

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

During the month no shares were bought back. The total number of shares bought under the buyback is 729,623, with the Company being able to acquire up to 4,302,728 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 January. 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 recently constructed storage and channel systems are operating

well, with channel sensors providing management a readily available overview of irrigation status. The successful production bore at Walla Wallah has had an application lodged with State Water, which is awaiting approval. Drilling of test bores to identify irrigation development potential will recommence at Timberscombe once hydrological survey results have been received.

SUMMER CROPS

The cotton crop is performing well and receiving irrigation as required. The small trial plot of cotton under a fully biodegradable/dissolvable film is developing well and will continue to be monitored during the season. The film operates by creating a greenhouse effect that assists in retaining heat in the soil, ultimately promoting early development of the cotton seed. This facilitates a longer growing period to maximise yield.



Cotton at Walla Wallah

WINTER CROPS

Harvest has been completed across all properties. Winter harvest results will be released in the upcoming half yearly report. Sales of new season crops are continuing in accordance with DBF's commodity marketing strategy. Preparation for the coming winter crop has begun with fertiliser deliveries due to commence in February.

LIVESTOCK

DBF continues to maintain adequate reserves of fodder for livestock to facilitate the ongoing fattening and wellbeing of stock. New stock pens with adequate shading and water infrastructure have been established during the month to promote stock welfare during hot conditions. The sale of stock continued over the month with livestock prices rising due to recent rainfall. DBF has been accumulating livestock over the last six months. This will allow DBF to enter the market with good quality trade stock. Additional stock is being purchased as opportunities arise.

BOORALA

Following the completion of harvest in December, January has focused on the development of livestock. Hay is being utilised to feed lambs and cattle, in addition to being sold into the market as opportunities arise. Lamb and angus steer continue to develop well and are feeding on crop stubble. Livestock will be marketed in the coming months as they reach market weights.

LOCAL WEATHER

Central-west New South Wales (NSW) recorded January rainfall of 48.4mm compared to the historic average of 28.9mm. The mean temperature for January was 37.0°C, above the long-term average of 34.5°C. In south-east South Australia (SA), January recorded rainfall of 7.6mm compared to the historic average of 22.3mm. The mean temperature for January was 29.0°C. This is below the long-term average for the region by 0.9°C.

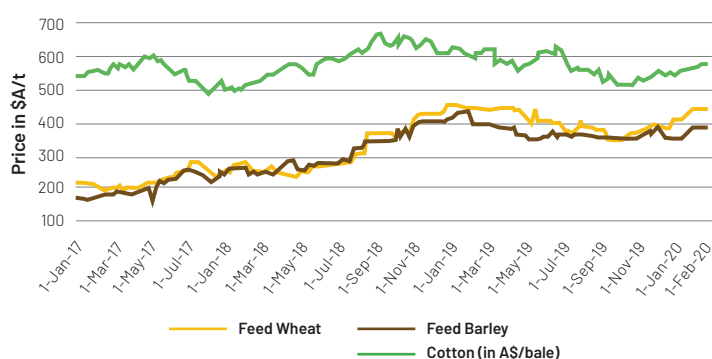
The hot weather that was experienced last year has continued into the new year with January the third hottest on record for Australia. High temperature anomalies were experienced in the eastern states as warm northerly winds during the month resulted in increased temperatures. Rainfall across Australia was 12% above average with high levels of rainfall in Victoria (VIC) and Western Australia (WA). SA (25% below mean) and NSW (36% below mean) continued the recent trend of low levels of rainfall. The Bureau of Meteorology's (BoM) climate outlook for February has predicted a 55-60% chance of rainfall below the long-term median of 25-50mm and an 80% chance of temperatures exceeding the long-term median of 30-33°C for central-west NSW. The south-east of SA has a 50-55% chance of rainfall exceeding the long-term median of 10-25mm and a 60-65% chance of temperatures exceeding the long-term median of 27-30°C. Nationally, the BoM predicts warmer temperatures both day and night from February through to April. The BoM has reported that the positive Indian Ocean Dipole (IOD) which likely impacted Australian weather conditions this year subsided during January and is now neutral. With the IOD and the El Niño-Southern Oscillation (ENSO) currently neutral, Australian rainfall and temperature patterns are likely to be driven by local climate drivers such as ocean temperature patterns and active or break periods of the monsoon.

