or the ASX <https://www2.asx.com.au/markets/trade-our-cash-market/announcements.d2o..>

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

### **3.21 Enquiries concerning Offer Document**

For enquiries concerning your Entitlement or your shareholding in the Company, please contact the share registry, Computershare Investor Services Pty Limited on 1300 556 161 (within Australia) or +61 (3) 9415 4000 (outside Australia).

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## 4. ACTION REQUIRED BY SHAREHOLDERS

### 4.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. You may participate in the Offer as follows:

Option	Key Considerations	For more information
<b>Take up all of your Entitlement</b>	<p>Should you wish to accept all of your Entitlement, then your application for Shares under this Offer Document must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Offer Document. Please read the instructions carefully.</p> <p>Payment can be made by the methods set out in Sections 4.2 and 4.3. As set out in Section 4.5, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form.</p>	Sections 4.2, 4.3 and 4.5.

Option	Key Considerations	For more information
<b>Take up all of your Entitlement and also apply for Shortfall Securities</b>	<p>Should you wish to accept all of your Entitlement and apply for Shortfall Shares, then your application for your Entitlement and additional Shortfall Shares under this Offer Document must be made by following the instructions on your personalised Entitlement and Acceptance Form which accompanies this Offer Document. Please read the instructions carefully.</p> <p>Payment can be made by the methods set out in Sections 4.2, and 4.3. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying.</p> <p>If you apply for Shortfall Shares beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Shares is at the Company's discretion as per the allocation policy set out in Section 4.6. Accordingly, your application for additional Shortfall Shares may be scaled-back.</p> <p>The Company's decision on the number of Shortfall Shares to be allocated to you will be final.</p>	Sections 4.2, 4.3, 4.5 and 4.6.
<b>Take up a proportion of your Entitlement and allow the balance to lapse</b>	<p>If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Offer Document for the number of Shares you wish to take up and making payment using the methods set out in Sections 4.3 and 4.4 below. As set out in Section 4.5, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form.</p>	Sections 4.2, 4.3 and 4.5.
<b>Allow all or part of your Entitlement to lapse</b>	<p>If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse.</p>	N/A

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

## 4.2 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder

of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.**

#### Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

### **4.3 Payment by Electronic Funds Transfer (overseas applicants)**

For payment by Electronic Funds Transfer (**EFT**) for overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies.

### **4.4 No payment by Cheque**

Payment by cheque or cash will not be accepted.

### **4.5 Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and

- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

#### **4.6 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$1.50 being the price at which Shares have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and will be allocated to other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form.

The Board presently intends to allocate Shortfall Shares as follows:

- (a) up to an additional 100% of an Eligible Shareholders full Entitlement, to those Eligible Shareholders who apply for an excess of their full Entitlement, so long as the issue of Shortfall Shares to that Eligible Shareholder would not take their voting power to in excess of 19.99%;
- (b) to parties identified by the Underwriter and any sub-underwriter appointed by the Underwriter, subject to the terms of the Underwriting Agreement; and
- (c) to other parties identified by the Directors, which may include parties who are not currently Shareholders.

If the number of Shortfall Shares applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Shares will be allocated among applying Eligible Shareholders proportionate to their existing holdings.

Allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, details of which are set out in Section 6.

No Shares will be issued to an applicant under this Offer Document or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

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## 5. RISK FACTORS

### 5.1 Introduction

The Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

### 5.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

### 5.3 Company specific

Risk Category	Risk
<b>Potential for dilution</b>	In addition to potential control impacts set out in Section 3.9, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document). It is not possible to predict what the value of the Company's Shares will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to the date of this Offer Document of \$1.695 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.
<b>Risk of Shares trading below net asset value (NAV)</b>	The Shares of the Company may trade on the ASX at a discount to the NAV of the Water Entitlements portfolio on a per Share basis, and the performance of the Shares may not be correlated with the performance of Water Entitlements portfolio.
<b>Deployment risk</b>	The ability of the Company to generate attractive yields for investors is dependent on its capacity to deploy



