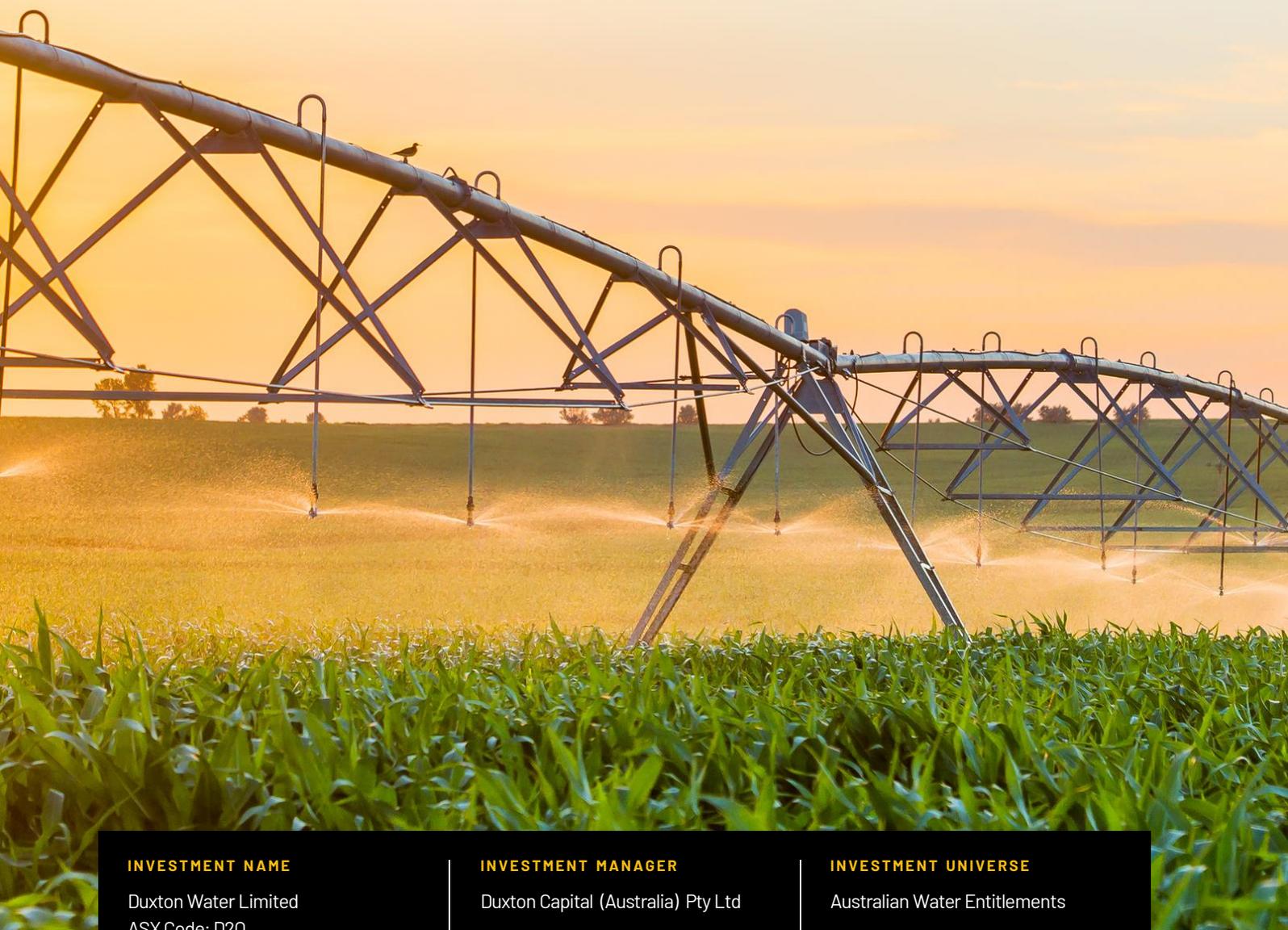


Monthly Update



MARCH 2024



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

WATER PORTFOLIO VALUE

\$394 million

SHARES ON ISSUE: 152,722,498

OPTIONS ON ISSUE: 38,165,906



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 26 April 2024, Duxton Water will pay a final 2023 dividend of 3.6 cents per share. The Company would like to thank its shareholders for their continued support. The Company is pleased to offer its Dividend Reinvestment Plan (“DRP”) for the upcoming dividend. Under the DRP, shareholders will receive new shares in the Company at a 5% discount to the 5-day VWAP leading into the record date of 12 April 2024.

