

COMPANY SNAPSHOT

COMPANY NAME

Duxton 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



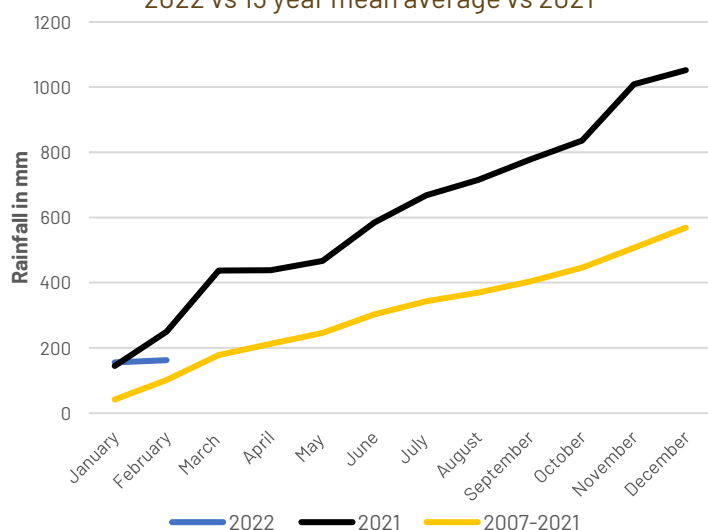
Duxton Farms Limited ("Duxton Farms" / "Company") is an Australian agricultural enterprise that directly invests in and operates a diversified portfolio of efficient, high-quality farmland assets. As a significant landowner and an active producer of key agricultural commodities, the Company seeks to provide investors with returns through ongoing operational yields and sustainable long-term capital appreciation. Duxton Farms seeks to achieve this objective by implementing best-in-class farm management techniques at scale to produce a diverse range of commodities in an efficient manner, all with the goal of satisfying increasing global demand for key agricultural staples.

OPERATIONAL UPDATE

LOCAL WEATHER

February saw dry conditions across the farms, with intermittent rainfall but no major rain events. Central-west New South Wales recorded only 7.4mm of rainfall for the month, compared to the monthly long-term average of 49.9mm. For 2021, central-west New South Wales (Forbes Airport AWS) recorded 1,052mm of rainfall, over double the previous 15-year average, and 32% higher than 2020. The year has also started out slightly cooler so far than the long-term average for the area, with February mean temperatures of 31.4°C cooler than the long-term average of 32.7°C.

Cumulative Rainfall (Forbes Airport AWS)
2022 vs 15 year mean average vs 2021



IRRIGATION

As at the end of February, the Lachlan River's Wyangala Dam is 99% full, with the Company's Lachlan River water allocation as at end of February finishing at 125%. The drilling of test bores at Yarranlea is expected to commence in March if the weather remains dry, however test drilling at Timberscombe is unlikely to occur this season and will be completed when conditions allow.

WINTER CROPS

Duxton Farms' winter crop harvest was completed in the final days of the month. Yield and quality continued to drop off due to intermittent but continuous harvest delays, with the majority of this season's crop downgraded due to high rainfall. Despite rainfall having impacted both quality and yields, and some crop loss due to inundation or the crops having collapsed, management notes that it was able to harvest a relatively large proportion of the season's crop given the conditions. Land preparation for next season's winter crop has commenced, with offset discing having progressed further than would usually be expected at this stage in the season given the increased presence of weeds and high chemical input costs, which has made it the most effective option.

SUMMER CROPS

Warmer weather early in February was beneficial for cotton growth, although growth was slowed by cool and overcast weather conditions later in the month. Flood damage earlier in the season has led to the abandonment of 23 hectares of the Company's cotton, with 242 hectares remaining. With minimal rainfall during the month, cotton has been irrigated as required, with on-farm water storages being drawn down as a result. This follows reduced irrigation requirements earlier this season due to above average rainfall. Sufficient water remains on farm to see the crops through to harvest. Drier conditions have allowed land preparation to commence on the fields to be used for the upcoming cotton season.

LIVESTOCK

Pasture growth over February is progressing well, with lucerne crops being irrigated as conditions have become drier. Duxton Farms continues to maintain adequate reserves of fodder for livestock. Cattle and sheep continue to be shifted between properties to best utilise available feed and take advantage of favourable field conditions. Good to exceptional pricing continues to be received for livestock as they meet market specifications and are sold. Additional livestock purchases will be made as and when attractive pricing opportunities arise.