Risk Category	Risk
	funds in the water market. For example, if at a certain point in time the Investment Manager did not believe that the purchase of any Water Entitlements in the market would provide attractive yields to investors, the Investment Manager would not invest.
<b>Market risk</b>	Macroeconomic risks such as movements in interest rates, commodities prices and inflation have the potential to adversely impact the value of assets. Significant fluctuations in macroeconomic factors may cause volatility in the value of Water Entitlements and Water Allocations, resulting in poor returns.
<b>Diversification risk</b>	The Company's key strategy in active investment is diversification to mitigate risk. However, whilst the Company will target portfolio diversification across security classes, Water Entitlement types and geographical regions, due to the timing of deployment of funds, the Company may be concentrated on certain Water Entitlements. Consequently, a lack of diversification during periods when capital is yet to be invested may adversely impact the performance of the Company.
<b>Leverage risk</b>	The Company has the right to use leverage in order to enhance shareholder returns. This has the ability to magnify losses to the portfolio. With the use of debt, the Company is exposed to changes in interest rates. An increase in interest rates if debt were utilised could have an adverse effect on future financial performance.
<b>Reliance on the Investment Manager</b>	The investment decisions made by the Investment Manager of the Company are key to achieving the investment objectives. Failure to develop and implement adequate strategies may adversely impact the performance of the Company.
<b>Key lessee risks and other lessee risks</b>	The Company's financial performance is subject to counterparties continuing to fulfil their obligations under various contracts. The Company anticipates many of its Water Entitlements will be subject to long-term lease arrangements. If a lessee defaults, this could adversely effect the revenue generated by the Company. If the Company or one of its counter-parties fails to adequately perform their contractual obligations, this may result in a loss of earnings, termination of the particular contract, disputes and or litigation. The Company aims to minimise key lessee risk by leasing Water Entitlements to a diverse range of counterparties that differ geographically by river system, lease size, Water Entitlement type, as well as through commodity exposure.

Risk Category	Risk
<b>Other clients of the Investment Manager</b>	<p>From time to time, the Investment Manager and its related parties advise others regarding Australian Water Entitlements in the future. The potential for oversight when managing multiple clients may expose the Investment Manager to conflicts of interest. Furthermore, the Investment Manager or its related parties may have other investments which may represent a conflict of interest.</p>
<b>Key person risk</b>	<p>The success of the Company depends on the ability to retain the members of the Board and for the Investment Manager to retain as well as attract talented personnel. The Company has executed an Investment Management Agreement and a key term of reference with each Director, but this does not guarantee continued involvement of Board members or employment of key personnel of the Investment Manager. The loss of key employees of the Investment Manager could cause material disruption to the business and operations of the Company and have a material adverse effect on future financial performance.</p>
<b>Capital depreciation risk</b>	<p>Water Entitlements have historically generated capital growth. However, past performance of Water Entitlements is not a reliable indicator of the future performance of Water Entitlements. Water Entitlements are classified as intangible assets and accounted for under AASB 138 Intangible Assets. Under the current interpretation, Water Entitlements are deemed to have an indefinite useful life, and as such, they are not subject to depreciation or amortisation.</p>
<b>Option to acquire water entitlements</b>	<p>The terms of the lease(s) with Duxton Farms Ltd and Treasury Wine Estates Limited, includes an option to purchase from the Company, the applicable Water Entitlements associated with the lease. The purchase price payable by the lessee is to be the current market value as determined by the Company &amp; Lessee, or with the assistance of an independent valuation. If water entitlement values are lower at the conclusion of the lease, and the lessee exercises its option, the Company may be required to sell applicable Water Entitlements at a time when it is not commercially favourable to the Company and in the process may crystallise as a capital loss. More information and details on the lease arrangements can be found in the Company's ASX announcements.</p>

