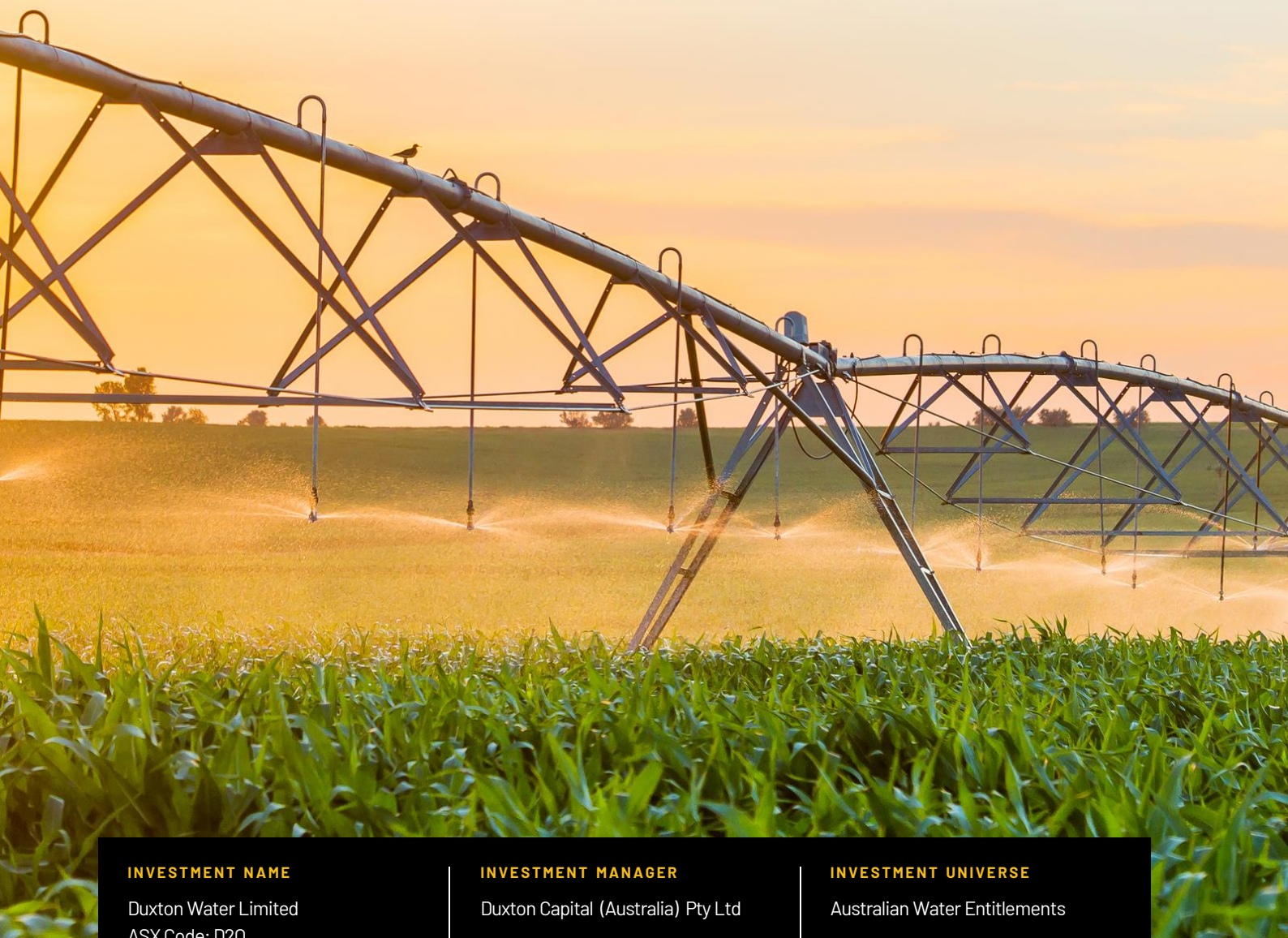


Monthly Update



MAY 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)

\$1.53 per share

WATER PORTFOLIO VALUE

\$360 million

SHARES ON ISSUE: 156,453,838

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

The 2023-2024 water year is coming to an end, and the Company is preparing for a smooth transition into the 2024-2025 water year. Unleased allocation holdings for this season have been sold, and the focus is now on managing the portfolio to ensure efficient water delivery to our customers in the new water year.