SHARE BUYBACK

During the month 20,000 shares were bought back. The total number of shares bought under the buyback is 1,088,456 with the Company being able to acquire up to 3,943,895 additional shares.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

Grain prices across Australia often vary by port of export, with Duxton Farms historically delivering to the Port Kembla Zone. Port Kembla Zone APW1 wheat prices rose by 4% over February, finishing the month at \$360/tonne at port. Port Kembla barley prices also saw gains, with a 2% price increase compared to the end of January, finishing at \$260/tonne at port.¹ Global prices over February reacted swiftly to the potential impacts of conflict in Ukraine on wheat supply, with US CBOT March wheat futures ending February at US\$9.28/bushel, a 17% increase compared to March contracts as at the end of January and approximately 36% up compared to the same time last year. Ukraine is a major exporter of grain and oilseeds, accounting for 12% of global wheat exports and 16% of global barley exports. Looking ahead, wheat prices are expected to rise further as a result of the conflict with uncertainty over the duration of Ukraine's inability to export through the Black Sea where export terminals have closed, alongside questions on whether Ukraine's 2022 crop (typically harvested over July-November) will be negatively impacted. Whilst Russian exports are yet to be significantly disrupted, potential heavy sanctions come at the same time as when global markets are short of supplies and crop prospects are declining in some regions.²

GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (February 2021)	PERCENTAGE CHANGE
Port Kembla Zone Wheat (APW1)	\$360/tonne	\$299/tonne	20%
CBOT Wheat Futures	\$928USc/bushel	\$682USc/bushel	36%
Cotton	\$937/bale	\$609/bale	54%

*Data from Profarmer Australia, CBOT and Cotlook

COTTON PRICES

While the Russia-Ukraine conflict has moved grain markets higher, cotton prices faced downwards pressure over February ending the month at 135USc/lb.³ In Australian dollar terms, prices of \$937/bale are 2% down compared to the end of January and 54% higher compared to the same time last year. Russia, Ukraine, and the Black Sea region overall don't feature heavily in global cotton trade however the sector is prone to the flow on impacts from potential price increases for fertiliser and energy resulting from the conflict. Looking ahead, there may be further downside for cotton if US sanctions expand to include countries that continue to trade with Russia. These countries may include China, the world's largest importer of cotton.⁴ Cotlook's initial outlook for supply and demand in 2022/23 places global production at 26.9 million tonnes, representing a 4.7% increase on the previous season. Global consumption is forecast at a record 26.7 million tonnes resulting in a modest increase of world stocks by the end of the season.⁵

Australian Cotton Prices



CROP PRODUCTION

The latest ABARES Australian crop report estimates that winter crop production for the 2021/22 season reached an all-time record, 61.9 million tonnes.⁶ Compared to the previous ABARES report released in December 2021, this represents a 6% upwards revision of estimates on the back of wheat, barley and canola estimates all reaching new national records. Increased production volume forecasts are largely driven by record production in Western Australia and near record production in New South Wales. Production in other states is also expected to be well above average. Most winter crops were in good condition at the end of winter, followed by generally favourable conditions during spring which further increased yield expectations nationally. November rainfall in most cropping areas in Queensland and New South Wales however led to widespread flooding, weather damage and delays to winter crop harvests. Downgrades of wheat quality in New South Wales are widespread, while grain qualities in other states are mostly average and as expected. In Western Australia, despite high yields, lower than average qualities of wheat have been observed. Summer crop production in 2021/22 is expected to be the fourth highest on record at 5.3 million tonnes. Area planted to summer crops this season is estimated to have increased by 48% compared to the prior year, reaching 1.5 million hectares. Above average rainfall between October 2021 and January 2022 is forecast to be beneficial for crops, despite record November rainfall resulting in some crop losses.

¹ Profarmer Australia.

² Gordon, C; Voznesenski, D., 2022. *March 2022 Australia Agribusiness Monthly - Grains & Oilseeds*, Rabobank.

³ Cotlook, 2022. *February 2022 Market Summary*.

