



DUXTON
BROADACRE FARMS

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June 2019

INVESTOR PRESENTATION

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1

Direct exposure to Australian agriculture

2

Geographically diversified portfolio of farming operations

3

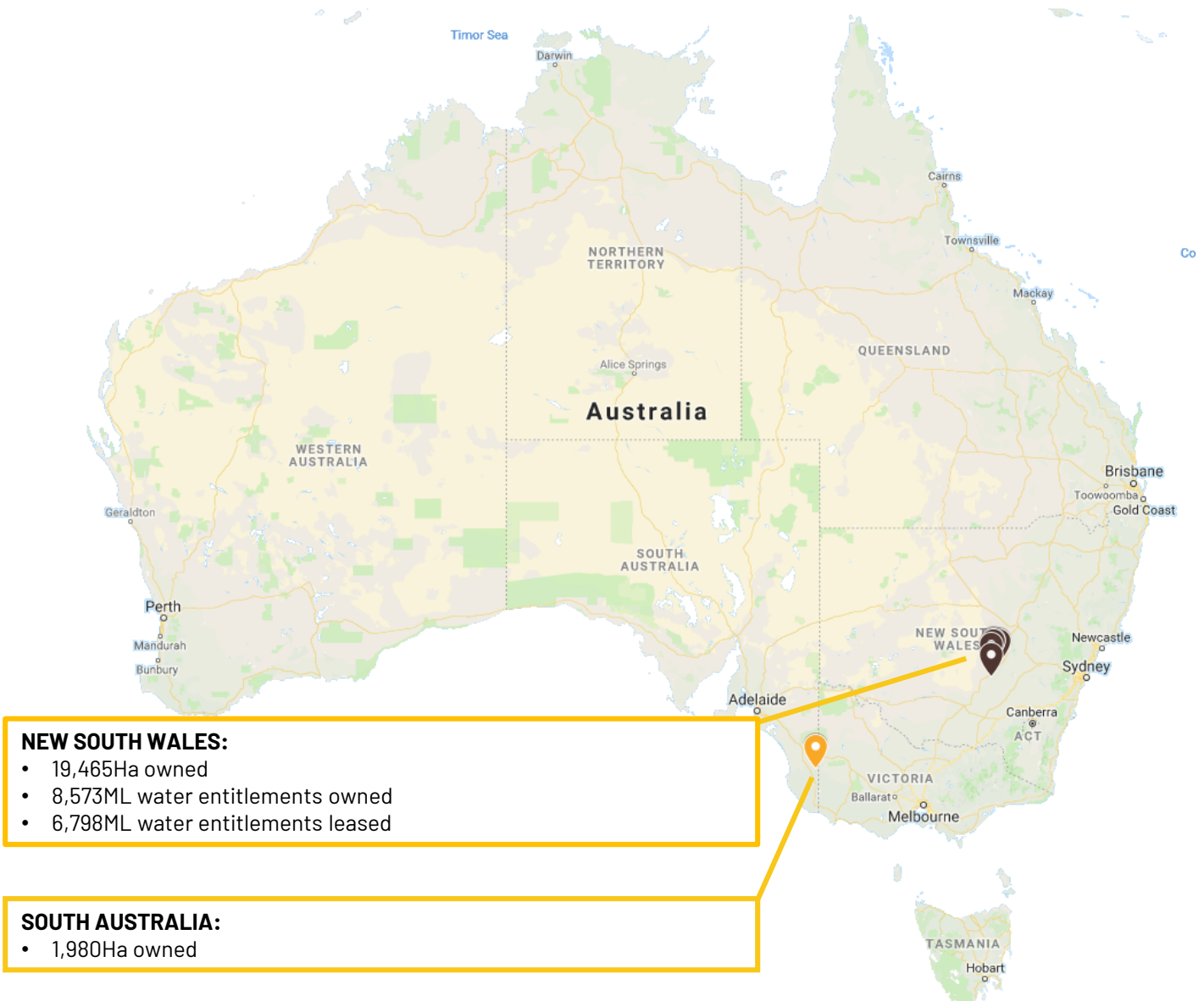
Diversified commodity exposure and dynamic annual production

4

Best in class approach with highly qualified and experienced teams

5

Underpinned by strong macro-economic trends



DUXTON BROADACRE FARMS (“DBF” or “the Company”)

The Company owns and operates an aggregation of broadacre farms in Australia. Risk is mitigated and returns are optimised through mixed commodity production, long-term water security, geographic diversification and the strategic development of properties. DBF seeks to provide investors with direct exposure to agriculture, to act as an inflationary hedge, providing income and capital growth exposure over the long-term.

KEY INFORMATION

Current share price (as at 24 JUNE 2019)	\$1.15 per share
Current shares on issue	42,930,065
Current Market Cap	\$49.4 million
Net Assets (30 June 2018)	\$73.7 million (statutory)
Net Assets (30 June 2018)	\$74.3 million (fair market)
ASX Code	DBF
Investment Manager	Duxton Capital (Australia) Pty Ltd

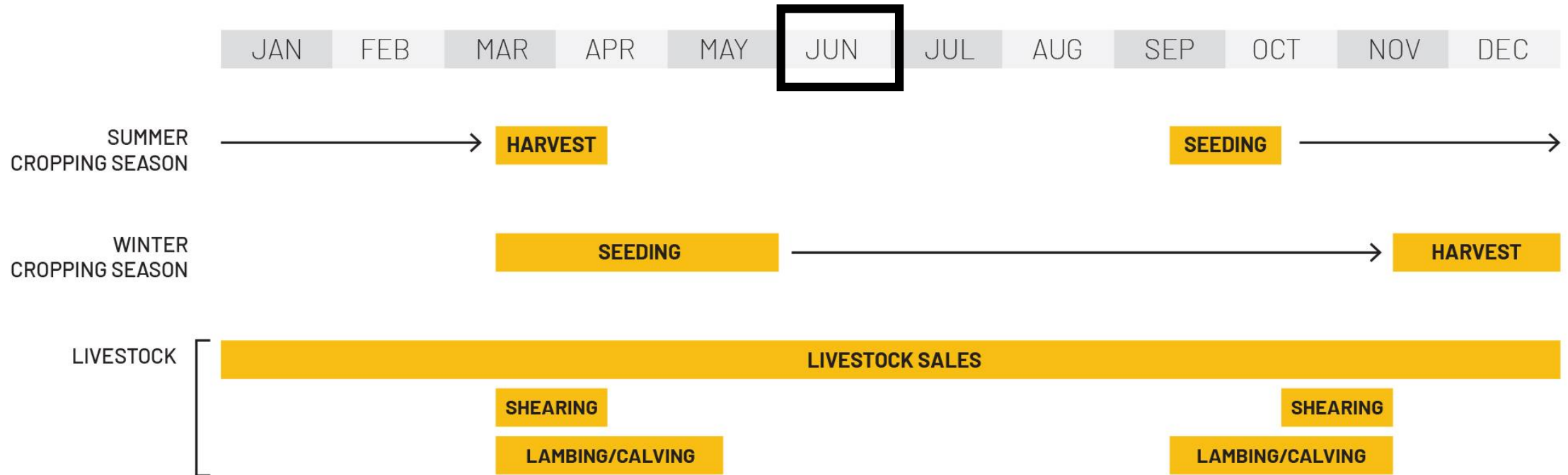
OUR PROPERTIES

The Company's objective is to create a diversified portfolio of high-quality, efficient broadacre aggregations. Our objective is to provide shareholders with both ongoing annual operational yield and long term capital growth, with an underlying focus on optimising risk adjusted returns.

State	Property	Size (Ha)	AUD\$*	Water Entitlements (mL)	Land	Winter Crops	Summer Crops	Livestock
NSW	Yarranlea	2,184	6,350,000		Irrigated & Dryland			
	Merriment	535	1,800,000					
	Cowaribin	940	2,430,000			Wheat Barley Canola Lucerne Chickpeas	Cotton	Sheep & Cattle
	Walla Wallah	1,460	5,270,000					Wool
	Timberscombe	8,432	27,850,000					
	Kentucky	5,914	17,000,000					
SA	Boorala	1,980	13,075,222		Dryland	Wheat, Barley, Canola, Lucerne, Broad Beans, Clover seed		Sheep Wool
Total		21445 ha	AUD\$73.8m	15,371 mL Owned and leased				

OPERATIONAL TIMELINE

- Duxton Broadacre Farm's financial year ends 30 June. Each commodity has a cycle unique to the variety, geographic location and season.
- Summer cropping includes cotton, which is sown September-October. The harvest period typically coincides with Easter each year.
- Winter cropping includes dual purpose wheats, cereals and grains, canola, chickpeas and broad beans. These are sown between March and May, depending on the variety. Season dependent, the harvest usually begins around November and concludes before January.
- Shearing occurs twice yearly, providing a semiannual revenue injection. Lambing and calving occurs in both spring and autumn, providing weaner cattle and lambs for trading all year round, smoothing cash-flow across the year.



