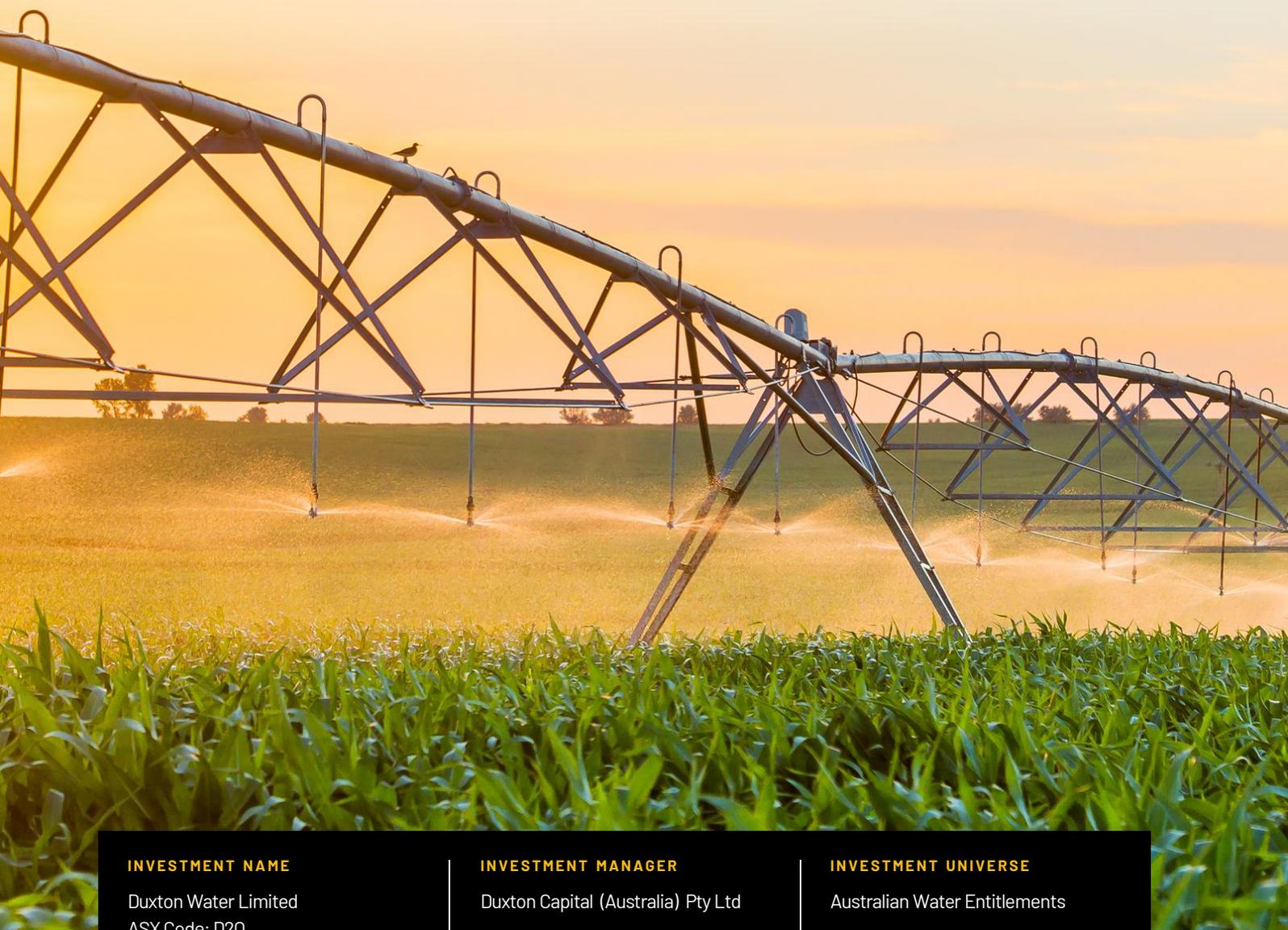


Monthly Update



OCTOBER 2023



INVESTMENT NAME

Duxton Water Limited
ASX Code: D20

INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

INVESTMENT UNIVERSE

Australian Water Entitlements

NET ASSET VALUE (POST-TAX)