In early April, Treasury Wine Estates (“TWE”) formally exercised its call option on the NSW water entitlements, which were acquired by the Company last year. TWE will purchase 2,799 megalitres (“ML”) of NSW high-security entitlements from Duxton Water. As per the call option terms, the lease associated with these entitlements will be terminated. Further information can be found in the official ASX announcement issued on 5 April 2024.¹

Proceeds from the sale of these entitlements are expected to be offset against the Company’s debt facilities initially. This will provide the Company with additional flexibility to acquire well priced water entitlements as opportunities present.

Regarding March 2024, the water portfolio increased in value to \$394 million, up from \$389 million in the previous month. The Company remains focused on expanding into water zones that fit well within the current target portfolio composition.

The collective value of entitlements in the southern Murray Darling Basin (“sMDB”) increased by approximately 1% during March, driven primarily by general security and low-reliability entitlements. This is likely due to increased interest in carry-over space and the expectation that these general security/low reliability water entitlements will receive a strong allocation in the 2024-2025 water year.

In the spot market, allocation prices increased compared to last month due to warmer and drier weather in March across the sMDB. That being said, prices remained low given that the peak irrigation season had now ended.

Looking ahead, the weather outlook for May to July 2024 indicates rainfall to be close to the long-term average and temperatures to be above average. Climate drivers are expected to remain neutral until at least April 2024. Beyond this, there is more uncertainty about how the main climate drivers in the Pacific and Indian Oceans will affect Australia’s climate.

In addition, the NSW government released its opening allocation outlook for 2024-2025 on 15 March 2024. High-security entitlements are expected to open at 95% in the Murrumbidgee and 97% in NSW Murray. General security entitlements are expected to open at 5% and 30% in NSW Murray. General security entitlements are expected to increase gradually throughout the water year, depending on climatic conditions.

Finally, business operations are focused on the upcoming water year. The Company has sold most of its 2023-2024 allocation holdings and is working with customers to support their 2024-2025 water strategy. The Company has executed a number of forward contracts for next year and continues to work on strengthening its lease portfolio.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

1. ASX Announcement: Treasury Wine Estates exercises call option to acquire NSW water entitlements from Duxton Water Limited.

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
-0.09%	-0.89%	-1.56%	-8.23%	99.58%

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



Water Lease & Forward Update

At 31 March 2024, Duxton Water had 57% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for approximately 72% of the Company’s high-security portfolio (by value).

The Company’s WALE is 2.8 years, or including renewal options, the WALE increases to 4.8 years.

As the new water year is approaching, there has been a surge in transactional activity relating to forward contracts. Irrigators are looking to lock in water prices for the next water year. Additionally, there has been an increase in demand for carry-over space, which is typical for this time of the year.

To meet this demand, the Company has entered into multiple forward contracts for delivery in 2024-2025. Duxton Water is also offering long-term leases to the market for both high and general security entitlements, and is currently working with existing customers around lease renewals for the upcoming season.

Duxton Water would like to emphasise the importance of having a well-defined water strategy that enables farming businesses to take a multi-year approach to their water security. The products offered by Duxton Water give farmers choice and flexibility when it comes to managing their annual water requirements.



Young walnuts before harvest

QUICK FACTS SUMMARY

	February 2024	March 2024
Water Entitlements	90.7GL	90.5GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	58%	57%
Weighted Average Lease Expiry (WALE)	2.9 years	2.8 years
WALE (incl. renewal options)	4.9 years	4.8 years

Entitlement Market Update

At 31 March 2024, Duxton Water held 90.5 GL of water entitlements across 19 different types and classes. The portfolio was rebalanced in March, ending the month with a total portfolio valuation of \$394 million.

