

COMPANY SNAPSHOT

COMPANY NAME

Duxton Broadacre Farms Limited

INVESTMENT MANAGER

Duxton Capital (Australia)

PORTFOLIO

1 Aggregation of 8 Properties

LOCATIONS

Forbes and West Wyalong, NSW

HECTARES

22,882 owned

WATER ENTITLEMENTS (ML)

10,035 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 UPDATE

MAIDEN DIVIDEND

DBF is pleased to announce that it will pay a maiden dividend of 6.2 cents per share, unfranked, first announced to market on 30 June 2021. The dividend will be payable in Australian Dollars, on the 30 July 2021. Payment of a further dividend will be considered in December 2021 depending on the outlook for the 2021/22 winter crop. The Board wishes to thank its shareholders for their patience and support since the Company's ASX listing in February 2018.

SETTLEMENT OF WEST PLAINS & LENBOROUGH

Settlement of the purchase of 'West Plains' and 'Lenborough' properties occurred on 11 June 2021 (details of which were previously announced to the market on 29th April 2021). These newly acquired properties are expected to not only complement the existing property portfolio geographically but add further operational scale and efficiency to DBF's business by creating a larger and more comprehensive aggregation overall.

OPERATIONAL UPDATE

WINTER CROPS

Most of the winter crops are performing well in the wet weather conditions. Sowing was completed early June across most of the aggregation except for a small portion of Walla Wallah which has been delayed due to the wet weather. Earlier planted crops have emerged and are growing well with good soil moisture. Herbicide sprays have been completed across the planted area as required both before and after sowing. Some areas of the chickpea crop at Yarranlea sown just before the heavy rainfall have been affected by water inundation and will be assessed once the paddocks dry out. Colder weather and baiting appear to have reduced mice numbers however crops will continue to be monitored with additional bait available should it be required.

SUMMER CROPS

Ginning of cotton continued over June with reasonable results and overall yields of 10-10.5 bales per hectare in line with expectations. Harvested cotton modules were moved off the fields to the workshop area to ensure that transport for ginning was not interrupted due to the wet weather.

Only a limited number of cotton modules remain to be transported for ginning in July. Mulching and seed bed preparations for the winter cropping to follow this year's cotton harvest, as well preparations for next year's cotton crop will continue once conditions allow following the continued wet weather.

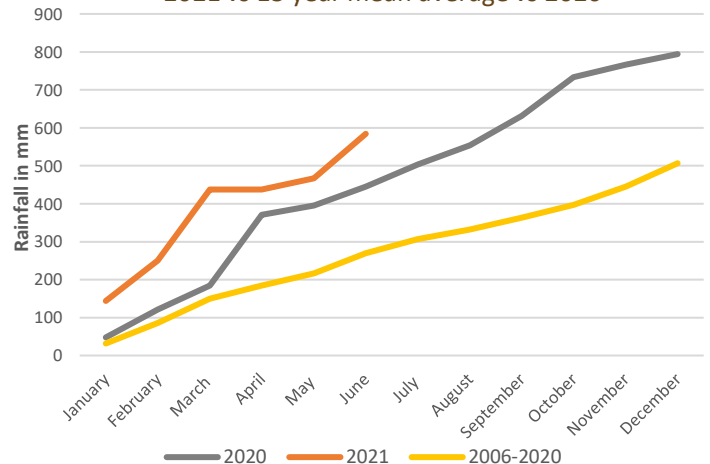
LIVESTOCK

Large numbers of cattle and sheep have been moved to the newly acquired West Plains and Lenborough properties to take advantage of the available feed. High rainfall is resulting in good pasture growth across the aggregations, with adequate fodder reserves also being kept. Autumn calving continues to progress well, while lamb marking is ongoing with good lambing rates albeit with some delays due to the wet weather. Sales of livestock are ongoing as market opportunities allow with good to exceptional pricing. Additional livestock will be purchased if favourable pricing opportunities arise.

