

# Monthly Update



APRIL 2022

## INVESTMENT NAME

Duxton Farms Ltd  
ASX Code: DBF

## INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

## PORTFOLIO

1 Aggregation of 8 Properties  
22,882 Hectares Owned

## FAIR MARKET VALUE NAV PER SHARE

\$2.63 (31 December 2021)

## STATUTORY NAV PER SHARE

\$2.51 (31 December 2021)

## WATER ENTITLEMENTS (ML)

10,035 owned  
6,798 leased





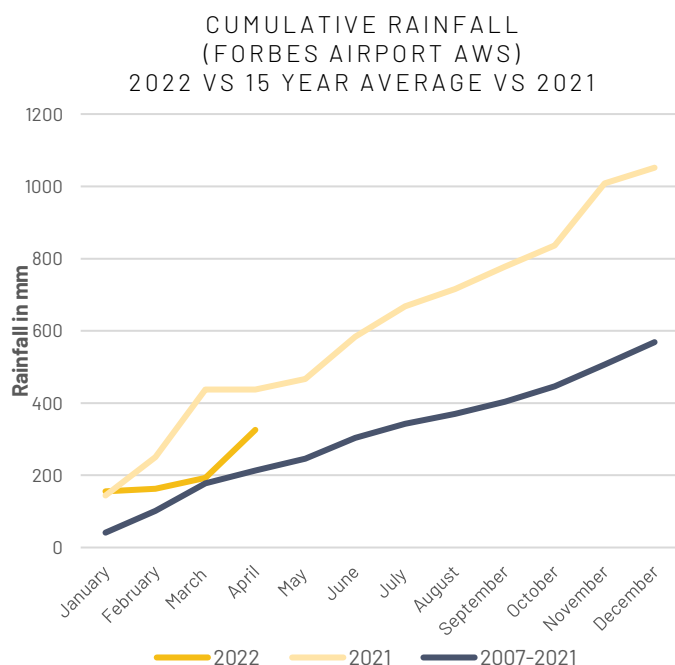
Duxton Farms Limited ("Duxton Farms" / "Company") is an Australian agricultural enterprise that directly invests in and operates a diversified portfolio of efficient, high-quality farmland assets. As a significant landowner and an active producer of key agricultural commodities, the Company seeks to 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

April recorded reasonably wet conditions across the farms with periods of continued rainfall approximately every 10 days. Overall, Central-west New South Wales recorded 133.4mm of rainfall for the month, compared to the monthly long-term average of 31.5mm. For 2021, central-west New South Wales (Forbes Airport AWS) recorded 1,052mm of rainfall, over double the previous 15-year average. Mean maximum temperatures over the month were 24.1°C, cooler than the long-term average for the month of 24.7°C.



### WINTER CROPS

Duxton Farms' winter crop harvest (completed in February) continues to be sold in line with the Company's marketing strategy, with sales to continue over the coming months. Chemical and fertiliser requirements for next seasons winter crop are on hand. Wheat plantings have been completed at the Yarranlea and West Plains farms early in the month with subsequent rainfall assisting in their early development. Following the early April rainfall, canola crops were planted across Yarranlea, West Plains and Kentucky farms into good soil moisture. Continued rainfall later in the month however has resulted in wet conditions across cropping areas, and so planting of the remaining winter crop will recommence once field conditions dry.

### SUMMER CROPS

Duxton Farm's cotton crop is approaching harvest which is expected to commence in late May. Flood damage earlier in the season led to the abandonment of 23 hectares of the Company's cotton, with 242 hectares remaining. Drier conditions during March allowed for land preparations for the next season to progress, however wet weather over April has since caused a delay. Fertiliser applications will also commence once drier conditions allow.

### LIVESTOCK

Pasture growth over April progressed well in the wet weather conditions, with livestock continuing to be shifted between properties to best utilise feed and take advantage of favourable field conditions. Adequate reserves of fodder remain on hand to be utilised as required. Duxton Farms continues to sell livestock once they meet market specification, receiving strong pricing. Additional livestock will be purchased as and when attractive pricing opportunities arise.



## IRRIGATION

As at the end of April, the Lachlan River's Wyangala Dam is 92.3% full, with the Company's Lachlan River water allocation as at end of the month finishing at 121% following a technical spill of Wyangala Dam in late March. The drilling of test bores at Yarranlea and Timberscombe is unlikely to commence in the near term due to the further rainfall over April.