The entitlement market rose by approximately 1% in value during March. This was primarily driven by general security and low reliability entitlements. These entitlements continue to perform well in the current environment, which likely reflects the demand for carry-over space and the expectation of receiving allocation in 2024-2025.

Allocation Market Update

Warmer conditions in the southern Murray Darling Basin increased demand for allocation water in March. This led to a slight rise in allocation prices across most water zones.

During March, spot water was trading between \$20-\$25/ML in the Murrumbidgee, \$25-\$30/ML in the Goulburn, \$25-\$30/ML in the lower Murray, and \$15-\$20/ML in the upper Murray.

In early April, VIC Murray low-reliability entitlements reached 100% allocation, while others remained unchanged.

Allocation awarded to entitlements (11 April 2024):

Entitlement Region	High Security	General Security
NSW Murray	100%	110%
VIC Murray	100%	100%
SA Murray	100%	n/a
Murrumbidgee	100%	100%
Goulburn	100%	77%

CARRY-OVER CONTRACT CASE STUDY:

A carryover contract provides irrigators the option to hold allocation on another party’s licence. The carryover placer would transfer a specified amount of unused allocation to the other party’s allocation account to be carried over from one water year to the next on behalf of the placer at either the holder’s or placers’ risk. Carryover contracts provide access to water that would otherwise be lost to dam spillage, whilst enabling more efficient resource allocation. Duxton Water offers a range of carryover contracts in various water classes and zones.

Through this type of partnership, Duxton Water offers Australian farming businesses a cost-effective way to maximise their awarded allocation.





Finance Update

At 31 March 2024, Duxton Water's post-tax NAV remained at \$1.61 per share.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.74, decreasing by 1 cent during the month.

The value of the water portfolio remained stable this month, as changes in entitlement prices largely offset each other.

The Company's net debt to water assets ratio ("LVR") is 32%, which remains below the Company's maximum LVR of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.61 per Share	\$1.74 per Share

Bonus options

At the end of February 2024, there were 38,165,906 options on issue on the ASX under the ticker code D200A.

These options were issued by the Company to existing eligible shareholders¹ at zero cost, on 9 November 2023.

These options give holders the right, but not the obligation, to purchase additional D20 shares at the strike price of \$1.92 per share. These can be exercised on or before 10 May 2026.

Further information about the Company's bonus option issue can be found in the Company's bonus option prospectus, released on the ASX on 30 October 2023.

Dividends

On 26 April 2024, Duxton Water will pay a final 2023 dividend of 3.6 cents per share. This dividend is in line with the previously stated dividend target and will be fully franked (30% tax rate) for Australian tax purposes. The record date for this dividend is Friday, 12 April 2024.

Duxton Water is pleased to offer shareholders the ability to participate in the Company's DRP. Participants in the DRP will be entitled to receive additional shares in the Company at a 5% discount. More information on the dividend can be found in the Company's ASX announcements.

This dividend will mark the Company's 14th consecutive and increasing dividend since the Company paid its maiden dividend in November 2017.