\$1.61 per share

SHARES ON ISSUE

152,720,578

WATER PORTFOLIO VALUE

\$386 million



The primary investment objective of Duxton Water (“the Company”) is to build a portfolio of permanent water entitlements and utilise this portfolio to provide flexible water supply solutions to our Australian farming partners. The Company generates a return by offering irrigators a range of supply solutions including long-term entitlement leases, forward allocation contracts and spot allocation supply.



Portfolio Managers’ Update

On 27 October 2023, Duxton Water paid a fully franked dividend of 3.5 cents per share to shareholders, marking the Company’s 13th consecutive dividend since its maiden dividend in 2017. In addition, Duxton Water has provided shareholders with a 12-month dividend guidance until the end of 2024.

The Company was also pleased to see continued support from shareholders who elected to participate in the Company’s Dividend Re-investment Plan (“DRP”), which allowed shareholders to increase their shareholdings. Shares allocated under the DRP attracted a 5% discount.

By the end of October, entitlement values across the southern Murray Darling Basin (“sMDB”) decreased by 2.2% compared to September. The Company considers that this is due to the current economic challenges and lower trading activity in the market. While entitlement values have softened in the last 6-9 months, they have still shown strong long-term performance with a compound annual growth rate of approximately 10% since 2016.

Allocation prices in October have fallen compared to September but are still significantly higher than last year. This is due to recent weather conditions in the sMDB and the long-range outlook, which are very different from last year. For instance, in most parts of Australia, October 2022 was one of the wettest on record, while October 2023 was the driest October since 2002.

El Niño and the positive Indian Ocean Dipole (“IOD”) are still active and continue to influence Australia’s climate. The months of August to October have been hotter and drier than usual, resulting in below-average soil moisture levels across most of Australia. However, parts of Victoria experienced a few days of heavy rainfall in October, which led to low-reliability entitlements in the Goulburn receiving an allocation of 19%.

Looking forward, The Bureau of Meteorology’s (“BOM”) weather forecast for December to February indicates higher-than-usual temperatures and an equal chance of below or above-average rainfall in sMDB. The positive IOD is expected to stay until December 2023, while the El Niño is likely to persist until at least early Autumn.

On 31 October 2023, the Federal Government provided an update on the water purchasing tender that took place earlier in the year for 44.3 Gigalitres. The Government has now extended first round offers to entitlement holders across New South Wales and southern Queensland. Water recovered through this tender will complete the “Bridging the Gap” target of the MDB Plan. Moreover, the bill, Restoring the Rivers, continues to progress in Parliament and is now in the Senate. This bill aims to extend the Basin Plan deadline and allow the use of water buybacks to achieve the 450 GL target.

Finally, we are pleased to announce that on 9 November 2023, the Company issued free bonus options to eligible shareholders. These bonus options give holders the right but not the obligation to purchase D20 shares at \$1.92 per share at any time prior to the expiry date of 10 May 2026. The options have been quoted on the ASX under the ticker code D200A.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
-1.49%	-5.84%	-9.14%	-9.43%	99.68%

[^]These figures are based on NAV movements and include franked dividends for the period.



Water Lease & Forward Update

At 31 October 2023, Duxton Water had 52% of its permanent water portfolio (by value) leased to Australian farming businesses, accounting for 66% of the Company's high-security portfolio (by value). The current WALE is 2.9 years, and inclusive of renewal options, this increases to 4.4 years.

The lease market is relatively quiet at this time of the year, although there is growing interest from potential lessees in lease contracts starting on 1 July 2024. Irrigators are thinking ahead and are trying to lock in their water requirements for 2024-2025 and beyond. We continue to offer a range of leases, including high and general security entitlement leases, in different zones with different expiry dates to meet irrigators' demand.

