

## COMPANY SNAPSHOT

### COMPANY NAME

Duxton Broadacre Farms Limited

### INVESTMENT MANAGER

Duxton Capital (Australia)

### PORTFOLIO

1 Aggregation of 8 Properties

### LOCATIONS

Forbes and Wyalong, NSW

### HECTARES

22,882 owned

### WATER ENTITLEMENTS (ML)

10,035 owned  
6,798 leased



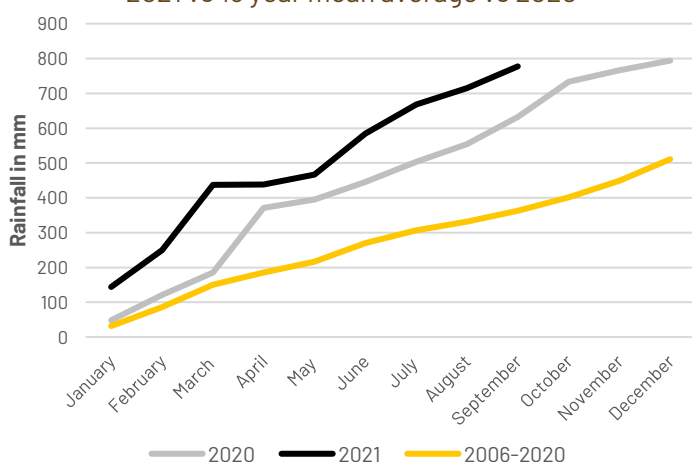
Duxton Broadacre Farms Limited (DBF/Company) presents investors with a unique opportunity to participate directly in the Australian broadacre cropping industry and the possibility to provide shareholders with both ongoing annual operational yield and longer-term capital growth. DBF intends to achieve 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.

## OPERATIONAL UPDATE

### LOCAL WEATHER

September saw above average rainfall across central-west New South Wales (NSW) with 62.4mm recorded compared to the September-long term average of 41.4mm. Year to date rainfall in 2021 is over double the previous 15-year average and 23% higher than at the same time last year. The mean temperature for September was 19.8°C, 0.9°C cooler than the long-term average of 20.7°C.

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



### WINTER CROPS

The development of winter crops continues to progress well, with the warmer temperatures and longer periods of sunlight assisting their growth. Some of the winter cropping area is still impacted by water logging from above average rainfall earlier in the year, therefore dry weather will be beneficial in the coming months. The areas of the chickpea crop sown at Yarranlea that were impacted by heavy rainfall have been assessed and the crop will be retained through to harvest. All required fertiliser and chemical supplies have been secured and are held on farm. Mice populations continue to be monitored by DBF as the risk of a rise in populations are increased as temperatures become warmer. No damage has yet been observed, however additional bait remains on hand should it be required.

### SUMMER CROPS

Field preparations for this year's cotton crop began in September with planting expected to begin mid-October. Preparations are occurring slightly later than usual this year due to interruptions from the above average rainfall and wet field conditions. Continued above average rainfall has resulted in runoff which has been diverted into on farm storages which remain full.

### LIVESTOCK

Pasture across DBF's aggregation continues to grow well, assisted by the above average rainfall. Large numbers of cattle and sheep remain at the West Plains and Lenborough properties to take advantage of the available feed however there are adequate reserves of fodder if required. Additional fodder reserves are expected to be produced from existing pasture and the harvest of wheat crops. Calving and lamb marking was completed over September. DBF continues to sell its livestock as market opportunities allow with good to exceptional pricing. Additional livestock will be purchased if attractive pricing opportunities arise.

### IRRIGATION

With increased rainfall, the Lachlan River's Wyalong dam on 22nd September observed a technical spill. This resulted in DBF's Lachlan River water allocation being reset and ending September at a pleasing 115%. Current stored water resources are expected to secure DBF's irrigated production for the next 3 years. As a flood mitigation strategy, Wyalong dam continues to manage its airspace through releasing water from the dam. Airspace is the difference between the actual volume of water in storage, and the volume of the dam when full. The March rainfall event stopped the drilling of test bores at Yarranlea and Timberscombe, however work is expected to recommence in summer once drier field conditions allow.