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO	PERCENTAGE CHANGE
Feed Wheat	\$442	\$440	0.5%
Feed Barley	\$385	\$410	-3%
Cotton	\$573/bale	\$615/bale	0.2%

* data retrieved from ABARES weekly commodity reports

DOMESTIC CROP INDICATOR PRICES



AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During January, Australian wheat prices rose by \$37/t to close the month at \$442/t. Barley prices rose \$32/t during January to \$385/t. Pricing fluctuations at this time of year can be attributed to supply and demand dynamics in the market. Australian grain

prices strengthened during the month as reports surfaced that Australia's crop production would be lower than initially forecast. Western Australia's grain deliveries are currently 60 per cent below last year. Expectations are also for lower summer crop plantings as soil moisture deficits continue. Farmers are reluctant to incur planting costs unless there is adequate soil moisture for the crop during summer. There exists some downside risk to grain prices as if prices rise too high it could make the Australian market attractive for imports. An influx of imported grain could reduce demand for domestic grain and affect prices. An example of this is the Canadian grain that was imported in late 2018.

COTTON PRICES

International cotton prices rose during January to finish the month at 79.2USc/lb¹. Cotton prices displayed volatility during the month with prices trading sideways between 78.5USc/lb and 80USc/lb. Even with the volatility during the month, prices are at their highest levels since May 2019 which was the last time cotton prices broke through 80USc/lb. The rise in prices during January is attributed principally to improved developments in the trade dispute between China and the US. Prices rose during the month on the perception that trade relationships were improving in the lead up to the signing of the interim (Phase One) agreement. The Phase One agreement was formally signed on the 15th of January 2020. As part of the Phase One agreement China has agreed to buy US\$32 billion worth of US agricultural products over the next two years. What effect this has on cotton prices remains to be seen. The latest supply outlooks by

Cotlook have seen forecast tonnage for the 2019/20 season increase slightly to just over 26 million tonnes. The increase in production was mainly due to a rise in expected production from Brazil and Chad. The US and Australia have had production estimates reduced due to lower than expected yields. Global cotton consumption is forecast at 25.5 million tonnes for 2019/20. Stock levels at the end of the year are likely to rise by over 510,000 tonnes.

CROP PRODUCTION

During the month the International Grains Council (IGC) forecast for grain production for the 2019/20 season has seen a reduction of 1.2 million tonnes to 26.4 million tonnes. The lower production level is attributed to the adverse climatic conditions that were experienced throughout Australia during 2019.

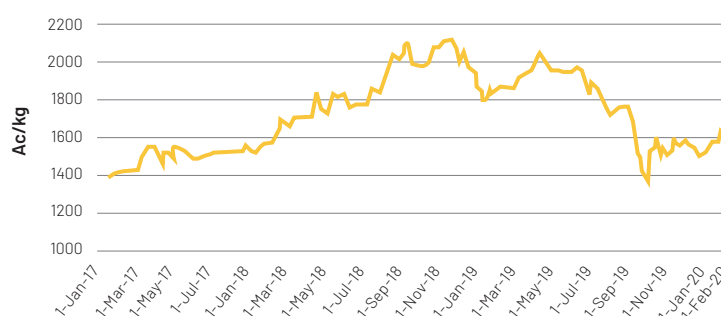
WOOL PRICES

Wool prices during January initially rose breaking through \$16/kg before a slight fall occurred at the end of the month to finish January at \$15.76/kg. Prices started the month by rising 7% as demand following the Christmas break was strong². Following the initial rise prices fell at the end of the month as buyers reduced their purchases until a more comfortable price level was met. Pass in rates continue to be high as sellers appear to be holding firm on their price expectations heading into auctions. Due to the large exposure of the wool market to China there exists downside risk in the coming months as the coronavirus situation continues to develop.



1. Cotlook Limited. 2020. January 2020 Market Summary
2. Australian Wool Innovation Limited. 2020. Weekly Price Report

WOOL EASTERN MARKET INDICATOR



LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator (EYCI) rose by \$0.52/kg during the month to finish at \$5.48/kg. The rise in prices for cattle can be partially attributed to the recent rainfall in NSW and QLD which has driven demand for young cattle³. Follow up rainfall will have an impact on pricing in the coming months. A lack of rainfall could result in downwards price pressure as the supply of young cattle available in the market could rise, while additional rainfall could see prices rise as producers enter the market to restock. During January the EYCI moved above finished cattle prices for the first time since January 2019. Finished cattle prices retained a premium during 2019 as global demand for Australian beef rose. Prices in 2019 were supported by a favourable Australian dollar and surging demand for Australian beef as African Swine Fever continued to impact Asia's supply of meat protein.

