

ANALYST
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AUTHORISATION
Baxter Kirk

RECOMMENDATION (Initiation)

BUY

*See key risks on Page 15.

PRICE
A\$1.50

TARGET (12 MONTHS)
A\$1.65 (Initiation)

Expected return

Capital growth	10.0%
Dividend yield	5.0%
Total expected return	15.0%

Sector

Water Utilities

Capital structure & trading data

Enterprise value	\$259m
Market cap	\$238m
Issued capital	159m
Free float	100%
Avg. daily val. (52wk)	\$216.0k
12 month price range	A\$1.33-1.59

Price performance

	(1m)	(3m)	(12m)
Price (A\$)	1.57	1.45	1.36
Absolute (%)	-4.5	3.8	10.3
Rel market (%)	-0.4	4.2	0.1

Share price (A\$/sh) vs. XKO



Source: IRESS

RIVCO AUSTRALIA LTD (RIV)

Water you waiting for

Company background

Rivco Australia Ltd (RIV) is an ASX listed entity providing investors with exposure to the Australian water market. As at Feb'26, RIV held a portfolio of 58.8GL of entitlements (portfolio NAV of \$1.79/sh pre-tax and \$1.62/sh post-tax) with an ~80% bias to High Security (HS) water assets (by value) on the Southern connected Murray Darling Basin (SMDB). RIV generates returns through: (1) the leasing of entitlements (53% of the portfolio is under lease with a WALE of 3.2 years at Feb'26); (2) the sale of annual surplus allocations received against the entitlement position in the spot market; and (3) the disposal of long-term entitlements above carrying value. Having been established in 2016 as an externally managed vehicle, RIV has recently internalised the management structure which should result in a material reduction in operating costs moving forward, reducing the management fee leakage that had been prevalent in years past. We initiate coverage with a Buy rating and \$1.65/sh target price.

Attractive through the cycle returns

Over the past decade SMDB entitlements have delivered average annual cash yields of 3.5% p.a. and capital returns of 10.0-12.0% p.a. with periods of outperformance tied to permanent cropping development. Over the past five years capital returns have been more modest, however, a period of Government buybacks (~160GL over 5yrs and 230GL slated for purchase) and modest expansion in tree nut planting (+1.3% p.a.) may trigger a return to higher levels of capital growth.

Investment thesis: Buy, TP \$1.65/sh

RIV enters FY26 with the highest level of contracted revenue and available allocation in five years supporting a positive near term earnings outlook. In addition, with rising lease rates (+40bp YoY and 5-6% implied yields in current market offers) we see the scope to lift the portfolio return as leasing and re-leasing opportunities emerge (which should emerge as a theme from 2H28e). At the asset level, we see the shift in aligning future dividends with operating earnings as potentially moving group strategy to sustain and grow the asset base, acting as a catalyst to bridge the gap to NAV (post-tax NAV of \$1.62/sh and pre-tax NAV of \$1.79/sh).

Earnings estimates

Year ending 31 December	2025	2026e	2027e	2028e
Sales (A\$m)	52.1	15.1	12.1	11.8
EBITDA (A\$m)	36.7	13.1	10.1	9.7
NPAT (reported) (A\$m)	21.9	8.4	6.3	6.0
NPAT (adjusted) (A\$m)	21.9	8.4	6.3	6.0
EPS (adjusted) (A¢ps)	11.2	5.3	3.9	3.8
EPS growth (%)	131.1%	(52.9%)	(25.3%)	(4.7%)
P/E (x)	13.4	28.4	38.1	40.0
FCF Yield (%)	-7.6%	-1.8%	-3.0%	-2.9%
EV/EBITDA (x)	7.1	19.8	25.7	26.7
Dividend (A¢ps)	7.4	7.4	7.4	7.4
Yield (%)	5.0%	5.0%	5.0%	5.0%
Franking (%)	100%	100%	100%	100%

Source: Bell Potter Securities estimates

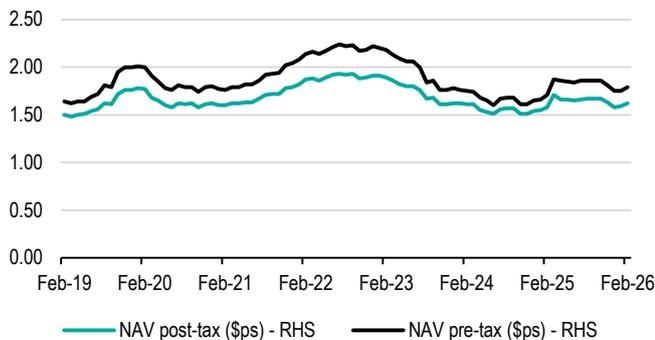
Background and investment overview

Company Background

Rivco Australia Ltd (RIV) is an ASX listed entity providing investors with exposure to the Australian water market. Feb'26, RIV held a portfolio of 58.8GL of entitlements (portfolio NAV of \$1.79/sh pre-tax and \$1.62/sh post-tax) with a ~80% bias to High Security (HS) water assets on the Southern connected Murray Darling Basin (SMDB). RIV generates returns through: (1) the leasing of entitlements (53% of the portfolio is under lease terms with a WALE of 3.2years); (2) the sale of annual surplus allocations received against the entitlement position in the spot market; and (3) the disposal of long-term entitlements above carrying value.

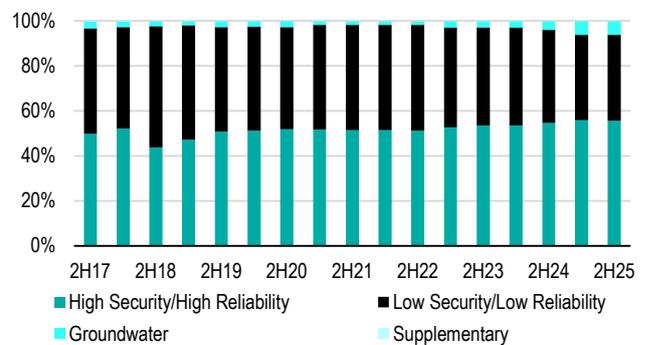
Having been established in 2016 as an externally managed vehicle, RIV has recently internalised the management structure which should result in a material reduction in operating costs moving forward (reducing the management fee leakage that had been prevalent in years past). A brief overview of the market NAV and asset allocation is detailed below

Figure 1: RIV NAV History



Source: Company Data

Figure 2: RIV asset allocation (ML)



Source: Company Data

Investment highlights

Attractive through the cycle returns profile: Over the past decade, capital returns have averaged +10.8% p.a. in high security and +11.6% p.a. in general security. Over the same period the average return on allocation has been an implied ~3.5% yield.

Figure 3: Yearly average movements in water price indicators

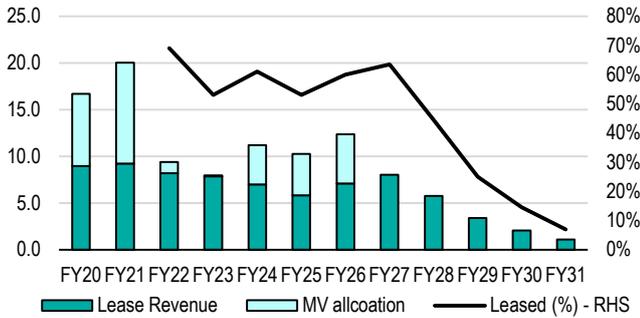
Water Year	High Sec	Average value General Sec	Allocation	Implied HS yield	Storage utilisation
2012	1,776	442	19	1.1%	
2013	1,535	393	44	2.9%	
2014	1,466	421	72	4.9%	
2015	1,710	519	127	7.4%	
2016	2,522	631	213	8.4%	40%
2017	2,928	688	71	2.4%	73%
2018	3,246	820	127	3.9%	70%
2019	4,640	1,126	405	8.7%	48%
2020	6,321	1,055	517	8.2%	39%
2021	6,141	1,114	157	2.6%	59%
2022	6,642	1,411	75	1.1%	89%
2023	7,073	1,727	34	0.5%	96%
2024	6,492	1,631	79	1.2%	87%
2025	6,553	1,721	146	2.2%	66%
2026TD	6,977	1,800	310	4.4%	58%
FY21-26	1.5%	8.8%		1.9%	79%
FY16-21	22.5%	13.5%		5.2%	58%
FY16-26	10.8%	11.6%		3.5%	68%

Source: BOM and State based agencies

While yield returns have historically been closely correlated to storage levels we observe a general strengthening in returns through cycle. Capital value growth has been closely correlated to the timing of long-duration orchard asset development.