OPERATIONAL UPDATE

IRRIGATION

The ongoing rollout of the irrigation development program continued over May. The infrastructure development projects are aligned with the Company's broader risk mitigation strategy by seeking to increase water security, visibility and operational flexibility. Construction of the second storage facility at Walla Wallah which commenced during March is progressing well. Installation of the distributor barrel and supply pipes have been finished, with only the extension of the supply channel remaining. Lasering of two fields in preparation for irrigation development has been completed, with one more scheduled once the storage facility has been completed. The successful production bore at Walla Wallah has had an application lodged with State Water. This bore has the capacity to yield up to 20ML/day. A hydrological assessment of the bore will be undertaken to determine the size of the allocation. The hydrological assessment is expected to be processed prior to the end of June.

SUMMER CROPS

Picking of the cotton crop was completed during the month and all cotton has been transported to the gin for processing. Processing of the cotton crop is expected to be completed by the end of June. Preparations continued for next year's cotton plantings.

WINTER CROPS

Sales of on-farm stored grain continued over May in line with the commodity marketing strategy. DBF has continued sowing wheat, chickpeas and barley where adequate moisture for crop emergence can be identified.



COMMODITIES

WHEAT AND BARLEY

Domestic barley prices have remained at a similar level to April. The potential for greater supply may dampen prices. If rainfall is lower than expected or it is highly variable, market prices could rise to reflect anticipation of shortages in supply. The International Grains Council (IGC) has forecast Australia's grain production for the 2019/20 season to see production rise to 35.9 million tonnes. This would represent the highest production level since 2016/17 but would still be below the ten year average. With the extensive dry conditions that have been experienced over the past 18 months, the rain that will be required to develop adequate soil moisture levels is higher than in a typical season.

COTTON

International cotton prices fell in early May before finishing the month at 79.1USc/lb. The latest supply outlooks by Cotlook have seen forecast tonnage for the 2019/20 season increased by 300,000 tonnes to 27.38 million tonnes, being the second largest output in history. Global cotton consumption is forecast at 26.69 million tonnes for 2019/20, being the highest consumption on record and a 3.4% increase from last year. Even with rising consumption stock levels at the end of the year are likely to rise by over 660,000 tonnes. This could result in downwards pressure on prices in the coming months.

WOOL

Wool prices have reduced slightly from last month down 6%. Prices at the start of the month continued to move downward as China lifted the ban on imports of South African wool. Overall wool auction volumes are down by 15.7% compared to last year due to lower wool production and more direct sales which bypass the auction process. The first two weeks of June are scheduled for low volumes and South Africa is two weeks away from taking a two month break from selling. This could result in a supply squeeze and a positive swing in the market in June to early July if there is an upwards shift in demand.

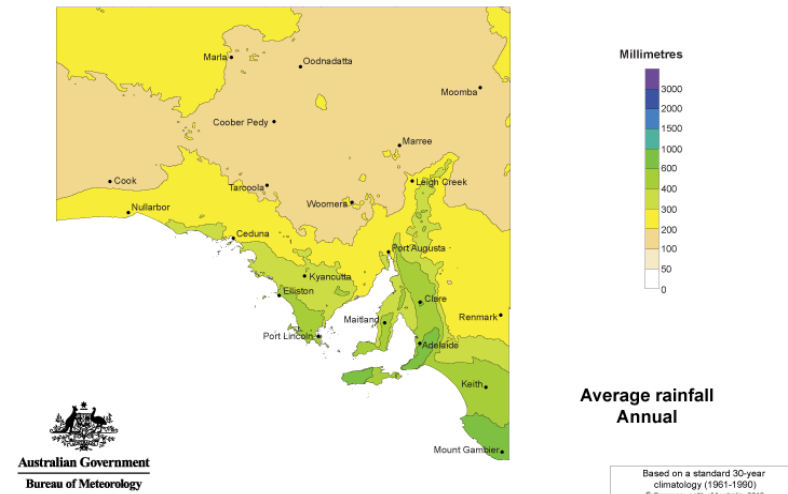
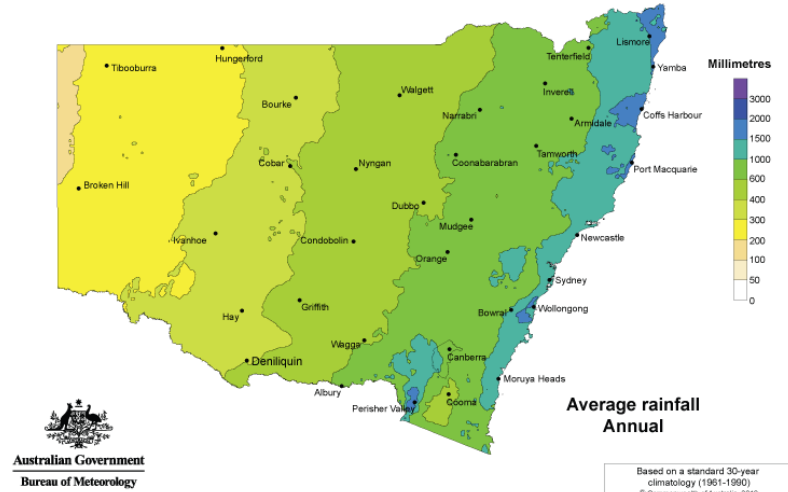
LIVESTOCK

The Australian Eastern Young Cattle Indicator (EYCI) rose briefly during the month to approach \$5/kg before settling back at \$4.69/ kg. Recent volatility in EYCI market prices could be attributed to a response to rainfall. Lamb prices have risen sharply during the month to reach \$8.29/kg. Prices are currently at their highest point since the all-time highs experienced in September 2018. Typically, winter marks a low point in supply as the market waits for new season spring lambs to reach the market. Due the adverse conditions that were experienced throughout last year the supply of lambs in winter and spring is forecast to be lower than historical averages.

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO	% CHANGE
Feed Wheat	\$380	\$375	1%
Feed Barley	\$369	\$350	5%
Canola	\$597	\$524	14%
Cotton	\$570/bale	\$637/bale	10%

LIVESTOCK COMMODITIES	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO	% CHANGE
Wool	\$18.33	\$19.83	-3%
Lamb	\$8.29	\$6.09	36%
Beef	\$4.69	\$4.85	-3%

WATER SECURITY & RISK MITIGATION – IRRIGATION DEVELOPMENT



- DBF's risk mitigation strategy includes irrigation development to increase water security. DBF currently owns and leases a combined 15,371ML of water entitlements (May 2019). Water entitlements are diversified across a number of sources including ground water, river water and water storage facilities. Through this diversification, risks of zero water allocations in a drought are mitigated.
- In July 2018, DBF commissioned a 2-year development plan seeking to convert approximately 1,500 Ha of dryland cropping into irrigation, providing security of production in dry conditions. This is anticipated to deliver enhanced profitability through the production of high margin summer crops and increased operational flexibility enabling DBF to capitalise on favourable commodity movements.
- In September 2018, the development of irrigated land was successfully completed which subsequently allowed the planting of 700ha during October.
- Further to this, the Company has been actively securing water to support the irrigation development. Ground water that was strategically secured in 2018 has been revalued up 38% from it's purchase price.
- In December 2018, a successful bore at Walla Wallah was constructed, with the capacity to yield 20ML/day.
- In February 2019 the construction of a second storage facility at Walla Wallah commenced. This exciting development will bring DBF's total water storage capacity to 1,400ML.

KEY MANAGEMENT TEAM

Duxton Broadacre is managed by a highly qualified on-farm team with extensive experience in the Australian broadacre farming industry.

The key management team is comprised of:

Bryan Goldsmith	Martin Flower	Andrew Garland	Dustin Kemp	Brendan Burley
General Manager, New South Wales	Boorala Manager	Wyalong Operations Manager, New South Wales	Merriment Operations and Livestock Manager, New South Wales	Merriment Cropping Manager, New South Wales
Bryan has over 23 years of agricultural experience spent principally in the management of large-scale corporate cotton and broadacre farms. In his previous role with Twynam Agricultural Group, Bryan served as General Manager in which he oversaw the management of 3 broadacre and cropping farms spanning over 40,000 hectares. Bryan joined DBF in 2018 following the sales of Twynam's properties for \$115,000,000.	Martin joined DBF in 2019 following the sale of Boorala. As the Boorala farm manager, Martin is responsible for livestock management, winter cropping, external contractor coordination, operational logistics and staff management.	Andrew is the Operations Manager for Wyalong. Andrew fulfils the daily operations of a farm manager and is committed to modern broadacre farming practices. Andrew has extensive minimum till and precision farming experience. Andrew ensures QA and best farming practices for general activities such as fertilising, pest and weed control management. Andrew previously managed key properties in southern NSW. Growing mostly cereal crops, he has considerable irrigation experience. Andrew also has substantial experience in growing seed crops, being nationally recognised for canola seed production.	Dustin has been Livestock Manager since 2013 and is responsible for all aspects of sheep and cattle husbandry, including marketing, procurement, logistics, staff management and engaging contractors. Dustin has two decades of farm experience as a rural contractor, farm manager, station hand and stockman on a number of properties. Dustin has an Advanced Certificate in Farming Technology (TAFE).	Brendan has been Cropping Manager since 2011 and is responsible for summer and winter cropping operations, logistics and Staff Management. Prior to this, Brendan worked in a variety of roles, including Leading Farmhand and Station hand, with other farming businesses. Brendan has a Bachelor of Agricultural Business Management (Charles Sturt University).