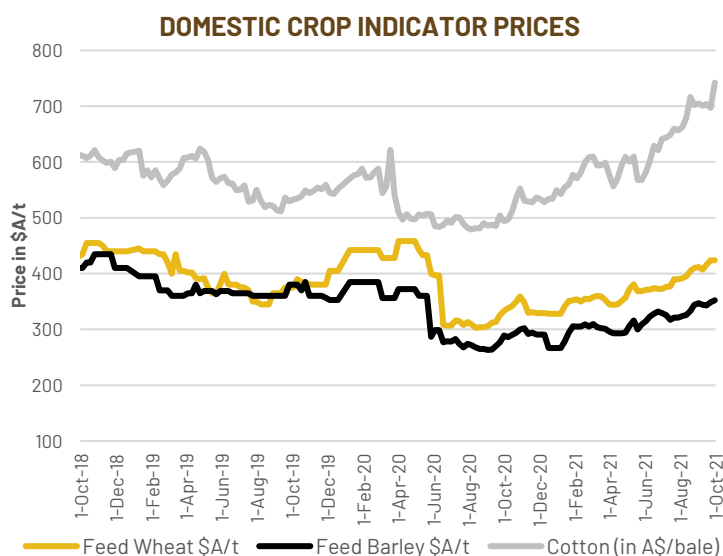
## SHARE BUYBACK

During the month 42,302 shares were bought back. The total number of shares bought under the buyback is 926,456 with the Company being able to acquire up to 4,105,895 additional shares.

## AUSTRALIAN MARKET INSIGHTS

### CROP PRICES

During September, Australian wheat prices rose by 3%, ending the month at \$424/t. Australian barley prices also rose, increasing by 2% over the month, finishing at \$352/t. Wheat prices continue to gain strength due to international demand, with reduced production estimates in the US and increasing wheat export taxes in Russia being significant drivers. Looking forward, Rabobank expect that Australian grain prices may face some downwards pressure as supply increases following Australia's harvest however note that reduced production in competing export nations is expected to provide support.<sup>1</sup> Alongside tight global supplies, ongoing strong demand from Southeast Asia also continues to provide support for Australian wheat prices in the short term.<sup>2</sup>



### COTTON PRICES

International cotton prices continued to rally over September, ending the month 5% higher at 107 USc/lb. In Australian dollars, prices of \$742/bale are 47% higher compared to the same time last year. Rabobank expect that new supply from the US harvest may provide some downwards pressure on prices however rising concerns over size of the US crop, together with slow exports from Brazil may keep prices elevated over the coming months.<sup>3</sup> Cotlook's estimate of global production for the 2021/22 season is currently placed at slightly under 26 million tonnes, representing an increase of approximately 8% from 2020/21.<sup>4</sup>

### DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS\*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (September 2020)	PERCENTAGE CHANGE
Feed Wheat	\$424	\$326	30%
Feed Barley	\$352	\$277	27%
Cotton	\$742/bale	\$504/bale	51%

\*Data from ABARES weekly commodity reports and Cotlook

### CROP PRODUCTION

The latest ABARES Australian crop report estimates that total area planted to winter crops for the 2021/22 season is expected to reach a record of 23.2 million hectares. Overall yields are forecast to be well above average, at 54.8 million tonnes, a 2% fall on last year but still 32% above the 10-year average to 2020/21.<sup>5</sup> Compared to ABARES' previous estimate for the 2021/22 winter crop released in June, yield forecasts have risen by 17%, primarily attributed to exceptional growing conditions over June and July with favourable soil moisture levels and average or above average rainfall in most cropping regions nationally. In New South Wales, winter crop yields are expected to be the second highest on record and 55% above the 10-year average. For the major winter crops, wheat production is forecast at 32.6 million tonnes, a 2% fall compared to last year however still the second-largest Australian wheat crop on record. The value of Australia's agricultural exports is forecast to grow to a record \$54.7 billion in 2021/22, a 12% increase on last year. Driven by the higher forecast Australian production volumes alongside higher prices for most crops, the largest contributor to the export value growth is from crops, with total exports forecast to increase in value by 17% compared to last year up to \$30 billion and the highest level since 2016/17.