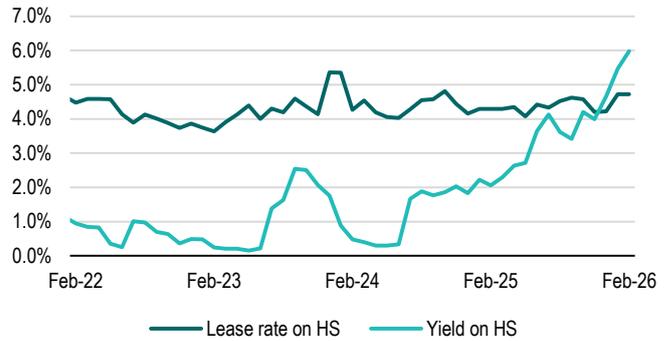
Returns have been improving: RIV enters FY26-27e with a relatively high proportion of contracted returns (leased and forward sales) with leases having a WALE of 3.2yrs (>4yrs with options). Lease rates on implied High Security (HS) assets in reliable systems have risen ~40bp in the past twelve months and at an implied 4.7% are above the current 4.3% being generated on existing leases. Renewal of leases post FY28e, could result in an uplift in returns as we note through the cycle uplifts in allocation prices (i.e. 2026 returns are higher than 2018 and 2021 which were similar storage years) and observe current lease offers (of 3-5 years) are at an implied yield 5-6% with water brokers.

Figure 4: Contracted lease revenue by CY



Source: Company Data. FY27 includes BPE estimate for add. 1,000ML leased post-BD

Figure 5: Term lease rates vs. implied spot yield

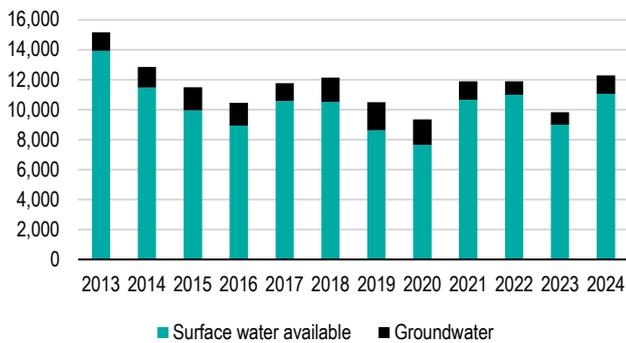


Source: Company Data

Planting of long-duration horticultural crops in the SMDB is likely to exacerbate the highs for allocations: The largest upward movements in water entitlement pricing occurred in the period of accelerated permanent plantings in 2018-21. However, plantings of long-duration crops have continued and grown at ~1.3% p.a. in the last three years. As orchards mature and water intensity lifts there is likely to be rising demand for water assets in a period of tightening supply due to Government buybacks.

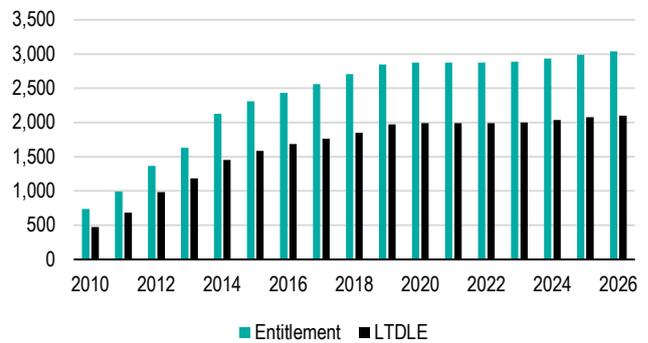
Recent Government buybacks have reduced the available water resource: Through government buybacks, CEW holdings have grown +25% over the past 10 years, removing >600GL of water from the system. Under the current bridging the gap targets the Government has been targeting 450GL of recoveries, with 170GL recovered to date and 280GL remaining to be acquired. In Nov'25 130GL was announced to be purchased and there is a targeted 230GL recovery in 2026 programs. Removal of water from the market reduces the available supply for agricultural purposes.

Figure 6: Water take across the MDB



Source: MDBA

Figure 7: HEW entitlements (GL)



Source: MDBA

Internalisation of management structure: 2025 is the last year that RIV incurred the costs of the external management structure and transition arrangements. Management fees are expected to fall from a baseline of ~\$2.5m (excluding performance fees) to ~\$1.5m.

Dividend policy evolving: In the 2025 annual report RIV noted that dividends are a core component of shareholder returns and it remains committed to a prudent and

sustainable dividend framework that balances income generation with reinvestment opportunities and disciplined capital management. It also noted that the Oct'26 dividend will be decided under an evolved dividend framework, where dividends will be underpinned by core operational earnings. Realised capital gains from the sale of water entitlements will be assessed separately and, subject to market conditions, may be allocated in whole or in part to reinvestment in additional water entitlements, debt repayment, on-market share buybacks, or additional dividends to shareholders.

In recent years dividend payments have not been covered by operating earnings and this has seen a consequential erosion in RIV's entitlement position. We would view a policy that seeks to sustain and grow the asset base favourably, as the previous strategy would likely have seen a continued erosion in the asset base and crystallisation of tax liabilities that otherwise may not occur. If the market views the asset base as sustainable and growing, then there is also the scope for the stock to trade closer to its pre-tax NAV position.

Risk mitigation in a diversified agricultural portfolio: Listed entities such as SHV and CBO carry an exposure to allocation prices in their cost structure due to the lack of ownership of permanent water entitlement covering their annual requirements. RIV can be used as a risk mitigation tool against the volatility that cost can have on profitability in those entities.

Investment risks

Key risks of an investment in RIV include but are not limited to:

Annual water allocation risk: Allocation levels are determined by Government water authorities. Water availability against entitlements in any given region can be limited or zero and this can limit the ability of the company to generate revenue in any given period.

Regulation risk: Water entitlements are conferred by State law. Changes in laws, regulations and Government policy may adversely affect RIV's core business of acquiring and leasing water entitlements and allocations.

Weather: The market price of allocations and entitlements are subject to market fluctuations based on weather patterns. A surplus of rainfall may increase the supply of water reducing water prices and the ability of the company to extract a targeted return. In addition, a downward movement in entitlement prices may impact the NAV of the investment vehicle.

Market size and liquidity risk: The turnover of water entitlements is relatively small when compared to the size of the available market. This may impact the ability of the business to both acquire and dispose of water assets without temporarily distorting market economics.

Counterparty risk: At the date of this report ~80% of entitlements by value are covered by leases. The ability of the tenant to pay the lease rate is dependent on the underlying profitability of the agricultural operation. If leaseholders default on lease obligations this may impact the ability of RIV to generate income.

Declining entitlement prices: Water entitlements have historically generated capital growth. However, past performance of water entitlement prices is not a reliable indicator of the future performance of water entitlement prices. As such there is the risk that water entitlements prices may reduce over the investment's life.

