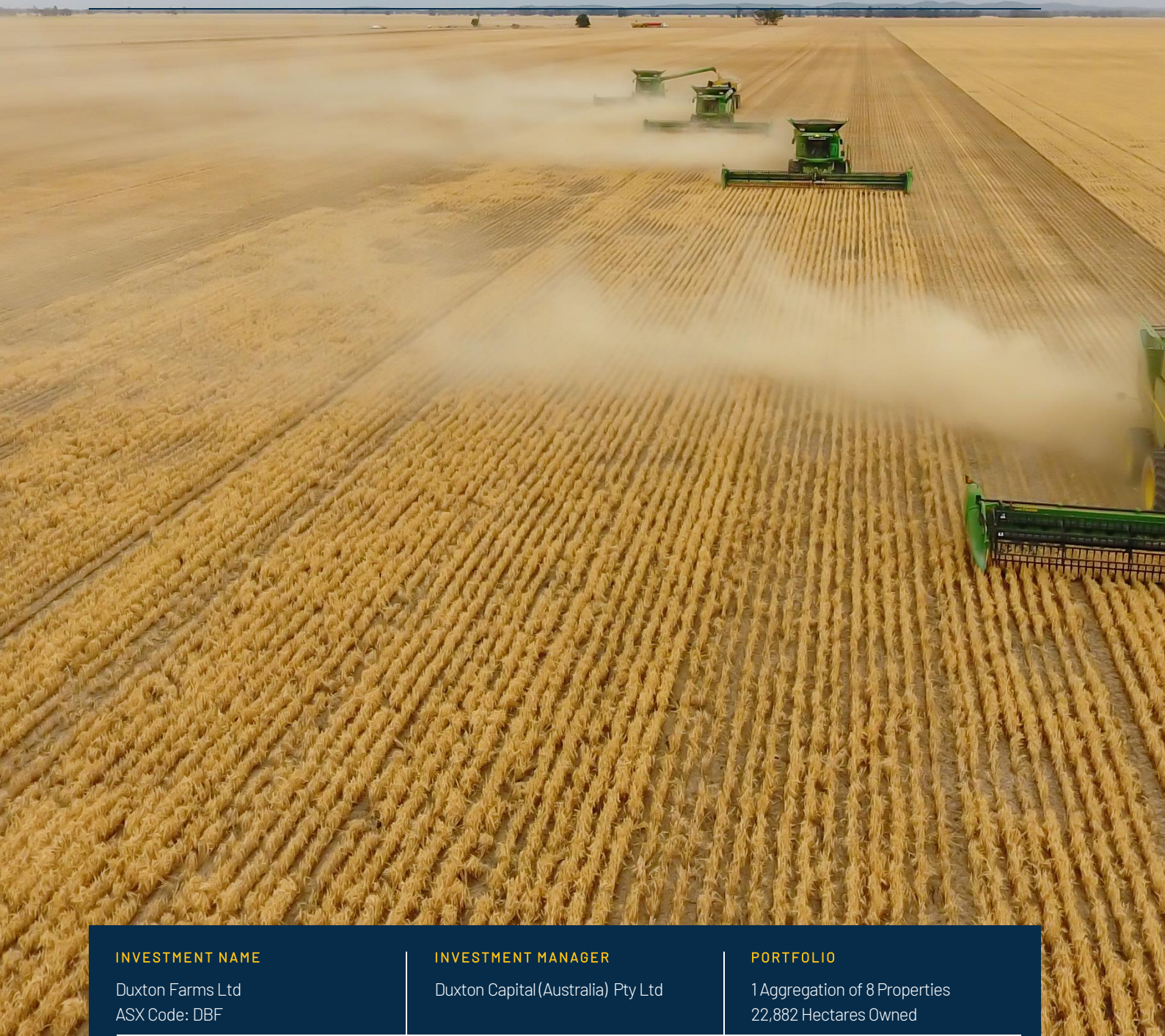


Monthly Update



MAY 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



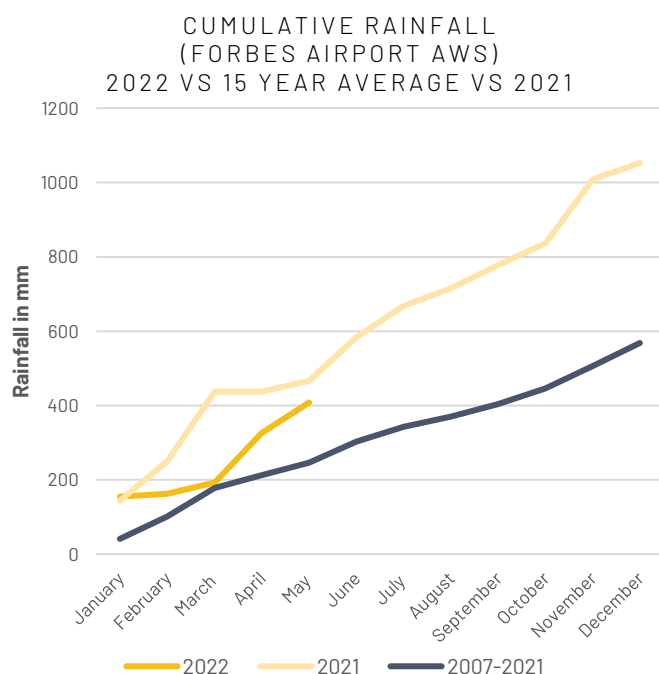
Duxton Farms Limited ("Duxton Farms" / "Company") is an Australian agricultural enterprise that directly invests in and operates a diversified portfolio of efficient, high-quality farmland assets. As a significant landowner and an active producer of key agricultural commodities, the Company seeks to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

May recorded reasonably wet and overcast conditions across the farms for most of the month. Overall, Central West New South Wales recorded 82.2mm of rainfall for the month, compared to the monthly long-term average of 34.1mm. 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 18.5°C, cooler than the long-term average for May, which is 19.4°C.



WINTER CROP

Duxton Farms' winter crop harvest (completed in February) continues to be sold in line with the Company's marketing strategy. Wheat plantings which were completed at the Yarranlea and West Plains farms in early April 2022 are growing well. Most of the canola crop is also progressing positively, however some small areas have been lost due to heavy rainfall and water inundation. At Cowaribin and Merriment, plantings of wheat, field peas and pasture have commenced. However, drier conditions will be required before planting can be fully completed. All chemical and fertiliser requirements for planting have been secured and remain on hand.

SUMMER CROP

Duxton Farms' cotton crop is ready for harvest, although drier field conditions will be required before harvesters can physically get out into the fields. Flood damage earlier in the season led to the abandonment of 23 hectares of the Company's cotton, with 242 hectares remaining. Continued rainfall over April and May has delayed land preparation for the upcoming cotton season, with fertiliser inputs expected to commence as soon as conditions allow.

