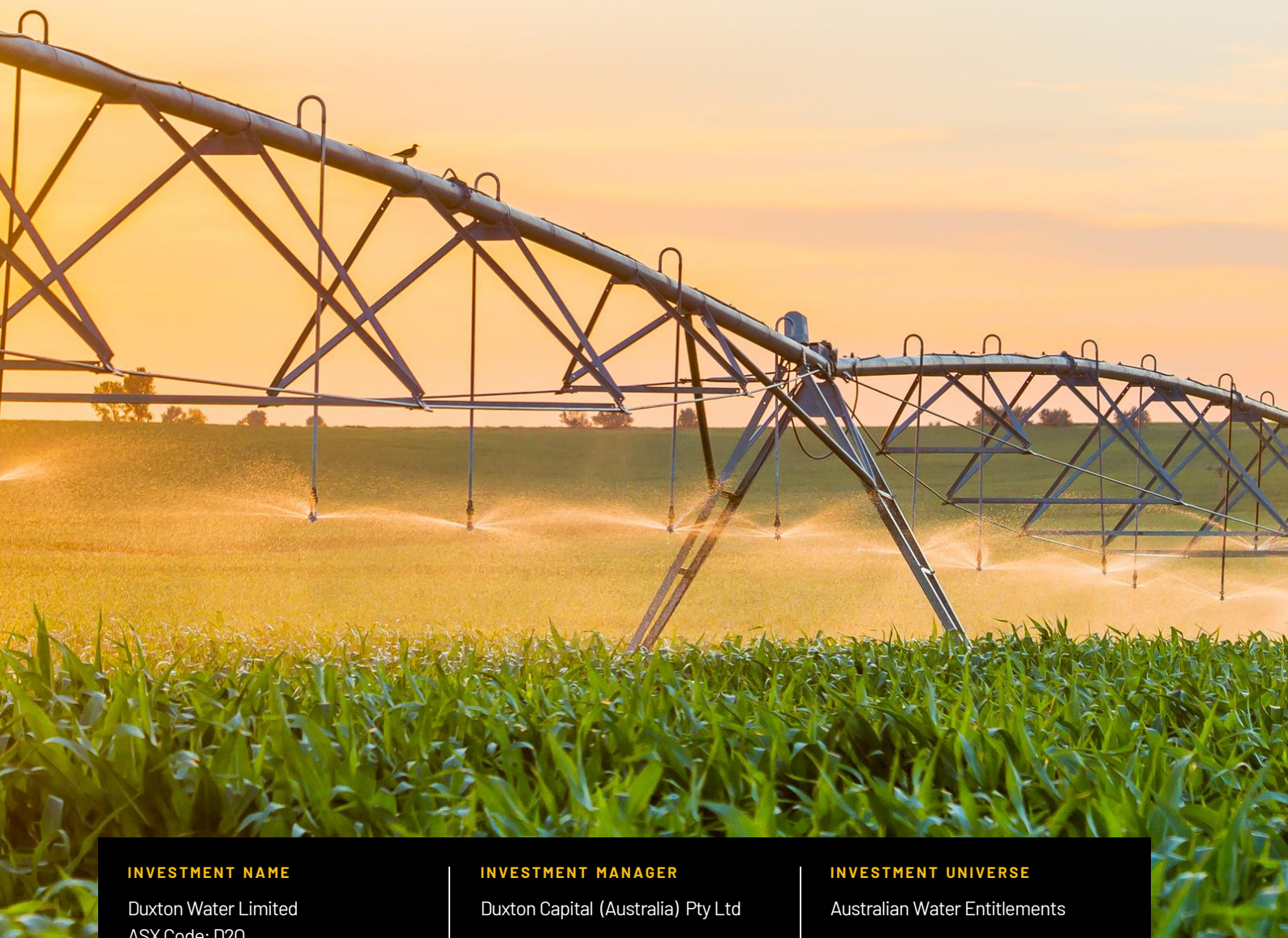


Monthly Update



JULY 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)

\$1.56 per share

WATER PORTFOLIO VALUE

\$366 million

SHARES ON ISSUE: 156,354,838

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

As we progress into the 2024-2025 water year, Duxton Water Limited is pleased to report significant developments in our water trading activities, which are poised to contribute positively to our portfolio's performance.