Target Price determination

Our \$1.65/sh target price is predicated on the rounded midpoint of our post-tax and pre-tax NAV for RIV adjusting for historical growth trends and assumed entitlement disposals (to cover stable dividends) over the next 12 months. Our target price is based on the itemised water asset position at balance date with the following key assumptions:

Water values: For water entitlements we have utilised the last published detailed water portfolio position of RIV and then applied observable market rates based on recent VWAP trades as reported by water brokers. As a cross check we look at various Government sites for trailing monthly VWAP reported vales. In the case of available water allocations we have utilised the last published portfolio values for surplus allocations, noting that water entitlements are held at a negligible value on the balance sheet.

Corporate leakage: We have capitalised forecast overheads (~\$1.5m) and Government charges (~\$0.5m) at 8x EBITDA.

Tax values: We have utilised a blend of pre-tax and post-tax values in determining our target price. Unrealised tax liabilities are predicated on the difference between market and book values at balance date.

Figure 8: RIV Target price determination

	ML	Value (\$/ML)	Post-tax Value	Pre-tax Value
Vic 1A Greater Goulburn LRWS	1,401	686	1.0	1.0
Vic 1B Greater Goulburn HRWS	376	3,968	1.5	1.5
Vic 3 Goulburn HRWS	421	3,816	1.6	1.6
Vic 6 Murray (Dart to Barmah) HRWS	5,817	4,507	26.2	26.2
Vic 6 Murray (Dart to Barmah) LRWS	313	1,001	0.3	0.3
Vic 6B Murray (Dart to Barmah) HRWS	1,344	6,802	9.1	9.1
Vic 7 Murray (Barmah to SA) HRWS	6,918	7,244	50.1	50.1
NSW Murray 10 HS	3,250	6,505	21.1	21.1
NSW Murray 11 HS	5,650	9,258	52.3	52.3
NSW Murray 11 GS	6,225	2,853	17.8	17.8
NSW Murray 11 Supp	83	512	0.0	0.0
NSW Murrumbidgee 13 HS	2,390	8,146	19.5	19.5
NSW Murrumbidgee 13 GS	7,322	2,475	18.1	18.1
NSW Lachlan GS - Jemalong Irrigation	2,660	1,841	4.9	4.9
NSW Lachlan GS	4,504	1,841	8.3	8.3
SA Murray HS	6,466	7,898	51.1	51.1
SA Mallee Prescribed Wells Area - Red	500	3,800	1.9	1.9
SA Mallee Prescribed Wells Area - Green	3,046	2,800	8.5	8.5
Entitlements market value	58,686	4,999	293.4	293.4
Market value of allocations held at BD			5.3	5.3
Unrealised tax liabilities			(19.2)	
Corporate overheads (@8x)			(15.9)	(15.9)
Adjusted Net Debt			(20.5)	(20.5)
Implied market value (\$m)			243.1	262.3
Shares on issue (m)			158.8	158.8
Value per share (\$ps)			1.53	1.65
1yr value roll forward (@5yr CAGR by mix)			0.07	0.07
Post balance date movement in allocation value			0.01	0.01
Less 1yr forward entitlement sales			(0.03)	(0.04)
Target price range (\$/sh)			1.57	1.68
Midpoint				1.63

Source: company data, State based agencies and water brokers

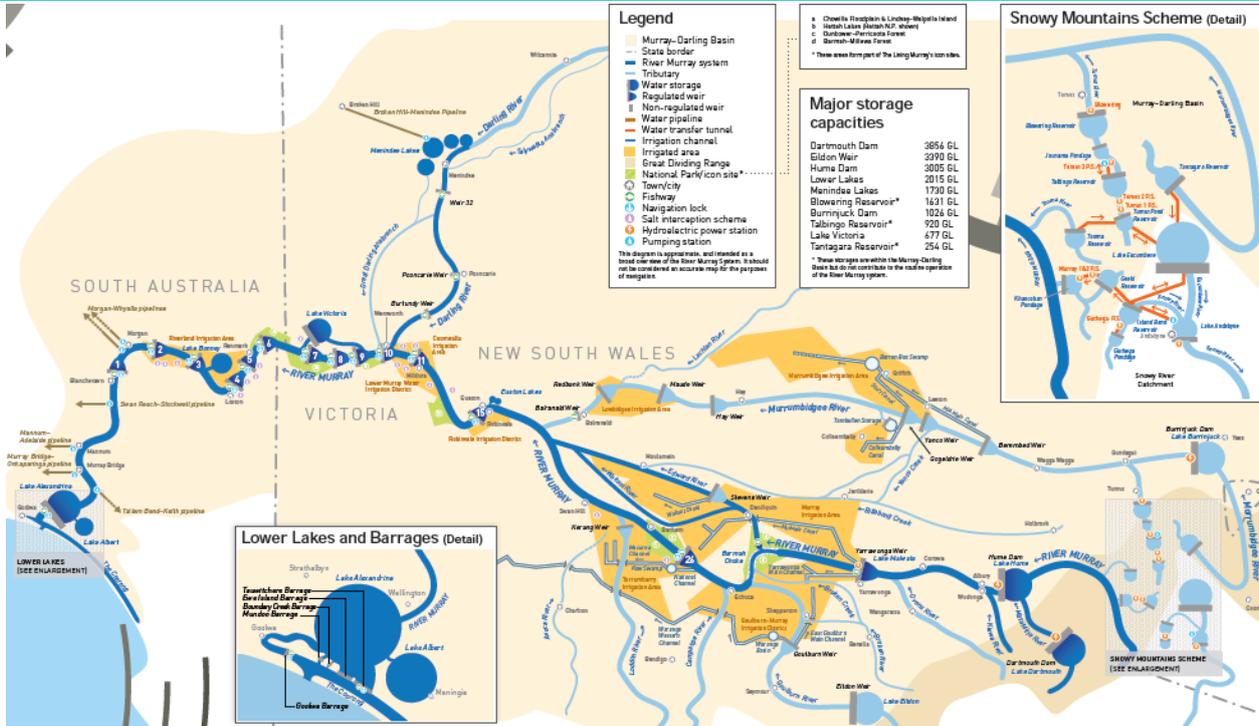
We would see RIV as having the potential to bridge towards pre-tax NAV if a dividend policy and strategy is generated that prioritise asset retention and growth. We see an aspect of the discount to post-tax NAV reflecting the history of disposing of assets to cover future dividend payments.

Water markets

Background to the MDB

The MDB is defined by the catchment areas of the Murray and Darling rivers and their many tributaries. It comprises 23 main river valleys, extending over 1m km2 of south-eastern Australia, covering 75% of New South Wales, more than 50% of Victoria and significant portions of Queensland and South Australia, and the entire ACT.

Figure 9: MDB connected system



Source: MDBA

The MDB is governed by the Murray-Darling Basin Authority (MDBA) with the basin plan providing a co-ordinated approach to water use across the Basin's four States and developed under the Water Act of 2007. The plan limits water use to environmentally sustainable levels by determining diversion limits for both surface water and groundwater. The Authority has determined 10,873GL pa to be the volume of surface water that reflects an environmentally sustainable level of take as a long term average with different limits for every river valley in the Basin. For groundwater, this volume is 3,324GL pa. Agriculture is the largest user of water on the network accounting for 65-85% of water use in any given year and basin-wide agricultural production (irrigated and non-irrigated) is estimated to have a value of ~\$21 billion or ~38% of Australia's total agricultural production.

NORTHERN AND SOUTHERN ACREAGE DEVELOPED DIFFERENTLY

The development of irrigated agriculture has occurred differently in the northern and southern regions of the Basin with:

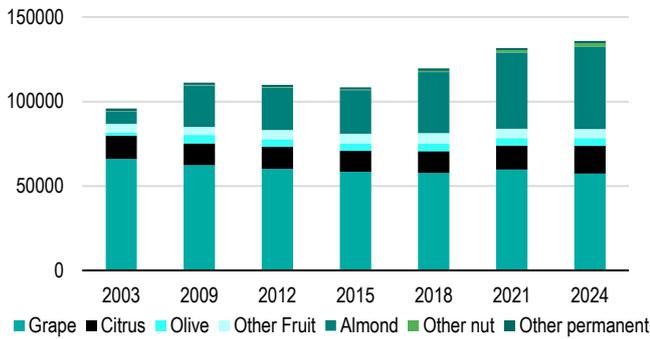
Northern acreage: Cotton is the dominant crop and is planted as a highly adaptable (and opportunistic) annual crop in areas of high climatic variability.

