

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)

8,779 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.

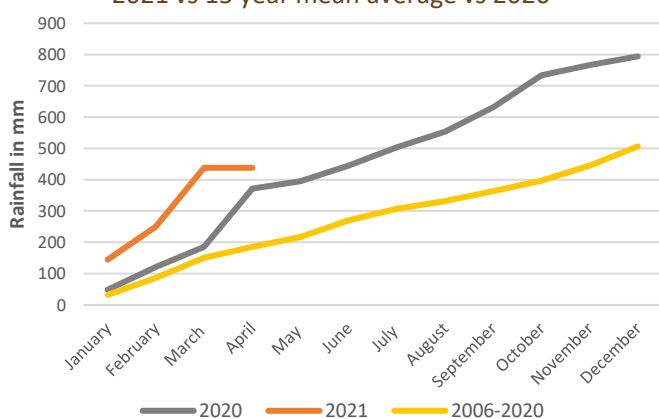
OPERATIONAL UPDATE

LOCAL WEATHER

Central-west New South Wales (NSW) was dry over April recording only 0.2mm of rainfall which was 27.4mm below the monthly long-term average and in contrast to the previous month's well above average rainfall of 187.6mm.

As shown in the graph below, Forbes received 237% more rain in 2020 than the region did for all of 2019. To date rainfall in 2021 is significantly above the 15-year average. The mean temperature for April was 23.9°C, below the long-term average of 24.7°C.

Cumulative Rainfall (Forbes Airport AWS)
2021 vs 15 year mean average vs 2020



WINTER CROPS

Preparations for next season's winter crop recommenced over April following warm and dry weather. Planting for the upcoming winter crop has commenced under good conditions, with completion expected within normal windows. Most of the areas that were inundated with water from the high rainfall event in March are draining off well. All required fertiliser and chemical supplies have been secured and are on farm. Herbicide sprays have been completed across the month as required. Grain sales from the previous winter crop harvest are continuing with pricing improving.

SUMMER CROPS

Cotton has received most of its defoliation sprays over April, with harvest expected to commence mid-May. Defoliation is the application of chemicals to remove cotton leaves from the plant to allow for the harvest of the crop. Overall water use continues to be lower than normal due to previous above average rainfall reducing requirements. Field preparations for next year's cotton stopped due to the March rainfall event and will recommence as conditions allow.



Cotton at Walla Wallah (April 2021)

LIVESTOCK

Autumn calving has begun with no issues. Ewes that were shifted from Boorala to Merriment have transitioned well. The Boorala ewes have begun lambing in line with ewes from New South Wales and are so far showing positive lambing rates. Pastures continue to grow well due to the above average rainfall. DBF continues to take advantage of the recent high livestock prices by selling livestock that meet market requirements while also acquiring additional stock if favourable opportunities arise. DBF continues to maintain adequate reserves of fodder for livestock.

IRRIGATION

The Lachlan river water allocation has increased and is currently at 64% YTD. A further allocation increase is expected in May. Drilling of test bores at Yarranlea and Timberscombe to identify irrigation ground water potential did not occur before the rain event and will require drier field conditions before drilling can commence. The application lodged with State Water for an additional production bore at Walla Wallah has been accepted and DBF is now awaiting final completion.

SHARE BUYBACK

During the month 20,000 shares were bought back. The total number of shares bought under the buyback is 818,664 with the Company being able to acquire up to 4,208,687 additional shares.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During April, Australian wheat prices rose slightly finishing the month at \$357/t. Barley prices fell slightly finishing the month at \$294/t. Australian wheat prices continue to be supported by strong export demand which is expected to remain firm through to June 2021 with grain port capacity fully booked until this point. From July onwards demand for Australian wheat may fall with above average production in Russia and the EU expected to recapture some demand. Looking forward, as confidence in the northern hemisphere crop improves, this may provide downward pressure on Australian grain prices.¹ On the other hand, recent increases in global corn prices may translate to increased demand for wheat livestock feed providing upward pressure on prices.²

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (April 2020)	PERCENTAGE CHANGE
Feed Wheat	\$357	\$458	(22%)
Feed Barley	\$294	\$372	(21%)
Cotton	\$609/bale	\$497/bale	23%