ED PETER – Group Chairman

Ed Peter is the Group Chairman of Duxton Asset Management ("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 the Deutsche Bank's (DB) Group Equity Operating Committee and Asset Management Operating Committee. Ed's first foray into Agricultural investing was in 1999 and he remains passionately interested in Agriculture today. He is on the University of Adelaide's Agribusiness advisory board, the University of Adelaide's Wine Advisory board, and on the board of Wine Australia. Ed is married to Julie, a proud South Australian, and has 4 children.



WILL BRENNAN – Portfolio Manager

Will Brennan, Portfolio Manager, joined Duxton in May 2015. His key responsibilities involve the identification, negotiation and execution of investment opportunities, along with providing ongoing project oversight, and working closely with key stakeholders in developing and implementing strategy objectives. Will holds a Bachelor of Laws and a Bachelor of Commerce (Accounting) from the University of Adelaide, and is a CFA level 3 candidate.



ALEX HENSCHKE – Financial Controller

Alex Henschke, Management & Financial Accountant, joined Duxton in July 2018. Her key responsibilities include overseeing the finances for a variety of Duxton businesses and investments. Alex is a Chartered Accountant with over 7 years experience in the industry. Prior to joining Duxton, she worked in business advisory services with Holman Hodge and Deloitte Private providing accounting, taxation and business advice to a broad range of businesses. Alex holds a bachelor degree in Commerce (Accounting) from the University of Adelaide.



ALISTER WALSH

Director of Water Assets
& Portfolio Manager



TRISTAN MARRIETTE

Analyst



EVIE PAPPS

Analyst



LAUREN THIEL

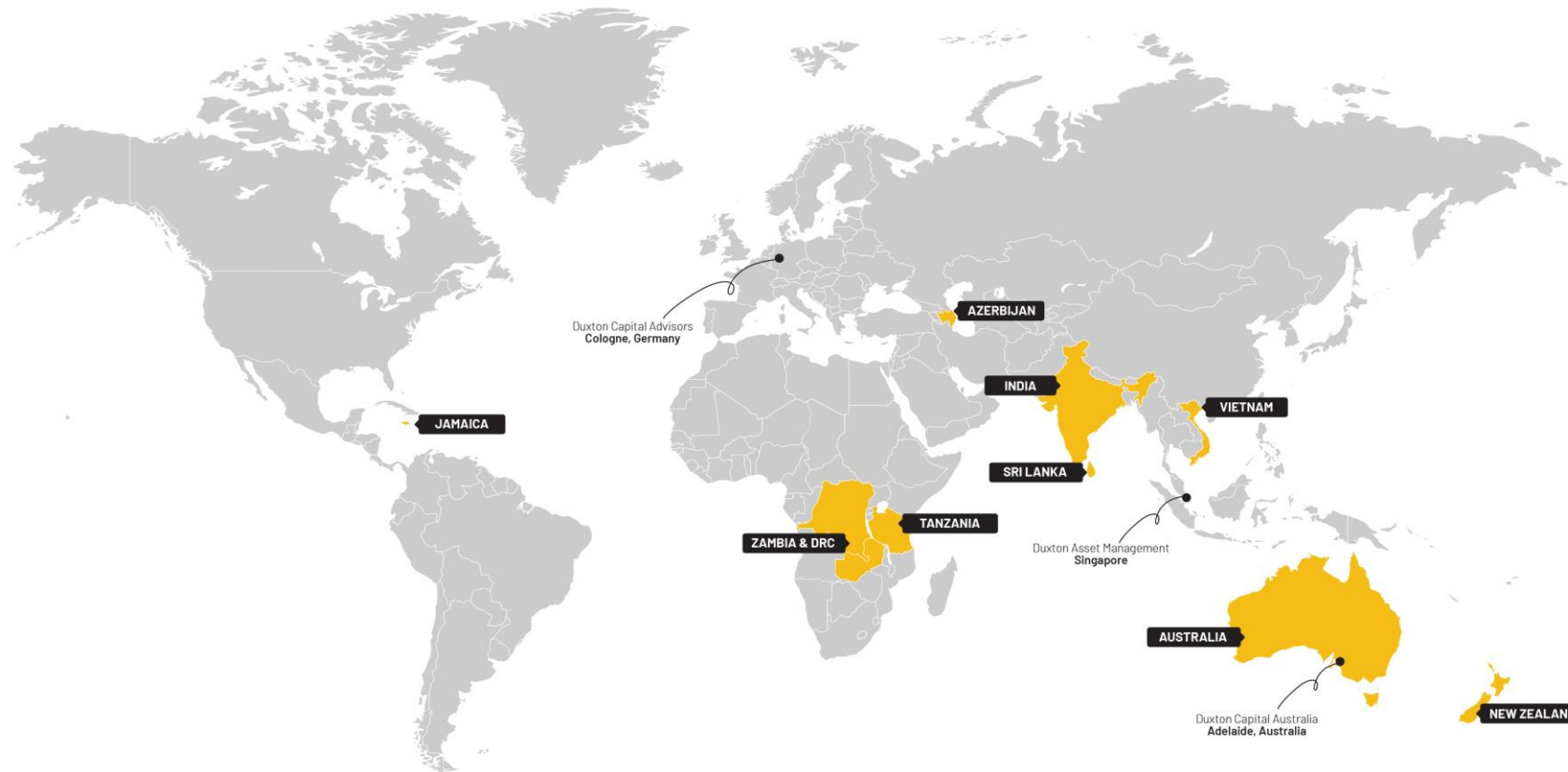
Business Development



BRIDGET JOHNSON

Business Development

Duxton Capital (Australia) is part of the Duxton Group, as a wholly owned subsidiary of Duxton Capital Pte Ltd. The Group manages and advises **over A\$1.4 billion in assets** (at 31 May 2019). Collectively, the Duxton Group manages a range of different agricultural commodities.