We continue to work with irrigators to support their water strategy for upcoming seasons. Conversations with existing lessees regarding lease renewals are currently underway. In addition, the Company has entered numerous forward contracts for the next water year. Considering recent weather volatility, irrigators are exploring cost-effective options to enhance predictability (i.e. forward contracts). While forwards provide certainty for irrigators, they also provide us with a visible revenue stream for next year and a hedge against lower allocation prices.

Autumn 2024 has been particularly dry for some areas in the southern Murray-Darling Basin ("sMDB"). This was evident for Victoria and South Australia, where soil moisture levels dropped to well below average by the end of May. In contrast, many parts of NSW have had significant rainfall.

On 15 May 2024, state resource managers updated their 2024-2025 seasonal determination outlooks. Murray and Goulburn high-reliability entitlements in Victoria will likely open on 1 July 2024 at 60% and 70%, respectively. Assuming average inflow conditions over the next few months, they are expected to reach 100% by mid-August. In NSW, Murray and Murrumbidgee high-security entitlements will likely open at 97% and 95%, respectively.

At this time of year, there is reduced activity in the spot water market due to lower demand for irrigation. Following 1 July each year, allocation prices reset, and transaction levels gradually increase. This is due to a rebalancing of water accounts that occurs every year on the 30th of June.

The sMDB entitlement market showed varied movements during the month. While most high-security entitlement values softened, general security entitlements either remained stable or increased slightly. The general security component of the portfolio is performing well, partially offsetting the impact of downward price movements on the Company's high-security portfolio.

In early June 2024, the Australian Government shared feedback received from stakeholders on the draft framework for delivering 450 gigalitres of additional environmental water. In summary, the feedback indicated a consensus that more information is needed about the timing, targeted areas, and volume of future buyback programs. The buyback program is scheduled to commence in the 2024 calendar year.

On 4 June 2024, Duxton Water announced an on-market share buyback. The Board believes this is an opportunity to enhance shareholder value through buying back shares at a discount to the Company's NAV. Further information can be found in the Company's ASX announcements.

Finally, Duxton Water hosted another successful Annual General Meeting on 29 May 2024. The Board and team were pleased to welcome shareholders and would like to once again thank all shareholders for their ongoing support.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
-1.10%	-1.55%	-1.65%	-9.36%	97.39%

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



Water Lease & Forward Update

At 31 May 2024, Duxton Water had 60% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for approximately 78% of the Company's high-security portfolio (by value). The Company's WALE is 2.7 years, or including renewal options, is 4.7 years.

During May 2024, no new leases were contracted. However, the Company has engaged with various counterparties to offer a range of leasing options for the upcoming water year. Additionally, the Company is working with current lessees on their lease renewals ahead of the season.

Transactional activity in the lease market remains low. There is currently a reduced demand for leases starting on 1 July 2024. Uncertainty around weather conditions and rainfall has prompted irrigators to seek alternatives to leases at this stage of the year.

Currently, there is stronger demand for forward contracts and carry-over space when compared to leases. Duxton Water has locked in several forward contracts to deliver in 2024-2025. This strategy allows the Company to hedge against lower spot prices should they present in the year ahead.

Duxton Water continues to offer its range of water supply solutions to the market. These products are intended to provide farmers with choice and flexibility to manage their annual water requirements. Duxton Water highlights the importance for Australian irrigators to have a well-defined water strategy.



Irrigated Cotton Field in NSW

FORWARD CONTRACT CASE STUDY:

A forward contract allows an irrigator to agree on the volume, price and future delivery date of water. This provides farmers visibility over water costs for the season and protects against unfavourable spot water price changes. These contracts become particularly valuable during volatile weather conditions. Additionally, forward contracts also guarantee a reliable water supply, as the vendor is obligated to deliver the agreed quantity on the specified date.

Through this type of partnership, Duxton Water offers Australian farming businesses additional security when it comes to managing their annual water requirements.