LIVESTOCK

Pasture growth continued to progress well over May, with adequate reserves of fodder remaining on hand to be utilised as needed. Livestock continue to be moved between the West Plains, Lenborough and Merriment properties to make the best use of available feed and favourable field conditions. Livestock sales continued over the month, with strong prices received. Additional livestock will be purchased as and when attractive pricing opportunities arise.



IRRIGATION

As at the end of May, the Lachlan River's Wyangala Dam is 96.6% full, with the Company's Lachlan River water allocation finishing at 121%. This follows a technical spill of Wyangala Dam in late March, with water being released from the dam to allow for rainfall inflows. The drilling of test bores at Yarranlea and Timberscombe is unlikely to commence in the near term due to the continued wet weather.

SHARE BUYBACK

During the month 30,000 shares were bought back. The total number of shares bought under the buyback is 1,199,257 with the Company able to acquire up to 4,227,529 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 6% over May, finishing the month at \$410/tonne at port.¹ Port Kembla barley prices rose substantially over May, increasing by 18% compared to the end of April, finishing at \$385/tonne at port. Global wheat prices over May also rose, with US CBOT July wheat futures ending May at US\$11.48/bushel, a 5% increase compared to July contracts as at the end of April, and approximately 77% up compared to the same time last year.

GRAIN PRICES CHANGES PAST 12 MONTHS*

Crop	Current Price (per tonne)	Price 12 Months Ago (May 2021)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$410/tonne	\$290/tonne	41%
CBOT Wheat Futures	US\$11.48 /bushel	US\$6.49 /bushel	77%
Cotton	\$1,139/bale	\$568/bale	101%

*Data from Profarmer Australia, CBOT, ABARES and Cotlook

¹ Profarmer Australia.