Similarly, the Company continues to offer forward contracts for 2024-2025, with demand typically peaking post-summer. These contracts serve as an effective hedging tool for irrigators, allowing them to lock in water prices for the next year, providing cost and visibility to water supply for the year ahead. The Company is currently fulfilling its forward contracts for 2023-2024.

Duxton Water continues to emphasise the importance of having a well-defined water strategy for agri-businesses that depend on irrigation, considering Australia's volatile climate.



Table Grape Vineyard

QUICK FACTS SUMMARY

	September 2023	October 2023
Water Entitlements	88.8GL	89.0GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	52%	52%
Weighted Average Lease Expiry (WALE)	3.0 years	2.9 years
WALE (incl. renewal options)	4.5 years	4.4 years

Entitlement Market Update

At 31 October 2023, Duxton Water's portfolio had 89.0 GL of water entitlements across 19 different entitlement types and classes. Throughout October, two parcels of water entitlements were added to the portfolio, increasing holdings by 200 ML.

By the end of October, entitlement values in sMDB decreased on average by 2.2%. The decline was caused primarily by a fall in the value of high security water entitlements, while general security entitlements remained stable. Entitlement markets continued to be slower than usual in October, with a low volume of trades being executed.

Allocation Market Update

Allocation prices in October have eased since the end of September. This is partly due to timely rainfall in the sMDB during the month. Additionally, the postponement of the opening of the Goulburn IVT has resulted in reduced trading activity as irrigators anticipate greater supply entering the market.

In October, spot prices were between \$145-\$165/ML in the Goulburn, \$190-\$200/ML in Murrumbidgee, \$160-\$170/ML in the Lower Murray, and \$90-\$130/ML in the Upper Murray.

During October, allocations were awarded to Goulburn low reliability entitlements, increasing from 0% to 19%.

Allocations awarded to entitlements (31 October 2023):

Entitlement Zone	High Security	General Security
NSW Murray	100%	110%
VIC Murray	100%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	46%
Goulburn	100%	19%

ENTITLEMENT LEASE CASE STUDY:

Duxton Water recently entered into a 5-year lease for 300ML of high-security water entitlements with a potato grower in southern NSW. During the summer watering program, potatoes usually require an average of 6ML per hectare. Through this partnership, this grower now has cost and supply visibility for the next 5 years. By entering a long-term water lease, this customer has also hedged against potential future increases in allocation prices, especially during dry climate conditions.

Through this type of partnership, Duxton Water offers Australian farming businesses a flexible and cost-effective way to fulfil their irrigation requirements without having to purchase water entitlements outright.





Finance Update

At 31 October 2023, Duxton Water's post-tax NAV closed at \$1.61 per share, decreasing by 7 cents compared to last month.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.76 per share, decreasing by 10 cents during the month.

The decrease in both pre-tax and post-tax NAV in October is due to the payment of the most recent dividend to shareholders on 27 October 2023 (3.5 cents per share). In addition, there was a further softening in entitlement values across the sMDB during this period.

At the end of October, the Company's net debt to water assets ratio ("LVR") was 30%, which continues to be below the maximum LVR of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.61 per Share	\$1.76 per Share

Dividends

On 27 October 2023, Duxton Water paid a 3.5 cent per share dividend, marking its 13th consecutive and increasing dividend paid to shareholders since 2017.

This dividend is in line with the previously stated dividend target and is fully franked (30% tax rate) for Australian taxation purposes.

Duxton Water was pleased to have once again offered shareholders the opportunity to participate in the Company's DRP. Participants were eligible to receive a 5% discount to acquire new shares under the DRP.

The Board would like to reaffirm the Company's dividend guidance provided out to the end of 2024:

	Cents Per Share	Franking Target
Final 2023	3.6 cps	Fully Franked
Interim 2024	3.7 cps	Fully Franked

Bonus Option Issue

On 9 November 2023, Duxton Water issued approx. 38 million bonus options to eligible shareholders. As previously announced, eligible shareholders have received bonus options on the basis of one (1) bonus option for every four (4) ordinary shares held at the record date of 3 November 2023.