QUICK FACTS SUMMARY

	April 2024	May 2024
Water Entitlements	87.3GL	87.3GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	60%	60%
Weighted Average Lease Expiry (WALE)	2.8 years	2.7 years
WALE (incl. renewal options)	4.8 years	4.7 years

Entitlement Market Update

At 31 May 2024, Duxton Water held 87.3 GL of water entitlements across 19 different types and classes. There have been no material changes in portfolio volumes during the month.

The entitlement market in the sMDB decreased (in value) by approximately 0.5% in May. The softening was primarily driven by high-security entitlements, with Murrumbidgee high security being the exception.

Pricing for most general security entitlements increased during the month. This increase was likely driven by the expectation of another year of strong seasonal allocations on general security water entitlements.

Allocation Market Update

Varying weather conditions across the sMDB influenced allocation prices in May. Dry weather in Victoria and SA kept allocation prices stable in their respective markets. Meanwhile, rainfall events in NSW resulted in decreased prices in most NSW catchments.

By the end of May, spot water was trading between \$7-\$10/ML in the Murrumbidgee, \$20-\$25/ML in the Goulburn, \$15-\$20/ML in the lower Murray, and \$10-\$20/ML in the upper Murray.

Allocation awarded to entitlements (31 May 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%



Finance Update

At 31 May 2024, Duxton Water's post-tax NAV closed at \$1.53 per share. This represents a 2-cent decrease from last month.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.65 per share, decreasing by 3 cents during the month.

The decrease in the post- and pre-tax NAV was primarily due to a fall in the value of high-security entitlements in the Company's portfolio. Several general security/low-reliability entitlements saw a level of value appreciation during the month.

In May, the Company received approximately \$25.2 million from Treasury Wine Estates ("TWE") for the sale of 2,799 megalitres of NSW high-security water entitlements. This sale relates to the exercise of the call option announced in April 2024. Proceeds have been used to offset against the Company's debt facility. This will allow the Company to reduce interest costs while seeking attractive acquisition opportunities from the market as opportunities present.

At 31 May 2024, the Company's drawn debt was \$98.5 million. The net debt to water assets ratio ("LVR") was 28%. This is well below the Company's maximum LVR covenant of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.53 per Share	\$1.65 per Share

Dividends

Duxton Water paid a Final 2023 dividend of 3.6 cents per share, fully franked, on Friday, 26 April 2024. This dividend was in line with the previously stated target.

The Company has now paid 14 consecutive and increasing dividends to shareholders since its maiden dividend in November 2017.

Looking ahead, the Board of Duxton Water is pleased to reaffirm dividend guidance for the remainder of FY2024:

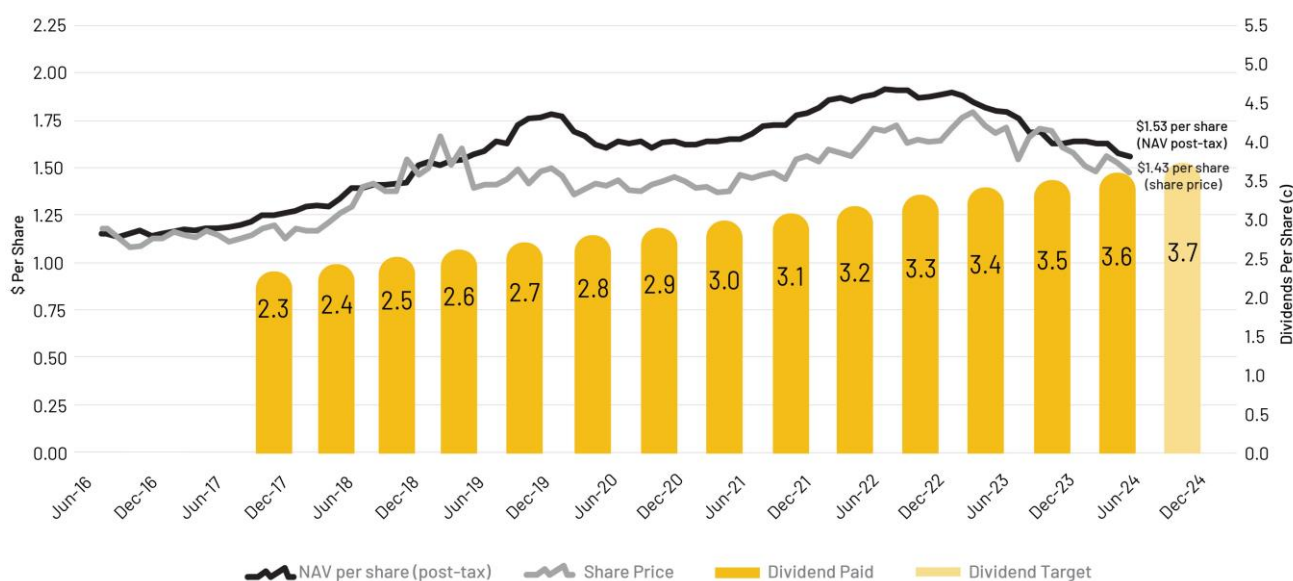
	Cents Per Share	Franking Target
Interim 2024	3.7 cps	Fully Franked

