

COMPANY SNAPSHOT

COMPANY NAME

Duxton Broadacre Farms Limited

INVESTMENT MANAGER

Duxton Capital (Australia)

PORTFOLIO

4 broadacre aggregations

LOCATIONS

Forbes and West Wyalong, NSW
Naracoorte, SA

HECTARES

21,445 owned

WATER ENTITLEMENTS (ML)

8,670 owned
6,798 leased



Duxton Broadacre Farms Limited (DBF/Company) presents investors with a unique opportunity to participate directly in the Australian broadacre cropping industry and the possibility to provide shareholders with both ongoing annual operational yield and longer-term capital growth. DBF intends to achieve this through the acquisition and aggregation of land rich parcels into its existing portfolio of diversified high-quality farms, to improve operational efficiencies and the diversification of commodities produced to satisfy the long-term growth in global grain demand.

INVESTMENT AND OPERATIONAL UPDATE

SHARE BUY-BACK

The share buy-back continued this month with the on-market acquisition of 10,000 shares. This brings the total number of shares bought under the buyback to 708,672. The Company can acquire up to 751,428 additional shares. The intent of the buyback is to enable DBF to acquire shares in the event the Board determines they are trading at a discount to intrinsic value.

IRRIGATION

The ongoing rollout of the irrigation development program continued over September. The irrigation development projects are aligned with the Company's broader risk mitigation strategy by seeking to increase water security, visibility and operational flexibility. The second storage facility at Walla Wallah continues to be filled in preparation for the upcoming cotton crop. To improve watering efficiency for the cotton crop upgrades to the supply channel system across Walla Wallah were completed during the month. The successful production bore at Walla Wallah has had an application lodged with State Water and

is awaiting approval. The hydrological survey at Timberscombe has continued during the month to identify areas that may be potential locations for further production bores.

SUMMER CROPS

Preparations have been completed for the planting of next year's cotton crop. During the month the Company completed planting of a small trial plot of cotton under a fully biodegradable/dissolvable film. The film essentially results in a greenhouse effect that assists in retaining heat in the soil promoting early development of the cotton seed. This facilitates a longer growing period to maximise yield.

WINTER CROPS

The ongoing rainfall deficit experienced throughout the winter cropping season is resulting in diminishing prospects for the winter crop. Crop conditions are continuing to be closely monitored with suboptimal areas being opportunistically cut for hay or grazed by livestock to maximise return. Sales of on-farm stored grain finished during September with the final deliveries due across the coming months.



New storage cell at Walla Wallah continuing to fill

LIVESTOCK

DBF continues to maintain adequate reserves of fodder for livestock to facilitate the ongoing fattening and wellbeing of stock. Areas of wheat anticipated to produce suboptimal yields due to the dry conditions are being utilised for grazing. New pasture planting areas have benefited from intermittent rain events. The sale of stock continued over the month with favourable livestock prices continuing.

BOORALA

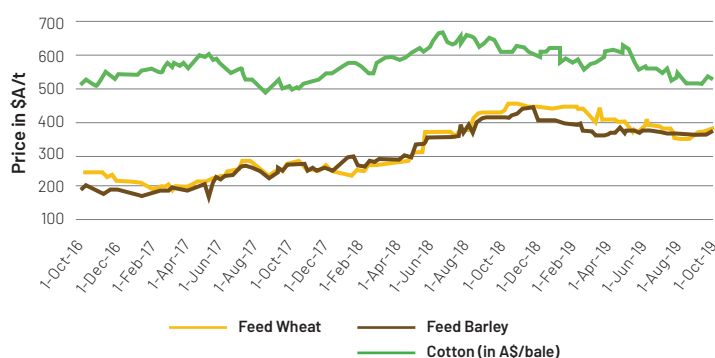
As spring begins and temperatures start to rise crops and pastures are rapidly growing. Monthly rainfall has been slightly below average and additional rainfall will assist in maximising the potential of the crops. Due to the development of pasture and strong crop growth Boorala was been able to maintain an excess of feed. Canola commenced flowering during the month and has avoided frost damage. The hay crop has shown strong development conducive to higher yields. Warm weather and an abundance of feed has ensured livestock are in exceptional condition. Early lambs are developing well and will be marketed in the coming months.