Bonus option holders can purchase D20 shares at a strike price of \$1.92 per share on or before the bonus option expiry date of 10 May 2026. All information regarding the bonus option can be found in the prospectus released on the ASX on 30 October 2023. Alternatively, the prospectus can be viewed and downloaded from the Company's website.

On 9 November 2023, the Company successfully applied for the bonus options to be quoted on the ASX under the ticker code D200A, making them tradeable.

On 27 October 2023, Duxton Water released an amendment to the terms of the bonus option issue, originally announced on 3 July 2023. Following consideration of various market factors, the Board has deemed it appropriate to extend the bonus option expiry date from 10 May 2025 to 10 May 2026.

HISTORICAL PERFORMANCE - SINCE INCEPTION



VALUATION METHODOLOGY

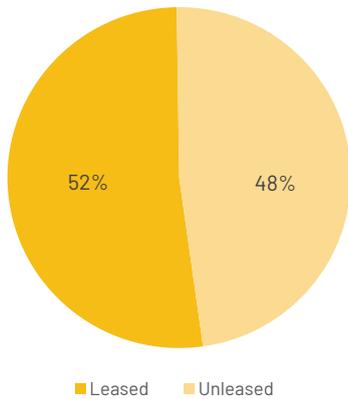
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ('Aither') to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement. It is a non IFRS measure that is not reviewed or audited by the Company's auditor. Further information can be found at www.duxtonwater.com.au

Monthly Update

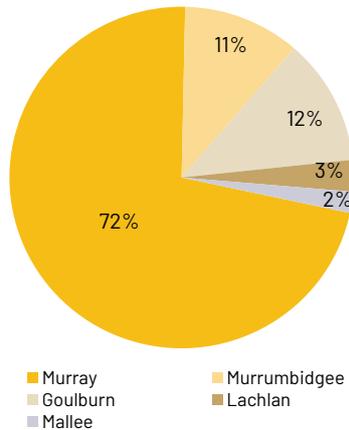
OCTOBER 2023



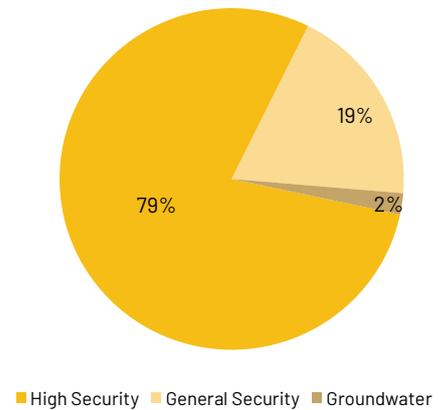
WATER PORTFOLIO DIVERSIFICATION



ENTITLEMENT VALUE BY REGION



WATER SECURITY BREAKDOWN



Weather Update

National rainfall for October 2023 was 65.4% below the 1961-1990 average, resulting in the fifth-driest October on record or the driest since 2002. Most of Australia received below-average rainfall, with Western Australia experiencing its driest October in recorded history. However, eastern Victoria and adjacent parts of New South Wales had above-average rainfall.

In the MDB, rainfall was 49% below the long-term average, particularly in the northern basin. However, in the southern basin, October rainfall was average to above average. On the 4th of October, numerous weather stations in Victoria recorded record-breaking daily rainfall. Despite the rain, soil moisture levels remain below the long-term average at the end of October, particularly in the northern basin.

The national average temperature was 1.05°C above average. The average maximum temperature was 1.91°C above average, while the average minimum temperature was 0.20°C above the long-term average.