## SHARE BUYBACK

During the month 25,069 shares were bought back. The total number of shares bought under the buyback is 1,166,257 with the Company able to acquire up to 4,257,529 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 5% over April, finishing the month at \$385/tonne at port.<sup>1</sup> Port Kembla barley prices rose by 1% compared to the end of March, finishing at \$325/tonne at port. Global prices over April also rose, with US CBOT July wheat futures ending April at US\$10.91/bushel, a 6% increase compared to May contracts as at the end of March, and approximately 51% up compared to the same time last year.

GRAIN PRICES CHANGES PAST 12 MONTHS\*

| Crop                          | Current Price (per tonne) | Price 12 Months Ago (April 2021) | Percentage Change |
|-------------------------------|---------------------------|----------------------------------|-------------------|
| Port Kembla Zone Wheat (APW1) | \$385/tonne               | \$295/tonne                      | 30%               |
| CBOT Wheat Futures            | US\$10.91 /bushel         | US\$7.24 /bushel                 | 51%               |
| Cotton                        | \$1,170/bale              | \$609/bale                       | 92%               |

\*Data from Profarmer Australia, CBOT, ABARES and Cotlook

<sup>1</sup> Profarmer Australia.

<sup>2</sup> Rural Bank, 2022. *Monthly Insights Update May 2022 | Cropping*.

<sup>3</sup> Cotlook, 2022. *April 2022 Market Summary*.

Wheat and feed grain markets continue to be underpinned by the conflict in Eastern Europe are also being impacted by crop conditions in the United States, where drought is increasing global supply concerns. Australian grain prices remain at a discount to international prices due to supply chain constraints preventing producers from realising the full upside benefit. Despite this, international demand for Australian grains is still strong with Australian Bureau of Statistics data showing record wheat, barley and canola export levels to the end of February 2022.<sup>2</sup>

## COTTON PRICES

International cotton prices continued to rise over April, ending the month at 166USc/lb, 6% higher compared to the end of March.<sup>3</sup> In Australian dollar terms, prices of \$1,170/bale represent a 12% increase on the prior month and a 92% increase compared to the same time last year due to exchange rate movements. Several factors contributed to price increases over the month such as inflationary pressures, the ongoing conflict in Eastern Europe and sustained buying interest across most commodities. Persistent drought conditions in the major West Texas growing region also continue to provide price support.

AUSTRALIAN COTTON PRICES





## LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator (“EYCI”) fell by 1% over April, finishing the month at \$10.87/kg. The EYCI is approximately 20% higher than at the same time last year. Above average rainfall in Queensland over April is expected to increase pasture growth, encouraging producers to hold their cattle or possibly make further purchases for restocking, which may provide some support for prices in the coming weeks.<sup>4</sup> However, looking further ahead towards the coming months, Australian cattle prices may continue their recent downwards trend due to increasing supply.

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

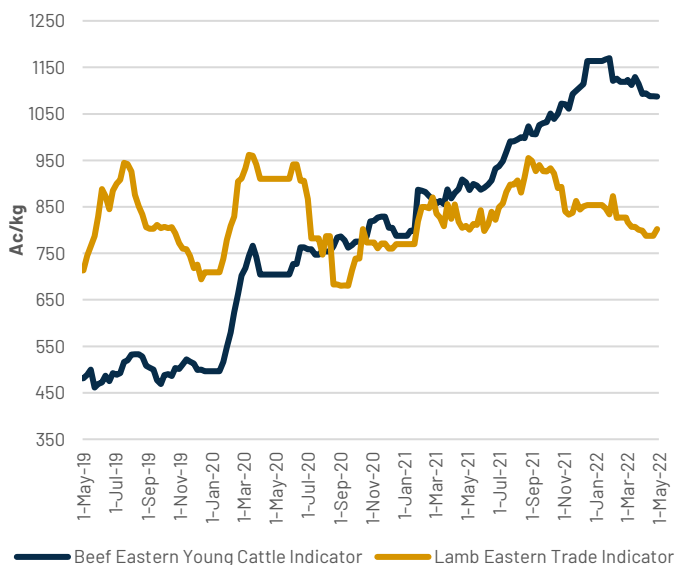
| Stock | Current Price (per kg) | Price 12 Months Ago (April 2021) | Percentage Change |
|-------|------------------------|----------------------------------|-------------------|
| Beef  | \$10.87                | \$9.03                           | 20%               |
| Lamb  | \$8.02                 | \$8.09                           | (1%)              |
| Wool  | \$13.77                | \$13.42                          | 3%                |