LOCAL WEATHER

Central-west New South Wales (NSW) saw rainfall of 117mm over June, more than double the June long-term average of 52.4mm. The mean temperature for June was 14.9°C, 0.6°C cooler than the long-term average of 15.5°C.

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



IRRIGATION

DBF's Lachlan River water allocation increased over the month and is currently at 70% YTD. Overall, DBF's water position remains secure, with further increases to the allocation expected in the coming months. The March rainfall event stopped the drilling of test bores at Yarranlea and Timberscombe and work will recommence upon drier field conditions. 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 17,990 shares were bought back. The total number of shares bought under the buyback is 846,654 with the Company being able to acquire up to 4,185,697 additional shares.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During June, Australian wheat prices remained mostly flat, finishing the month 1% higher at \$373/t. Australian barley prices rose by 7% over the month, finishing at \$332/t. Despite a fall in international grain prices over June, Australian prices held firm and were supported by strong global supply and demand fundamentals alongside a softening of the Australian dollar.¹ In recent drought affected years, Australian grain prices have been primarily driven by domestic demand in the eastern states. Due to increases in Australian production resulting in an exportable surplus, prices have now begun to be driven by international markets. Looking forward, Rural Bank expect that prices may weaken as the European grain harvest gains pace as increased global stock availability may see demand for Australian exports ease. Increased international supplies may also see local prices start to become more guided by domestic weather events, potential downside is expected to be protected by low carryover stocks and high global demand.²

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (June 2020)	PERCENTAGE CHANGE
Feed Wheat	\$373	\$307	21%
Feed Barley	\$332	\$279	19%
Cotton	\$621/bale	\$495/bale	26%

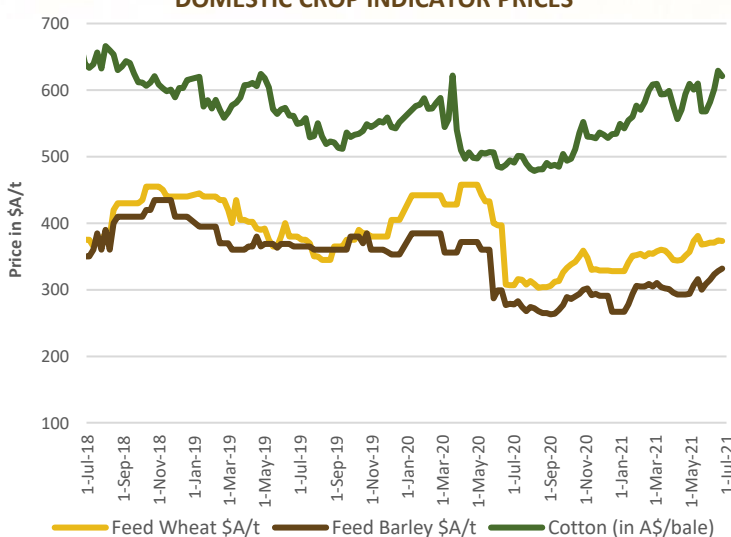
*Data from ABARES weekly commodity reports and Cotlook

COTTON PRICES

International cotton prices rose over June, ending the month 6 USc/lb higher at 94USc/lb. In Australian dollar terms, cotton prices of \$621/bale are currently 26% higher compared to the same time last year. Price increases over the month were primary driven by the USDA's latest estimate of global supply and demand which predicted United States carryover stocks by the end of this season to fall to 3.15 million bales, and for next season to 2.9 million bales.