* Data from ABARES weekly commodity reports and Cotlook

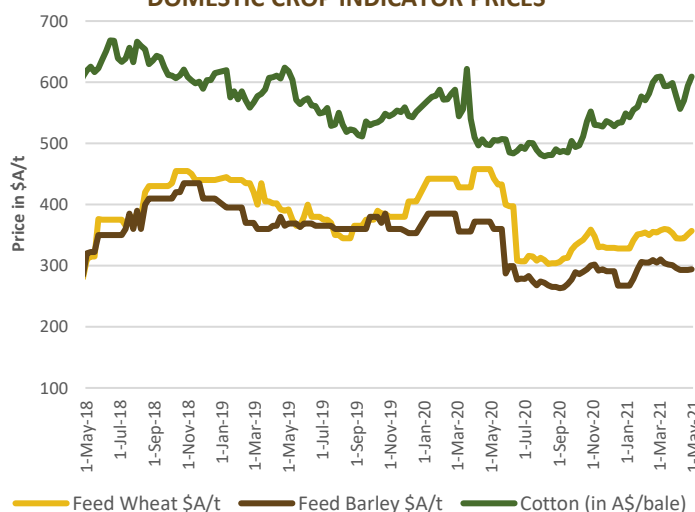
COTTON PRICES

International cotton prices rose over April ending the month \$5USc/lb higher at 95USc/lb or in Australian dollar terms \$609/bale. In USD terms, prices are 45% higher compared to the same last year. Due to foreign currency movements, in Australian dollar terms prices are up only 23% compared to the same time last year. Price rises over the month are primarily associated with abnormally dry weather conditions in West Texas which have reduced production estimates decisive to the total size of the US crop. Cotlook's estimates of Australian 2021/22 cotton production have increased as abundant March rainfall does not appear to have caused substantial damage to the national crop but has instead served to replenish river systems and reservoirs. Looking forward, the return of widespread COVID-19 infections in India and Bangladesh may slow manufacturing throughput and therefore reduce short demand providing downward pressure on prices.³ The latest Cotlook forecast of global supply and demand places total 2021/22 consumption at 25.7 million tonnes implying a lowering of world stocks by nearly 300,000 tonnes.⁴

CROP PRODUCTION

Australia's winter crop harvest is estimated to have increased by 89% in 2020/21 to 55.2 million tonnes.⁵ Australia's winter crop is largely made up of wheat which in most seasons' accounts for over 50% of the total winter cropping area, followed by barley at around 20% and canola between 10% and 15%. In 2021/22, the size of the winter wheat cropping area is expected to largely depend on rainfall received over February – May 2021. Current expectations are that due to the late-forming but moderate La Niña in 2020/21, production outcomes will be average to above average due to increased soil moisture levels during planting.⁶ Australia's summer crop is estimated at 1.04 million hectares, nearly a three times increase from last year's drought affected 2019/20 season. Despite the increase, total area planted remains below average and so total production estimates of 3.3 million tonnes remain 13% below the 10-year average. Total Australian cotton production is forecast to reach 2.4 million bales in 2020/21, a significant recovery from 2019/20 but still 28% below the 10-year average.⁷

DOMESTIC CROP INDICATOR PRICES



¹ Rural Bank, 2021. *Cropping Insights April 2021*, Rural Bank.

² Gordon, C, 2021. *RaboResearch Australia Agribusiness Monthly – Grains & Oilseeds May 2021*, Rabobank.

³ Clack, C, 2021. *RaboResearch Australia Agribusiness Monthly – Cotton May 2021*, Rabobank.

⁴ Cotlook, 2021. *April 2021 Market Summary*.

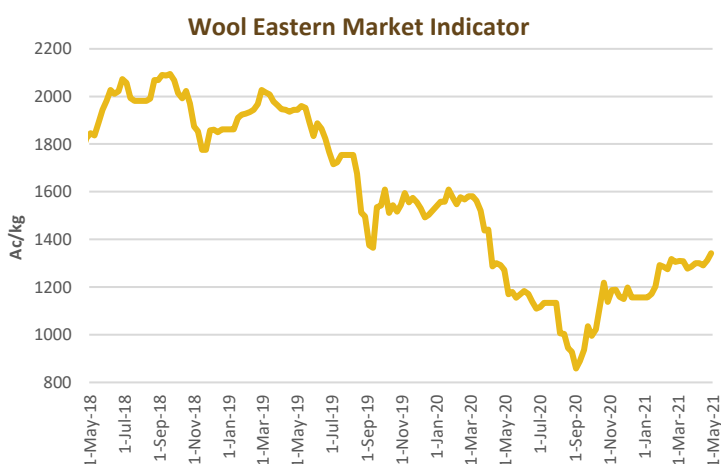
⁵ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2021. *Australian Crop Report - February 2021*, ABARES.