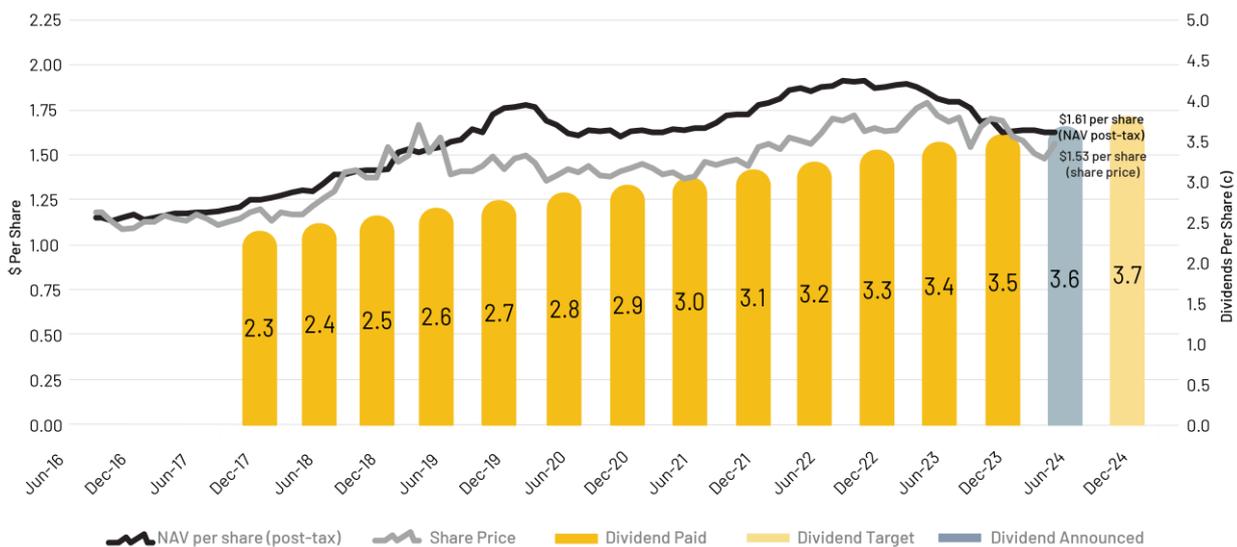
During FY2023, the Company paid two fully franked dividends, totalling 6.9 cents per share. This comprised of a 3.4 cent dividend paid on 28 April 2023, and a 3.5 cent dividend paid on 27 October 2023.

The Board of Duxton Water is pleased to reaffirm dividend guidance for the remainder of FY2024:

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

1. Bonus Option Eligible Shareholders are those who hold shares in the Company on 3 November 2023 (Record Date) and do not have a registered address in the United States of America.

HISTORICAL PERFORMANCE - SINCE INCEPTION



VALUATION METHODOLOGY

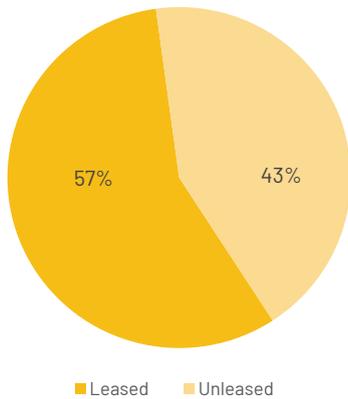
The Company uses an independent Fair Market Unit Value for entitlement and allocation provided by Aither Pty Ltd ("Aither") to undertake the NAV assessment. Aither's definition of fair market value is consistent with the principles of the Australian Accounting Standards Board (AASB) 13 Fair Value Measurement. 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

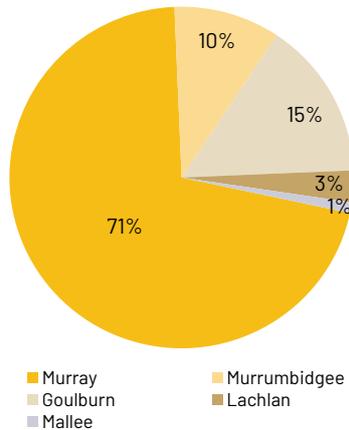
MARCH 2024



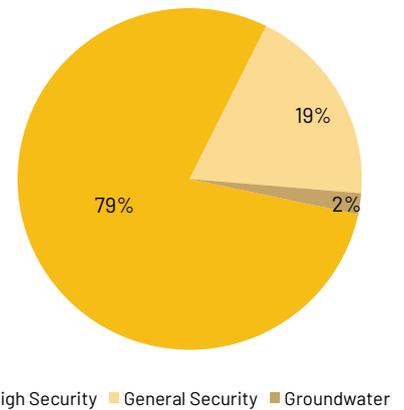
WATER PORTFOLIO DIVERSIFICATION



ENTITLEMENT VALUE BY REGION



WATER SECURITY BREAKDOWN



Weather Update

March 2024 was the third wettest on record nationally, with rainfall representing 86.5% above the long-term average. The Northern Territory and Western Australia experienced wetter-than-usual conditions. By contrast, the southeast of the mainland and Tasmania experienced record dry conditions.