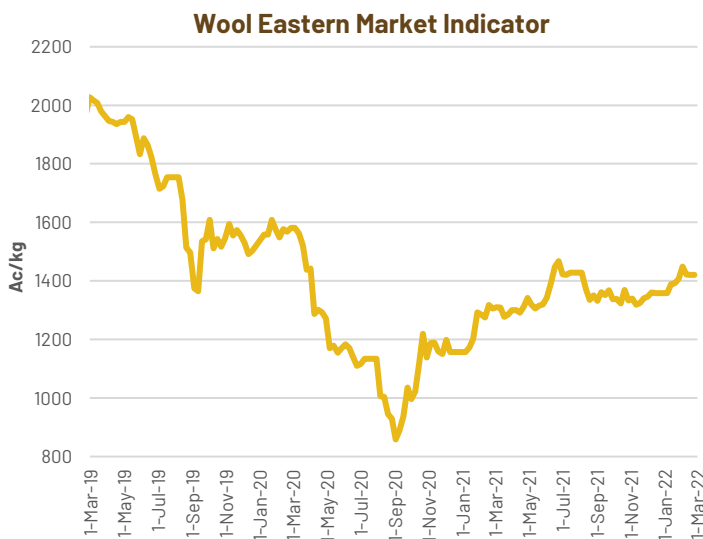
⁴ Gordon, C. 2022. *March 2022 Australia Agribusiness Monthly - Cotton*, Rabobank.

⁵ Cotlook, 2022. *February 2022 Market Summary*.

⁶ ABARES, *Australian Crop Report: March 2022 No.201*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.

WOOL PRICES

Wool prices rose slightly over February, ending the month at \$14.21/kg representing a 1% increase compared to the end of January and a 9% increase on the same time last year. Rabobank sees further upside for wool prices, expecting the Eastern Market Indicator to trade between \$13.50-\$15.00/kg through 2022. Demand for woollen apparel appears to be on the rise, in particular suits, with US woollen suit import volumes for December rising to only 11% below pre-pandemic December 2019 levels. This represents the closest US woollen suit import volumes have been to pre-pandemic levels.⁷



NATIONAL WEATHER

Rainfall during February was 24% below average for Australia as a whole, with average area rainfall of 58.8mm. Rainfall was below average for most of the northern tropics from the northern Kimberley, through to the northern half of the Northern Territory and most of the northern half of Queensland. Above average rainfall was recorded for the east coast in New South Wales, southeast Queensland and a large area spanning southern Northern Territory and northern South Australia. Persistent heavy rainfall led to widespread flooding across Queensland's south-east and parts of New South Wales, with some parts of Queensland receiving in excess of 5 times their monthly average rainfall for the month. A number of sites from near Bundaberg to the Illawarra in New South Wales recorded their highest monthly total rainfall on record for February, with some sites setting new all-time records for any month of the year.

Mean temperatures for February were 0.06°C warmer than the 1961-1990 average for Australia as a whole. Mean maximum temperatures for February were warmer than average for the west of Western Australia, much of the northern tropics and for much of Tasmania. Heatwave conditions resulted in fires in Western Australia at the start of the month, with a number of weather stations across the state recording their warmest February day on record. The 5th and the 11th in particular recorded exceptionally warm weather, with temperatures exceeding 40°C across large areas of southern Western Australia.⁸

The BoM's latest climate driver update reports that a La Niña event remains active in the tropical Pacific however is past its peak and is likely to return to neutral levels in mid-autumn. La Niña events typically increase the likelihood of tropical cyclones in Australia, as well as increasing the probability of above average rainfall across eastern Australia during autumn. Australia's weather is also impacted by climate change and has warmed by 1.47°C for the 1910 - 2020 period, with recent decades showing a trend towards a greater proportion of rainfall from high intensity, short duration rainfall events, especially across northern Australia.⁹

⁷ Voznesenski, D. 2022. *March 2022 Australia Agribusiness Monthly - Wool*, Rabobank.

⁸ Bureau of Meteorology, 2022. *Australia in February 2022*, Australian Government.

⁹ Bureau of Meteorology, 2022. *Climate Driver Update 1 March 2022*, Australian Government.



DUXTON
F A R M S

Fair market value NAV per share \$2.63 (31 December 2021)

Statutory NAV per share: \$2.51 (31 December 2021)

Market Cap (28 February 2022) \$78,508,921 (43,255,604 shares on issue at \$1.815 per share (closing price))

Monthly Update
28 February 2022

LIVESTOCK PRICES

During February, the Australian Eastern Young Cattle Indicator (EYCI) fell by 4%, finishing the month at \$11.19/kg. The EYCI is approximately 29% higher than at the same time last year. High international beef prices are providing support for Australian beef prices, with ABARES forecasting Australian beef exports to grow 11% to \$9.1 billion this financial year and maintain that level in 2022/23. Looking ahead however, expected rises in calf numbers in 2022 may result in further declines in Australian beef prices as increased supply enters the market.¹⁰

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (February 2021)	PERCENTAGE CHANGE
Beef	\$11.19	\$8.66	29%
Lamb	\$8.27	\$8.70	(5%)
Wool	\$14.21	\$13.06	9%

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

¹⁰ Goodwin, S. 2022. *Calf numbers set to surge*, Farm Online.