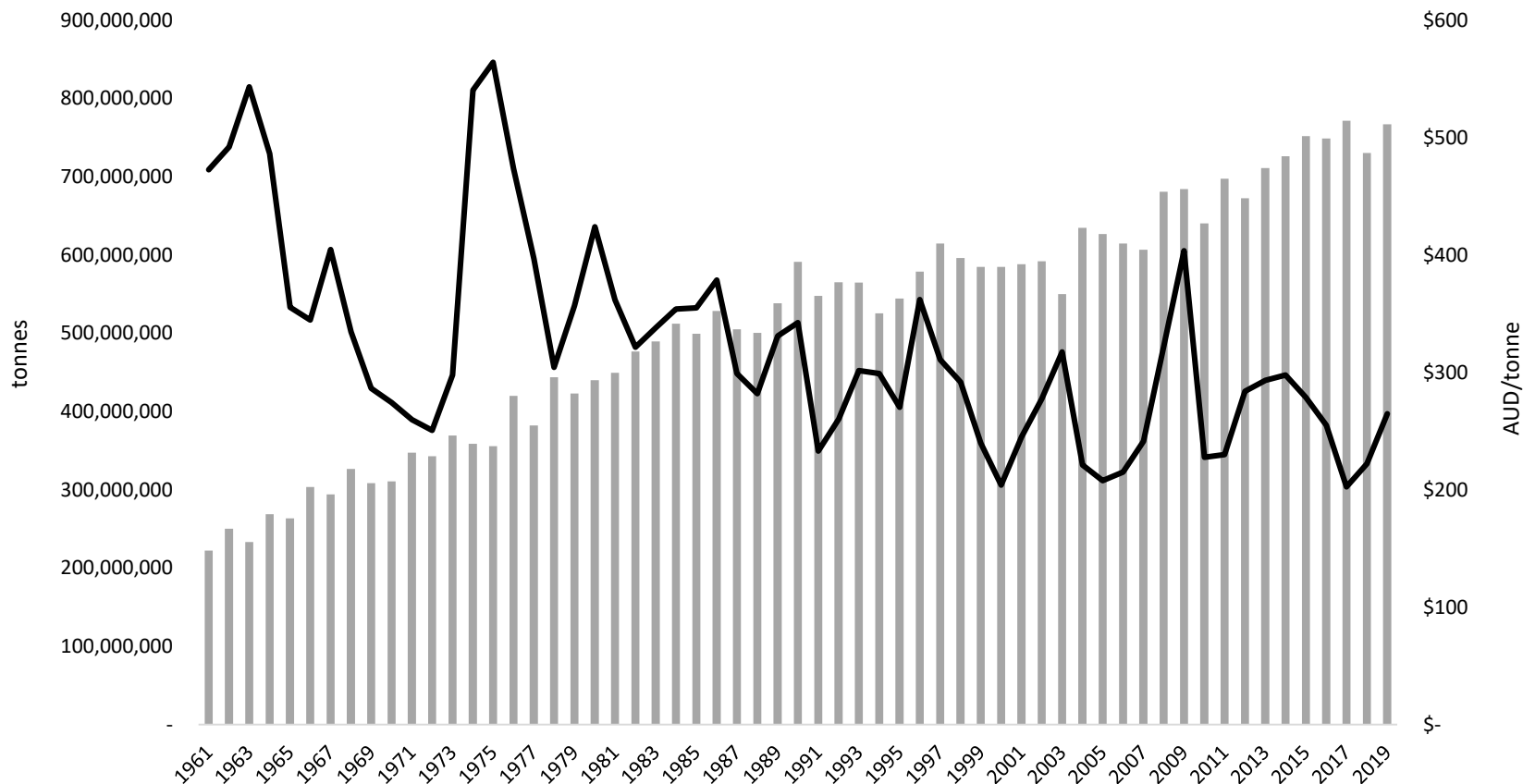


The Duxton Group is owned by Ed Peter, Stephen Duerden, Desmond Sheehy and Scott Jaffray. The Duxton group has access to specialist industry knowledge and key networks developed over many years in agriculture and broadacre farming. The investment team of 18 staff based in Singapore and Australia collectively has over 225 years of combined industry experience.

DEMAND GROWTH

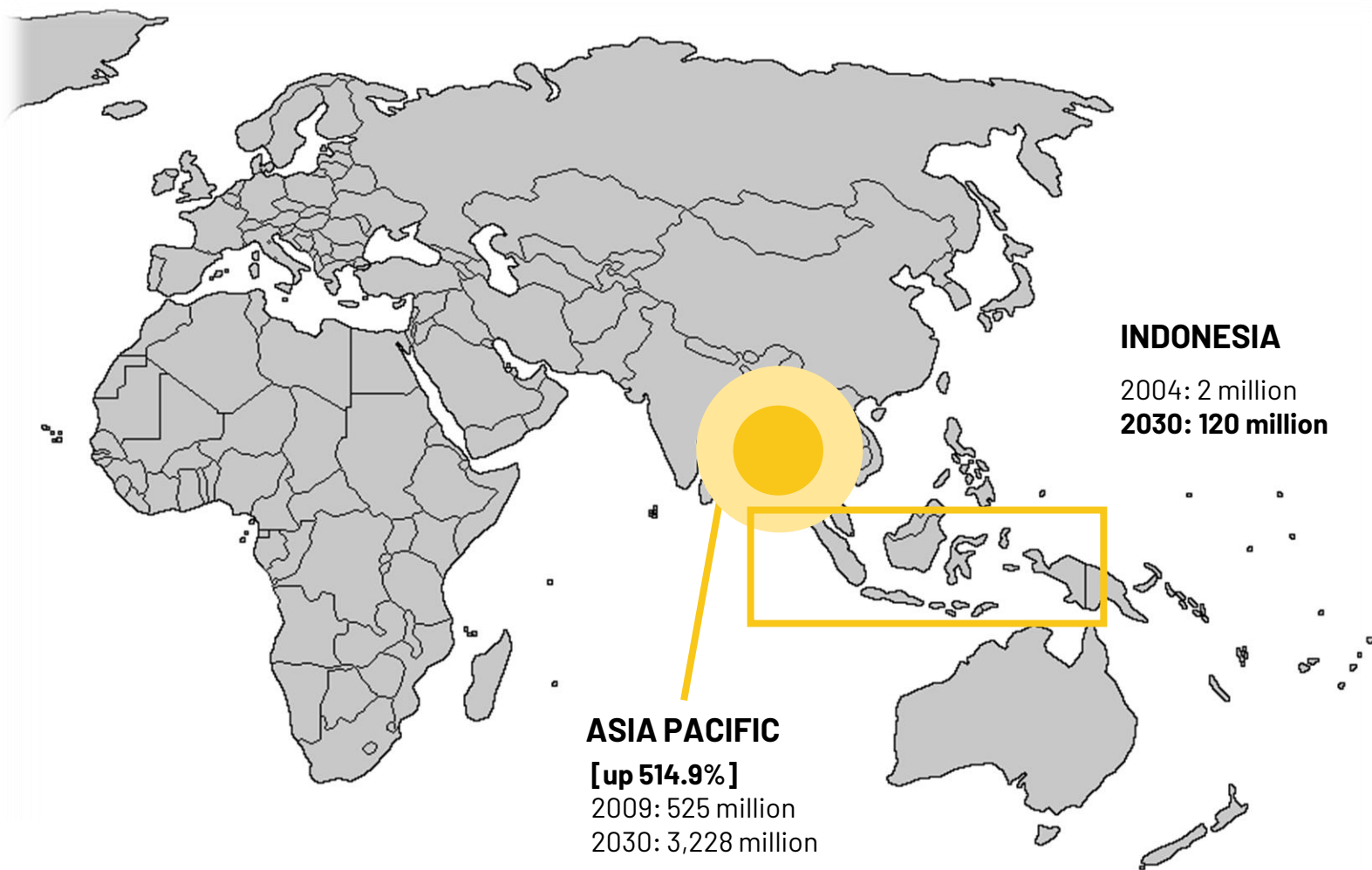
Duxton Broadacre Farms has recognised the opportunity in Australian broadacre farming, largely driven by the potential for land value uplift, commodity price recovery, and best-in-class execution of operational strategy.

Inflation-Adjusted Wheat Prices and Global Wheat Production



- Recent years have resulted in an oversupply of wheat, reflected in lower prices.
- Prices currently are near inflation-adjusted all-time lows*.
- Historic data shows that in the past, efficiency gains have contributed to a decrease of prices.
- With global population growth and unlikely increases in production yields per capita, it is expected that prices should increase over time.

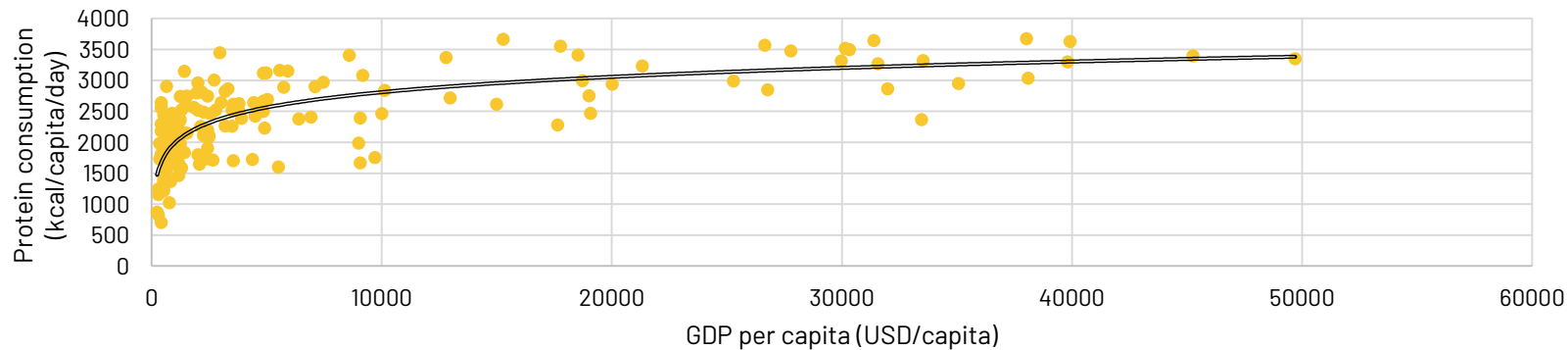
EMERGING MIDDLE CLASS



- One of the possible catalysts for the potential retracement of price is the growing demand from Australia's neighbours in the Asia-Pacific region, primarily Indonesia.
- Indonesia is forecast to become the world's 5th largest economy by 2030, with its population forecast to expand by 32 million from 263 million people today to 295 million in 2030.
- Indonesia's middle class is anticipated to grow from 2 million people (2004) to 120 million by 2030, with over 60 million low-income Indonesian workers expected to join the middle class in the coming decade.