## 5.4 Industry specific

Risk Category	Risk
<b>Government buy-back</b>	<p>The Australian Government's Murray-Darling Basin (<b>MDB</b>) Plan (<b>MDB Plan</b>) involves a water buy-back program in order to address the environmental sustainability of the MDB. This buy-back program involves the Australian Government purchasing Water Entitlements from willing sellers in the MDB and allocating this water to environmental flows. The MDB Plan also incorporates an \$5.8 billion program to improve water infrastructure to reduce transmission and evaporation losses through investment. Buy-backs by the Australian Government (for instance, following an upgrade of the MDB Plan) will result in less Water Entitlements being on issue and available for consumption, increasing the scarcity of such assets and impacting their price. The participation of the Australian Government in the market may also temporarily distort market fundamentals and reduce opportunities for the Fund to acquire Water Entitlements at appropriate values.</p>
<b>Legal, political, tax and regulatory risks</b>	<p>Water Entitlements are conferred by or under state law. Changes in laws, regulations and Government policy may affect the Company's core business of acquiring and leasing Water Entitlements and Water Allocations. This includes regulatory changes to the Murray-Darling Basin Plan, as well as changes to environmental water and sharing plans at both state and federal levels. These changes may affect the liquidity, transferability, and value of Australian Water Entitlements and Water Allocations. Historically, governments have allowed transitional periods in order for the market to adapt to any changes in regulations. The regulatory and political environment, such as the tax and legal structure surrounding Water Entitlements and the investment vehicle, is subject to change. Such change has the potential to adversely impact the Company's performance and the return on investment to Shareholders.</p>
<b>Commonwealth environmental water holder</b>	<p>The Commonwealth Environmental Water Holder (<b>CEWH</b>) is responsible for the control and management of the Government's water portfolio. The CEWH is the single largest holder of Water Entitlements in the MDB. CEWH is only permitted to sell water to the market in limited circumstance. In particular, the CEWH may sell annual Water Allocations and Water Entitlements if they are not required to meet environmental objectives and if the water cannot be carried over to the next water year. Annual Water Allocations and Water Entitlements may also be sold if the proceeds are used to acquire other water that will improve the capacity to protect and restore the environment. As a result of these legislative requirements, the Company anticipates CEWH's role as a seller in the water market will be</p>

Risk Category	Risk
	<p>relatively limited, particularly in times of drought reduced water supply. As the largest holder of Water Entitlements in Australia, the CEWH could sell large volumes of Water Allocations once the environmental requirements are met. This could place downward pressure on the price of Water Entitlements, lowering the Company's NAV.</p>
<b>Allocation risk</b>	<p>The size of Water Allocations is dependent on water availability which is influenced by factors including timing, location and magnitude of rainfall and the extent to which allocations have been utilised in the previous financial year. The Company is dependent on Water Allocations being made available by the relevant authorities in order to lease or sell the Company's water assets for income purposes. A prolonged period of lower than average rainfall, resulting in low or zero Water Allocations may significantly impair the Company's ability to sell/lease the Water Allocations for financial gain, and have a negative impact on financial performance. Water Allocations may also be adversely affected by changes to water management or water sharing plans.</p>
<b>Water allocation and entitlement price fluctuations</b>	<p>The Company derives a significant portion of its income from the lease of Water Allocations to counter-parties, which is subject to market fluctuations. Negative price movements may adversely impact the revenue generated from the Company's Water Entitlement portfolio and therefore the financial performance of the Company.</p>
<b>Extreme weather events risk</b>	<p>The supply and demand of water is significantly influenced by extreme weather conditions. For example, too much rain and flooding would significantly increase the supply of water, driving down prices. In the case of a drought, the supply of water is significantly reduced, driving up water prices. As such, extreme weather events may impact the value of the Water Entitlements held in the Company's portfolio.</p>
<b>Australian agriculture and foreign exchange risk</b>	<p>The demand for water is significantly dependent on the water use of the Australian agricultural industry. The Company's performance is exposed to a number of underlying agricultural commodity prices. Any adverse commodity price movements may make production by irrigators uneconomic and therefore impact on the demand for the Company's water or the ability to pay the prevailing rate for water. The agricultural industry is also driven, in part, by the demand and supply dynamics of export markets. As such, if the Australian dollar was to significantly change in value, the demand for Australian agriculture would also shift dramatically. Consequently, the production of agriculture would shift (either between industries or between countries) and the demand for water would respond accordingly,</p>