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO	PERCENTAGE CHANGE
Feed Wheat	\$375	\$430	-13%
Feed Barley	\$380	\$410	-7%
Cotton	\$529/bale	\$612/bale	-13%

* data retrieved from ABARES weekly commodity reports

DOMESTIC CROP INDICATOR PRICES



LOCAL WEATHER

Central-west New South Wales (NSW) recorded September rainfall of 7.2mm. The historic average is 39.0mm. The mean temperature for September was 22.7°C, above the long-term average of 20.6°C. In south-east South Australia (SA), September recorded rainfall of 42.6mm compared to the historic average of 52.1mm. The mean temperature for September was 16.8°C. This is below the long-term average for the region by 0.7°C.

The Bureau of Meteorology's (BoM) climate outlook for October has predicted a 75% chance of rainfall between 10-25mm and an 80% chance of temperatures exceeding the long-term median of 24-27°C for central-west NSW. Comparatively south-east SA has a 75% chance of rainfall between 10-25mm and an 80% chance of temperatures exceeding the long-term median of 18-21°C. Nationally, the BoM predicts warmer temperatures both day and night from October through to December. The BoM is predicting that spring weather is likely to continue to be driven by a positive Indian Ocean Dipole (IOD) event as El Niño is expected to remain neutral for the remainder of spring. Typically, a positive IOD event brings below average winter-spring rainfall and above average temperatures for southern and central Australia. Typically, IOD events start to subside in early summer meaning its contribution to the dry weather should begin to reduce towards the end of the year. In addition to the IOD a prolonged negative phase of the Southern Annular Mode (SAM) is also expected to persist over the remainder of spring. A negative SAM during spring typically results in drier conditions across eastern Australia and doubles the chance of spring heatwaves occurring across southern and eastern Australia.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During September Australian wheat prices rose \$10/t to close the month at \$365/t. Barley prices rose \$20/t during September to reach \$380/t. Pricing fluctuations at this time of year can be attributed to forecast climatic conditions and demand in the market. Weather forecasts continue to predict hot and dry conditions for the remainder of spring and into early summer which could impact this year's production. Buyers are currently awaiting the new season crop and are not being overly active in the market. As production figures deteriorate and buyers begin to enter the market prices have the potential to rise. There exists some downside risk to grain prices that could be attributed to lower barley exports due to the Chinese anti-dumping investigations earlier in the year and the recent supply of Canadian grain to the Australian market. In both cases the impact this has on local supply could affect prices.

COTTON PRICES

International cotton prices rose during September to finish the month at 71.5USc/lb. The rise in prices during the month could be attributed to rising buying interest from Pakistan due to a lower domestic production outlook and an expectation that the Chinese State Reserve will need to enter the market again¹. Cotlook projects that the Chinese State Reserve only has around three months of domestic supply of cotton left and could begin purchasing cotton in the coming months to replenish stock levels. The latest supply outlooks by Cotlook have seen forecast tonnage for the 2019/20 season decrease by 170,000 tonnes to 26.5 million tonnes. The reduction in production was mainly due to lower yield expectations from the US and deteriorating crop conditions in Pakistan. Global cotton consumption is forecast at 25.6 million tonnes for 2019/20. Stock levels at the end of the year are likely to rise by over 916,000 tonnes.