Southern acreage: Rice is grown as an adaptable annual crop in the central Murray and Murrumbidgee. The dairy industry is centred in the Goulburn–Murray. Cotton production has recently been introduced in the Murrumbidgee. Horticulture occurs throughout the Basin, but particularly in southern regions.

Through 2015-18 there was a rapid expansion in permanent cropping (largely almonds) in the lower MDB. This has continued in recent years albeit at a slower pace (~1-2% pa expansion in hectares). The expansion in permanent crop acreage historically correlated with the greatest upward movement in permanent water values

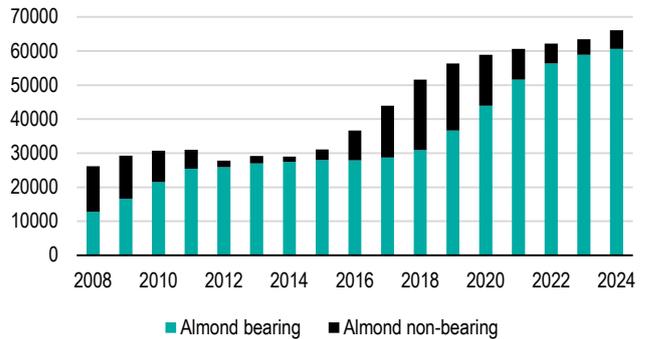
and we would expect that as existing acreage mature in a more constrained supply market there would be a resumption of asset value growth.

Figure 10: Growth in permanent cropping Lower ,MDB



Source: sunRISE

Figure 11: Australian almond acreage



Source: ABA

NOT ALL WATER IS CREATED EQUAL

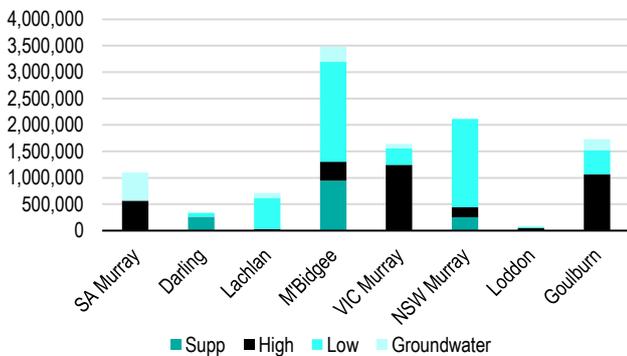
The two key categories of water access rights are entitlements and allocations:

An entitlement: Is a perpetual or ongoing statutory right to a share of a water resource. Entitlements are often specified as a volume amount per year, typically in megalitres (ML) or number of shares of the water resource.

An allocation: Is a specific volume of water allocated to an entitlement in a given water accounting period, usually a water year. Allocation policies differ across water systems and states.

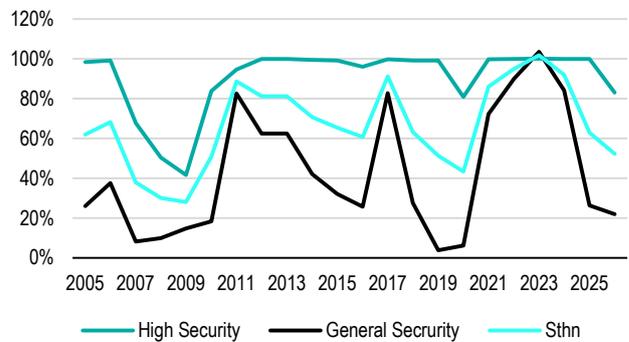
There are different classes of entitlements, often relating to reliability and are detailed below:

Figure 12: Water resource by type



Source: ABARES, BOM

Figure 13: Sthn connected reliability



Source: ABA

Domestic & Stock and town Water Supply: Opening allocations for Domestic & Stock and Town Water Supply are generally 100% unless conditions are very dry with low water in storage;

High security / High reliability: Full or near full high security allocations are made at the start of all but very dry years. Allocations are made after allocating for domestic usage. Historically, there is ~94% reliability across the system for high security/reliability water assets, which is why these trade at a material premium to other water classes on the system.

General security / Low reliability: General Security or low reliability licences are the last to receive allocations and are therefore the least secure licence category. They can start the year with low or zero allocation and typically receive incremental improvement as the year unfolds commensurate with rainfall and runoff. General security licences are the most susceptible to seasonal climatic variations. Historically there is an average 64% reliability of this water class, with the NSW Murray and

Murrumbidgee systems demonstrating some of the largest and most reliable resources.

Supplementary: This is effectively surplus flow that cannot be captured, or “re-regulated”, into storages. When storm events result in flows that cannot be captured (regulated) in storage structures such as dams or weirs for future use, and the water is not needed to meet current demands or commitments, then it is considered surplus to requirements. Supplementary Water holders can only pump water during these announced periods. Historically there is a 17% reliability factor across the system for this water class.

Groundwater: Tied to a specific aquifer and with a banking ability, groundwater is traditionally seen as providing flexibility to managing water requirements. There is an additional cost to extract water through groundwater (i.e. pumping costs) which means that users can opt to purchase water from regulated systems when the cost to lease is below the cost to pump.

TRADABILITY ACROSS THE SYSTEM

The Murray–Darling Basin Agreement allows water users within South Australia, Victoria and New South Wales to trade water across state boundaries and between valleys. There are rules dictating the directional flow of trades. A significant physical influence on the movement of water is the Barmah Choke on the River Murray.

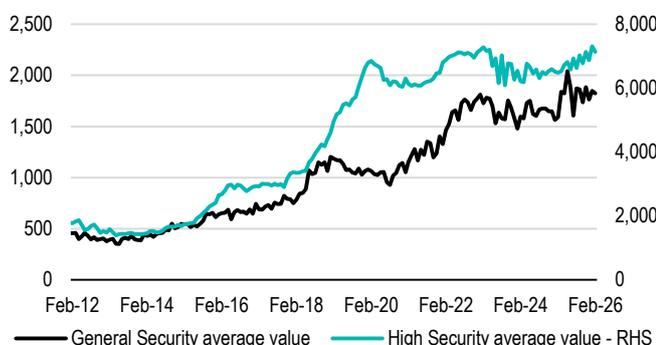
The Barmah Choke is a naturally occurring narrow stretch of the River Murray that begins downstream of Cobram, Victoria and ends upstream of Echuca, Victoria. The choke restricts the flow of the River Murray. Under normal operating conditions, water can only be transferred from upstream to downstream of the Barmah Choke if an equivalent or greater volume has first been transferred from downstream to upstream. However, during periods of higher river flows, temporary allocation trade openings may occur that allow additional upstream-to-downstream transfers

The New South Wales – Queensland Border Rivers Intergovernmental Agreement 2008 allows for the trade of water between the NSW and Queensland Border Rivers. Trade of water entitlements and allocations can occur in both directions subject the account limit rules, operational accounting rules and the trading rules set by the two state management plans.

WATER TRADE AND PRICING

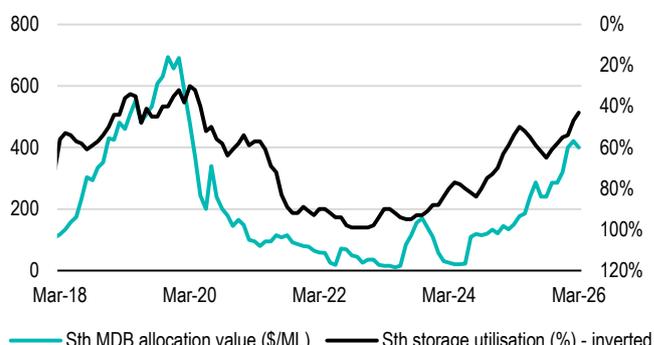
There are two principal trades that occur in water markets being entitlement and allocation. In a simplistic sense entitlements are rights to an ongoing share within a system and allocations are the amount of water distributed in a given year. Allocations against entitlements change according to rainfall, inflows into storages and how much water is already stored, which can increase or decrease throughout the year in response to changes in the system.