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

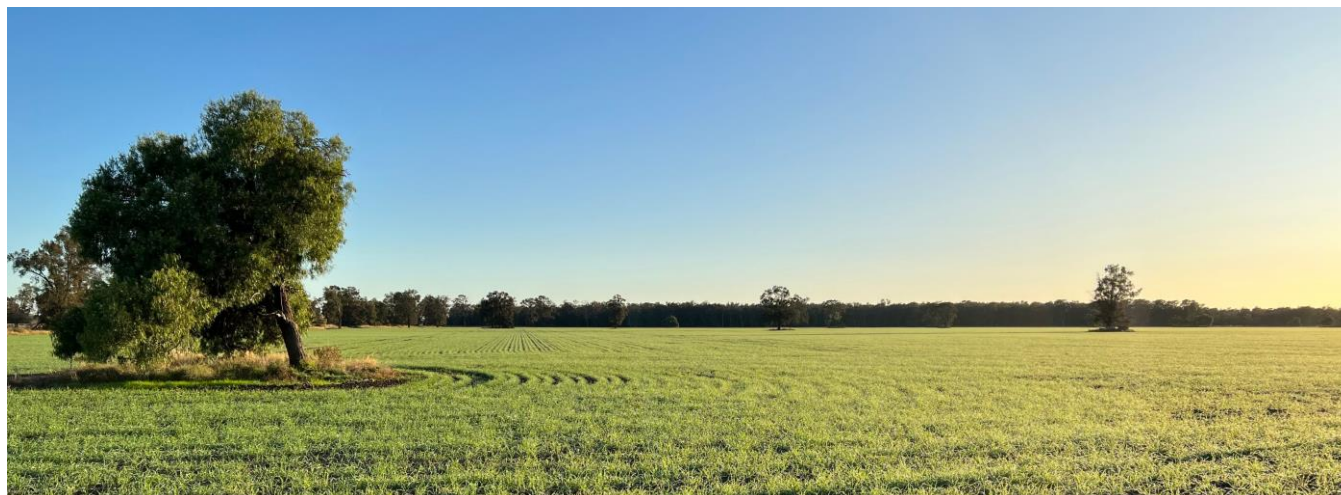
<sup>4</sup> Gidley-Baird, A, 2022. May 2022 Australia Agribusiness Monthly – Beef, Rabobank.

<sup>5</sup> Gidley-Baird, A, 2022. May 2022 Australia Agribusiness Monthly – Sheepmeat, Rabobank.

### AUSTRALIAN LIVESTOCK PRICES



The Australian Eastern States Trade Lamb Indicator (ESTLI) over April remained flat, ending the month at \$8.02/kg. Following a continued decline in lamb prices since August 2021, the ESTLI is now 1% lower than at the same time last year. Australian lamb exports to the US have been strong throughout 2022, however US imported lamb prices have started to ease following the peak lamb consumption period of Easter. The average price of frozen lamb imports is still 41% higher than the same time last year however has fallen by 14% since its peak in late January.<sup>5</sup>



Wheat at Yarranlea (April 2022)



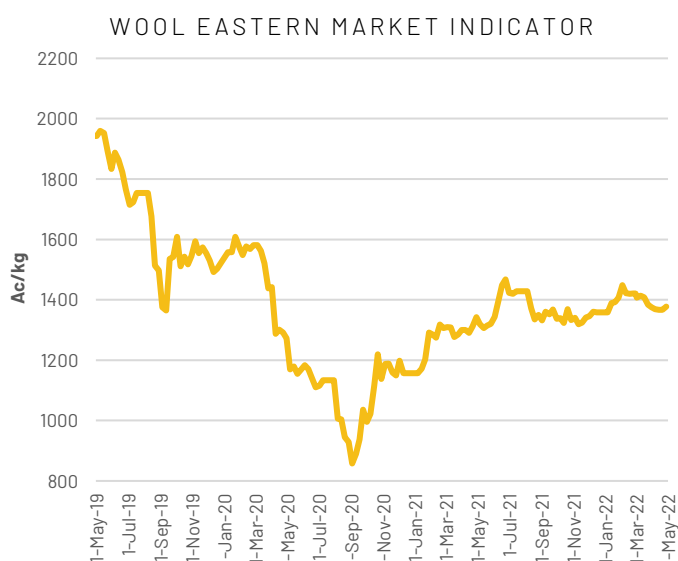
Cotton at Yarranlea (April 2022)