Risk Category	Risk
	impacting water prices and the value of the Company's portfolio.
<b>Settlement and title risk</b>	Water Allocation or Water Entitlements transactions may not reach settlement for a number of reasons, including counter-party default due to adverse changes in economic conditions, water conditions, and the legal and regulatory environment or settlements may be delayed. This may impact the returns generated on the Company's assets. Titles issued by relevant water authorities are also not guaranteed by the water authority which may lead to a dispute over correct ownership.
<b>Cyclical risk</b>	The demand for water, as an essential input to agricultural, industrial and mining operations, is impacted by economic and commodity cycles. As such cyclical lows may place downward pressure on the price of Water Allocations and/ or Water Entitlements, impacting the Company by reducing either the yield of the portfolio or the net asset value of the Company.
<b>Technology risk</b>	Advances in technology, such as desalination plants and water transfer infrastructure, may increase the supply of water. If this was to occur, downward pressure would be placed on water prices, which would impact on the net asset value of the portfolio.
<b>Structural risk</b>	As irrigators become more water-efficient (e.g., through technological adoption and crop modification), water demand may decrease, impacting the price of water in the market. This could adversely impact the financial performance of the Company.
<b>Climate change</b>	Advancing variability in climate and weather patterns may have an impact on water quality and water availability. The demand and supply of water available for consumptive use will respond to these changes, accordingly, impacting the price of water. There is a risk that climate change could mean the Company is unable to benefit from rainfall and reliable water sources, which could have an adverse effect on the future financial performance of the Company.
<b>Thinly-traded assets and liquidity risk</b>	In some regions, Water Entitlements and Water Allocations are thinly traded, increasing the difficulty in obtaining a fair and accurate valuation of the asset. As a consequence, the realisable value of the Water Entitlements may be less than the apparent value or it may take a long period of time before the investment is able to be realised at market value.

Risk Category	Risk
<b>Water market competition risk</b>	An increase in water market participants may impact the price of Water Entitlements and Water Allocations. This would likely impact the value of the Company's portfolio.
<b>Loss of carryover</b>	The Investment Manager may elect that Water Allocations, which have not been leased, be carried over from one year to the next where permissible based on the jurisdiction and Water Entitlement class. This strategy may be implemented during times that Water Allocation prices are depressed. For example, during times of excessive oversupply during flooding this strategy may be implemented. This strategy is subject to the risk that carryover Water Allocations may be cancelled if the water storage associated with that Water Entitlement overflows due to flooding.
<b>Breach of water entitlement conditions</b>	Water Entitlements can be cancelled by a relevant water authority if there is a breach of conditions of a Water Entitlement. Those conditions vary depending on the jurisdiction and type of Water Entitlement but generally include cancellation due to over-use. Cancellation of a Water Entitlement would negatively affect the value of the Company's portfolio.
<b>Market size and liquidity risk</b>	The estimated value of Australian Water Entitlements on issue within the Southern Murray-Darling Basin is \$30 million (AUD) as of 30 June 2022. The turnover of Australian Water Entitlements is relatively small when compared to the aggregate market, with an approximate average annual turnover of 4%. During the 2021-2022 season, entitlements turnover was 213 GL valued close to \$812 million. The average annual turnover in Water Allocations over the same period was 7,506 GL. With limited market activity, the small market size poses a liquidity risk for the Company, creating pricing and capacity considerations.

## 5.5 General risks

Risk Category	Risk
<b>Additional requirements for capital</b>	The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to the amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is, however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.
<b>Market conditions</b>	Share market conditions may affect the value of the Company's Shares regardless of the Company's

Risk Category	Risk
	<p>operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> <li>a) general economic outlook;</li> <li>b) introduction of tax reform or other new legislation;</li> <li>c) interest rates and inflation rates;</li> <li>d) changes in investor sentiment toward particular market sectors;</li> <li>e) the demand for, and supply of, capital; and</li> <li>f) terrorism or other hostilities.</li> </ul> <p>The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p>Applicants should be aware that there are risks associated with any securities listed on the stock market. These factors may materially affect the market price of the Company's Shares regardless of the Company's performance.</p>
<b>Insurance</b>	<p>The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance coverage. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks is not always available, and where available, the costs can be prohibitive.</p>
<b>Force Majeure</b>	<p>The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.</p>
<b>Taxation</b>	<p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of the allotment of Shares under this Offer Document.</p>



Risk Category	Risk
<b>Litigation Risks</b>	The Company is exposed to possible litigation risks including, environmental claims, occupational health and safety claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position. The Company is not currently engaged in any litigation.
<b>Pandemics</b>	The impact of COVID-19 or any future pandemic is not able to be predicted. However, there is a risk that economic conditions and government restrictions in relation to a pandemic may adversely impact the Company, including the value of any of its investments or the Company's ability to generate income and pay dividends.
<b>Cyber security</b>	The Company stores data in its own systems and networks and also with a variety of third party service providers. Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers. The Company adopts security measures considered appropriate for the nature of the data that it stores and is constantly reviewing its cyber security arrangements.