Whilst outlooks are positive, risks remain. Commodity prices are always subject to variability and may be impacted by further COVID-19 outbreaks and the speed of the vaccine rollout which could slow the recovery in travel and discretionary spending. High international freight costs may also present challenges, with current shipping container availability stretched.<sup>6</sup> Deteriorating trade relationships with key export partners also pose risks to commodity prices. On the production front, high mouse populations in some regions may result in localised crop losses, however overall are not expected to lower national production significantly with impacts mostly expected to be limited to increased costs of production for affected producers.

<sup>1</sup> Rabobank, 2021. *Cropping Insights October 2021*.

<sup>2</sup> Voznesenski, D. 2021, *Rabobank Australia Agribusiness Monthly October 2021 – Grains & Oilseeds*, Rabobank.

<sup>3</sup> Kalisch Gordon, C. 2021, *Rabobank Australia Agribusiness Monthly October 2021 – Cotton*, Rabobank.

<sup>4</sup> Cotlook, 2021. *September 2021 Market Summary*.

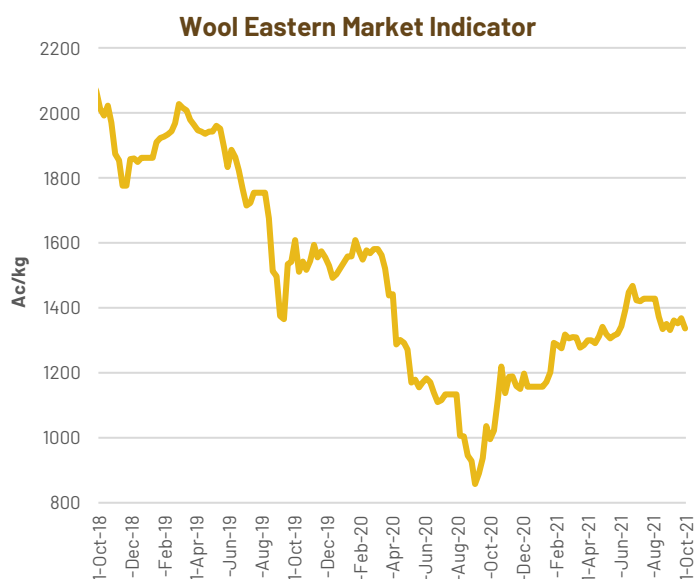
<sup>5</sup> ABARES, 2021. *Australian Crop Report: September 2021*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.

<sup>6</sup> Cameron, A. 2021, *ABARES Agricultural Overview: September quarter 2021*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.



## WOOL PRICES

Wool prices fell slightly over September, closing the month 1% lower at \$13.37/kg. Throughout the month signs of increasing demand from Europe provided support for Australian wool prices.<sup>7</sup> Despite the signs of European demand, Australia's wool industry continues to heavily rely on China, with almost 87% of July's export volumes being transported to China.<sup>8</sup> As at the end of September, news from China about power shortages impacting the ability of Chinese wool mills to operate securely and predictably pushed wool prices down. It is expected that at least 67% of Chinese provinces have been impacted by electricity rationing measures in recent weeks, affecting the operations of many wool textile mills.<sup>9</sup> Looking forward, global outbreaks of the COVID-19 delta variant are ongoing which may impact consumer confidence and therefore demand for Australian wool.



## NATIONAL WEATHER

Rainfall over September was 14% below historical means for Australia as a whole. The southern half of Western Australia, most of South Australia and southern coastal Queensland saw below average rainfall. Rainfall was above average for most of the Northern Territory, northern Queensland and in a band from south-west Queensland through western New South Wales to eastern Victoria. South Australia recorded average area rainfall of only 6.0mm which was 66% below historical means, while New South Wales recorded the largest increase from historical averages with 42.4mm, 20% above historical means. Late in the month saw many areas of Queensland, New South Wales, Victoria and the ACT affected by thunderstorms. In New South Wales and Queensland, some areas experienced damaging winds and heavy rain, with giant hail (5-7cm in diameter) reported in areas including 40km north of Bourke in northern New South Wales, and Cunnamulla and Eulo in southern Queensland. National mean temperatures over September were 1.01°C warmer than the 1961-1990 average for Australia as a whole. Mean maximum temperatures were very much warmer than average in the Top End of the Northern Territory and areas of coastal Western Australia. Large areas of inland Western Australia, Central Australia, central New South Wales, eastern Queensland and Tasmania recorded close to average temperatures.<sup>10</sup>