Figure 14: Entitlement trade values (\$/ML)



Source: NSW, VIC & SA water registers

Figure 15: Allocation pricing vs. storage utilisation



Source: BOM

Allocation prices: There is a high level of correlation between the allocation price and the level of available water on the system, which we proxy by collating the level of water in major system storages. With low levels of storage allocation prices are at six-

year highs, implying an above average return can be generated on available resources.

Entitlement prices: Historically, entitlement prices have been less volatile than allocation prices, reflecting that entitlement return is tied to a perennial right to water. Generally higher reliability water assets trade at a premium to lower reliability assets reflecting the long-run ability to utilise the asset. Entitlement prices have undergone a period of consolidation following the last boom in almond plantings and to an extent have underperformed other asset classes. As supply tightens and demand expands, we would expect some uplift, particularly if we see a globalisation of water pricing evolve (noting that Californian water allocation rates materially exceed that of Australia in any given year and demonstrate far more upward inflexion in dry years).

Financials

PROFIT & LOSS

Our forecasts for RIV largely assume through-the-cycle allocation levels and a maintenance of the status quo in terms of dividend policy, which would require ~\$4-9m of entitlement sales annually. Forecasts are predicated on known lease returns (i.e. contracts that have been written) and an assumption of normal allocation levels, with all held allocation disposed of (with a 2H bias) in a given year. A summary of our P&L and drivers is below:

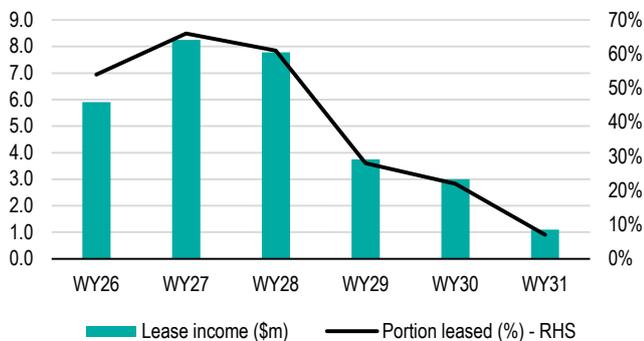
Figure 16: RIV financial summary

	2022	2023	2024	1H25	2H25	2025	1H26e	2H26e	2026e	1H27e	2H27e	2027e	1H28e	2H28e	2028e
Entitlements held (ML)	83,592	90,454	91,502	58,954	58,686	58,686	58,583	58,480	58,480	58,336	58,191	58,191	58,047	57,903	57,903
Leased (%)				52%	54%		54%	66%		66%	61%		61%	28%	
Average allocation price (\$/ML)				173	300		400	400		400	190		195	200	
Lease income from water entitlements	8.2	7.9	7.0	2.9	3.0	5.8	3.0	4.1	7.1	4.1	3.9	8.0	3.9	1.9	5.8
Sale of temporary allocations	3.7	1.5	2.9	6.0	1.6	7.5	4.8	2.1	6.9	1.1	1.6	2.7	0.8	3.8	4.6
Profit on disposal of water entitlements	8.0	11.4	15.0	34.3	4.4	38.7	0.5	0.5	1.0	0.7	0.7	1.4	0.7	0.7	1.4
Other Income	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	20.0	20.9	25.0	43.2	8.9	52.1	8.3	6.8	15.1	5.9	6.2	12.1	5.4	6.4	11.8
Cost of temporary allocations	(1.0)	(0.4)	(0.4)	(0.2)	(0.0)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment allocations	0.4	(0.9)	(0.4)	1.2	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	19.4	19.6	24.2	44.2	8.9	53.1	8.3	6.8	15.1	5.9	6.2	12.1	5.4	6.4	11.8
External management fees total	4.7	2.2	2.2	4.2	9.4	13.6			0.0			0.0			0.0
Government water charges	0.4	0.5	0.5	0.0	0.5	0.5			0.5			0.5			0.5
Operating costs	1.1	1.4	1.5	2.0	0.4	2.4			1.5			1.5			1.6
Totalling costs	6.1	4.2	4.2	6.3	10.2	16.5			2.0			2.0			2.1
EBITDA	13.2	15.5	20.0	37.9	(1.4)	36.7			13.1			10.1			9.7
Depreciation & Amortisation	0.0	0.0	0.0	0.0	0.0	0.0			0.0			0.0			0.0
EBIT	13.2	15.5	20.0	37.9	(1.4)	36.7			13.1			10.1			9.7
...EBIT Margin (%)				0.9	(0.2)										
Net Interest Income	0.8	(6.5)	(6.7)	(2.6)	(0.6)	(3.2)			(1.1)			(1.1)			(1.2)
Pre-tax profit	14.0	9.0	13.3	35.3	(1.9)	33.5			12.0			8.9			8.5
Tax	(4.0)	(2.7)	(4.0)	(10.7)	0.6	(11.6)			(3.6)			(2.7)			(2.6)
Minorities	0.0	0.0	0.0	0.0	0.0	0.0			0.0			0.0			0.0
NPAT	10.0	6.3	9.3	24.5	(1.3)	21.9			8.4			6.3			6.0

Source: Company Data and Bell Potter estimates

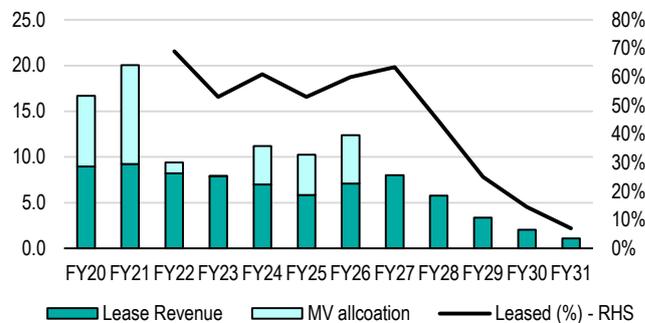
Lease rates: As at the release of the 2025 annual report, RIV had contracted lease revenues moving out 6 water years as summarised below. On a reporting year basis RIV has on average leased 54% of its entitlements for an average roll of \$6.7m p.a. In addition, at balance date RIV held water allocations with a market value of \$5.3m of which \$0.8m has already been contracted (at a yield of 5.3%) in forward agreements for delivery in the 2026-27 water year (Jul'26-Jun'27). RIV enters FY26 with the highest level of contracted revenue and market value of allocation in five years, which supports a positive near term earnings outlook. Post release of the 2025 annual report, RIV has executed leases covering a further 5% of the portfolio (1,000ML) post Jul'26.

Figure 17: Contracted lease revenue by water year



Source: Company Data and Bell Potter estimates for post-BD leases

Figure 18: Contracted lease and carryover allocation by reporting year



Source: Company Data and Bell Potter estimates for post-BD leases

Allocation levels and allocation prices: RIV reporting windows straddle after years meaning that water year risks are somewhat aggregated over a reporting period. Our forecasts look at long-term system reliability and assume allocations against high and general security assets consistent with this historical pattern. Lease are based on a

regression analysis which would imply southern MDB allocation values of \$190-230/ML (the lower being nominal and upper an inflation adjusted value). In W27 we assume a similar level of allocation to W26 and a value commiserate with this outlook (noting forwards contracts executed in CY26 for W27 have been at a VWAP of \$403/ML). In W28-29 we assume a return 20yr average allocation levels and pricing consistent with levels outlined above.