## 5.6 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document. Therefore, the Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.



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## 6. UNDERWRITING

### 6.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with MST Financial Services Pty Ltd (ACN 617 475 180) (AFSL 500557), pursuant to which the Underwriter has agreed to act as lead manager to the Offer and the Placement, act as underwriter to the Placement and partially underwrite the Offer up to a value of \$25,000,000 (the **Underwritten Amount**) (equal to 16,666,667 Shares) (**Underwritten Shares**).

The material terms and conditions of the Underwriting Agreement are summarised below:

<b>Definitions</b>	<p>The following definitions apply for the purpose of this summary only:</p> <ul style="list-style-type: none"><li>(a) <b>Investor Presentation Materials</b> means the investor presentation materials which comprise the offer materials, which were released to ASX by the Company on 3 July 2023 (and includes any amendment, replacement or update of such investor presentation materials).</li><li>(b) <b>Offer</b> means the Offer and the Placement.</li><li>(c) <b>Offer Cleansing Statement</b> means the cleansing statements issued by the Company in respect to the Offer and the Placement.</li><li>(d) <b>Offer Materials</b> means the materials issued to the market and to securityholders in connection with the Offer and the Placement and includes any amendment, replacement or update of such investor presentation materials.</li></ul>
<b>Fees</b>	<ul style="list-style-type: none"><li>(a) The Company has agreed to pay the Underwriter:<ul style="list-style-type: none"><li>(i) a management fee of two per cent of the Underwritten Amount;</li><li>(ii) an underwriting fee of three per cent of the Underwritten Amount;</li><li>(iii) a management and underwriting fee of 3.5 per cent of \$6,650,001 raised under the Placement; and</li><li>(iv) a management and underwriting fee of 1.5 per cent of \$600,000 raised under the Placement.</li></ul></li><li>(b) The Company has also agreed to, pay or reimburse the Underwriter for:<ul style="list-style-type: none"><li>(i) legal Costs that the Underwriter incurs in relation to the Offer up to \$30,000;</li><li>(ii) all reasonable disbursements and out of pocket expenses incurred by the Underwriter in relation to the Offer</li></ul></li></ul>

	<p>(provided that any individual expense item of an amount greater than \$2,000 has been approved in writing by the Issuer before it is incurred); and</p> <p>(iii) any stamp duty, transfer taxes, withholding taxes or similar taxes payable in respect of the Offer.</p>
<b>Termination Events</b>	<p>(a) <b>(Misleading disclosure)</b> a statement contained in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive or a matter required to be included is omitted from the Offer Materials;</p> <p>(b) <b>(Information)</b> any information supplied by or on behalf of the Company to the Underwriter for the purposes of the due diligence investigations, the Offer Materials, or the Offer, is false, misleading or deceptive in a material respect;</p> <p>(c) <b>(Offer cleansing statements)</b> an Offer Cleansing Statement is defective, or a corrective statement is required to be issued under the Corporations Act (other than as a result of a new circumstance arising);</p> <p>(d) <b>(New circumstance)</b> an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act or a new circumstance arises or becomes known, which, if known at the time of issue of the Investor Presentation Materials and Offer Cleansing Statements would have been required to be included in the Investor Presentation Materials or the Offer Cleansing Statements;</p> <p>(e) <b>(Change)</b></p> <ul style="list-style-type: none"> <li>(i) Any adverse change, or development (including but not limited to any regulatory change) or event involving a prospective adverse change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, operations, management, profits, losses or prospects of the Company or the Company Group;</li> <li>(ii) the Company or a Company Group member: <ul style="list-style-type: none"> <li>(A) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;</li> <li>(B) ceases or threatens to cease to carry on business;</li> </ul> </li> </ul>