² ABARES, 2022. *Outlook for crops: June quarter 2022*, Canberra.

³ Whitelaw, A. 2022. *Grain Prices: A quieter week than recent times*, Thomas Elder Markets.

⁴ Cotlook, 2022. May 2022 Market Summary.

ABARES is forecasting Australian wheat and barley prices to remain elevated, reflecting the forecast increase in global prices in 2022/23. High prices are expected due to tight global supply and uncertainty surrounding production in Ukraine and trade flows from the Black Sea region resulting from conflict in Eastern Europe.² Even though prices are strong domestically, Australian grain is cheap when compared internationally. Consecutive large domestic harvests and constrained capacity at ports for exports has meant that Australian grain prices continue to trade at a discount relative to prices overseas and as at the end of May, Port Kembla wheat is trading approximately AU\$150/tonne cheaper than equivalent pricing in the United States.³

COTTON PRICES

International cotton prices registered new highs in early May, before falling back to end the month at 161USc/lb, a 3% decrease compared to the end of April.⁴ Prices however remain substantially up compared to the same time last year and in Australian dollar terms, prices of \$1,139/bale represent a 101% increase. The arrival of significant rainfall over the United States' important West Texas growing region was a catalyst for falling prices over May. The region had faced many months of dry weather conditions, and whilst further moisture will be required to secure successful development of the crop, immediate concerns have been alleviated. Cotlook's latest world production estimate for the 2022/23 season is placed at 26.4 million tonnes, representing an increase of 4.4% compared to the current production year.





LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator (“EYCI”) rose by 2% over May, finishing the month at \$11.12/kg representing a 25% increase compared to the same time last year. Widespread rainfall during May, and favourable forecasts over much of eastern Australia is providing support for beef prices. Despite the continued herd rebuild resulting in higher cattle numbers, national slaughter volumes are being restricted due to labour shortages slowing processing rates. January to March 2022 data shows Australia recorded its lowest quarterly cattle slaughter since October to December 1985.⁵

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

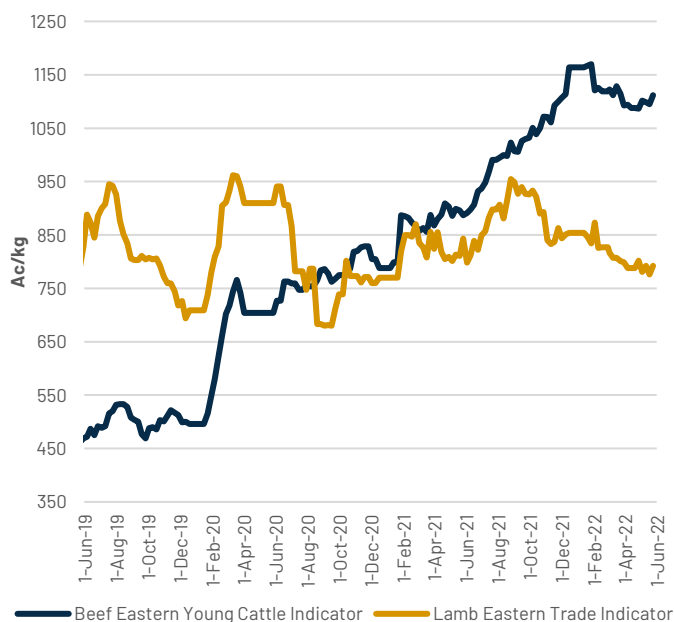
Stock	Current Price (per kg)	Price 12 Months Ago (May 2021)	Percentage Change
Beef	\$11.12	\$8.87	25%
Lamb	\$7.92	\$8.43	(6%)
Wool	\$14.20	\$13.20	8%

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

⁵ Gidley-Baird, A, 2022. June 2022 Australia Agribusiness Monthly - Beef, Rabobank.

⁶ Gidley-Baird, A, 2022. June 2022 Australia Agribusiness Monthly - Sheepmeat, Rabobank.