¹¹ Gidley-Baird, A. 2022. *March 2022 Australia Agribusiness Monthly - Sheepmeat*, Rabobank.

Australian Livestock Prices



— Beef Eastern Young Cattle Indicator — Lamb Eastern Trade Indicator

The Australian Eastern States Trade Lamb Indicator (ESTLI) over February fell by 1%, finishing the month at \$8.27/kg. The ESTLI is approximately 5% lower than at the same time last year. Australian lamb exports in January 2022 saw a 25% increase compared to January 2021, with increases largely driven by increased exports to China (up 29%) and the US (up 35%). Whilst US import prices remain strong, they have been plateauing recently, possibly indicating that further upside may be limited. Rabobank is not expecting the Russia-Ukraine conflict to substantially impact global sheep meat trade, with Russia playing a far smaller role today than it did historically. Australia exported only 118 million tonnes of sheep meat to the Commonwealth of Independent States (CIS) nations in 2021 compared to 5,669 million tonnes in 2013.¹¹

GLOBAL MARKET INSIGHTS

WEATHER

As at the end of February, crop conditions for the major crops of wheat, maize, rice and soyabeans are mostly favourable, however a number of regions are experiencing mixed conditions. Wheat conditions are largely favourable in the EU, however rainfall deficits in the southern and western countries may reduce yields. In Ukraine, winter wheat has resumed growing earlier than usual after a warmer than average February however the outbreak of conflict brings uncertainty over crop yields due to the potential inability of farmers to perform fieldwork and access agricultural inputs, machinery, and fuel. International maize conditions are mostly positive but for southern regions in Brazil where lower yields are expected due to hot and dry conditions. Maize conditions in Argentina are also mixed, with many areas facing prolonged dry and hot conditions. Rice conditions are overall positive, with India's transplanting of its Rabi season crop almost complete, albeit with a lower total sown area than last year in the southern states. In Indonesia, wet season rice sowing is entering its final month with total sown area well above last year's levels. Soyabean conditions are challenging, and while Brazil's harvest in the centre-west, southeast, north and northeast regions is ongoing under favourable conditions, southern regions are expecting reduced yields due to insufficient rainfall and high temperatures. In Argentina, conditions have improved over February with recent rainfall however the impact of prolonged drought is still expected to negatively impact crop development.¹²

PRODUCTION

Forecasts for the 2021/22 grain season are placed at 2,281 million tonnes, a 5 million tonne reduction compared to the IGC's prior 2021/22 estimate. Reduced production estimates are largely attributed to further downgrades to southern hemisphere maize crops, with sorghum and wheat harvest expectations also being trimmed. If realised, 2021/22 production would represent a 3% increase on the previous season, with gains largely attributed to expected record years for global maize and wheat production. World total grains consumption is also expected to expand by 2% to a new record at 2,286 million tonnes, resulting in global stocks dropping to a seven-year low of 596 million tonnes.¹³

GLOBAL PRICES

Escalating tensions in Eastern Europe have resulted in new risks to global food markets which were already struggling with rising prices, supply chain disruptions and a bumpy recovery from the COVID-19 pandemic. Prior to the conflict, overall market conditions for staple foods appeared favourable, however financial markets have reacted swiftly to the escalating conflict with stock markets sinking and many commodity prices soaring.¹⁴ Over February, the IGC Global grain and oilseed index rose by 10% with increases in all sub-index categories but for the rice sub-index which fell by 1% over the month. The wheat sub-index rose by 10%, largely as a result of the Russia-Ukraine conflict. The maize sub-index also rose by 10% however this is mostly attributed to worsening South American production outlooks.¹⁵ The soyabeans sub-index surged by 11% over the month amid concerns over southern cropping prospects and tightening world market availabilities.

¹² Agricultural Market Information System, 2022. *Market Monitor March 2022*, AMIS.

¹³ International Grains Council, 2022. *February 2022 Grain Market Report*, IGC.

¹⁴ Agricultural Market Information System, 2022. *Market Monitor March 2022*, AMIS.

¹⁵ International Grains Council, 2022. *February 2022 Grain Market Report*, IGC.

Land Preparation at Yarranlea (February 2022)

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