Entitlement sales: Our forecasts assume a static dividend with an assumption that entitlement are disposed to cover the cash cost of the dividends and arising tax liabilities. Given the elevated return on allocation this is forecast to be reasonably modest in FY26-27e.

Management fees: We assume a material reduction in operating expenses at RIV in FY26e reflecting the internalisation of management fees. Total operating costs inclusive of government water charges are forecast to fall from ~\$2.5m p.a. to <\$1.5m p.a. For the most part this cost structure is fixed implying any addition change in the number of water assets held or movements in lease rates/allocation prices will have high levels of delta to NPAT.

CASHFLOW AND BALANCE SHEET

Historically the operating earnings of RIV has not supported the annual cash dividend payment, which has resulted in a requirement to dispose of entitlement to cover increasing dividend payouts. Our forecasts project that this will remain the case through the forecast period. Gearing remains low at 7% of the market value of water assets (entitlement and held allocation) and at 9.5% of equity. RIV has unused financing facilities of \$17.5m and this allows further water acquisitions. Financing lines are priced at BBSW +65bp with a line fee of 65bp. In its recent annual report RIV has highlighted future dividend policy that aligns with operating returns implying there may be a shift in the thinking of DPS and retention of profits for growth in future periods.

Figure 19: RIV Balance sheet and cashflow metrics

	2022	2023	2024	1H25	2H25	2025	2026e	2027e	2028e
Lease adjusted operating cashflow	1.3	(7.6)	(7.1)	(9.0)	(3.1)	(12.1)	7.5	4.8	4.9
Net change in entitlement position	(14.1)	(24.2)	12.8	117.4	2.5	119.9	6.0	6.9	6.9
Available cashflow for dividends	(12.8)	(31.7)	5.7	108.4	(0.6)	107.9	13.4	11.7	11.8
Dividend paid	(6.7)	(8.1)	(9.6)	(4.8)	(5.4)	(10.2)	(11.8)	(11.8)	(11.8)
Net debt	123.8	114.7	115.2	13.7	20.0	20.0	18.3	18.4	18.4
Net Assets	144.9	192.6	195.8	213.6	209.9	209.9	206.4	200.9	195.0
Net Debt/Equity (%)	85.4%	59.5%	58.8%	6.4%	9.5%	9.5%	8.9%	9.2%	9.4%
Entitlements	262.8	311.1	308.6	228.5	230.5	230.5	225.6	220.1	214.6
Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance Sheet Values	262.8	311.1	308.6	228.5	230.5	230.5	225.6	220.1	214.6
Net Debt/BS water assets	47.1%	36.9%	37.3%	6.0%	8.7%	8.7%	8.1%	8.4%	8.6%
Entitlements	376.8	386.3	387.1	290.6	286.3	286.3			
Allocation	0.1	4.2	4.4	0.1	5.3	5.3			
Market Value	376.8	390.5	391.5	290.8	291.6	291.6			
Net Debt/MV water assets	33%	29%	29%	5%	7%	7%			

Source: Company reports

Covenants against the debt balance are:

1. RIV must maintain an interest coverage ratio (ICR) greater than 2.0x.
2. RIV must ensure the last day of each month the Net Debt to Independent Fair Market Value Ratio is not greater than 40%.
3. RIV must ensure the last day of each month the Gross Debt to Independent Fair Market Secured Water Assets Value Ratio is not greater than 45%.

Based on the above we would see RIV as operating within covenants over the forecast period.

Board

Brendan Rinaldi - Chairperson

Brendan Rinaldi has 20 years experience in the finance and agribusiness sectors and is the Elders Ltd General Manager for Victoria and Riverina. Brendan held various leadership roles in risk, agribusiness and commercial lending and was previously the State General Manager for Business Banking in South Australia, Northern Territory and Western Australia. Brendan is of a mixed farming and irrigation background in the Murray region of NSW.

His leadership roles in Agribusiness include the State Director for ANZ Corporate Agribusiness for Victoria and Tasmania, and the Head of Agribusiness in risk. Brendan holds a Bachelor of Commerce from Latrobe University (Melbourne), is a Chartered Accountant, and also completed the ARITA Education Program (Advanced Insolvency Law).

Dirk Wiedmann – Deputy Chairman

Dirk Wiedmann has 30 years of experience in the finance industry. Over his career, Dirk has held senior global positions with several Banks, including UBS AG, Bank Julius Baer & Co Ltd and Rothschild Bank AG. Throughout his time in the industry, Mr Wiedmann has gained a vast range of experience covering international equities and derivatives, business sector market development, executive education and strategic marketing. Dirk has been invested in Australian agriculture business, including wine and dairy operations, since 1999.

Until August 2015, Dirk was the Global Head of Investments & Chief Investment Officer at Rothschild Wealth Management and Trust, a Member of the Divisional Board and a member of the Executive Committee of Rothschild Bank AG. Within his role as Global Head of Investments and CIO, Dirk was also responsible for all trading and execution activities and strategic marketing in the Bank.

Besides his Australian interests, Dirk acts as an independent director for MAN Investment Management Switzerland AG, advises a Family Office and is active in a Swiss Real Estate company.

Chris Larsen – Non-executive Director

Chris is the co-founder and Chief Executive of Ironbark Asset Management, with more than two decades of experience across all fields of asset management, spanning retail and institutional distribution, market, product, platform and investment research. Formerly the Head of Deutsche Bank's Asset Management business in Australia, Chris has held senior positions in the industry in Australia and New Zealand, including Credit Suisse Asset Management and Rothchild Asset Management. Chris is also currently a board member of the GWS Giants Football Club as well as a member of the GWS Giants Foundation Board.

Vivienne Brand - Non-Executive Director

Dr Vivienne Brand is a qualified lawyer who specialises in corporate law research, governance and ethics. She started her career with a leading commercial law firm, working in banking, finance and insolvency for a number of years, before a period working in house in BankSA's Treasury team. Vivienne has several decades of experience on a range of not for profit boards and management committees, including as a Chair of Governance. Vivienne holds a PhD in business ethics and has done significant research in relation to corporate whistleblowing and social licence to operate concepts.

Vivienne holds a Bachelor of Laws (Honours) from the University of Adelaide Australia, and a Master of Laws (Merit) from the University of London. She is also a Member of the Law Council of Australia's Business Law Division. Vivienne grew up in the Riverland on an irrigated fruit block and so has a personal understanding of, and interest in, the critical role access to water plays in supporting Australia's agriculture.

Stephen Duerden- Non-Executive Director

Stephen Duerden is currently the CEO of Duxton Capital (Australia) Pty Ltd. Stephen has over 25 years of experience in investment management, the last 14 of which have been focused on agriculture operations and investments, and joined Duxton in May 2009, as the CEO of Duxton in Singapore. Before joining Duxton, Stephen was the COO and Director for both the Complex Assets Investments Team and the Singapore operation of Deutsche Bank Asset Management Asia.

Prior to this Stephen worked with Deutsche in Australia where he was a member of the Australian Executive Committee responsible for the management of the Australian business, with assets under management of approximately AUD \$20 billion, and a member of the Private Equity Investment Committee overseeing the management of over AUD \$2.5 billion in Private Equity and Infrastructure assets. Stephen has had exposure to a broad range of financial products and services during his career. He has been involved in direct property development and management, the listing and administration of REITS, as well as the operation and investment of more traditional asset portfolios.

Stephen holds a Bachelor of Commerce in Accounting Finance and Systems with merit from the University of NSW Australia and a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australasia. Stephen is a Fellow of the Financial Services Institute of Australasia and a Certified Practising Accountant. Stephen is appointed to the Board of the Company as a representative of the Investment Manager.