July 2024 was marked by the most substantial monthly increase in water entitlement values since February 2022. The Aither Entitlement Index ("AEI") increased by 2.6% in the month of July 2024. This increase in water entitlement values had a positive impact on the Company's post-tax NAV, which increased by 5 cents per share during the month of July. This is the Company's largest monthly NAV uplift since October 2019.

We believe this recent uplift was triggered by the commencement of the Australian Government's water buyback program that opened on 15 July 2024. The opening of this tender program has increased demand for water entitlements which has led to stronger prices being observed in the market. The increase in entitlement values highlights the strength of our strategic portfolio balance and reinforces the value of our diversified portfolio.

With the start of the 2024-2025 water year on 1 July 2024, we have entered the season with a well-positioned allocation portfolio. In the months leading up to the new water year, we focused on optimising our existing allocation holdings and carefully managed carryover provisions to maximise our position. This strategic preparation ensures that we are well-placed to manage climate variability risks and capitalise on opportunities as they arise, providing a strong foundation for the year ahead.

In anticipation of further weather volatility, Duxton Water has contracted a meaningful volume of water into forward contracts. These forward contracts act as a hedge against lower allocation prices, providing revenue stability and visibility. Through these contracts, we generate predictable and visible cashflows from our water assets.

Throughout July, water allocation prices in the lower Murray region experienced considerable volatility. The month began with prices at \$140/ML, which then dropped to \$100/ML before recovering to \$150/ML by early August. Price fluctuations are reflective of lower dam storage levels and the growing likelihood of an average rainfall outlook.

In addition, as irrigators move to secure their water supply for the year ahead, the resulting increase in demand has driven prices upwards. Our forward contracts play a crucial role in mitigating exposure to such market volatility, ensuring that we remain well-protected against sudden price swings.

As of early August, water allocations for New South Wales Murray general security entitlements stand at 42%. This is significantly lower compared to the allocation levels at this time in the past three years. The reduced water availability has led to improved spot and lease yields for high-security water entitlements.

Looking forward, the Duxton Water portfolio is well-positioned for the year ahead. Our focus is on optimising the allocation and lease portfolios, along with implementing hedging strategies. This ensures we are equipped to navigate the challenges and opportunities that the remainder of the 2024-2025 water year may bring. We will continue to monitor market conditions closely and provide updates on our progress.



Lachlan Campbell
Portfolio Manager



Lachlan Beech
Portfolio Manager

COMPANY PERFORMANCE

1 Month	3 Months	6 Months	12 Months	Inception
3.60%	0.79%	-0.47%	-5.57%	100.13%

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



Water Lease & Forward Update

At 31 July 2024, Duxton Water had 39% of its permanent water portfolio (by value) leased to Australian farming businesses. This accounts for approximately 50% of the Company's high security portfolio (by value). The Company's WALE has increased to 3.2 years from 2.8 years. Including renewal options, the WALE increases to 4.8 years.

The Company's leased percentage has dropped to 39% with the commencement of the new water year. This is due to a number of leases expiring on 30 June 2024, coinciding with the end of the 2023-2024 water year.

Although the leased percentage is lower than last year (39% compared to 53% at 31 July 2023), Duxton Water has commenced the new water year with an optimal allocation portfolio. The Company is well positioned to deliver its range of water supply solutions to its customers in a flexible manner over the year ahead.

During May and July 2024, demand for water leases was subdued due to persistently low allocation prices. However, as allocation prices have increased in the new water year, the Company has observed a significant increase in leasing demand. The Company is actively pursuing new leasing opportunities with the view to increasing its leased percentage as weather conditions normalise.