If realised, this would represent only the fourth time since the turn of the century that ending stocks fall below three million bales. Tightening global supplies were exacerbated by logistical issues at many major world ports, with the availability of shipping containers limited resulting in any shipment ready cotton being a target for broad based demand as spinners look to cover their summer production requirements.³

DOMESTIC CROP INDICATOR PRICES



CROP PRODUCTION

ABARES production forecasts for the 2021/22 winter crop are currently placed at 46.8 million tonnes, 15% below last year's near record high 55.2 million tonnes but still 13% above the 10-year average.⁴ Crop yields in New South Wales and Western Australia, the two states with the largest forecast planted area are expected to be above average however variable yields are expected in South Australia and Victoria due to unfavourable autumn planting conditions. While lower than the record highs achieved last season, New South Wales yields are still expected to be well above the 10-year average to 2020/21. For the major winter crops in 2021/22, total area planted is expected to reach a record high of 23.2 million hectares, up 2% from last year. For wheat, area planted is expected to increase by 1% compared to the previous season to around 13.1 million hectares, while area planted to barley is forecast to fall by 4% to around 4.2 million hectares. Area planted to canola is expected to increase substantially, up 25% compared to the previous season to almost 3 million hectares and the third highest season on record. Increased mouse populations in the eastern states are expected to increase costs of production for some producers however total national output is not expected to be adversely affected. Summer crop production for 2020/21 is estimated by ABARES to have increased to 3.4 million tonnes, more than three times than the drought affected production season of 2019/20.

¹ Voznesenski, D. 2021, *Rabobank Australia Agribusiness Monthly – Grains & Oilseeds*, Rabobank.

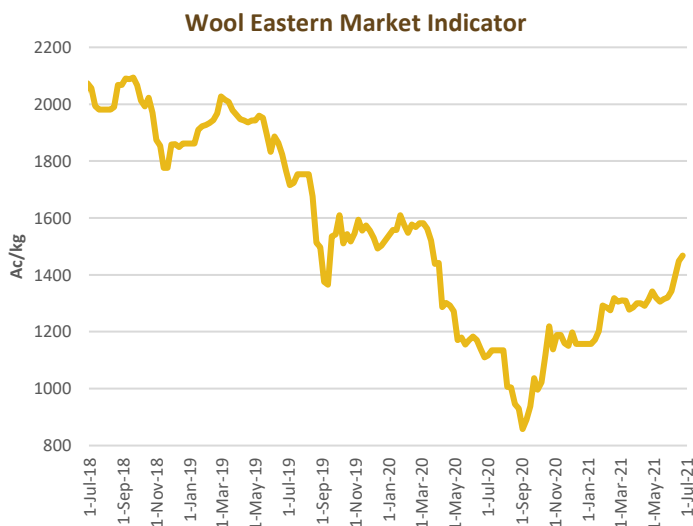
² Rural Bank, 2021. *Cropping Insights June 2021*, Rural Bank.

³ Cotlook, 2021. *June 2021 Market Summary*.

⁴ ABARES, 2021. *Australian crop report: June 2021*, Australian Bureau of Agricultural and Resource Economics and Sciences.

WOOL PRICES

Wool prices rose substantially over June, increasing by 11% to \$14.68/kg. This represents the highest closing price since March 2020. The rise in prices is primarily attributed to strong demand across on all wool types. Previous anecdotal evidence of more competition was confirmed by Australian Bureau of Statistics export data for April 2021 showing India imported 1.2 million kilograms of Australian wool, up 623% compared to April 2020. The Czech Republic also posted substantial increases in wool imports of 519% with many other countries also up year on year.⁵ Despite the increase in international competition, demand is still concentrated from China with May data showing China accounted for 89% of total imports, the highest since October 2020 and higher than any month in 2019.⁶



NATIONAL WEATHER

June recorded above average rainfall for Australia as a whole and overall was 15% above historical means. Above average rainfall was recorded for large parts of eastern mainland Australia, the south coast and the Northern Territory. Rainfall was below average in the south-western areas of Western Australia. In Victoria, daily rainfall records were set across several sites with many areas experiencing flooding after more than 200mm of rainfall fell in a 24-hour period in West Gippsland. Overall, all states recorded above average rainfall except for Western Australia where average area rainfall of 18.2mm was 32% below historical means. New South Wales had the highest increase in rainfall compared to historical means with average area rainfall of 57.7mm being 65% higher than historical means while Victoria rainfall of 84.2mm was 45% higher.