Edouard Peter - Non-executive Director

Edouard Peter, is the co-founder and Chairman of Duxton Asset Management Pte Ltd ("Duxton"). Prior to forming Duxton in 2009, Ed was Head of Deutsche Asset Management Asia Pacific ("DeAM Asia"), Middle East & North Africa. He was also a member of Deutsche Bank's Group Equity Operating Committee and Asset Management Operating Committee. Ed joined Deutsche Bank in 1999 as Head of Equities and Branch Manager of DB Switzerland. In March 2001, Ed moved to Hong Kong with Deutsche Bank and was appointed Head of Global Equities for Asia and Australia, becoming responsible for all of Global Emerging Market Equities in the beginning of 2003. In November 2004, Ed became Head of Asian and Emerging Market Equities for the new Global Markets Division.

Ed holds a Bachelor's Degree in English Literature from Carleton College in Northfield, Minnesota. Ed's first foray into agricultural investing was in 1999 and he remains passionately interested in agriculture today.

Lachlan Campbell - Executive Manager – Corporate

Lachlan joined Rivco Australia (ASX: RIV) in June 2025 following the internalisation of management, having worked on the business since April 2017. He plays an important role in shaping Rivco's strategy, working closely with the Board to support the Company's long-term direction. Lachlan oversees operational performance and capital management, while also leading Rivco's business development and investor relations function. With a strong focus on strategic development, market insight, and organisational leadership, he contributes meaningfully to Rivco's growth and to maintaining long-standing relationships across the investment community.

Lachlan has 14 years' experience across asset management and accounting. He holds a Bachelor of Commerce (Accounting) from the University of South Australia and is a qualified Chartered Accountant.

Lachlan Beech - Executive Manager – Portfolio & Trading

Lachlan joined Rivco Australia (ASX: RIV) in June 2025 following the internalisation of management, having worked on the business since February 2019. He is responsible for overseeing portfolio management, trading, capital allocation, and the performance of the Company's water asset portfolio. Working closely with the Board, he plays a key role in executing corporate strategy, driving value creation for shareholders, and identifying new opportunities that support the Company's long-term growth.

In addition to managing portfolio operations, Lachlan provides organisational leadership across the business. He drives stakeholder engagement across the agricultural, corporate and investment sectors, and contributes to corporate development and investor relations. His work focuses on strengthening relationships, enhancing asset performance, and supporting strategic decision-making across the business.

Lachlan holds a double Bachelor of Business (Innovation & Entrepreneurship and Marketing) and has deep roots in Australian agriculture, bringing both commercial acumen and industry insight to the role.

Rivco Australia Ltd (RIV)

BUSINESS OVERVIEW

Rivco Australia Ltd (RIV) is a listed investment vehicle providing investors with exposure to the Australian water market. As at Feb'26, RIV held a portfolio of 58.8GL of entitlements (portfolio NAV of \$1.79/sh pre-tax and \$1.62/sh post-tax) with an 80% bias to High Security (HS) water assets on the Southern connected Murray Darling Basin (MDB)

VALUATION METHOD

Our target price is predicated on a 50/50 blend of our post-tax and pre-tax NAV for RIV adjusting for historical growth trends and assumed entitlement disposals (to cover stable dividends) over the next 12 months.

RISKS

Risks to an investment in RIV include but are not limited to:

Annual water allocation risk: Allocation levels are determined by Government water authorities. Water availability against entitlements in any given region can be limited or zero and this can limit the ability of the company to generate revenue in any given period.

Regulation risk: Water entitlements are conferred by State law. Changes in laws, regulations and Government policy may adversely affect RIV's core business of acquiring and leasing water entitlements and allocations.

Weather: The market price of allocations and entitlements are subject to market fluctuations based on weather patterns. A surplus of rainfall may increase the supply of water reducing water prices and the ability of the company to extract a targeted return. In addition, a downward movement in entitlement prices may impact the NAV of the investment vehicle.

Market size and liquidity risk: The turnover of water entitlements is relatively small when compared to the size of the available market. This may impact the ability of the business to both acquire and dispose of water assets without temporarily distorting market economics.

Counterparty risk: At the date of this report ~66% of entitlements are covered by lease in W27. The ability of the tenant to pay the lease rate is dependent on the underlying profitability of the agricultural operation. If leaseholders default on lease obligations this may impact the ability of RIV to generate income.

Declining entitlement prices: Water entitlements have historically generated capital growth. However, past performance of water entitlement prices is not a reliable indicator of the future performance of water entitlement prices. As such there is the risk that water entitlements prices may reduce over the investment's life.

RECOMMENDATION (Initiation)

PRICE

TARGET (12 MONTHS)

Buy**A\$1.50****A\$1.65** (Initiation)