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 with visibility over water costs for the season and protects against volatility in spot water prices. 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

	June 2024	July 2024
Water Entitlements	87.3GL	87.3GL
Portfolio Diversification (types)	19	19
Leased % of Portfolio	61%	39%
Weighted Average Lease Expiry (WALE)	2.6 years	3.2 years
WALE (incl. renewal options)	4.6 years	4.8 years

Entitlement Market Update

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

In July 2024, the entitlement market in the southern Murray Darling Basin ("sMDB") experienced a strong rebound. The AEI experienced a 2.6% uplift, with some individual entitlements seeing increases of up to 7% during the month. This was particularly notable for high security entitlements in the Goulburn and Lower Murray regions.

Values for general security and low-reliability entitlements remained stable in July. Demand for these entitlements continues to be strong, driven by expectations of strong allocations in the coming year.

Allocation Market Update

Each year, on 1 July, water allocation markets reset, signalling the start of the new water year. This reset led to an increase in allocation prices from 1 July 2024 compared to the end of June 2023.

As of 31 July 2024, spot water prices ranged between \$120-\$130/ML in the Murrumbidgee, \$85-\$90/ML in the Goulburn, \$130-\$135/ML in the lower Murray, and \$80-\$90/ML in the upper Murray.

Allocations to entitlements (as of 15 August 2024):

Entitlement Region	High Security	General Security
NSW Murray	97%	42%
VIC Murray	76%	0%
SA Murray	100%	n/a
Murrumbidgee	95%	33%
Goulburn	92%	0%



Finance Update

At 31 July 2024, Duxton Water's post-tax NAV closed at \$1.56 per share. This represents a 5-cent (or 3.6%) increase from the previous month.

The Company's pre-tax NAV, which excludes tax provisions, closed at \$1.67 per share. This represents a 7-cent (or 5%) increase from the previous month.

The Company's portfolio increased by \$12 million during the month of July. This is a combination of both asset value appreciation, and the recognition of new season unleased water allocations.

At 31 July 2024, the Company's net debt to water assets ratio ("LVR") was 28%. This continues to be well below the Company's maximum LVR covenant of 40%.

NAV (post-tax)	NAV (pre-tax)
\$1.56 per Share	\$1.67 per Share

On Market Share Buyback

Duxton Water currently has a share buyback program in place. The Board believes the current share price does not accurately reflect the underlying value of the Company's assets and considers the share buyback program to be in the interests of all existing Shareholders.

As of 31 July 2024, the Company has bought back a total of 99,000 shares at an average price of \$1.39 per share since the beginning of June 2024.

Dividends

The Company's most recent dividend was paid on 26 April 2024, a final 2023 dividend of 3.6 cents per share (fully franked). This dividend was in line with the previously stated target.

The Company has now paid 14 consecutive 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