INDONESIA GROWING POPULATION AND MIDDLE CLASS

GDP and food consumption



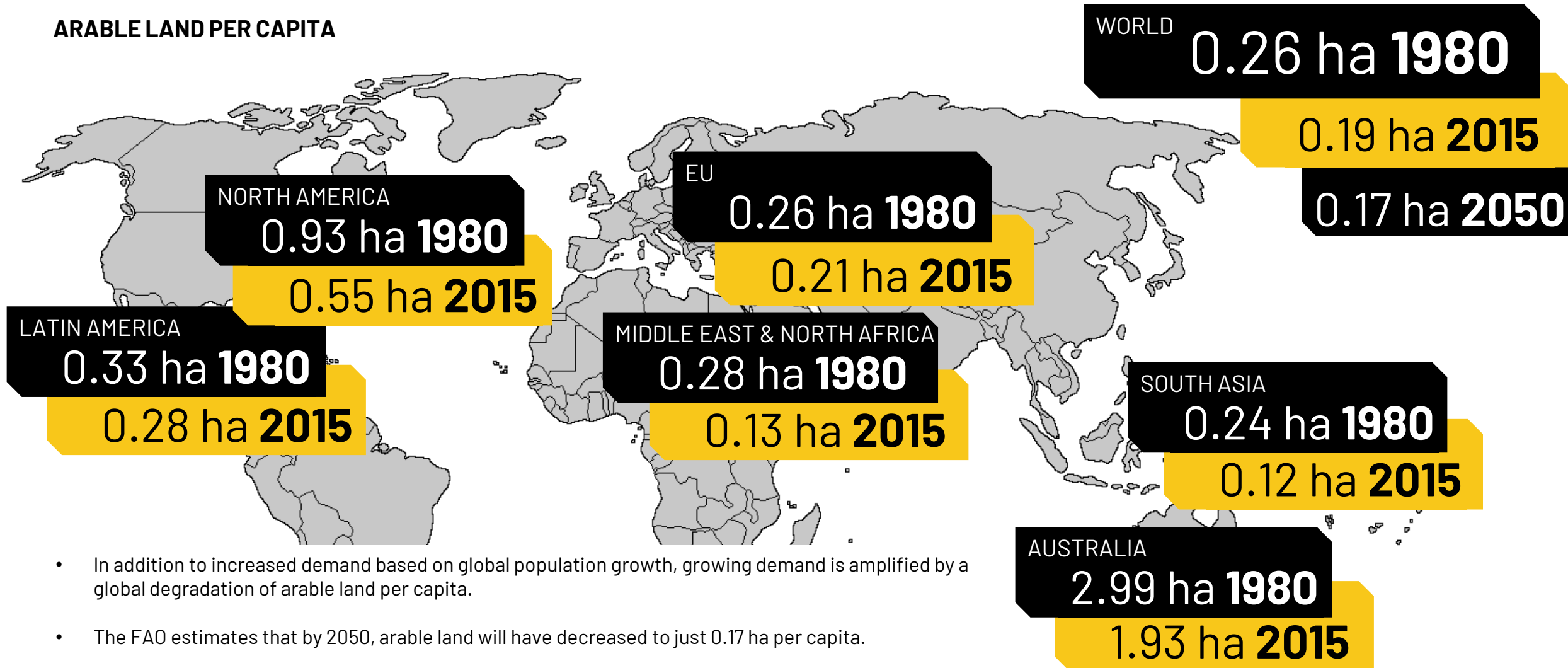
FOOD CONSUMPTION BY
INCOME GROUPING (180
COUNTRIES, IN 2013)

	QUINTILE OF GDP PER CAPITA IN 2013				
	POOREST NATIONS		RICHEST NATIONS		
	1	2	3	4	5
Food type (g/capita/day)					
Fruit	95	115	140	146	168
Vegetables	264	198	194	204	167
Whole grains	35.9	22.6	20.5	19.1	40.8
Milk	41	62	113	129	187
Nuts and seeds	5.3	5.7	5.5	6.1	5.3
Fibre	25.0	22.8	22.0	21.1	20.5
Red meat	24	39	49	61	68
Processed meat	7.0	7.9	12.4	22.1	27.1
Sweet drinks	95	93	116	119	104

Source: Macquarie Agricultural Funds Management; The case for investing in agriculture Masters, 2016

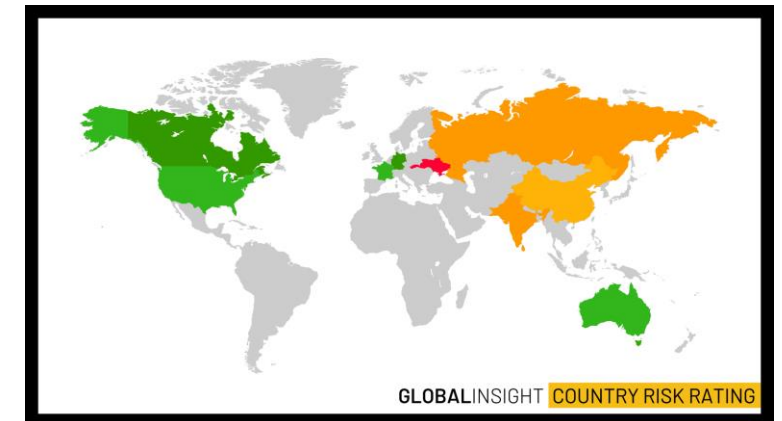
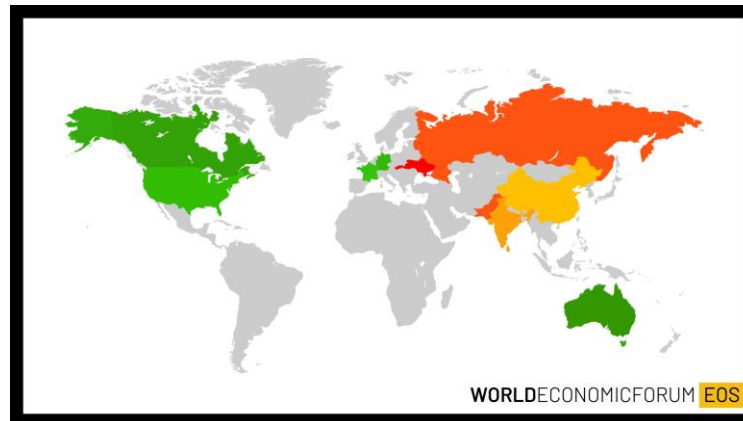
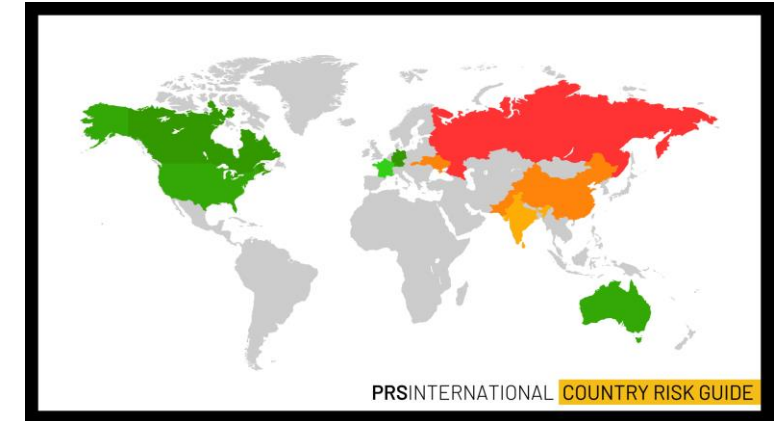
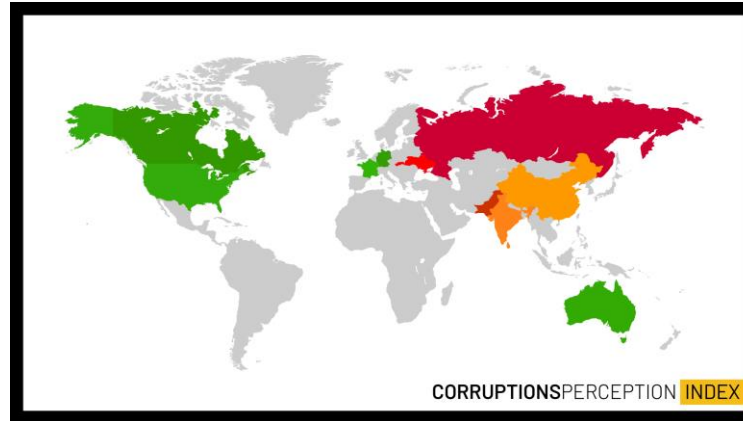
- As nations become wealthier, typically red meat consumption increases.
- It is likely this will cause increased demand for grain through intensive production systems and feedlots, where livestock are largely reared on grains.
- Beef production is inefficient; to produce 1 gram of beef, approximately 8.3 grams of grain is required.
- The energy content of this 1 gram of beef is 2.78 calories, while the respective amount of grain required contains approximately 25 calories.
- The link between wheat consumption and lifestyle changes of Asia due to urbanisation is increasingly well documented with the correlation between wheat imports and the number of urban people yielding a positive coefficient of 0.94 – an almost perfect correlation.
- We are confident demographic shifts in Indonesia will significantly influence demand for Australian grain into the future.