In the MDB, March rainfall was 17% below the long-term average. Most of northern Victoria and southern NSW received less rainfall than usual, leading to below-average soil moisture levels in several catchments. However, rainfall in most parts of the northern basin was above average.

In addition, March 2024 has been ranked as the tenth warmest month on record, with South Australia experiencing its hottest march temperatures on record. The national average temperature was 1.11°C higher than the long-term average, with both the maximum and minimum temperatures also being above the long-term average.

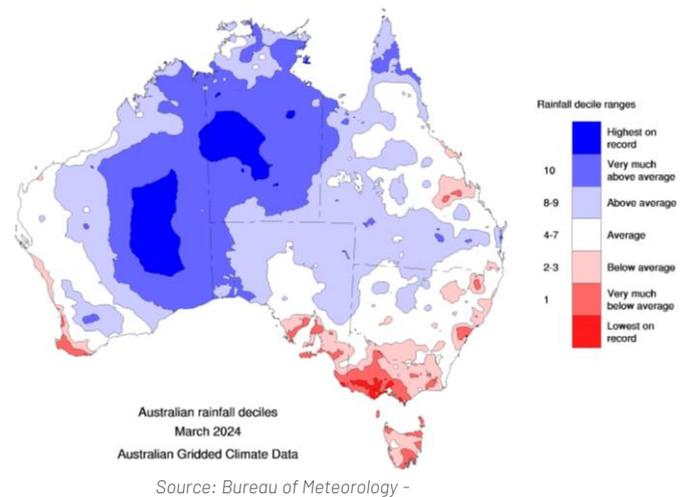
El Niño is still active in the Tropical Pacific, but it is nearing its end. Atmospheric indicators are consistent with a declining El Niño. The Indian Ocean Dipole ("IOD") index has been above the positive threshold, but it is currently neutral. IOD events are unable to form between December and April when the monsoon trough shifts southwards into the southern hemisphere.

As of early April, the Southern Annual Mode ("SAM") index is positive. However, SAM has little influence on Australian rainfall patterns in Autumn.

A weakened Madden-Julian Oscillation ("MJO") has shifted over the Maritime Continent. Typically, the MJO in this position during Autumn would increase chances of rainfall and thunderstorms for northern Australia, although enhanced tropical weather is unlikely due to the MJO's weakened state.³

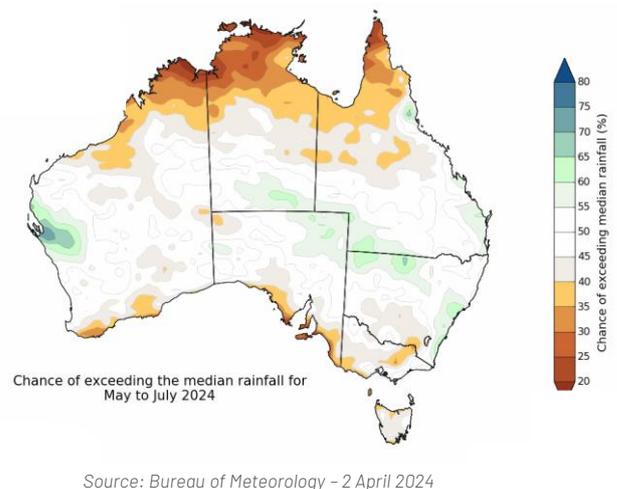
RAINFALL DECILE CHART (AUTUMN)

MARCH 2024



CHANCE OF ABOVE-AVERAGE RAINFALL

MAY 2024 - JULY 2024



1. Bureau of Meteorology. Australia in March 2024 - 2 April 2024
2. Bureau of Meteorology. Climate Driver Update - 4 April 2024.
3. Bureau of Meteorology. Tropical Climate Update - 11 April 2024.



Outlook & Storages

The weather outlook for May to July 2024 indicates that areas in northern and southern Australia are likely to experience less rainfall than usual, while the rest of the country is likely to receive average rainfall.

During the same period, most of Australia is expected to have temperatures that are warmer than usual, with maximum and minimum temperatures likely to be above average.