Bonus Options

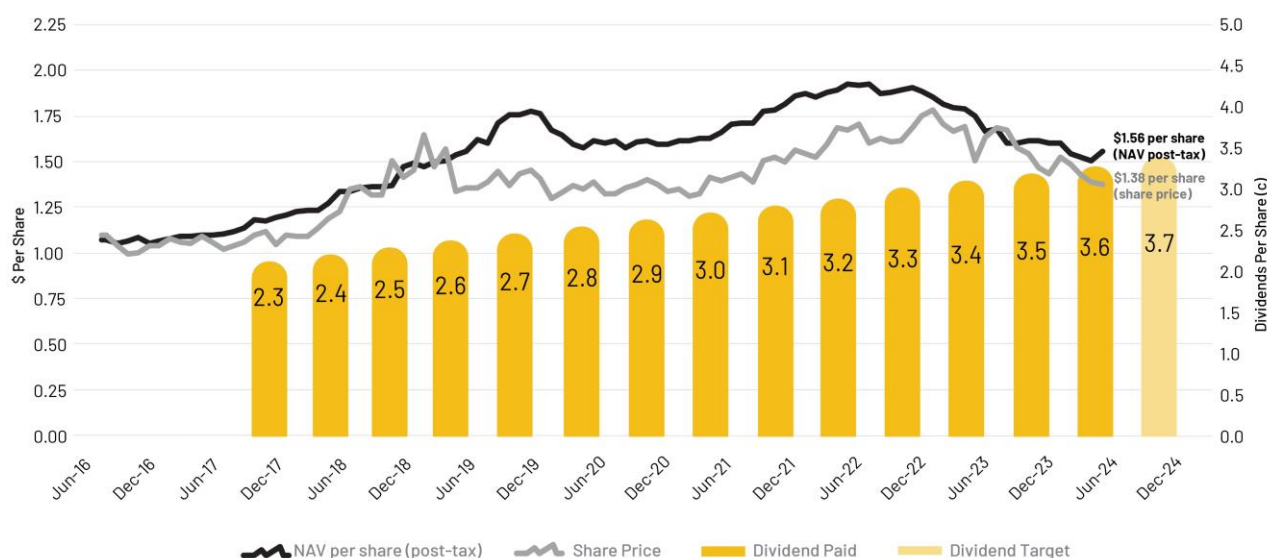
At 31 July 2024, there were 38,165,906 options on issue on the ASX under the ticker code D200A.

These options were issued by the Company to existing eligible shareholders 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.

HISTORICAL PERFORMANCE - SINCE INCEPTION

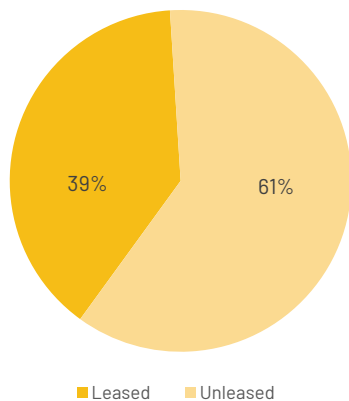


VALUATION METHODOLOGY

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

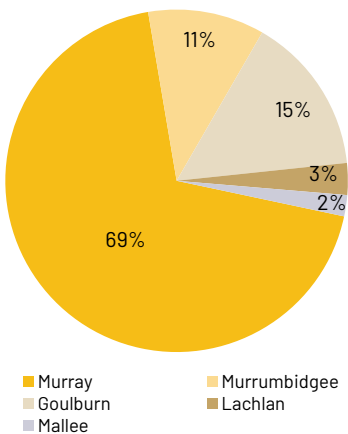


WATER PORTFOLIO DIVERSIFICATION



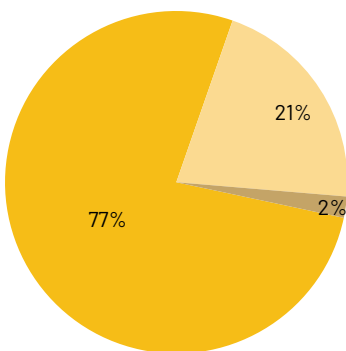
■ Leased ■ Unleased

ENTITLEMENT VALUE BY REGION



■ Murray ■ Murrumbidgee ■ Lachlan ■ Mallee ■ Goulburn

WATER SECURITY BREAKDOWN



■ High Security ■ General Security ■ Groundwater

Weather Update

In July 2024, the national average rainfall was 7.4% below the long-term average. Rainfall was above average for most of South Australia and below average for parts of south-eastern Australia and Western Australia.