Lamb prices have risen during the month by \$0.70/kg to finish the month at \$7.79/kg. Lamb prices have started the year 7% higher than at the same time last year. Price rises at the start of the year have been attributed to renewed optimism from producers following strong rainfall in eastern Australia and a tightening of supply⁴. Good levels of rainfall in NSW and VIC has resulted in processors holding back stock as they anticipate price rises in the coming months. Historically, lamb prices stay relatively stable for the first three months of the year, but expectations of limited supply and strong international demand has seen prices at elevated levels early in the year.

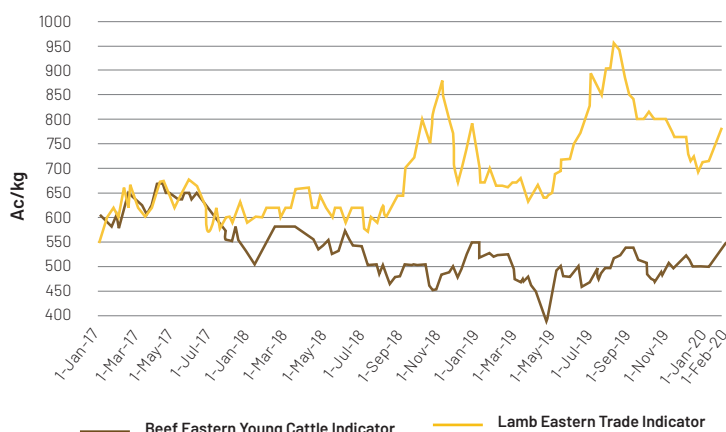
3. Meat and Livestock Australia (MLA). 2020. Eastern Young Cattle Indicator driven by recent rain
4. Meat and Livestock Australia (MLA). 2020. Sheep and lamb markets open strongly

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

LIVESTOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO	PERCENTAGE CHANGE
Beef	\$5.48	\$5.27	15%
Lamb	\$7.79	\$6.63	15%
Wool	\$15.76	\$18.62	-18%

* data retrieved from ABARES weekly commodity reports

AUSTRALIAN LIVESTOCK PRICES



GLOBAL MARKET INSIGHTS

WEATHER

Weather conditions during the month have been predominately favourable with only a few countries being impacted by adverse weather conditions. Dry conditions in north-eastern Europe, Russia and Ukraine are impacting the wheat crop. Conditions for maize are generally favourable with only small sections of Brazil being impacted by dry conditions. The South American soybean crop is currently experiencing favourable conditions⁵. Globally, climate conditions for the winter wheat crop are favourable. Favourable conditions could result in improved wheat yield in several major producing countries, including China, India and the US. North-eastern Europe, Russia and Ukraine are being impacted by dry conditions. The dry conditions have resulted in low levels of snow which can cause crops to be more susceptible to frost damage during winter. Maize conditions are generally favourable, except in southern Brazil where dry conditions in December impacted the crop during the reproductive stage. Conditions for rice are mixed with several countries experiencing adverse conditions. This includes water shortages in Indonesia and Thailand, and a shortage of freshwater in Vietnam due to saline intrusions.

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 strengthened during the month to finish January up by 3.8%. The IGC global grain and oilseed index is at its highest level since October 2018. The wheat index finished January up by 8.8%. The wheat index is down 1.0% year on year. The wheat index rose during the month due to a combination of solid export demand, a small Australian crop and concerns about less than ideal conditions for 2020/21 crops in major producing countries. The soybean index was 0.6% lower than last month. The maize index rose by 7.8% during the month. Maize price rises during the month are attributed to strong demand and a seasonal decline in supply in South America.



Hay at Boorala

PRODUCTION

During the month, forecasts for the 2019/20 grain season have risen slightly. The rise in production is attributed to improved yields for maize. The 2019/20 grain season is forecast to produce 2,170 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 28 million tonnes.

5. Agricultural Market Information System (AMIS). (2020). Market Monitor February 2020

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