⁶ Brown, A, 2021. *Wheat: March quarter 2021 Agricultural Outlook*, ABARES.

⁷ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2021. *Australian Crop Report - February 2021*, ABARES.

WOOL PRICES

Continued strength in the apparel market and processor confidence has seen wool prices end April up 4% for the month ending \$0.57/kg higher at \$13.42/kg. Wool prices have rebounded from their 2020 lows but are still around 40% down compared to prices in 2018. Australia's main export destination for wool is China, accounting for 88% of exports up to the end of March this year.⁸ Whilst the recovery in Australian wool prices can almost solely be attributed to Chinese demand, AWI reports that recent buying interest from sources outside of China has been becoming more prevalent which has assisted in the support of wool prices.⁹



NATIONAL WEATHER

April recorded below average rainfall for Australia and overall was 38% lower than historical means. New South Wales and South Australia in particular were dry with New South Wales recording the eighth driest April on record and for South Australia the seventh driest. Average rainfall over New South Wales was 76% lower than historical means while in South Australia rainfall was 87% lower. Queensland was the only State that saw above average rainfall recording a 10% increase compared to historical means. Heavy falls in the Cairns region towards the end of the month associated with coastal pressure troughs were the primary driver for Queensland's above average rainfall. National mean temperatures for April were 0.21°C warmer than average for Australia as a whole. Mean maximum temperatures for April were warmer than average for the southern half of Western Australia and South Australia, extending into north-west Victoria and southwest New South Wales, around the coast of far northern Australia and in north-east Tasmania. Maximum temperatures were cooler than average for north-eastern New South Wales and southern Queensland.

The BoM's latest outlook reports that winter (June to August) rainfall is likely be above average for much of the eastern two-thirds of mainland Australia. Western, northern and far south-east Australian areas have roughly equal chances of above or below average rainfall. The BoM is reporting that the El Niño-Southern Oscillation (ENSO) now in a neutral phase and as such has little influence on Australian climate. The Indian Ocean Dipole (IOD) is also in a neutral state, with outlooks indicating that it may briefly reach positive thresholds during the end of autumn before returning to neutral levels by the end of May. The BoM notes however that model accuracy is low at this time of year so current outlooks should be viewed with caution. Australia's climate is also influenced by global warming. Average Australian temperatures have warmed by around 1.44°C since 1910 and in recent decades southern Australia has seen a reduction of 10-20% in cool season (April-October) rainfall. With most climate drivers currently neutral, it is possible that recent trends in Australia's climate such as warmer than average winter days for large areas may become more apparent.¹⁰

⁸ Voznesenski, D, 2021. *RaboResearch Australia Agribusiness Monthly – Wool May 2021*, Rabobank.

⁹ Australian Wool Innovation Limited, 2021. *Week 44 – April 2021 Weekly Price Report*, Wool.

¹⁰ Bureau of Meteorology, 2021. *Climate Outlook Overview – Climate Influences*, Australian Government.

LIVESTOCK PRICES

During April, the Australian Eastern Young Cattle Indicator (EYCI) rose, ending the month at \$9.03/kg. The EYCI is now 28% higher than at the same time last year and has reached prices over \$9.00/kg for the first time in history. The national herd rebuild is well underway, with producers looking to retain their cattle and take advantage of the improved seasonal conditions. As a result of producers holding onto their stock, total export volumes in 2021 are expected to fall 12% compared to the previous year. This is a result of reduced total slaughter and not reduced demand for Australian beef.¹¹