Trial of cotton planted under biodegradable film

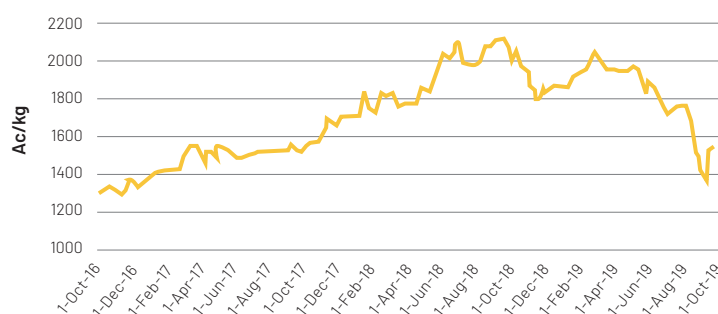
CROP PRODUCTION

During the month ABARES released its September update to the Australian crop report. The report provided a forecast for winter crop production of 33.9 million tonnes which is an 11% increase compared to last year. With conditions continuing to deteriorate through the quarter the production forecast has fallen by 7% since June. The reduction in forecast production is attributed to unfavourable growing conditions, particularly in New South Wales and Queensland. Based on current forecast production 2019/2020 would be 16% below the ten-year average and the second lowest harvest in the past ten years (with 2018/19 being the lowest). The International Grains Council (IGC) projection for grain production for the 2019/20 season has been downgraded from 34.2 million tonnes to 31.0 million tonnes.

WOOL PRICES

September saw wool prices begin to recover after the rapid decline experienced during August. Price rises were attributed to an improvement in buyer sentiment and were also helped by low levels of stock for this time of year². Low levels of supply when market sentiment begins to turn positive can have an enhanced effect on prices as buyers begin competing against each other to purchase limited available stock. During September the Nanjing Wool Market conference, the largest wool trade gathering annually, was held. At the conference nearly all participants noted that the state of current global economy had seen a reduction in wool demand but, there was enough business around in a tight supply environment to see some demand return.

WOOL EASTERN MARKET INDICATOR



1. Cotlook Limited. 2019. September 2019 Market Summary.
2. Australian Wool Innovation Limited. 2019. Weekly Price Report

LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator (EYCI) has continued to ease and finished the month at \$4.69/kg. Persistent hot and dry conditions have seen supply levels maintained and buyer confidence is being impacted by the latest outlooks from the BoM³. In 2017 and 2018 price support was found during spring but due to an absence of rainfall prices declined during summer. This year it appears that buyers are comfortable to stay out of the market until there is an improvement in conditions. Prices for heavy cows continue to attract a premium in the market as export demand is strong and supply is relatively low.

Lamb prices have remained relatively steady during the month at \$8.04/kg. Strong international demand for Australian lamb is helping to maintain prices as more supply begins to enter the market⁴. The demand from overseas markets, which is being supported by a falling Australian dollar, has outweighed domestic supply and offset any price pressure that is typical for a dry year. Due to the dry conditions 2019 lamb production is expected to be 495,000 tonnes, a 3% decline year-on-year. Prices during the coming months will be driven by the level of supply from the southern states.

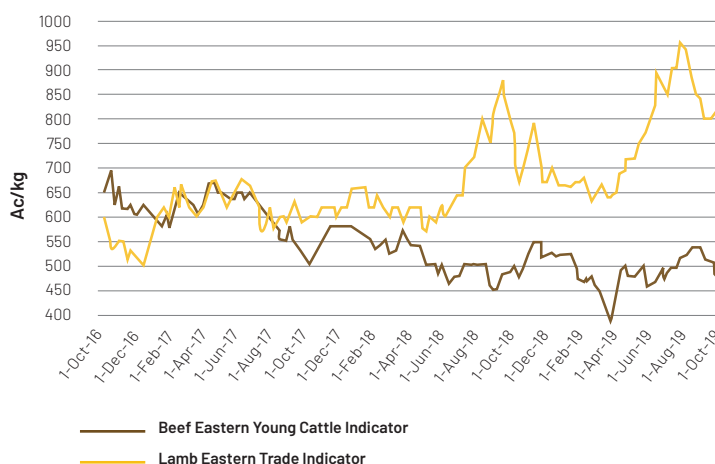
Since August last year African swine fever (ASF) has been spreading throughout Asia. Initially starting in China, it has now spread to south east Asia and has been detected in wild pig herds in Europe. Estimates for the impact of ASF are now becoming clearer with early indications from the Chinese government that the national pig herd has declined by 26% as at 30 June 2019⁵. By the end of 2019 Rabobank is forecasting that China's pig herd will be halved. Early indications are that one quarter of the world's pigs have been killed by ASF already⁶. With pork being one of the most consumed meats in Asia this will heavily impact protein consumption habits for the foreseeable future. The effects of such a massive reduction in global protein supply will be felt throughout the world and will impact protein prices. Initially expectations are for chicken and fish prices to rise as they are close to direct substitutes for pork and can be produced quickly. In the coming months there is potential for beef, lamb and mutton prices to begin to rise as increasing demand for alternative sources of protein starts developing.

