

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



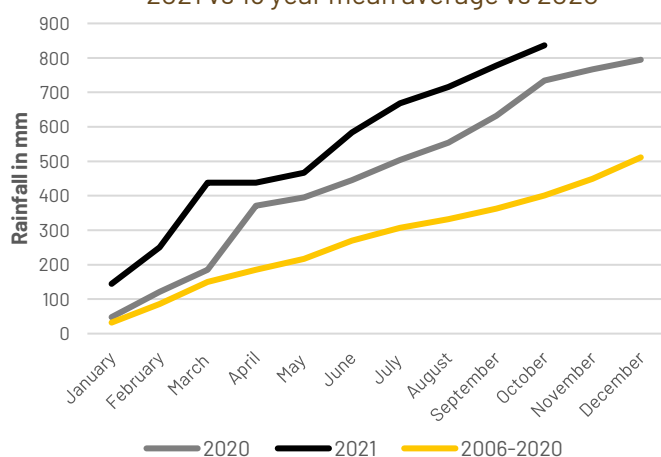
Duxton Broadacre Farms Limited (DBF/Company) presents investors with a unique opportunity to participate directly in the Australian broadacre cropping industry and the possibility to provide shareholders with both ongoing annual operational yield and longer-term capital growth. DBF intends to achieve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

October saw above average rainfall across central-west New South Wales (NSW) with 58.4mm recorded compared to the October-long term average of 42.3mm. Year to date rainfall in 2021 is over double the previous 15-year average and 14% higher than at the same time last year. Mean temperatures for October were cool, averaging 22.4°C compared to the long-term October average of 25.1°C

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



WINTER CROPS

Development continued to progress well over October, with the longer periods of sunlight assisting crop growth. As at the end of October, soils have a full moisture profile. All areas of the chickpea crop sown at Yarranlea have been assessed and the crops will be retained through to harvest. Required fertiliser and chemical supplies have been secured and are held on farm. Mice populations continue to be monitored by DBF, with no activity observed over the month. The risk of mice activity may increase in the coming months as temperatures become warmer. No damage has yet been observed, however additional bait remains on hand should it be required.

SUMMER CROPS

DBF's cotton crop was planted over the month, occurring slightly later than usual this year due to interruptions from the above average rainfall and wet field conditions. Planted cotton has emerged well, however cooler weather conditions have led to slower than desired growth rates as at this time of year. DBF's cotton crop is entirely irrigated, with continued above average rainfall resulting in runoff which has been diverted into on farm storages which remain full.

LIVESTOCK

Pasture growth over October continued to progress well, with most plantings having now been completed. Large numbers of cattle and sheep remain at the West Plains and Lenborough properties to take advantage of the available feed. Adequate reserves of fodder remain on hand if needed, with additional fodder to be produced from DBF's pasture and wheat crops. DBF continues to sell its livestock as they meet market specification, with good to exceptional pricing. Additional livestock will be purchased if attractive pricing opportunities arise.

IRRIGATION

As at the end of October, the Lachlan River's Wyangala dam continues to manage its airspace as a flood mitigation strategy 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. Following the dam on 22nd September observing a technical spill, DBF's Lachlan River water allocation was reset and as at end of October remains at 115%. Above average rainfall earlier in the year 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 45,000 shares were bought back. The total number of shares bought under the buyback is 971,456 with the Company being able to acquire up to 4,060,895 additional shares.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

DBF's Monthly Updates will now report on wheat and barley prices from Port Kembla, New South Wales instead of referencing ABARES data. Grain prices across Australia often vary by port of export, with DBF historically exporting its grains from Port Kembla. Port Kembla Zone wheat prices ended October at \$323/tonne with barley prices finishing at \$263/tonne at port.¹ Global wheat prices recorded strong gains over October, with US CBOT wheat futures up 7% and approximately 25% up as at the same time last year. Price increases over the month are primarily attributed to a United States Department of Agriculture report that projected US wheat stocks to end the season at their lowest level since 2007/08 on the back of reduced production estimates from the US, Canada and Iran.² Locally, Rabobank forecast APW1 wheat prices to average between AU\$330-360/tonne over the next 12 months supported by ongoing strong export demand and the Australian dollar expected to remain below 75 US cents.³

GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (October 2020)	PERCENTAGE CHANGE
CBOT Wheat Futures	\$760USc/bushel	\$710USc/bushel	25%
Cotton	\$779/bale	\$552/bale	41%

*Data from Profarmer Australia, CBOT and Cotlook

COTTON PRICES

International cotton prices made substantial gains over October, ending the month 9% higher at 117 USc/lb. In Australian dollars, prices of \$779/bale are 5% up compared to the end of September and 41% higher compared to the same time last year. International shipping difficulties and freight premiums showed little signs of easing over October, however demand was persistent from a broad range of markets contributing to the increase in prices. Cotlook's estimate of global production for the 2021/22 season was largely unchanged over October and is currently placed at slightly under 26 million tonnes, representing an increase of approximately 8% from 2020/21.4

¹Profarmer Australia.

²Bartholomaeus, M, 2021. *Tight supplies boost markets*, Farm Online.

³Voznesenski, D. 2021, *Rabobank Australia Agribusiness Monthly November 2021 - Grains & Oilseeds*, Rabobank.

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

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

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

Australian Cotton Prices

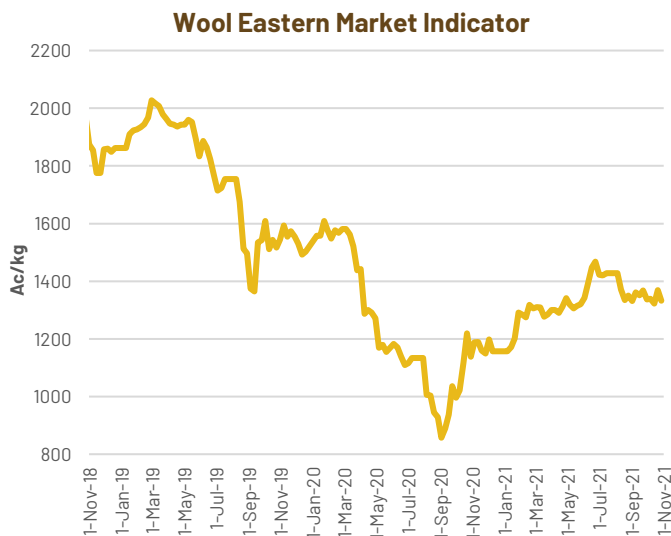


CROP PRODUCTION

The latest ABARES Australian crop report estimates that winter crop production is forecast at 54.8 million tonnes. If realised, this represents a 2% fall on last year however is still 32% above the 10-year average to 2020/21. Total area planted to winter crops for the 2021/22 season is expected to reach a record of 23.2 million hectares. Australian growing conditions in June and July were exceptionally favourable, with ample soil moisture and average to above average rainfall in most cropping regions. 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. Barley production is forecast to fall by 5% to 12.5 million tonnes resulting from average yields expected to fall by 3% and total area planted falling by 2%.⁵ The value of Australia's agricultural crop exports is forecast to increase in value by 17% compared to last year up to \$30 billion and the highest level since 2016/17.⁶ Increased production values are driven by higher forecast prices for most crops, combined with high export volumes resulting from the positive production outlook. Whilst the outlook is positive, risks to production estimates being realised remain. High mouse numbers in some cropping regions mean localised crop losses are possible and if the weather outlook becomes less favourable this could negatively impact production.