In the Murray Darling Basin ("MDB"), rainfall was 5% below the long-term average, primarily in the Murrumbidgee, Lachlan, and lower Murray catchments. Due to the lack of recent rain, soil moisture levels have dropped to below average. However, several catchments in the northern Basin experienced above-average rainfall.¹

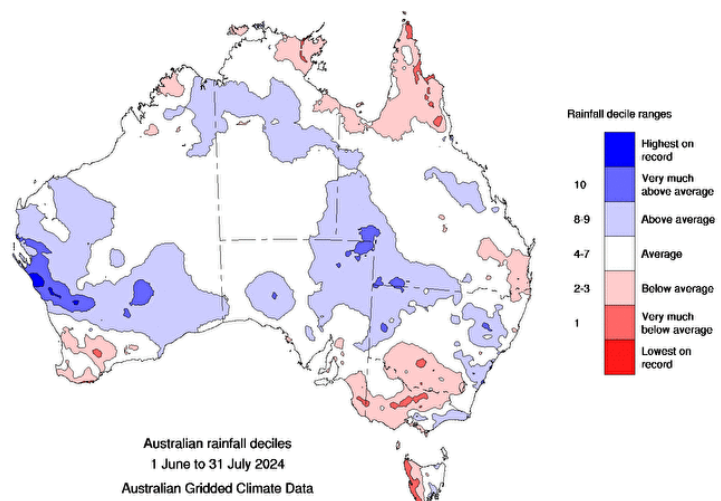
The national average temperature in July 2024 was 0.70°C above the long-term average. Both maximum and minimum temperatures were also above the long-term average.

The El Niño-Southern Oscillation ("ENSO") and the Indian Ocean Dipole ("IOD") remained neutral. The ENSO outlook is at "La Niña Watch". This indicates a 50% chance of a La Niña event developing later in the year.²

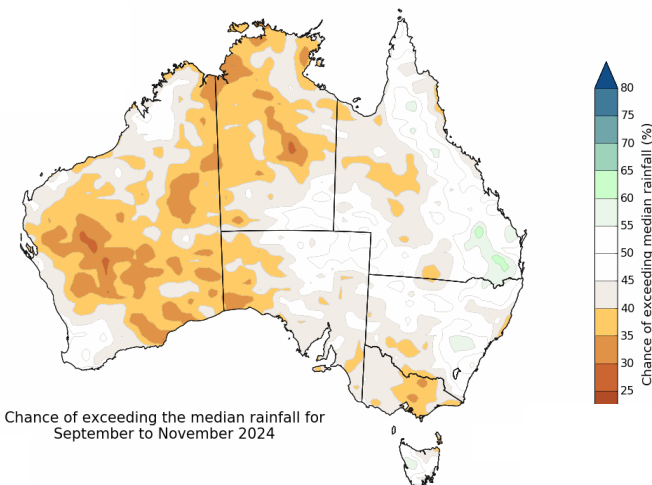
As of early August, the Southern Annular Mode ("SAM") is negative. Forecasts indicate that the index is expected to remain negative until the end of August. During winter, a negative SAM typically increases the likelihood of rain across southern Australia.

At 3 August 2024, the Madden-Julian Oscillation ("MJO") is neutral. The majority of models suggest a weak MJO may briefly emerge in the Western Hemisphere and Africa in early August. A weak MJO has little impact on Australian rainfall.

RAINFALL DECILE CHART (WINTER)
JUNE 2024 - JULY 2024



CHANCE OF ABOVE-AVERAGE RAINFALL
SEPTEMBER 2024 - NOVEMBER 2024



1. Bureau of Meteorology. Australia in July 2024 - 1 August 2024
2. Bureau of Meteorology. Climate Driver Update - 6 August 2024

Source: Bureau of Meteorology - 8 August 2024



Outlook & Storages

The weather forecast for Spring 2024 suggests warmer than usual temperatures across much of Australia and typical seasonal rainfall for most of eastern and South Australia. Western Australia, the Northern Territory and parts of Victoria are likely to experience drier conditions.¹

In the sMDB, rainfall is likely to be close to the mean and below average across several catchments in Victoria.