ARABLE LAND PER CAPITA



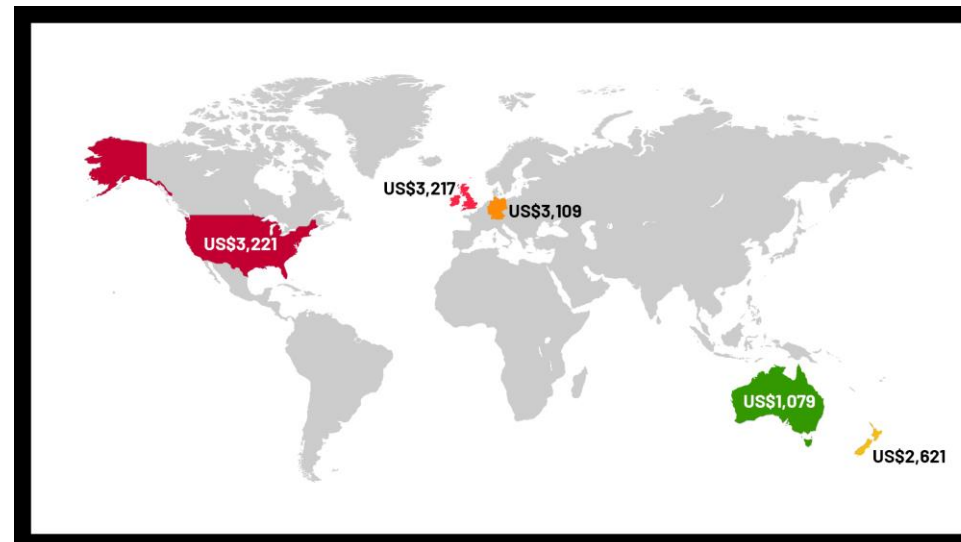
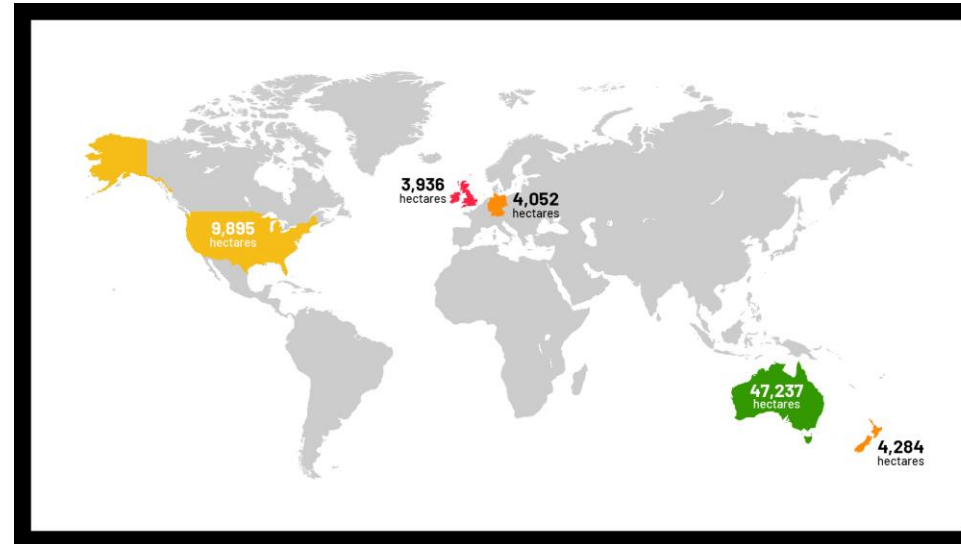
WHY AUSTRALIA

- The maps show the world's 10 largest wheat producers, in aggregate accounting for ~520 million tonnes of wheat.
- Of the 520 million tonnes of wheat, ~67% was produced in countries scoring below 45% on the Corruptions Perceptions Index.
- Of the ten largest producers, the five countries that rank well across all of these are:
 - USA
 - Canada
 - France
 - Germany and;
 - Australia
- Australia stands out because of the extent of land that can be put to productive use, and its low sovereign risk.



WHY AUSTRALIA

- The capital investment required to farm in these low-sovereign risk countries was then compared, using the Savill's Global Farmland Index.
- Example:**
US\$100 million invested would buy you;
 - 9,895 hectares in the USA
 - 3,936 hectares in the UK
 - 4,284 hectares in New Zealand
 - 4,052 hectares in Germany, and;
 - 47,237 hectares in Australia**
- The productivity of the land in each of these countries was then compared, using the average yield achieved for the past five years, compared with the cost of the land.
- Example:**
To benchmark the capital cost required to purchase enough land to produce the same 1 tonne of wheat, year-on-year, it would cost approximately:
 - US\$3,221 in the USA
 - US\$3,217 in the UK
 - US\$2,621 in New Zealand
 - US\$3,109 in Germany, and;
 - US\$1,079 in Australia**



..... **Australia has low sovereign risk and mis-priced land**

AUSTRALIAN **BROADACRE**

If US\$100m was invested

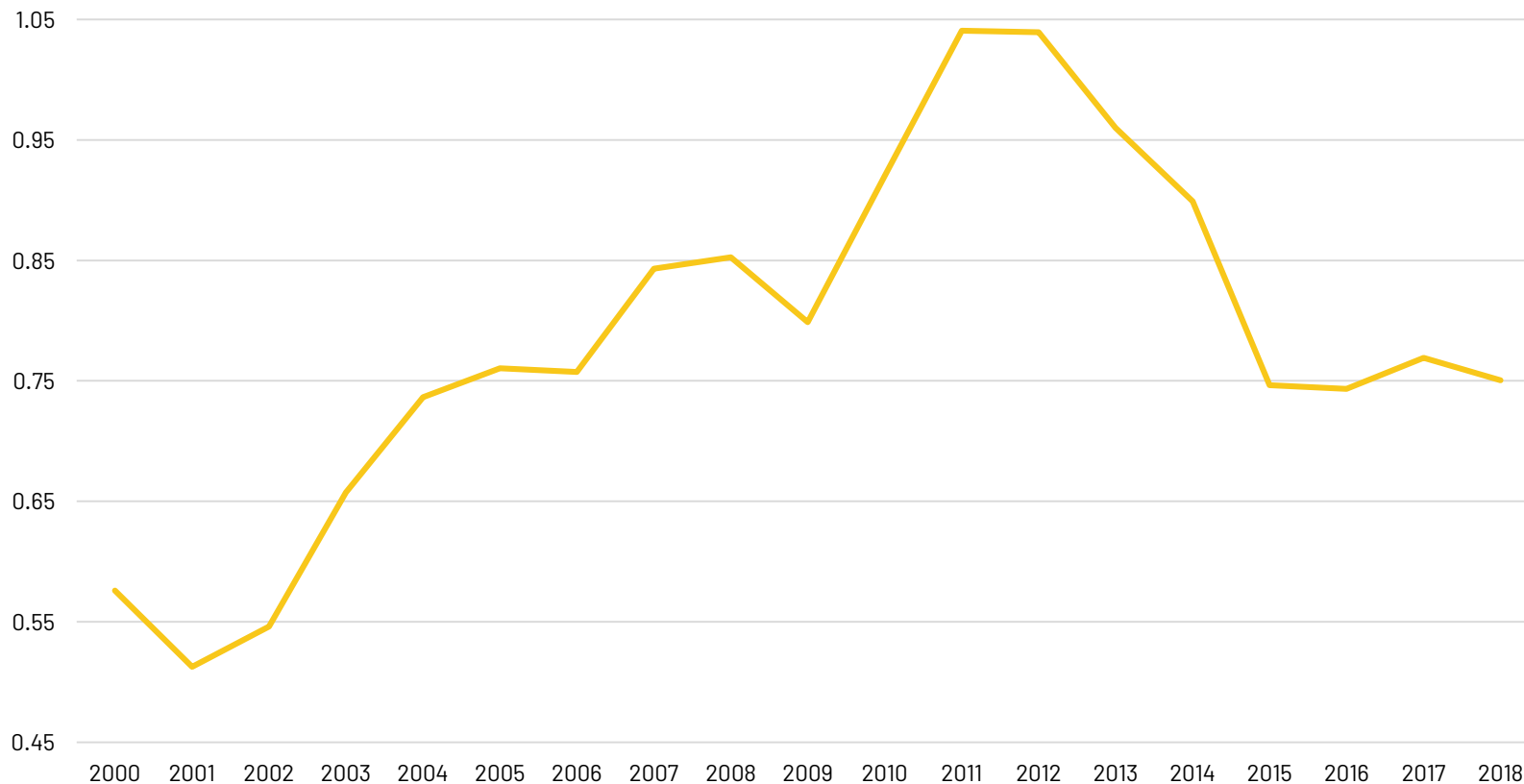


	Australia	Germany	New Zealand	UK	US
Average Land Price (\$USD/ha)	\$2,117	\$24,680	\$23,340	\$25,404	\$10,106
Ha Purchased	47,237	4,052	4,284	3,936	9,895
5-year Annual Production (t/ha)	1.96	7.94	8.91	7.90	3.14
Annual Production (t)	92,675	32,162	38,154	31,086	31,050
USD to Produce 1t (re land) \$100m US / Annual Production	\$1,079	\$3,109	\$2,261	\$3,217	\$3,221
Average Farmgate Price (\$USD/t)	\$242	\$235	N/A	\$235	\$225
Revenue (\$USD)	\$22.4 million	\$7.6 million	N/A	\$7.3 million	\$7.0 million
Average Operating Cost of Production (\$USD/t)	\$169	\$160	N/A	\$160	\$154
Operating Cost (\$USD)	\$15.7 million	\$5.15 million	N/A	\$5.0 million	\$4.8 million
Profit per US\$100m invested	\$6.8 million	\$2.4 million	N/A	\$2.3 million	\$2.2 million