On Market Share Buyback

Duxton Water is pleased to announce that it has commenced an on-market share buyback program. The Board believes the current share price does not accurately reflect the underlying value of the Company's assets. The Board considers the share buyback program to be in the interests of all existing Shareholders.

The maximum number of shares that can be bought back under the program is 11,794,881. The Board wishes to advise that there is no certainty that the Company will acquire 100% of the shares available for purchase under the share buyback program.

HISTORICAL PERFORMANCE – SINCE INCEPTION

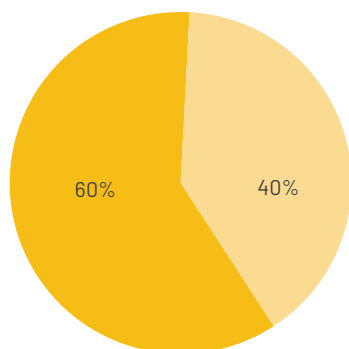


VALUATION METHODOLOGY

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

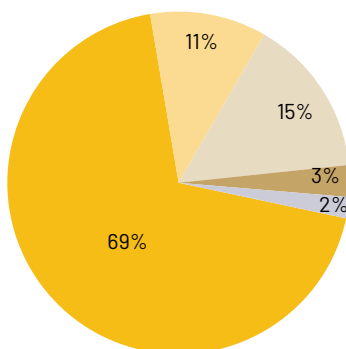


WATER PORTFOLIO DIVERSIFICATION



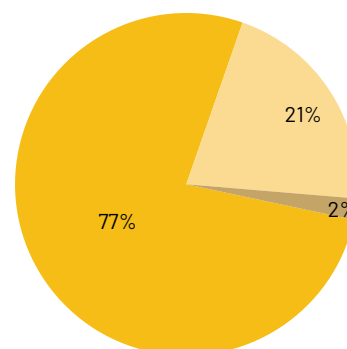
■ Leased ■ Unleased

ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee
■ Lachlan ■ Mallee
■ Goulburn

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

Weather Update

The national average rainfall for May 2024 was 34.9% below the long-term average. SA and Victoria experienced below-average rainfall conditions in May, ranking in the lowest 10% of recorded Mays. In contrast, NSW and parts of Central Australia received above-average rainfall.

In the MDB, May rainfall was 7% below the long-term average. Several areas in the sMDB experienced dry conditions, including the Lower Murray in Victoria and SA as well as the Goulburn Valley. This led to soil moisture levels dropping well below average. However, other catchments received large rainfall events, such as the Murrumbidgee and the Lachlan.¹

Overall, Autumn rainfall patterns in parts of Australia have deviated significantly from the norm. Victoria and Tasmania only received ~50% of their average Autumn rainfall, with the Northern Territory experiencing around double its average.

The national average temperature in May 2024 was 0.99°C above the long-term average. Both maximum and minimum temperatures were also above the long-term average.