Table 1: Financial summary

Price	A\$/sh	1.500					Bell Potter Securities					
Valuation	A\$/sh	1.650					Jonathan Snape (jsnape@bellpotter.com.au, +613 9235 1601)					
PROFIT AND LOSS												
Year ending 31 December	Unit	FY24a	FY25a	FY26e	FY27e	FY28e						
Lease income from water entitlements	A\$m	7.0	5.8	7.1	8.0	5.8						
Sale of temporary allocations	A\$m	2.9	7.5	6.9	2.7	4.6						
Profit on disposal of water entitlements	A\$m	15.0	38.7	1.0	1.4	1.4						
Other Income	A\$m	0.1	0.0	-	-	-						
Revenue	A\$m	25.0	52.1	15.1	12.1	11.8						
Cost of temporary allocations	A\$m	(0.4)	(0.3)	-	-	-						
Impairment allocations	A\$m	(0.4)	1.3	-	-	-						
Gross profit	A\$m	24.2	53.1	15.1	12.1	11.8						
Management fees	A\$m	2.2	13.6	-	-	-						
Government water charges	A\$m	0.5	0.5	0.5	0.5	0.5						
Operating costs	A\$m	1.5	2.4	1.5	1.5	1.6						
Costs	A\$m	4.2	16.5	2.0	2.0	2.1						
EBITDA	A\$m	20.0	36.7	13.1	10.1	9.7						
Depreciation & amortisation	A\$m	-	-	-	-	-						
EBIT	A\$m	20.0	36.7	13.1	10.1	9.7						
Margin	%	80%	70%	87%	83%	82%						
Net interest expense	A\$m	(6.7)	(3.2)	(1.1)	(1.1)	(1.2)						
Profit before tax	A\$m	13.3	33.5	12.0	8.9	8.5						
Underlying tax	A\$m	(4.0)	(11.6)	(3.6)	(2.7)	(2.6)						
Minorities	A\$m	-	-	-	-	-						
NPAT	A\$m	9.3	21.9	8.4	6.3	6.0						
Adjustments (post-tax)	A\$m	-	-	-	-	-						
Reported NPAT	A\$m	9.3	21.9	8.4	6.3	6.0						
CASH FLOW STATEMENT												
Year ending 31 December	Unit	FY24a	FY25a	FY26e	FY27e	FY28e						
OPERATING CASH FLOW												
EBITDA	A\$m	20.0	36.7	13.1	10.1	9.7						
Net Interest	A\$m	(6.8)	(3.3)	(1.1)	(1.1)	(1.2)						
Tax Paid	A\$m	(5.1)	(9.8)	(3.6)	(3.1)	(2.6)						
Change in Working Capital	A\$m	(3.4)	0.4	(0.2)	(0.0)	(0.0)						
Other Residual Items	A\$m	(11.8)	(36.0)	(0.7)	(1.0)	(1.0)						
Operating cash flow	A\$m	(7.1)	(12.1)	7.5	4.8	4.9						
INVESTING CASH FLOW												
Capital expenditure	A\$m	-	-	-	-	-						
Asset sales	A\$m	40.6	143.3	6.0	6.9	6.9						
Acquisitions	A\$m	(27.8)	(23.4)	-	-	-						
Other	A\$m	(0.1)	(0.0)	-	-	-						
Investing cash flow	A\$m	12.7	119.9	6.0	6.9	6.9						
Free cash flow	A\$m	5.6	107.8	13.4	11.7	11.8						
FINANCING CASH FLOW												
Proceeds from share issues (net)	A\$m	3.4	(2.4)	-	-	-						
Debt proceeds / (repayments)	A\$m	(0.5)	(93.5)	(2.8)	0.1	(0.0)						
Dividends paid	A\$m	(9.6)	(10.2)	(11.8)	(11.8)	(11.8)						
Other	A\$m	-	-	-	-	-						
Financing cash flow	A\$m	(6.6)	(106.1)	(14.6)	(11.7)	(11.8)						
Change in cash	A\$m	(1.0)	1.7	(1.1)	(0.0)	(0.0)						
BALANCE SHEET												
Year ending 31 December	Unit	FY24a	FY25a	FY26e	FY27e	FY28e						
ASSETS												
Cash	A\$m	0.8	2.5	1.4	1.4	1.4						
Inventory	A\$m	-	-	-	-	-						
Receivables	A\$m	0.5	0.1	0.0	0.0	0.0						
Right-of-use assets	A\$m	-	0.5	0.5	0.5	0.5						
Water entitlements	A\$m	308.6	230.5	225.6	220.1	214.6						
Water allocations	A\$m	0.0	-	-	-	-						
Other assets	A\$m	3.5	1.3	1.3	1.3	1.3						
Total assets	A\$m	313.4	234.9	228.8	223.3	217.8						
LIABILITIES												
Payables & unearned income	A\$m	1.6	1.8	1.5	1.5	1.5						
Borrowings	A\$m	116.0	22.5	19.7	19.8	19.8						
Lease liabilities	A\$m	-	0.5	0.5	0.5	0.5						
Other liabilities	A\$m	-	0.3	0.6	0.6	0.9						
Total liabilities	A\$m	117.6	25.1	22.4	22.4	22.8						
NET ASSETS	A\$m	195.8	209.9	206.4	200.9	195.0						
Share capital	A\$m	190.4	194.0	194.0	194.0	194.0						
Reserves	A\$m	-	0.1	0.1	0.1	0.1						
Retained earnings	A\$m	5.4	15.7	12.3	6.7	0.9						
Minorities	A\$m	-	-	-	-	-						
SHAREHOLDER EQUITY	A\$m	195.8	209.9	206.4	200.9	195.0						
Weighted average shares	m	154.6	157.7	158.8	158.8	158.8						
FINANCIAL RATIOS												
Year ending 31 December	Unit	FY24a	FY25a	FY26e	FY27e	FY28e						
VALUATION												
EPS (adjusted)	Ac/sh	4.8	11.2	5.3	3.9	3.8						
EPS growth	%	33%	131%	-53%	-25%	-5%						
PER	x	31.0x	13.4x	28.4x	38.1x	40.0x						
DPS	Ac/sh	7.4	7.4	7.4	7.4	7.4						
Dividend yield	%	4.9%	5.0%	5.0%	5.0%	5.0%						
Franking	%	100.0%	100.0%	100.0%	100.0%	100.0%						
FCF/share	Ac/sh	3.6	68.4	8.5	7.4	7.4						
FCF yield	%	2.4%	45.6%	5.6%	4.9%	5.0%						
EV/EBITDA	x	12.9x	7.1x	19.8x	25.7x	26.7x						
EV/EBIT	x	12.9x	7.1x	19.8x	25.7x	26.7x						
Book Value per share	Ac/sh	1.25	1.32	1.30	1.26	1.23						
P/BV	x	1.2x	1.1x	1.2x	1.2x	1.2x						
LIQUIDITY & LEVERAGE												
Net debt / (cash)	A\$m	115.2	20.0	18.3	18.4	18.4						
Net debt / Equity	%	58.8%	9.5%	8.9%	9.2%	9.4%						
Net debt / Net debt + Equity	%	37.0%	8.7%	8.2%	8.4%	8.6%						
Net debt / EBITDA	x	5.8x	0.5x	1.4x	1.8x	1.9x						
EBITDA / Net interest expense	x	3.0x	11.5x	11.9x	8.9x	8.2x						
PROFITABILITY RATIOS												
Gross Margin	%	96.6%	102.0%	100.0%	100.0%	100.0%						
EBITDA margin	%	82.7%	69.0%	86.8%	83.2%	82.2%						
Return on funds employed (EBIT)	%	6.4%	16.0%	5.8%	4.6%	4.5%						
Return on equity	%	4.8%	10.4%	4.1%	3.1%	3.1%						
SEGMENTAL ASSUMPTIONS												
Year ending 31 December	Unit	FY24a	FY25a	FY26e	FY27e	FY28e						
Entitlements held	ML	91,502	58,686	58,480	58,191	57,903						
Lease rate	%	61%	53%	60%	64%	45%						
Allocation price	\$/ML	60.5	189.5	400.0	241.0	198.7						
HALF YEAR PROFIT & LOSS												
	Unit	2H23	1H24	2H24	1H25	2H25						
Revenue	A\$m	11.1	20.0	5.0	43.2	8.9						
EBITDA	A\$m	7.7	15.0	4.9	37.9	(1.4)						
EBIT	A\$m	7.7	15.0	4.9	37.9	(1.4)						
NPAT	A\$m	3.5	8.3	1.1	24.5	(1.3)						
Entitlement (as at 31/12/25)												
	ML	Value (\$/ML)	Post tax	Pre tax								
Vic 1A Greater Goulburn LRWS	1,401	686	1.0	1.0								
Vic 1B Greater Goulburn HRWS	376	3,968	1.5	1.5								
Vic 3 Goulburn HRWS	421	3,816	1.6	1.6								
Vic 6 Murray (Dart to Barmah) HRWS	5,817	4,507	26.2	26.2								
Vic 6 Murray (Dart to Barmah) LRWS	313	1,001	0.3	0.3								
Vic 6B Murray (Dart to Barmah) HRWS	1,344	6,802	9.1	9.1								
Vic 7 Murray (Barmah to SA) HRWS	6,918	7,244	50.1	50.1								
NSW Murray 10 HS	3,250	6,505	21.1	21.1								
NSW Murray 11 HS	5,650	9,258	52.3	52.3								
NSW Murray 11 GS	6,225	2,853	17.8	17.8								
NSW Murray 11 Supp	83	512	0.0	0.0								
NSW Murrumbidgee 13 HS	2,390	8,146	19.5	19.5								
NSW Murrumbidgee 13 GS	7,322	2,475	18.1	18.1								
NSW Lachlan GS - Jemalong Irrigation	2,660	1,841	4.9	4.9								
NSW Lachlan GS	4,504	1,841	8.3	8.3								
SA Murray HS	6,466	7,898	51.1	51.1								
SA Mallee Prescribed Wells Area - Red	500	3,800	1.9	1.9								
SA Mallee Prescribed Wells Area - Green	3,046	2,800	8.5	8.5								
Entitlements market value	58,686	4,999	293.4	293.4								
Market value of allocations held at BD			5.3	5.3								
Unrealised tax liabilities			(19.2)	-								
Corporate overheads (@8x)			(15.9)	(15.9)								
Adjusted Net Debt			(20.5)	(20.5)								
Implied market value (\$m)			243.1	262.3								
Shares on issue (m)			158.8	158.8								
Post-tax value (\$/sh)			1.53	1.65								
1yr value roll forward (@5yr CAGR by mix)			0.07	0.07								
Post balance date movement in allocation value			0.01	0.01								
Less 1yr forward entitlement sales			(0.03)	(0.04)								
Implied Valuation range (\$/sh)			1.57	1.68								
Values are based on last 10 transactions unless there is a meaningful deviation between spot.												

Source: Bell Potter Securities estimates

**RECOMMENDATION
STRUCTURE**

BUY	Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.
HOLD	Expect total return between -5% and 15% on a 12 month view.
SELL	Expect <-5% total return on a 12 month view.

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