- By comparison of these low-sovereign risk countries, Australia's land prices are significantly mis-priced.
- A combination of competitively priced land, higher farmgate prices and lower production costs results in a higher profit overall, with profits being three times higher per US\$100m invested than competing countries.

STRENGTHENING OF THE AUSTRALIAN DOLLAR

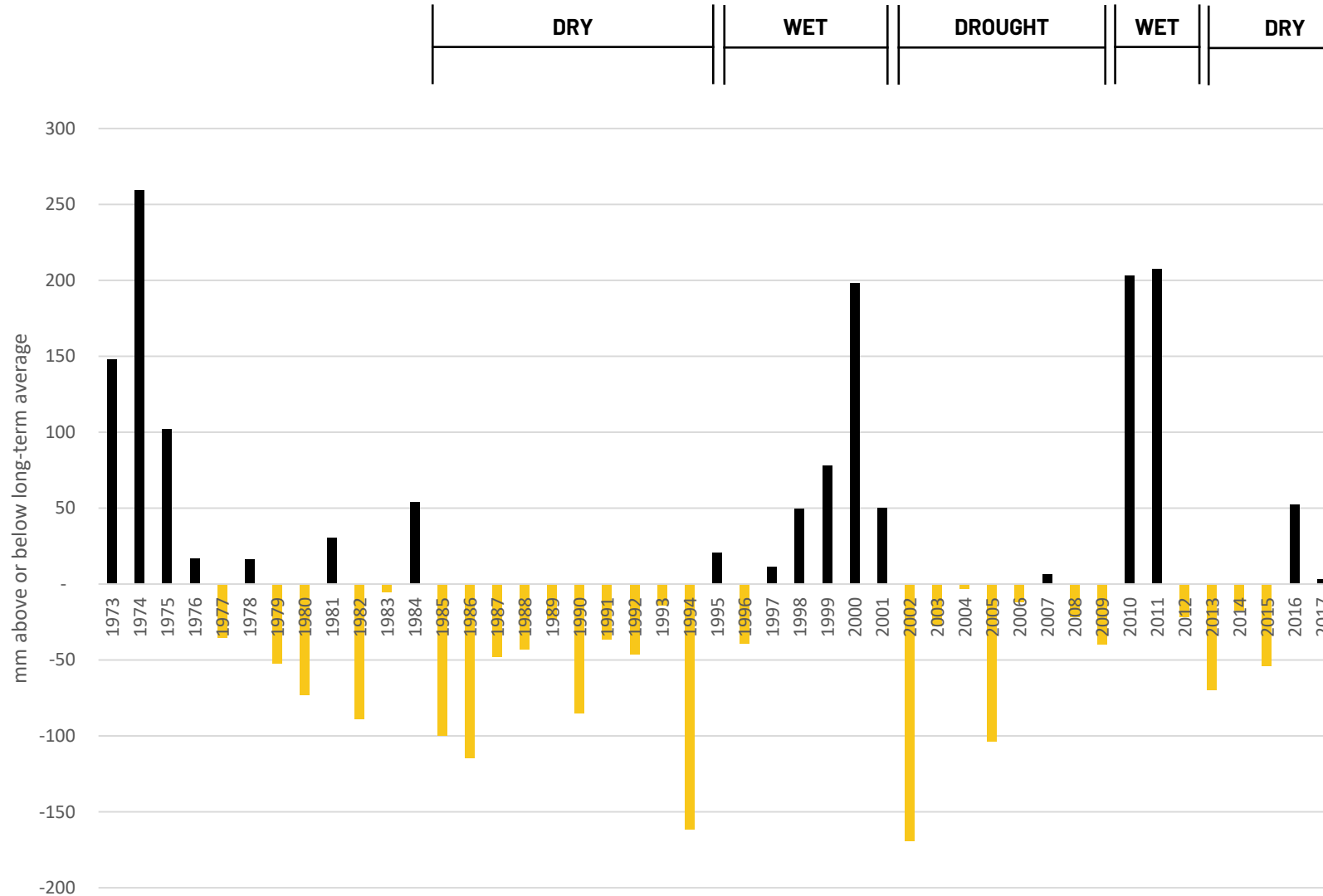
USD/AUD



Sources: Bloomberg

- Between 2001 and 2012 the Australian dollar doubled in value.
- As a major exporter of wheat and grain commodities, and given contracts are defined in terms of \$USD, Australian farms profits have been negatively impacted by this.
- Combined with tough farming conditions during the Millennium drought, many famers became 'forced' sellers.
- Over time, land prices are expected to better reflect the productive land capacity and be priced in terms of the global market.
- Duxton Broadacre Farms has seen a 17% uplift in the value of it's land between October 2017 and June 2018 (to \$68 million).