WOOL PRICES

Wool prices were mostly flat over October, ending the month at \$13.33/kg. Australian wool prices as at the end of October are 17% higher than at the same time last year. The Eastern Market Indicator momentarily spiked to \$13.69/kg during the middle of the month on the back of increased demand from China⁷ however this trajectory didn't carry through to the end of the month which resulted in gains largely being reset at the month's close.⁸ Looking forward, Rabobank notes the Chinese province of Lanzhou in late October became the 11th Chinese province placed into lockdown following a COVID-19 outbreak. With the northern hemisphere approaching winter, an increase in cases and further lockdowns globally could impact consumer demand potentially affecting wool prices.⁹



NATIONAL WEATHER

Rainfall over October was 8% above average for Australia as a whole, however geographically was mixed. Rainfall was below average across parts of the Kimberley and much of the Inner District in Western Australia, north-west South Australia, south-west of the Northern Territory and areas of inland eastern Queensland and New South Wales. Rainfall was above average across several areas in Western Australia including the Southwest Land Division, southern Kimberley and the western Pilbara. The Northern Territory, western Queensland, east coast mainland Australia and almost all of Tasmania also observed above average rainfall. New South Wales overall recorded average area rainfall of 39.2mm which was 19% below historical means. Tasmania on the other hand experienced its 10th wettest October in recorded history with average area rainfall of 200.7mm, 69% higher than historical means. Thunderstorms were a frequent occurrence over the month, with severe storms and giant hail reported in parts of Queensland and New South Wales at various times. In Yalboroo, a town between Prosperine and Mackay in Queensland a hailstone measured at 16cm was found on the 19th of the month, the largest hailstone measurement verified in Australia. National mean temperatures over October were 0.93°C warmer than the 1961-1990 average for Australia as a whole. Mean temperatures for much of northern Australia were very much warmer than average, and the warmest on record for parts of the coast from the Kimberley to Queensland's central coast.¹⁰

The BoM's latest climate driver update reports that the El Niño-Southern Oscillation (ENSO) is currently neutral, but the chance of a La Niña forming in the coming months is around 70%, roughly three times the normal likelihood.¹¹ 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 for the country. In particular, the eastern two thirds of Australia are expected to experience above median November to January rainfall.¹² The BoM is now reporting that the Indian Ocean Dipole (IOD) is negative however is near its end and likely to return to neutral conditions in late spring – early summer. A neutral IOD has little influence on Australia's climate. Australia's weather is also impacted by climate change and has warmed by 1.44°C for the 1910 – 2019 period, with recent decades showing a trend towards a greater proportion of rainfall from high intensity, short duration rainfall events, especially across northern Australia.¹³

⁷ Australian Wool Innovation Limited, 2021. *Week 16– October 2021 Weekly Price Report*, Wool.com.

⁸ Australian Wool Innovation Limited, 2021. *Week 17– October 2021 Weekly Price Report*, Wool.com.

⁹ Voznesenski, D, 2021. *Rabobank Research Australia Agribusiness Monthly – Wool November 2021*, Rabobank.

¹⁰ Bureau of Meteorology, 2021. *Australia in October 2021*, Australian Government.

¹¹ Bureau of Meteorology, 2021. *Climate Driver Update 9 November 2021*, Australian Government.

¹² Bureau of Meteorology, 2021. *Climate Outlook 4 November 2021*, Australian Government.

¹³ Bureau of Meteorology, 2021. *Climate Driver Update 9 November 2021*, Australian Government.

LIVESTOCK PRICES

During October, the Australian Eastern Young Cattle Indicator (EYCI) continued to break records, ending the month up a further 4% at \$10.72/kg. The EYCI is approximately 31% higher than at the same time last year and has more than doubled since the beginning of January 2020. With rainfall across areas of Queensland and New South Wales in late September/early October amid favourable weather forecasts, Rabobank expect producer demand to remain strong supporting cattle prices. On the other hand, a stronger Australian dollar and global prices showing signs of softening could create some headwinds for the Australian market.¹⁴