The El Niño-Southern Oscillation ("ENSO") is currently in a neutral phase. However, the BOM's ENSO outlook is at "La Niña Watch". The BOM has indicated that there is a ~50% chance of a La Niña event developing later in the year.²

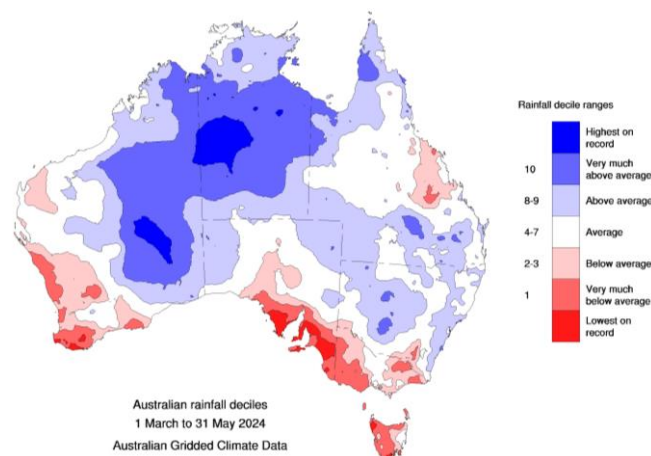
The Indian Ocean Dipole ("IOD") is also neutral. Over the past 6 weeks, the IOD index has remained within neutral thresholds.

As of early June, the Southern Annular Mode is neutral and is expected to remain neutral for the remainder of June.

As of 8 June 2024, the Madden-Julian Oscillation ("MJO") is weak and is expected to remain weak for at least a fortnight. A weak MJO has little impact on Australian rainfall.

RAINFALL DECILE CHART (AUTUMN)

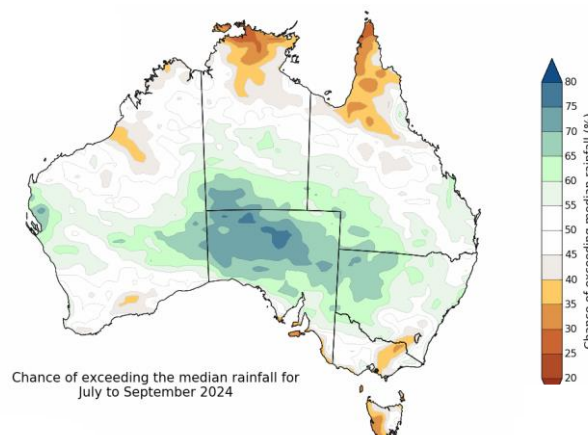
MARCH 2024 - MAY 2024



Source: Bureau of Meteorology

CHANCE OF ABOVE-AVERAGE RAINFALL

JULY 2024 - SEPTEMBER 2024



Source: Bureau of Meteorology - 6 June 2024

1. Bureau of Meteorology. Australia in May 2024 - 1 June 2024
2. Bureau of Meteorology. Climate Driver Update - 11 June 2024



Outlook & Storages

The weather forecast for July to September suggests the southern half of Australia is likely to receive above-average rainfall, including most of NSW and SA. Tasmania and small areas in Victoria and Canberra have a high chance of below-average rainfall. The rest of Australia is likely to experience typical rain for the season.¹

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

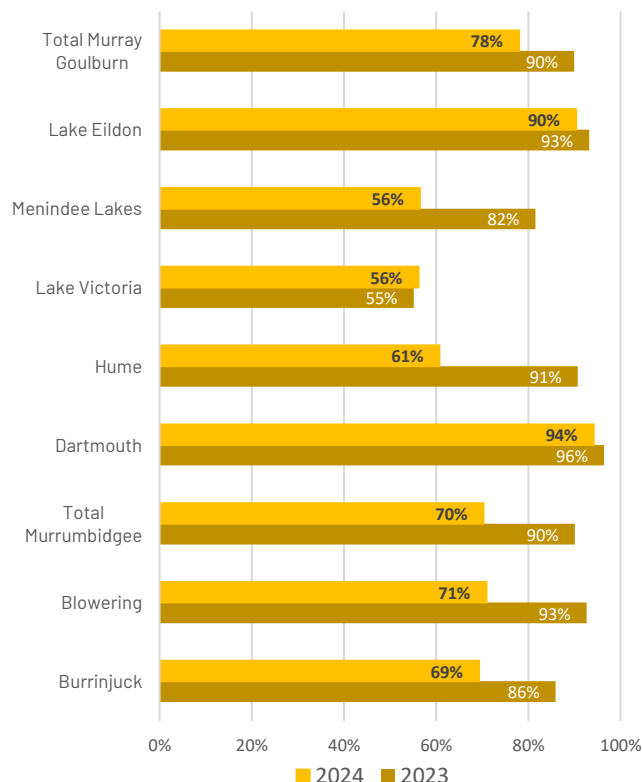
On 14 May 2024, the BOM announced a "La Niña Watch". This is due to early signs indicating that La Niña could potentially form in 2024. The BOM has indicated there is a ~50% chance that La Niña may occur later in 2024.