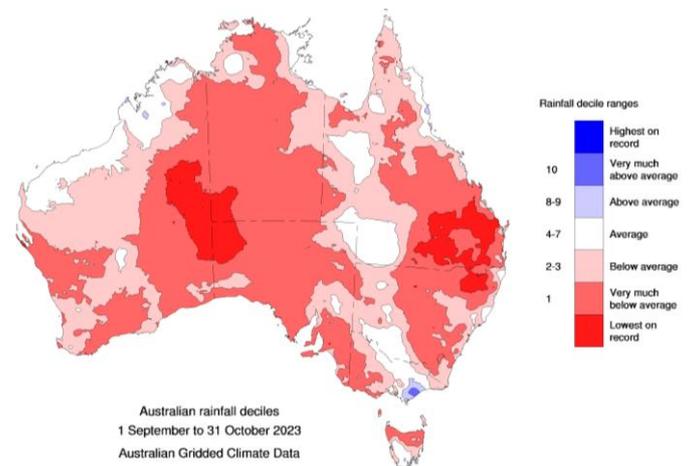
El Niño and positive IOD continue. El Niño typically causes less rainfall in eastern Australia and warmer days in most of southern Australia. A positive IOD typically leads to reduced spring rainfall for central and south-east Australia. When they occur together, drying effects can become more intense and widespread throughout Australia.

The IOD index in the last weeks of October was +1.79°C, representing the second-highest since 2001. The highest values on record occurred during the strong positive IOD event of 2019.

The Southern Annular Mode (SAM) index is currently neutral and is expected to remain so in the coming weeks. During spring, neutral SAM is associated with typical climate conditions for Australia.

RAINFALL DECILE CHART (SPRING)

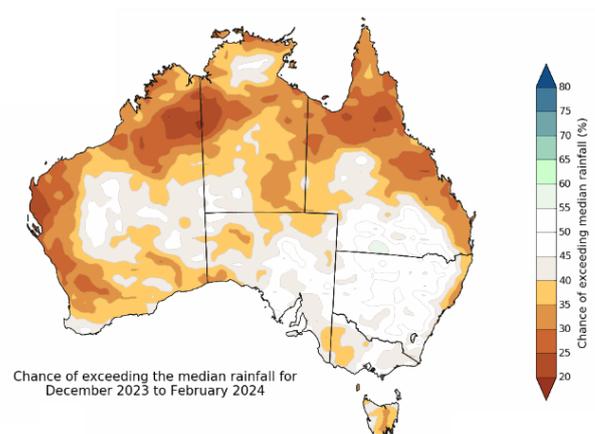
SEPTEMBER - OCTOBER 2023



Source: Bureau of Meteorology

CHANCE OF ABOVE-AVERAGE RAINFALL

DECEMBER 2023 - FEBRUARY 2024



Source: Bureau of Meteorology



Outlook & Storages

The forecast for December to February indicates below-average rainfall is likely for most of northern and western Australia, and Tasmania. The rest of the country is likely to receive average rainfall.

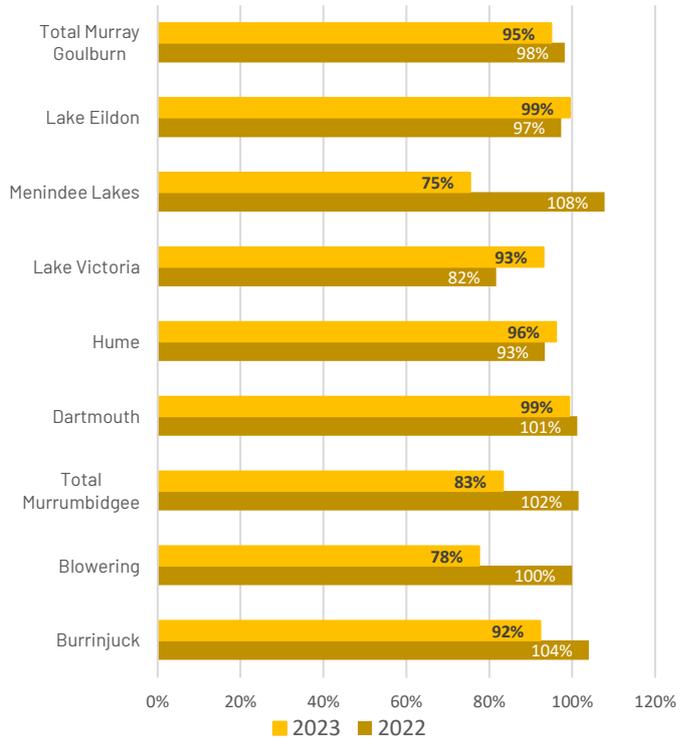
During the same period, most of Australia can expect warmer temperatures, with minimum and maximum temperatures likely to be well above average.