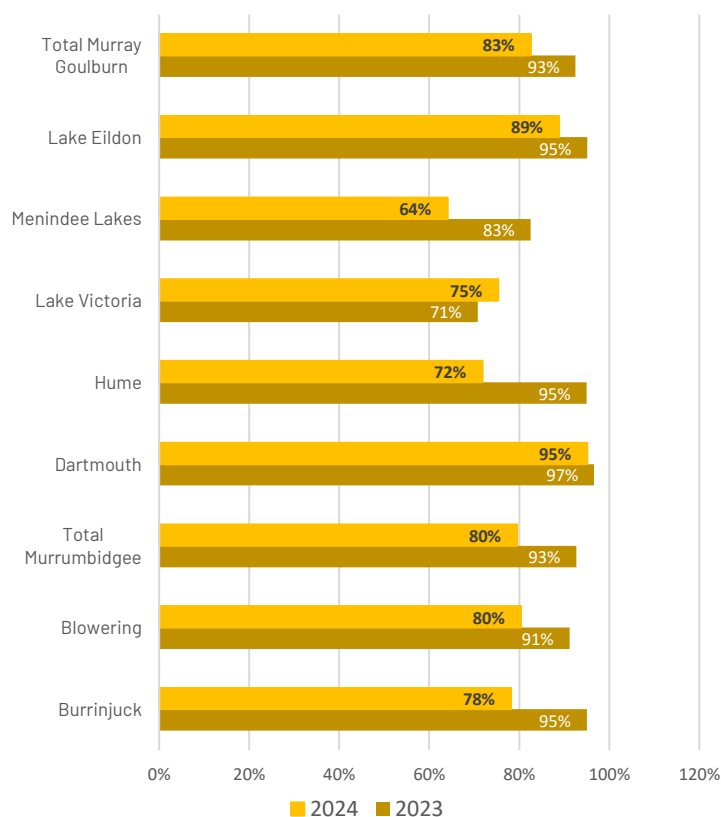
The Bureau of Meteorology ("BOM") is forecasting a neutral ENSO until early Spring. Three out of seven climate models suggest La Niña may develop from October 2024, which typically increases the chance of rainfall in eastern, central, and northern Australia.²

Most major climate models, including the BOM, are predicting the Indian Ocean Dipole ("IOD") to remain neutral over the coming months.

In July 2024, river inflows into the Murray system were significantly below the long-term average, comparable to levels seen in 2018-2019. Low to near median streamflow is likely for August to October 2024.

By the end of July 2024, MDB storage levels were at 81%. Storages in the northern and southern basins were at 72% and 82%, respectively. At the same time last year, the northern and southern basins were both at 93%.

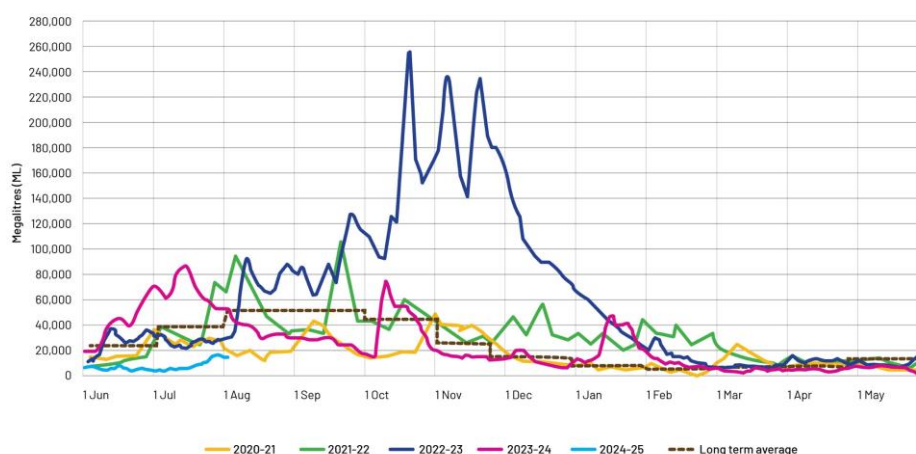
STORAGE LEVELS IN MAJOR DAMS



1. Bureau of Meteorology, Long-range forecast overview - 8 August 2024
2. Bureau of Meteorology, Climate Driver Update - 6 August 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

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