- (C) alters its capital structure, other than as contemplated in the Underwriting Agreement; or
  - (D) amends its Constitution or other constituent document of a Company Group member;
- (iii) a change to the chief executive officer or chief financial officer or the Board of directors of the Company occurs, or any such changes are announced (other than a change announced to ASX prior to the date of the Underwriting Agreement);
- (f) **(Market fall)** the ASX/S&P 300 Index falls by ten per cent or more at any time from its level at market close on the business day immediately preceding the date of the Underwriting Agreement;
- (g) **(Future matters)** any estimate or expression of opinion, belief, expectation or intention, or statement relating to future matters in any Offer Materials is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (h) **(Change of law)** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy, any of which does or in the reasonable opinion of the Underwriter is likely to prohibit or adversely affect or regulate the Offer, capital issues or stock markets or the Underwriter's ability to promote or market the Offer or enforce contracts to issue or allot the Offer Shares, or adversely affect the taxation treatment of the Offer Shares;
- (i) **(Unable to proceed)** the Company is or will be prevented from conducting or completing the Offer by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction;
- (j) **(Force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any Government Agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement document, or to market, promote or settle the Offer;
- (k) **(Listing):**
  - (i) the Company ceases to be admitted to the official list of ASX or the Shares (or interests in them) cease trading or are suspended from

	official quotation or cease to be quoted on the ASX; or
	(ii) ASX makes any official statement to any person, or indicates to the Company or the Underwriter that it will not grant permission for the official quotation of the Offer Shares; or
	(iii) permission for the official quotation of the Offer Shares is granted, and before the date of issue of those Offer Shares, the approval is subsequently withdrawn, qualified or withheld;
(l)	<b>(Applications)</b>
	(i) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer Materials or the Offer or ASIC commences, or gives notice of an intention to hold, any investigation or hearing in relation to the Offer or any of the Offer Materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company; or
	(ii) there is an application to a Government Agency for an order, declaration or other remedy in connection with the Offer or any agreement entered into in respect of the Offer except in certain circumstances set out in the Underwriting Agreement;
(m)	<b>(ASIC determination)</b> ASIC makes a determination, exemption or order which would prevent the Company from making the Offer under section 708A or section 708AA;
(n)	<b>(No misleading or deceptive conduct)</b> the Company engages in conduct that is misleading or deceptive or which is likely to mislead or deceive in connection with the making of the Offer;
(o)	<b>(Withdrawal)</b> the Company withdraws or indicates that it does not intend to proceed with the Offer or any part of the Offer, or withdraws a document forming part of the Offer Materials;
(p)	<b>(Market disruption)</b>
	(i) a general moratorium on commercial banking activities in Australia, the United States of America, Singapore, Hong Kong, the People's Republic of China or the United Kingdom is declared, or there is a material disruption in commercial banking

- or security settlement or clearance services in any of those countries; or
- (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the Singapore Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;
- (q) **(Political or economic conditions, hostilities or pandemic)**
  - (i) the occurrence of any adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in; or
  - (ii) hostilities not presently existing commence or a major escalation in existing hostilities occurs involving any one or more of; or
  - (iii) a pandemic, epidemic or large-scale outbreak of a disease not presently existing occurs or in respect of which there is a major escalation, involving any one or more of,
    - Australia, New Zealand, any member state of the European Union, the United States of America, the United Kingdom, the People's Republic of China, Hong Kong or Singapore;
- (r) **(Undertakings, representations and warranties)** an undertaking, representation and warranty contained in the Underwriting Agreement on the part of the Company is untrue or incorrect when given or taken to be given or becomes untrue or incorrect;
- (s) **(Certificate)** any certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required or is untrue, incorrect or misleading;
- (t) **(Delay)** any event specified in the Underwriting Agreement is delayed by one Business Day or more, without the prior written consent of the Underwriter;
- (u) **(Breach)** the Company fails to perform or observe any of its obligations under this Underwriting Agreement;
- (v) **(Compliance):**
  - (i) a contravention by any member of the Company Group of the Corporations Act, the Constitution), the ASX Listing Rules, any applicable laws or regulations, or any Encumbrance, instrument or document