AUSTRALIAN LIVESTOCK PRICES



The Australian Eastern States Trade Lamb Indicator (“ESTLI”) over May fell slightly, ending the month 1% lower at \$7.92/kg. The ESTLI is now 6% lower than at the same time last year. Looking ahead, Rabobank expect lamb prices to remain fairly steady with limited potential upside over the coming months. Lamb supplies are close to average, seasonal conditions are favourable and good demand from the US is being balanced by softening demand from China.⁶



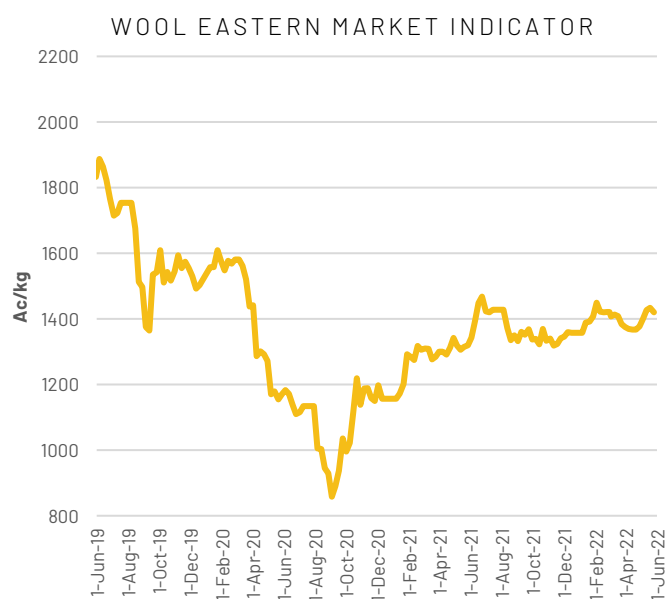
Sheep grazing dual purpose wheat at West Plains Lenborough (May 2022)



Lake Cowal running water at Timberscombe (May 2022)

WOOL PRICES

Wool prices rose by 3% over May, ending the month at \$14.20/kg. This represents an 8% increase compared to the same time last year. Price increases over the month appear to be attributed to positive demand, with Australian Wool Innovation Limited reporting only a slight drop in activity from Chinese buyers resulting from the logistics and ongoing pandemic challenges. This comes alongside demand from Indian and European purchasers, where operations are recovering towards near pre-pandemic levels.⁷ Despite the positive activity over the month, Rabobank's wool price outlook is dampening, with China's zero COVID-19 policy and rising interest rates in the US expected to reduce consumer spending and therefore demand for wool.⁸



CROP PRODUCTION

The latest ABARES Australian crop report estimates that total planted area for the 2022/23 winter cropping season will be the second highest on record at 23.4 million hectares. Total production is forecast at 50.9 million tonnes. This is down from last season's record production of 61.9 million tonnes, however, would still be the fourth highest on record. Yield prospects are forecast to be well above 10-year averages in New South Wales and Queensland, attributed to favourable rainfall in the eastern states and Western Australia between February and April 2022. Heavy rainfall during May across Queensland and large parts of New South Wales has caused challenges for some growers with waterlogging issues limiting field access. This may prevent some growers from planting a full program if conditions during June remain wet. Summer crop production estimates for 2021/22 have been revised upwards and are now placed at 5.5 million tonnes. This represents a new record, with increased production estimates coming on the back of well above average rainfall during autumn contributing to finishing off the summer cropping season in Queensland and northern New South Wales. This is despite high rainfall during February and March leading to flooding, weather damage, harvest delays and crop inundation for some growers. As a result, some growers are facing quality downgrades or the abandonment of cropping areas, however overall national production volumes are not expected to be largely impacted.⁹

⁷ Wool.com, 2022. Weekly Price Report Week 45 – May 2022.

⁸ Voznesenski, D, 2022. June 2022 Australia Agribusiness Monthly – Wool, Rabobank.

⁹ ABARES, 2022. Australian Crop Report: June 2022 No.202, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.



NATIONAL WEATHER

Rainfall during May was 40% above the 1961-1990 average for Australia as a whole, with average area rainfall of 40.8mm. Above average rainfall was recorded across most of New South Wales and Queensland, excluding areas near the southern New South Wales border and coastline. Queensland recorded its wettest May since 1989 and its 5th wettest May on record with average area rainfall of 76.4mm. Eastern Queensland was particularly wet, with heavy rainfall resulting in flooding across areas from the northern tropics to areas of the central west. Rainfall was below average for much of Victoria, which overall was 33% drier than historical means. Areas of central west Western Australia and the Northern Territory also recorded below average rainfall for May.