National mean temperatures for June were 0.36°C warmer than average for Australia as a whole. Mean maximum temperatures were warmer than average for the northern tropics of Queensland, the top end of the Northern Territory and the northern Kimberly in Western Australia. Tasmania, most of Victoria and south-east South Australia also observed above average temperatures. A strong cold front and low-pressure system crossed the south of the country towards the end of the month which together with widespread rainfall, brought record low June daily maximum temperatures for parts of Western Australia with some coastal sites recording their lowest June temperatures on record, or for at least the last 20 years.⁷

The BoM's latest outlook reports that rainfall for July to September is likely to be above average for most of Australia. The BoM is reporting that a negative Indian Ocean Dipole (IOD) is likely to develop in winter, which is typically associated with increase chances of above average winter-spring rainfall across southern and eastern Australia. Most of the eastern three quarters of the country is expected to exceed the median rainfall over the July – September period. Parts of Western Australia, eastern New South Wales, southern Victoria and western Tasmania have roughly an equal chance of experiencing above or below median rainfall. The El Niño-Southern Oscillation (ENSO) is currently neutral with most models predicting neutral conditions to persist throughout winter and early spring. Tropical central and Pacific sea surface temperatures are forecast to slowly cool over the coming six months which may also be contributing to the wetter than median outlooks for many parts of the country. Australia's temperature and rainfall variability are also influenced by global warming caused by human activities. Australia's climate has warmed by 1.44°C for the 1910 – 2019 period, with southern Australia seeing a reduction of 10-20% in cool season rainfall in recent decades.⁸

⁵ Australian Wool Innovation Limited, 2021. *Week 51 – June 2021 Weekly Price Report*, Wool.com.

⁶ Voznesenski, D, 2021. *RaboResearch Australia Agribusiness Monthly – Wool June 2021*, Rabobank.

⁷ Bureau of Meteorology, 2021. *Australia in June 2021*, Australian Government.

⁸ Bureau of Meteorology, 2021. *Climate Driver Update 1 July 2021*, Australian Government.

LIVESTOCK PRICES

During June, the Australian Eastern Young Cattle Indicator (EYCI) rose to new record highs, gaining 5% to end the month at \$9.32/kg. The EYCI is now 22% higher than at the same time last year. Confidence in the cattle market continues to be driven by low supply together with continued rainfall and positive winter weather outlooks encouraging restocking activity. Other factors supporting high beef prices include global supply shortages, heightened demand for protein with the re-opening of the foodservice sector following COVID-19 shutdowns and the new potential Australia-UK free trade agreement announced over June increasing confidence in Australian beef.⁹

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

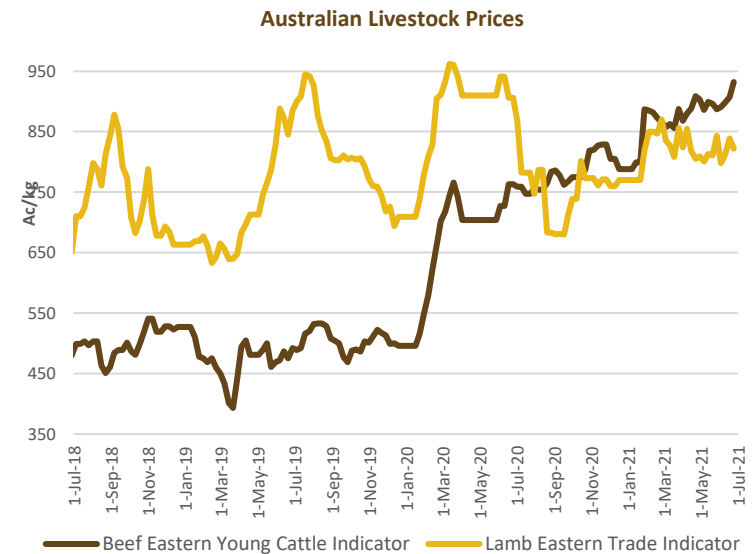
STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (June 2020)	PERCENTAGE CHANGE
Beef	\$9.32	\$7.63	22%
Lamb	\$8.22	\$9.06	(9%)
Wool	\$14.68	\$11.10	32%

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

⁹ Meat & Livestock Australia, 2021. *EYCI defies expectations to hit new record*, MLA.