The BoM's latest climate outlook reports that October to December rainfall is likely to be above median across most of Australia, with western Tasmania likely to experience below median rainfall. The BoM is now reporting that the Indian Ocean Dipole (IOD) has weakened, with the latest conditions falling shy of negative thresholds. While the negative IOD is near its end, the pattern of sea surface temperatures in the Indian Ocean may still be providing conditions conducive to increased rainfall across southern and eastern Australia. The El Niño-Southern Oscillation (ENSO) remains neutral, although a number of climate models are expecting further cooling of the tropical Pacific over the coming months. Given these expectations, the Bureau is estimating around a 50% chance of La Niña forming, approximately double the normal likelihood. Whilst La Niña has not yet been reached, the cooling of the tropical Pacific towards La Niña levels is likely contributing to the overall wetter than median weather outlooks in many areas across Australia. 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.<sup>11</sup>

<sup>7</sup> Australian Wool Innovation Limited, 2021. *Week 10 - September 2021 Weekly Price Report*, Wool.com.

<sup>8</sup> Voznesenski, D, 2021. *RaboResearch Australia Agribusiness Monthly - Wool October 2021*, Rabobank.

<sup>9</sup> Australian Wool Innovation Limited, 2021. *Week 13- September 2021 Weekly Price Report*, Wool.com.

<sup>10</sup> Bureau of Meteorology, 2021. *Australia in September 2021*, Australian Government.

<sup>11</sup> Bureau of Meteorology, 2021. *Climate Driver Update 30 September 2021*, Australian Government.



## LIVESTOCK PRICES

During September, the Australian Eastern Young Cattle Indicator (EYCI) continued its rise, once again breaking all-time highs and ending the month up by 1% at \$10.32/kg. The EYCI is now approximately 34% higher than at the same time last year. Continued price rises are attributed to a combination of Australia's weather outlook remaining positive and global supplies of beef remaining low amid improving demand from key export markets. Looking ahead, with supply shortages from South America ongoing and global foodservice activity ramping up, demand for Australian beef is expected to remain strong, helping support current strong prices.<sup>12</sup>

### DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS\*

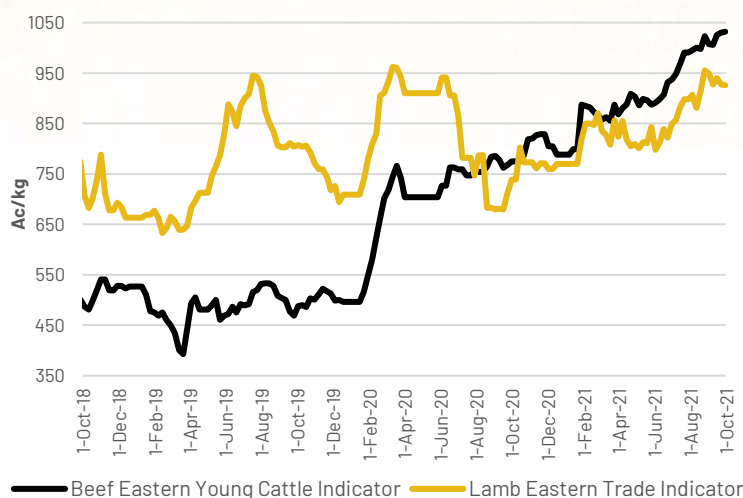
STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (September 2020)	PERCENTAGE CHANGE
Beef	\$10.32	\$7.68	34%
Lamb	\$9.26	\$7.13	30%
Wool	\$13.37	\$10.36	29%

\* Data from ABARES weekly commodity reports and Australian Wool Innovation Ltd

<sup>12</sup> Meat and Livestock Australia, 2021. *Cattle market stronger than ever, MLA.*

<sup>13</sup> Gidley-Baird, A. 2021. *Rabobank Australia Agribusiness Monthly – Sheepmeat October 2021*, Rabobank.