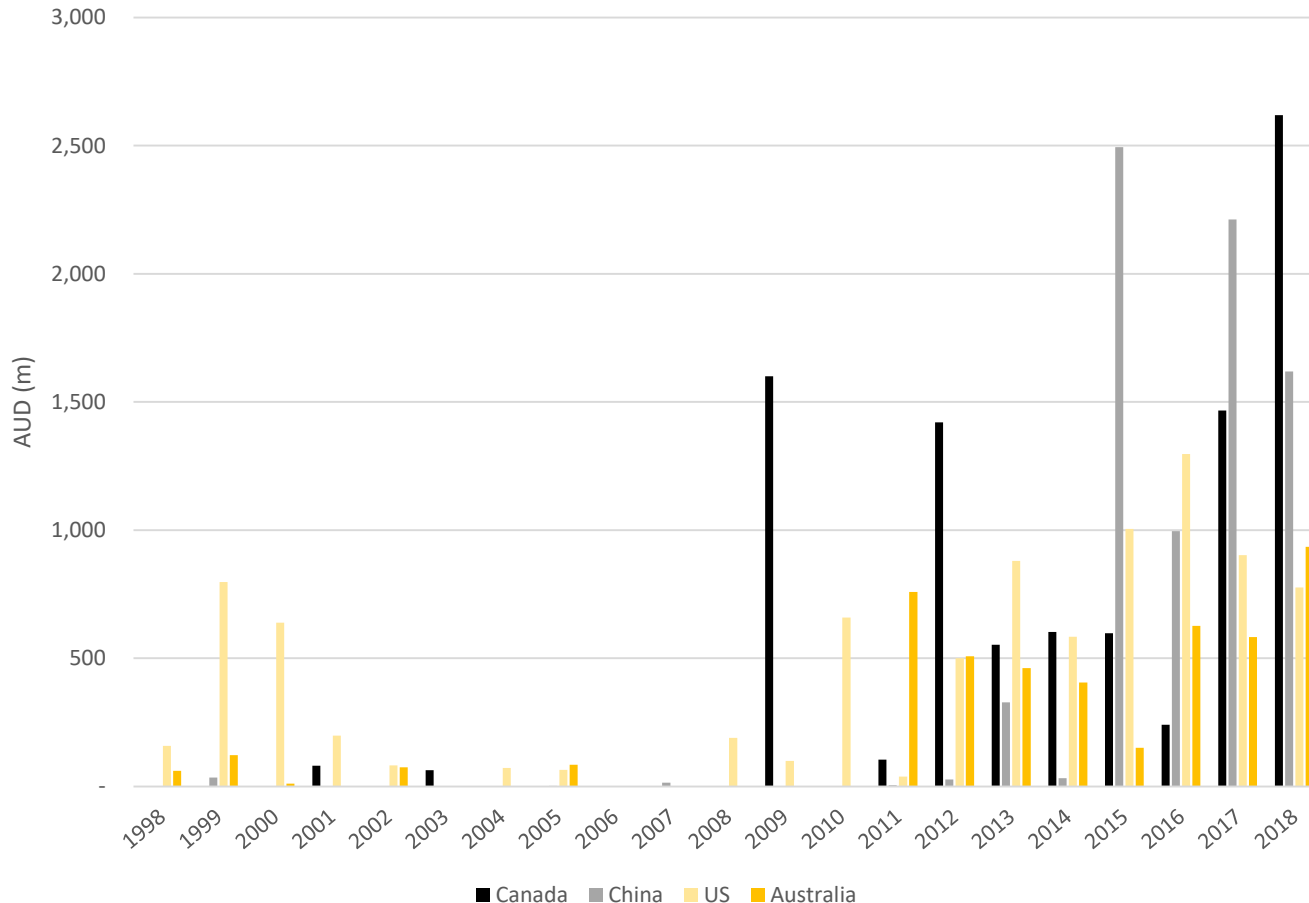
WHY AUSTRALIA



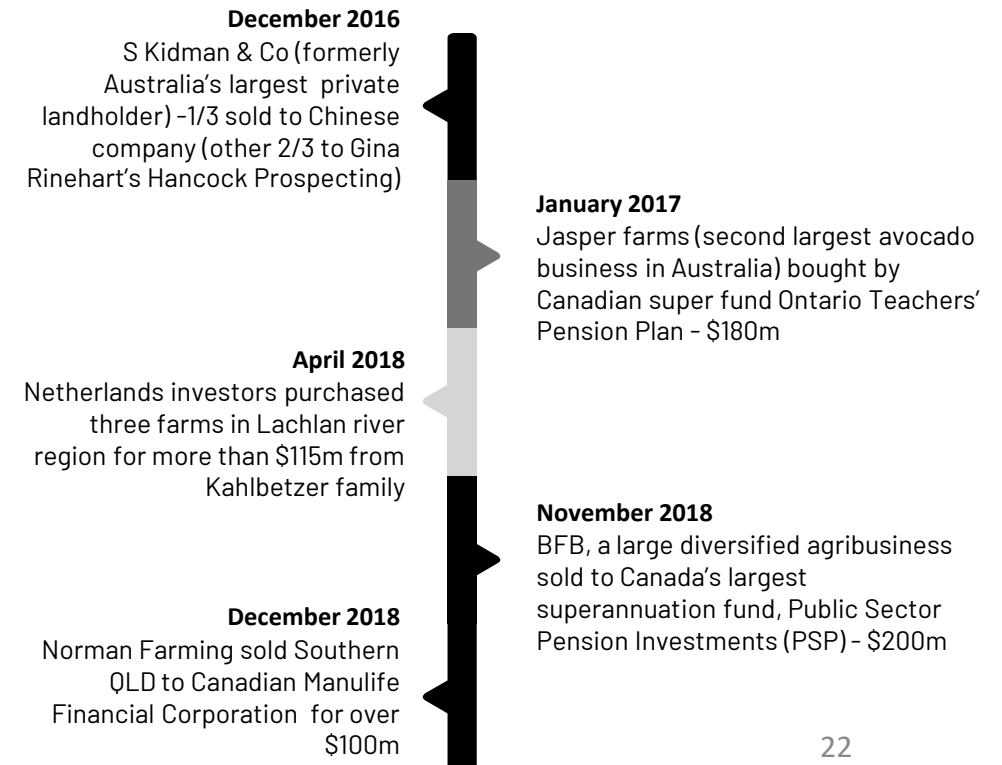
- Australia has a variable climate and can experience periods of flood and drought.
- Broadacre cropping is largely dryland so relies on rainfall to a greater extent than some other cropping methods and crops.
- The adjacent graph shows Australia's annual rainfall in comparison to the long-term average rainfall (mm).
- The drought conditions through the Millennium Drought put significant pressure on Australian broadacre farmers. In many cases, farmers were forced to sell the land they could not make productive through this period.

FOREIGN INVESTMENT

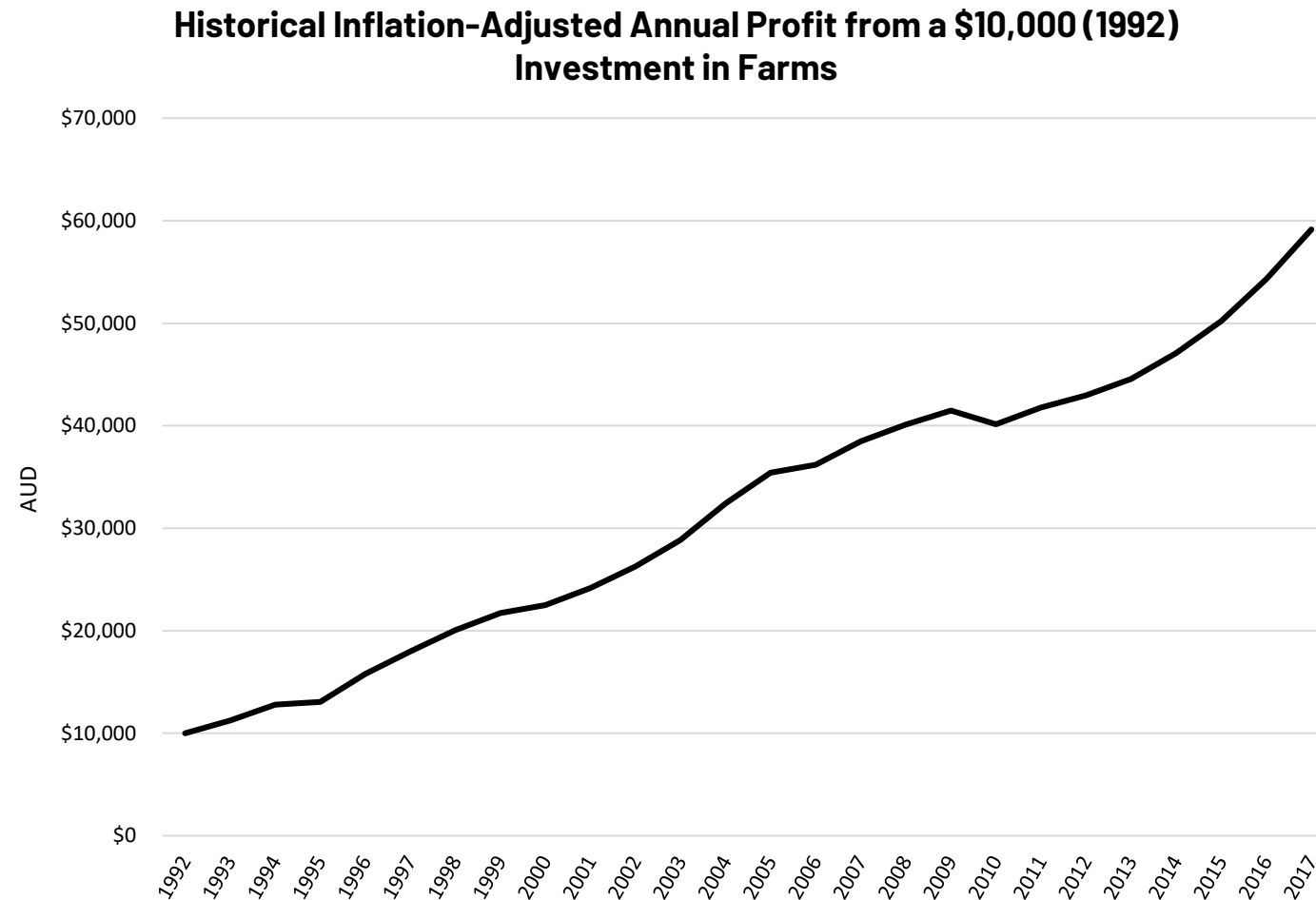
Annual Investment in Australian Agriculture Domestically and by Top 3 Foreign Investor Countries



- In 2018, the largest source countries of investment by value in the Australian Agriculture sector were Canada, China and the U.S.
- The proportion of domestic investors in agriculture compared to all industries increased from 2% in 2017 to 11% in 2018.
- Of Canada's investment in Australia, 24% is in Australia's agri-sector, showing that Canada can see the strong value opportunity that Australian agriculture presents. Recently, some of the largest Australian agricultural transactions have been to Canadian investors.



AUSTRALIAN PERFORMANCE TO DATE



AVERAGE ANNUAL MEDIAN PRICE GROWTH OF FARMLAND PRICES

	SA	NSW
2017	17.1%	8.8%
5 years	2.8%	6.4%
10 years	1.9%	4.0%
20 years	6.3%	7.0%

- Investment in farmland has the potential to generate both capital and operating returns through a combination of appreciation in the land value and then income from the sale of the commodity produced on it.



1

Direct exposure to Australian agriculture

2

Geographically diversified portfolio of farming operations

3

Diversified commodity exposure and dynamic annual production

4

Best in class approach with highly qualified and experienced teams

5

Underpinned by strong macro-economic trends



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