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

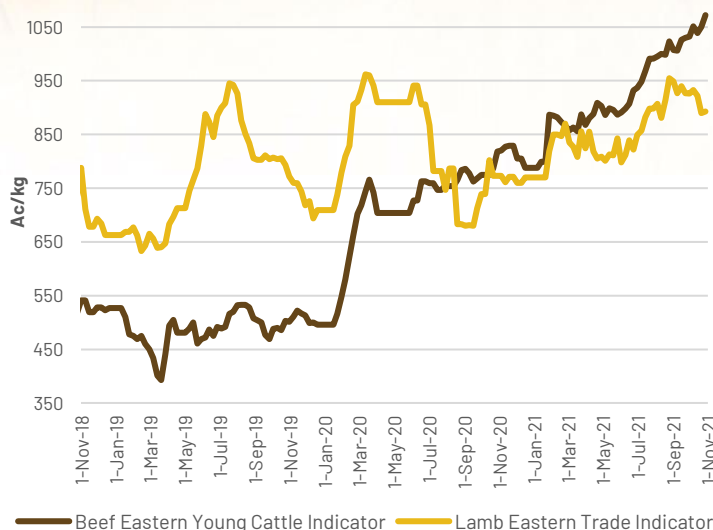
STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (October 2020)	PERCENTAGE CHANGE
Beef	\$10.72	\$8.19	31%
Lamb	\$8.93	\$7.73	16%
Wool	\$13.33	\$11.38	17%

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

¹⁴ Gidley-Baird, A. 2021. *RaboResearch Australia Agribusiness Monthly - Sheepmeat November 2021*, Rabobank.

¹⁵ Ruralbank, 2021. *Insights November 2021 | Sheep*.

Australian Livestock Prices



The Australian Eastern States Trade Lamb Indicator (ESTLI) over October fell by 4% ending the month at \$8.93/kg. Lamb prices came under pressure on the back of increased supply, with total yardings trending higher. Ruralbank expect further declines in lamb prices in the near term as supply continues to increase towards a seasonal peak however strong export demand, particularly from the US and China may provide price support.¹⁵

GLOBAL MARKET INSIGHTS

WEATHER

International weather conditions as at the end of October are generally favourable however a lack of rainfall has affected production outlooks for wheat in a number of key grain export and import countries. In the northern hemisphere, Russia's sowing of its winter wheat crop is of concern due to dry conditions. In Ukraine, conditions are mixed with soil moisture deficits in southern and eastern regions potentially affecting crop establishment and in the US, the majority of the winter wheat crop has emerged under mixed conditions due to long term dryness in northern and northwest growing regions. In China, sowing of winter wheat continues under favourable conditions, with the EU's sowing of winter wheat progressing well but for some delays due to excess rainfall in central EU countries. Global maize conditions are largely favourable, with the US harvest continuing under favourable conditions except in the Dakotas where persistent dryness has reduced yields. In China, harvest of the summer-planted crop is wrapping up under favourable conditions. Rice conditions are also mostly favourable, with the Chinese harvest of its single season crops wrapping up. In India, harvest of Kharif season crops is underway in central and northern states under favourable conditions with an increase in sown area compared to last year. Soybean conditions are mostly positive but for the US Dakotas which are suffering from dryness however increased sown area is expected to offset yield downgrades. In Brazil, sowing has begun in the main producing regions under favourable conditions.¹⁶

PRODUCTION

Forecasts for the 2021/22 grain season are currently placed at 2,290 million tonnes. If realised, this represents a 79 million tonne increase on last year with increased production primarily attributed to an expected maize harvest of 1,210 million tonnes, an 84 million tonne increase compared to the prior year. World total grains consumption is expected to expand to 2,291 million tonnes, resulting overall in global stocks remaining largely unchanged at 600 million tonnes.¹⁷

GRAIN PRICES

Over October, the IGC Global grain and oilseed index was largely unchanged, with falling soyabean prices offset by gains for wheat, maize, rice, and barley. The wheat sub-index rose by 5% over the month to a nine-year high on the back of tight supply and a strong demand outlook. The maize sub-index is currently 17% higher year on year, with small gains over the month attributed to slow harvest progress in Ukraine. The rice-sub index firmed slightly over the month, while the soyabeans sub-index fell by 4% related to US harvest pressure and concerns on demand from China.¹⁸

¹⁶ Agricultural Market Information System, 2021. *Market Monitor November 2021*, AMIS.

¹⁷ International Grains Council, 2021. *October 2021 Grain Market Report*, IGC.

¹⁸ International Grains Council, 2021. *October 2021 Grain Market Report*, IGC.

Wheat at Timberscombe (September 2021)

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