Climate models suggest there is the possibility of positive IOD developing during the southern hemisphere winter. However, historically, forecast accuracy for IOD has been low at this time of year.²

In May 2024, river inflows into the Murray system were below the long-term average. Low to near median streamflow is likely for June to August 2024.

By the end of May, the MDB's storage levels were at 77%. Storages in the northern and southern basin were at 67% and 76% respectively. At the same time last year, the northern and southern basins were at 93% and 89% respectively.

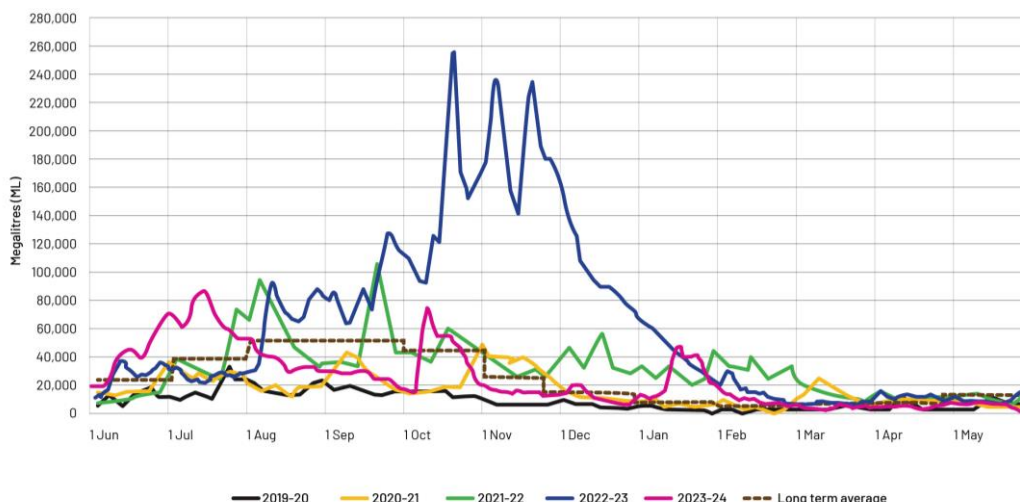
STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology, Long-range forecast overview - 6 June 2024.
2. Bureau of Meteorology, Climate Driver Update - 11 June 2024

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

DISCLAIMER: This factsheet is prepared by Duxton Water Limited [ACN 611 976 517] ("Duxton Water"). This factsheet has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in Duxton Water. Information from this factsheet must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to local law or regulation. The terms of Duxton Water are set out in the prospectus of Duxton Water ("Prospectus"), and should there be any conflict between the terms set out in this factsheet and the Prospectus, the terms in the Prospectus shall prevail. The forecasts provided are based upon Duxton Water's opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of shares/units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met. This document does not constitute investment, tax, legal or any other form of advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. If you require investment or financial advice please contact a regulated financial adviser. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in this presentation. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by Duxton Water or its affiliates or any of their directors or employees. The information and opinions contained may also change. Copyright protection exists in this presentation. To the extent permitted by applicable law, none of Duxton Water, Duxton Capital (Australia) Pty Ltd, their respective affiliates, or any of their respective officers or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this factsheet or its contents, including for negligence.