## WOOL PRICES

Wool prices remained largely flat over April, ending the month at \$13.77/kg. This represents a 3% increase compared to the same time last year. Australia's major customer, China that accounts for over 80% of the Australia's wool exports is facing major hurdles, placing downwards pressure on Australian wool prices. With a zero COVID-19 policy approach resulting in rolling shutdowns of factories and strict lockdowns, it is now a minimum of eight weeks to get cargo through to receival ports in China compared to three weeks two years ago. Despite these challenges, Chinese buyers remain active, although European and Indian purchasers have increasingly been underpinning local markets.<sup>6</sup> Looking ahead, wool prices may face downwards pressure due to expected interest rate rises in western economies and high inflation possibly resulting in less disposable income for spending on consumer goods such as woolen apparel.<sup>7</sup>

## 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.<sup>8</sup> Total gross value of Australia's wheat and barley production are both forecast to reach records of \$12.3 billion and \$3.8 billion respectively, driven by record production and high prices.<sup>9</sup> Increased production volumes 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. Rainfall during November 2021 in many cropping areas throughout Queensland and New South Wales has led to widespread flooding, weather damage and delays to harvests. As a result, downgrades of wheat quality in New South Wales are widespread, while grain qualities in other states are mostly average and as expected. 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 at 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.



<sup>6</sup> Wool.com, 2022. *Weekly Price Report Week 43 – April 2022*.

<sup>7</sup> Voznesenski, D, 2022. *May 2022 Australia Agribusiness Monthly – Wool*, Rabobank.

<sup>8</sup> ABARES, 2022. *Australian Crop Report: March 2022 No.201*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.

<sup>9</sup> ABARES, 2022. *Agricultural forecasts and outlook: March quarter 2022*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.





## NATIONAL WEATHER

Rainfall during April was 27% above average for Australia as a whole, with average area rainfall of 38.8mm. Queensland and New South Wales experienced particularly wet weather, with both states recording their 9th wettest April on record. Early in the month, significant rainfall fell over the Gippsland region and across Greater Sydney resulting in flood warnings and evacuation orders issued. South Australia was also wetter than normal, with average area rainfall of 21.2mm representing a 30% increase to the 1961-1990 average. Rainfall was below average for western Tasmania, coastal south-eastern South Australia, large areas of central Australia and for some areas of south-eastern Queensland.

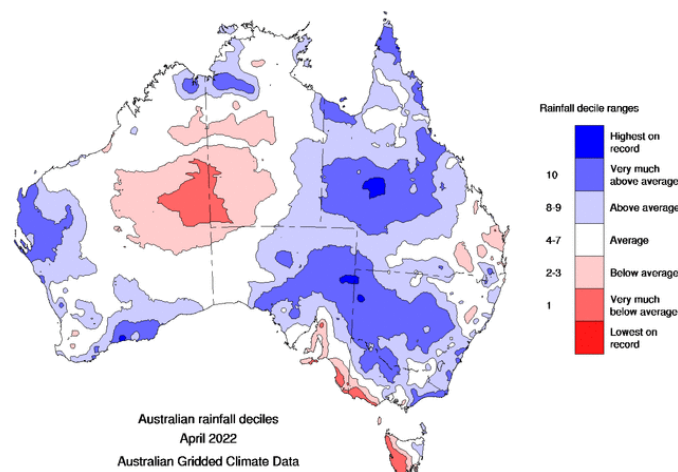
Mean temperatures for April were 1.61°C warmer than the 1961-1990 average for Australia as a whole, and the 7th warmest on record for the month. Only New South Wales, Victoria and Queensland recorded mean temperatures for the month that were outside the ten warmest on record for April. Mean maximum temperatures were warmer than average across much of northern and central Australia, southern-eastern South Australia, the majority of western and southern Victoria and all of Tasmania. It was the Southwest Land Division and areas of the Gascoyne and western Pilbara in Western Australia where mean maximum temperatures were cooler than average.<sup>10</sup>

<sup>10</sup> Bureau of Meteorology, 2022. *Australia in April 2022*, Australian Government.