### Australian Livestock Prices



The Australian Eastern States Trade Lamb Indicator (ESTLI) over September fell slightly, dropping by 3% and ending the month at \$9.26/kg. Despite the fall, lamb prices remain high, defying ordinary seasonal trends where prices decline around this time of year as new supply reaches the market. Trade lamb pricing this year is instead following a similar trend to 2016, where the seasonal price decline didn't occur. With weather conditions this year similar to 2016 combined with strong demand from the US, Rabobank is indicating that the ordinary seasonal dip in prices may not occur.<sup>13</sup>



## GLOBAL MARKET INSIGHTS

### WEATHER

International weather as at the end of September continues to be mixed, with a number of cropping areas experiencing less than favourable conditions. In the northern hemisphere, planting of winter wheat is underway, with spring harvest now mostly complete. Dry weather conditions have resulted in lower yields across parts of Canada, the US, Russia and Kazakhstan. In Argentina, recent rainfall has improved the outlook across the main producing areas, however dry conditions in the north and northwest have led to lower yield expectations. In China, harvest of spring planted crops has finished under favourable conditions despite below average rainfall in north-western areas of the country. Maize conditions are largely favourable, with the United States harvest continuing well except in the northwest Corn Belt where persistent dryness is expected to reduce yields. In China, maize conditions are largely favourable with the spring planted crop harvest now wrapping up and the summer planted crop harvest beginning. In Brazil, harvest of the summer planted maize crop is being finalised under poor conditions across all main growing regions due to continued dryness and periods of frost. Rice conditions are largely favourable, with China's harvest of single season crops nearing completion and India's harvest of Kharif season crops beginning. In Southeast Asia, conditions remain favourable for wet-season rice in the north, and for dry-season rice in Indonesia. Soybean conditions are mostly positive but for some areas of concern in the US and Canada due to persistent dry conditions. In China, harvest has begun under favourable conditions despite dry conditions in some parts.<sup>14</sup>

### PRODUCTION

Forecasts for the 2021/22 grain season are currently placed at 2,289 million tonnes, rising by 5 million tonnes over the month. If realised, this represents a 3% increase year on year and a successive all time production record. Production increases year on year are primarily attributed to a sharp increase in maize output, however increases for wheat and sorghum are also anticipated. World total grains consumption is expected to expand to 2,288 million tonnes, resulting overall in a stabilisation in global stocks at 599 million tonnes after four successive years of drawdowns. Falling global stocks of wheat, barley and oats are expected to be balanced by the increased supplies of maize, sorghum and rye.<sup>15</sup>

### GRAIN PRICES

Over September, the IGC Global grain and oilseed index rose by 1% and is currently 27% higher year on year. Resulting from concerns about production prospects in key producing regions, the wheat sub-Index rose by 3% over the month. The maize sub-Index also rose, increasing by 2% attributed to rising prices in the US on the back of disappointing early yields in some states and port capacity constraints in the Gulf coast. Both the rice and soyabean sub-Indexes remained steady over the month.<sup>16</sup>

<sup>14</sup> Agricultural Market Information System, 2021. *Market Monitor October 2021*, AMIS.

<sup>15</sup> International Grains Council, 2021. *September 2021 Grain Market Report*, IGC.

<sup>16</sup> International Grains Council, 2021. *September 2021 Grain Market Report*, IGC.

### Chickpeas at Timberscombe (September 2021)

This factsheet is prepared by Duxton Capital (Australia) Pty Ltd (ACN: 164 225 647; AFSL no. 450218) ("Duxton Capital (Australia)"). Duxton Capital (Australia) is the Investment Manager of Duxton Broadacre Farms Limited (ACN 129 249 243) ("Duxton Broadacre Farms"). This factsheet has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in Duxton Broadacre Farms. Information from this factsheet must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to local law or regulation. The forecasts provided are based upon our opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of shares/units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met. This document does not constitute investment, tax, legal or any other form of advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. If you require investment or financial advice please contact a regulated financial adviser. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in this presentation. The Duxton Group or its affiliates may hold positions in the securities referred. Where stocks are mentioned, it should not be construed that these are recommendations to buy or sell those stocks. You are not authorized to redistribute this document nor qualified to make any offer, representation or contract on behalf of Duxton Capital (Australia) or its affiliates. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by Duxton Capital (Australia) or its affiliates or any of their directors or employees. The information and opinions contained may also change. Copyright protection exists in this presentation. To the extent permitted by applicable law, none of the Duxton Group, their affiliates, or any officer or employee of the Duxton Group accepts any liability whatsoever for any direct or consequential loss arising from any use of this factsheet or its contents, including for negligence.

#### Disclaimer for use of ratings only:

The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.