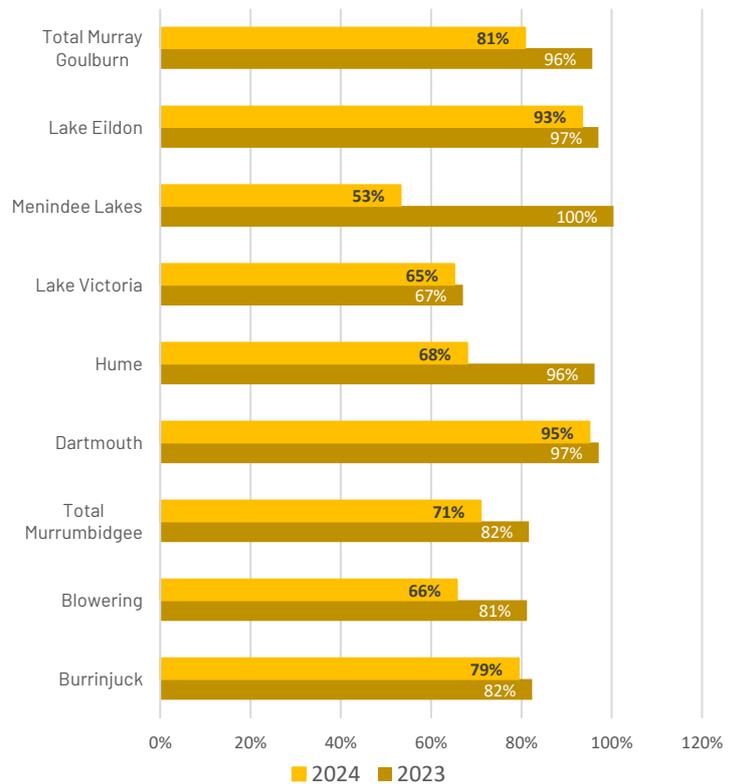
All climate models indicate that the current El Niño event is expected to dissipate during Autumn 2024. Four out of seven climate models suggest that a La Niña could be forming by late winter.

The IOD exceeded positive thresholds in March, with four out of five climate models forecasting a positive IOD event in May 2024.

In March 2024, river inflows into the Murray system were well below the long-term average. Near median to high streamflow is likely for April to June.

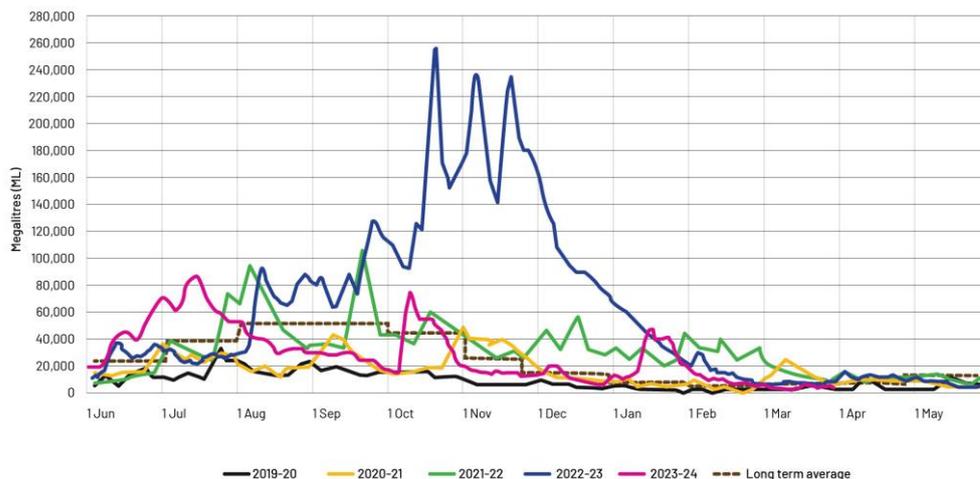
The MDB's storage levels were at 77% by the end of March, a drop from 81% in the previous month. The northern basin's storages are currently at 65%, while the southern basin's storages are at 79%. In comparison, at the same time last year, the whole basin was at 89%, with the northern basin at 90% and the southern basin at 88%.

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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