¹⁰ Gidley-Baird, A. 2021. *RaboResearch Australia Agribusiness Monthly – Sheep meat June 2021*, Rabobank.

During June, the Australian Eastern States Trade Lamb Indicator (ESTLI) fell by 21 cents and ended the month 2% lower at \$8.22/kg. Lamb production numbers are showing total volumes returning to normal, with NSW slaughter volumes up 12% compared to the five-year average while Victorian volumes down only 1% on the five-year average. Reflecting the recent higher production volumes, May 2021 lamb export numbers of 25,952 tonnes were up 45% compared to May last year and up 8% on the five-year average. Historically, lamb prices peak and begin their seasonal decline in mid-late July as new season lamb supply comes onto the market however by no means is this trend certain. Seasonal factors, market sentiment on stock rebuilding, processor capacity and end-market demand all impact lamb price movements.¹⁰



GLOBAL MARKET INSIGHTS

WEATHER

Global production prospects are generally favourable for the 2021/22 season however weather continues to pose risks to major producers.¹¹ In the northern hemisphere, winter wheat harvest and spring wheat development are well underway. In the EU, conditions are generally favourable after mixed weather during the spring. In the United States, winter wheat harvest is ongoing under favourable conditions in central areas however in the north and south hot and dry conditions are present. In Ukraine, the outlook is mostly positive however recent heavy rainfall may impact final yields. In China, harvest is wrapping up in the central regions and continues in the north under favourable conditions. Maize conditions globally are mixed with Brazil's harvest beginning under mixed conditions due to excessive dryness and frosts during the critical ripening stage of crop development. In the United States, hot and dry conditions are persistent across many northern producing regions, particularly around the Dakotas. Maize conditions in China for both the spring-planted and summer-planted crops are progressing under favourable conditions. Conditions for rice are mostly favourable with China's early-season rice harvest and single-season rice ongoing. India's transplanting of Kharif rice has begun under good conditions. In Indonesia, wet season rice harvest is wrapping under generally favourable conditions however sowing of dry-season rice continues to be delayed. Soyabean conditions are mostly favourable with the United States central growing regions progressing well, however hot and dry conditions in the Dakotas are causing some concerns. Soyabean growing conditions in China and India are also favourable.

PRODUCTION

Forecasts for the 2020/21 grain season fell by 3 million tonnes over the month and are currently placed at 2,216 million tonnes. Production declines are largely attributed to falling production estimates for Brazilian maize. Despite the cut to production estimates, expected 2020/21 production would still represent an all-time record. Global consumption for 2020/21 expected to rise to 2,237 million tonnes and so despite expected record production, global carryover stocks are expected to contract to 595 million tonnes, a six-year low. Looking towards 2021/22, world total grains production is projected to grow to a new peak of 2,301 million tonnes largely driven by record crops of wheat and maize while global consumption is expected to increase to 2,299 million tonnes.¹²

GRAIN PRICES

Over June, the IGC Global grain and oilseed index eased for a second successive month, falling by 3%. Despite the fall, the index remains 39% higher year on year. Grain prices are influenced by several factors including, but not limited to, supply and demand, political risk, global economic conditions, and weather. The wheat sub-Index rose by 4% over the month, boosted by escalating concerns for North American spring crops while the maize sub-Index fell by 2%. The rice sub-Index dropped by 5% attributed to high freight costs and a shortage of shipping containers in Asia curtailing market activity. The soyabeans sub-Index fell by 7% over the month.¹³

¹¹ Agricultural Market Information System (AMIS). 2021. *Market Monitor July 2021*.

¹² International Grains Council, 2021. *June 2021 Grain Market Report*, IGC.

¹³ International Grains Council, 2021. *June 2021 Grain Market Report*, IGC.

Sunset and Wet Weather at Yarranlea (June 2021)

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