- entered into by any member of the Company Group or that is binding over an asset of a Company Group Member; or
- (ii) any Offer Materials or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules, or any other applicable law or regulation;
- (w) **(Prosecution)** any of the following occurs:
- (i) a director or senior member of management of the Company engages in any fraudulent conduct or activity, or is charged with an indictable offence;
  - (ii) any Government Agency commences any public proceedings against the Company or any director in their capacity as a director of the Company, or announces that it intends to take such action; or
  - (iii) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (x) **(Encumbrance)** a person encumbers or agrees to Encumber, the whole or a substantial part of the business or property of the Company or the Company Group;
- (y) **(Acquisition Agreement):**
- (i) any party to an Acquisition Agreement does, or becomes entitled to, or threatens to, terminate, rescind, withdraw or revoke an Acquisition Agreement;
  - (ii) the Acquisition Agreements do not, become incapable of, or will not, complete in accordance with their terms; or
  - (iii) there is a breach of a representation or warranty or other obligation under an Acquisition Agreement, which has or is likely to have in the opinion of the Underwriter (acting reasonably) a material adverse effect on the Company, the Company Group, or the Acquisition; or
- (z) **(Insolvency)** an insolvency event occurs to a Company Group member or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of any Company Group member.

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature.

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## 7. DEFINED TERMS

**\$ or A\$** means an Australian dollar.

**AEST** means Australian Eastern Standard Time as observed in Sydney, New South Wales.

**Additional Shares** means those Shares not issued under the Offer.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

**Application** refers to the submission of an Entitlement and Acceptance Form.

**Acquisition** means the proposed acquisition of water entitlements by the Company from Treasury Wine Estates Limited (ACN 004 373 862), announced by the Company on 3 July 2023.

**Acquisition Agreements** means the agreements which govern the Acquisition, comprising the:

- (a) water entitlement sale agreement - NSW water entitlements;
- (b) water entitlement sale agreement - VIC water entitlements;
- (c) water entitlement lease agreement - NSW water entitlements; and
- (d) water entitlement lease agreement - VIC water entitlements.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Listing Rules of the ASX.

**Board** means the board of Directors unless the context indicates otherwise.

**Closing Date** means the closing date set out in Section 3.3 or such other date as may be determined by the Directors.

**Company** means Duxton Water Ltd (ACN 611 976 517).

**Company Group** means the Company and each Subsidiary (if any) of the Company (and Company Group member means any one or more of them).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company.

**Eligible Shareholder** means a Shareholder as at the Record Date who is eligible to participate in the Offer.

**Entitlement** means the entitlement to subscribe for one (1) Share for every four (4) Shares held by an Eligible Shareholder on the Record Date.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Investment Management Agreement** means the agreement between the Company and the Investment Management, which records the terms of the Investment Manager's engagement to manage the Company's assets and investment strategy.

**Investment Manager** means Duxton Capital (Australia) Pty Ltd (AFSL: 450218), the investment manager of the Company, who manages the Company's assets and the implementation of its investment strategy.

**Offer or Rights Issue** means the pro rata non-renounceable offer of Shares at an issue price of \$1.50 each on the basis of one (1) Share for every four (4) Shares held on the Record Date subscribed for pursuant to this Offer Document.

**Offer Document** means this Offer Document.

**Opening Date** means the opening date set out in Section 3.3 of this Offer Document.

**Placement** means the placement of up to 4,833,334 Shares at an issue price of \$1.50 per Share to raise up to \$7,250,000, announced by the Company on 3 July 2023.

**Record Date** means the record date set out in Section 3.3 of this Offer Document.

**Section** means a section of this Offer Document.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shortfall** means those Shares under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Offer** means as defined in Section 4.6.

**Subsidiary** means in relation to an entity, has the meaning given to that term in the Corporations Act but so that:

- (a) an entity will also be deemed to be a "Subsidiary" of a company if that entity is required by the accounting standards to be consolidated with that company;
- (b) a trust may be a "Subsidiary", for the purposes of which any units or other beneficial interests will be deemed shares; and
- (c) a corporation or trust may be a "Subsidiary" of a trust if it would have been a Subsidiary if that trust were a corporation.

**Underwriter** means MST Financial Services Pty. Ltd. (ACN 617 475 180).

**Water Allocation** means the specific volume of water allocated to a Water Entitlement in a given season. This can fluctuate annually, based on seasonal availability.

**Water Entitlement** means the perpetual entitlement to exclusive access to a share of water from a specified pool of water set aside by the Australian Government for consumption.