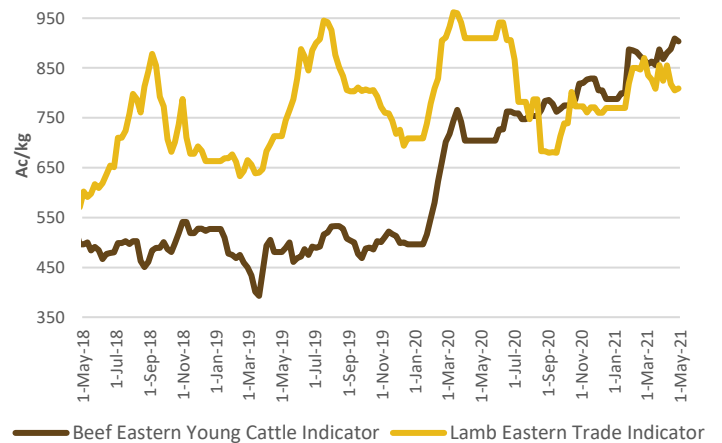
DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (April 2020)	PERCENTAGE CHANGE
Beef	\$9.03	\$7.04	28%
Lamb	\$8.09	\$9.10	(11%)
Wool	\$13.42	\$12.72	6%

* Data from ABARES weekly commodity reports, Meat and Livestock Australia and Australian Wool Innovation Ltd

During April, the Australian Eastern States Trade Lamb Indicator (ESTLI) fell by 5% and ended the month 47 cents lower at \$8.09/kg. The ESTLI is now 11% lower than at the same time last year however remains above the five-year average.¹² Looking forward, lamb prices may face downwards pressure due to increased supply, with total 2021 slaughter figures expected to increase year on year. On the other hand, prices may be able to hold their ground as already in 2021 slaughter rates have increased compared to last year, yet the ESTLI has managed to remain over \$8.00/kg.¹³

Australian Livestock Prices



¹¹ Meat & Livestock Australia (MLA), 2021. *Cattle slaughter projected to hit lowest level in 25 years*, MLA.

¹² Gidley-Baird, A, 2021. *RaboResearch Australia Agribusiness Monthly – Sheepmeat May 2021*, Rabobank.

¹³ Brown, A, 2021. *Lamb and sheep slaughter increase but prices hold*, Mecardo.

GLOBAL MARKET INSIGHTS

WEATHER

Recent weather conditions have been mostly favourable.¹⁴ Wheat conditions across the major producers the EU, Russia, China and India are mostly positive. In Russia, winter wheat conditions have improved due to good rainfall however some of the crop, particularly in the central district will need to be resown. In India, harvest is wrapping up under favourable conditions with an increase in total sown area compared to last year. Maize conditions are mixed, with Brazil's harvest of the smaller spring-planted crop facing poor conditions in the main producing south region due to earlier dryness. In the United States, conditions are generally favourable with sowing well underway. In Argentina, harvest of the early-planted crop and late-planted crop are ongoing after some delays due to rainfall and prioritisation of soybean harvesting. Conditions for rice are mostly favourable with China's sowing of single-season and early-season rice ongoing under favourable conditions. In Indonesia, harvest of wet-season rice is entering its fourth month under generally favourable conditions following good rainfall and sunlight. Soybean conditions are also mostly favourable with Brazil's harvest wrapping up under favourable conditions, with exceptional conditions in the north-east regions.

PRODUCTION

Forecasts for the 2020/21 grain season rose by 2 million tonnes over the month and are currently placed at 2,226 million tonnes.¹⁵ If realised, this would represent an all-time global production record. For reference, the average world total annual grain production for the past 10 years has been 2,032 million tonnes. Compared to previous estimates, production increases are largely attributed to increased soybean production forecasts for Brazil of 1 million tonnes. Total wheat production estimates for 2021/22 remained unchanged over the month with expectations of a global 790 million tonne harvest, 2% higher than 2020/21 and an all-time record.¹⁶

GRAIN PRICES

Grain prices are influenced by several factors including, but not limited to, supply and demand, political risk, global economic conditions, and weather. Over April, the IGC global grain and oilseed index climbed by 8% to an eight-year high as weather worries and tightening supply outlooks resulted in rising export prices across each of maize, wheat, soyabean and barley. The wheat sub-index rose by 10% with gains attributed to weather uncertainty in parts of the northern hemisphere. The maize sub-index rallied by 13% over the month and is now 91.3% higher than at the same time last year. Increases in maize prices over April are mostly attributed to worsening crop prospects in Brazil, slow US sowing and firm US cash markets. The rice sub-index fell by 3% largely due to soft buying interest and a seasonal increase in availability.

¹⁴ Agricultural Market Information System (AMIS). 2021. *Market Monitor May 2021*.

¹⁵ International Grains Council, 2021. *April 2021 Grain Market Report*, IGC.

¹⁶ International Grains Council, 2021. *April 2021 Grain Market Report*, IGC.

Wheat at Cowaribin (April 2021)

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