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

LIVESTOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO	PERCENTAGE CHANGE
Beef	\$5.08	\$4.61	10%
Lamb	\$8.06	\$8.43	-4%
Wool	\$14.97	\$20.68	-28%

* data retrieved from ABARES weekly commodity reports

AUSTRALIAN LIVESTOCK PRICES



3. Meat and Livestock Australia (MLA). 2019. Store market continues to ease

4. Meat and Livestock Australia (MLA). 2019. Export demand underpins record sheepmeat prices

5. Pitts, N & Whitnall, T. 2019. Impact of African swine fever on global markets. Retrieved from ABARES

6. Long, W. 2019. One quarter of world's pigs killed by African swine fever as disease spreads to South Korea. Retrieved from ABC News

GLOBAL MARKET INSIGHTS

WEATHER

Weather conditions during the month have caused several countries that last month were showing favourable conditions to begin displaying signs of deteriorating crops due to dry conditions in the EU and continued wet weather in North America. Dry conditions in Russia, Australia, Argentina, and Ukraine and wet conditions in Canada are impacting the wheat crop. Delays in plantings due to wet weather in the US and dry conditions in Canada and the EU are impacting the maize crop. Delays in plantings and wet conditions are impacting the soybean crop in North America⁷. Globally, the winter wheat crop is starting to deteriorate as dry conditions begin to impact the crop in several countries. This could reduce yield in several major producing countries including Ukraine and Russia. Harvest of the US maize crop has just started, and conditions have improved but they remain behind schedule due to rain during planting. Final maize production in the US will be impacted by reduced plantings this year. The EU maize crop is being impacted by heatwaves which could result in reduced yields. The Brazilian maize harvest is ending under exceptionally favourable conditions. Like maize, soybeans plantings in the US were delayed due to the adverse conditions and final production is likely to be impacted as a lower number of hectares were sown. Conditions for rice are generally favourable with a couple of notable exceptions including dry conditions in northern Vietnam and flooding in Thailand.

PRODUCTION

During the month, forecasts for the 2019/20 grain season have been stable. The 2019/20 grain season is forecast to produce 2,159 million tonnes of grain. For reference, the average world total annual grain production for the past 10 years has been 1,994 million tonnes. Overall wheat production is projected to be up year-on-year by 31 million tonnes.

GRAIN PRICES

Grain prices are influenced by several factors including but not limited to, supply and demand, political risk, global economic conditions and weather. The IGC global grain and oilseed index rose slightly during the month, as the expectations for the US wheat and maize crop declined. The wheat index finished September up 6.1%. The wheat index is down 8.8% year on year. The wheat index rose during the month due to a rise in export tenders and lower expectations for the North American crop. The soybean index was 1.0% lower than last month as prices in South America dipped. The maize index rose by 1.8% during the month. The rise was due to strength in other markets and lower production out for the US.

7. Agricultural Market Information System (AMIS). (2019). Market Monitor October 2019.



Irrigated wheat at Yarranlea

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