The current positive IOD is expected to remain active until December 2023, while the El Niño event is forecasted to last until at least early autumn 2024.

In October, river inflows into the Murray system were above the long-term average. Low streamflows are likely for November to January.

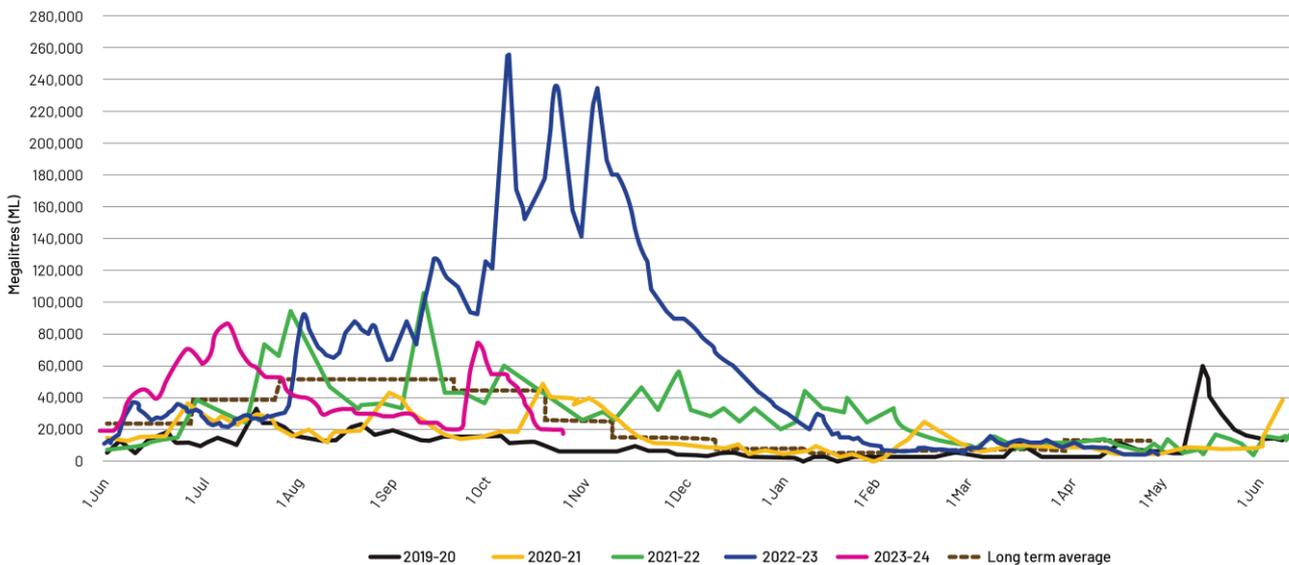
At the end of October, MDB storages were at 92% capacity. Northern basin storages were 84%, while southern basin storages were 93%. Last year, the northern basin was at 109% capacity, and the southern was at 99%. This is indicative of changing climate conditions.

STORAGE LEVELS IN MAJOR DAMS



DAILY INFLOWS TO THE MURRAY DARLING BASIN

Murray System Daily Inflows (excl. Snowy Darling, inter-valley trade and environmental inflows) - 5 day rolling average



This announcement has been authorised for release by the Chairman of Duxton Water Limited

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