<sup>11</sup> Bureau of Meteorology, 2022. *Climate Driver Update 1 May 2022*, Australian Government.

The BoM's latest climate driver update reports that La Niña is maintaining its strength, with most climate models indicating a return to neutral conditions by winter. Even as La Niña weakens, it can continue to influence global climate and weather events. The Indian Ocean Dipole ("IOD") is currently neutral, however a negative IOD may develop in the coming months which typically increases the chances of above average winter-spring rainfall across much of Australia. 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.<sup>11</sup>

## RAINFALL DECILE CHART APRIL 2022



Source: Bureau of Meteorology



Wheat at Yarranlea (April 2022)



## GLOBAL MARKET INSIGHTS

### WEATHER

As at the end of April, crop conditions for wheat, maize, rice and soybeans are mostly favourable however there are some areas of concern. For wheat crops, conditions in the northern hemisphere are mixed, with dryness across areas of Europe and the United States impacting crop development. Conflict in Eastern Europe also continues to create uncertainties on the ability of Ukraine's farmworkers to safely perform fieldwork and harvest their crops over the coming months. In the United States, winter wheat throughout the major Great Plains growing region continues to be impacted by long term dryness, however spring wheat sowing is off to a slow but favourable start. Maize conditions are largely favourable, however in the southern hemisphere, Brazil's harvest of its smaller season spring-planted crop is ongoing with reduced yields due to dryness. In Argentina, harvest is ongoing with reduced yields due to hot and dry weather earlier in the growing season. In South Africa, maize harvest is ongoing under favourable conditions. Rice conditions are almost entirely favourable, with crop development in China progressing well and harvest of Rabi season crop is ongoing under positive conditions in India. The only areas facing challenging conditions for rice are southern areas of Brazil which continue to face hot temperatures and dryness, and the Philippines where a tropical storm has caused significant damage to some crops. Soybean conditions are mixed, with Brazil expecting reduced yields across significant cropping areas due to low rainfall. In Argentina, soybean conditions are mostly favourable, however some areas experiencing dryness.<sup>12</sup>

<sup>12</sup> Agricultural Market Information System, 2022. *Market Monitor May 2022*, AMIS.

<sup>13</sup> International Grains Council, 2022. *April 2022 Grain Market Report*, IGC.

<sup>14</sup> International Grains Council, 2022. *IGC Grains and Oilseeds Index (GOI)*, IGC.

<sup>15</sup> International Grains Council, 2022. *April 2022 Grain Market Report*, IGC.

### PRODUCTION

Total grains production for the 2021/22 season is currently estimated at a record 2,287 million tonnes, representing a 3% or 51 million tonne increase on the previous season. Total production is expected to exceed consumption, which for 2021/22 is estimated at 2,281 million tonnes, resulting in global inventories rising to 608 million tonnes. Linked partly to the ongoing suspension of Ukraine's sea exports, world trade in grains is projected to fall by 12 million tonnes compared to the prior year to 416 million tonnes. In 2022/23, total grains production is expected to fall by 13 million tonnes to 2,275 million tonnes, attributed to reduced production estimates for maize, sorghum and wheat.<sup>13</sup>

### GRAIN PRICES

Over April, the IGC Global grain and oilseed index rose by 3%, with increases in all sub-index categories but for the barley sub-index which remained mostly flat.<sup>14</sup> Gains were led by the wheat sub-index, which rose by 7% over April attributed to firming prices in North America and the European Union. The maize sub-index rose by 2% over the month, whilst the soybeans and rice sub-indexes rose by 3% and 1% respectively.



*Sowing of Canola at Yarranlea (April 2022)*

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 Farms Limited [ACN 129 249 243] ("Duxton 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 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. Photographs and other graphics are included for illustrative purposes only and do not form part of the substantive information upon which any investment decisions should be based. 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.

This announcement has been authorised for release by the Directors of Duxton Farms Ltd.