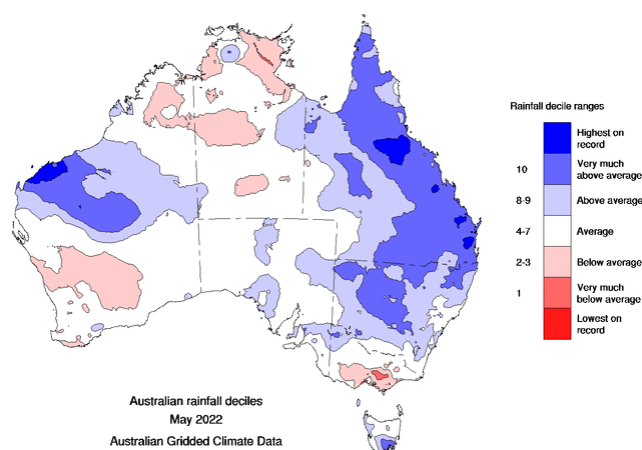
Mean temperatures for May were 1.02°C warmer than the 1961-1990 average for Australia as a whole. In Queensland, mean temperatures were the 7th warmest on record for the month and for Western Australia were the 10th warmest on record. Mean maximum temperatures were warmer than average across much of northern Australia and parts of Queensland's east coast. Mean maximum temperatures were the highest on record for some central and eastern parts of the Northern Territory's Top End, and for areas of the Kimberley.¹⁰

¹⁰ Bureau of Meteorology, 2022. *Australia in May 2022*, Australian Government.

¹¹ Bureau of Meteorology, 2022. *Climate Driver Update 24 May 2022*, Australian Government.

The BoM's latest climate driver update is reporting that the Indian Ocean Dipole ("IOD") is currently neutral. Many climate models however are indicating a negative IOD may develop in the coming months which typically increases the chances of above average winter-spring rainfall across much of Australia. The 2021-22 La Niña event is maintaining its strength, with most climate models indicating a return to neutral conditions during the southern hemisphere winter. Even as La Niña weakens, forecast warmer sea surface temperatures in the tropical Pacific still favours above average winter rainfall for eastern Australia. Climate change also continues to impact Australia's weather, with national temperatures warming by around 1.47°C for the 1910 – 2020 period. Recent decades are also showing a trend towards a greater proportion of rainfall from high intensity, short duration rainfall events, especially across northern Australia.¹¹

RAINFALL DECILE CHART MAY 2022



Source: Bureau of Meteorology



Wheat at West Plains Lenborough (May 2022)



GLOBAL MARKET INSIGHTS

WEATHER

As at the end of May, crop conditions for wheat, maize, rice and soybeans are predominantly 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 crops. Parts of France, Spain and Portugal are experiencing dry conditions and in the United States rainfall deficits across the central and southern Great Plains region are expected to reduce yields. Despite stable weather conditions in Ukraine, conflict in Eastern Europe continues to create uncertainties. Maize conditions are largely favourable, with the United States sowing progressing under positive conditions. In Argentina however, harvest is progressing slowly with reduced yields expected due to prior hot and dry weather. Rice conditions in China are favourable for both single and early season crops and in India, the harvest of the Rabi season crop is wrapping up under good conditions. Parts of Indonesia are experiencing delays and, in the Philippines, damaging rains and pest infestations are impacting some growing regions. Soybean conditions are largely positive, with favourable conditions across the United States. In Argentina, harvest of both the early and late planted crops is progressing well however some regions are expected to record mixed yields due to dry conditions throughout the growing season.¹²

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

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

¹⁴ International Grains Council, 2022. *IGC Grains and Oilseeds Index (GOI)*, IGC.

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

PRODUCTION

Total grains production for the 2021/22 season is currently estimated at a record 2,291 million tonnes, representing a 3% or 54 million tonne increase on the previous season. Whilst consumption is also expected to rise, overall consumption growth of 2% results in an expected modest 1% increase in global inventories to 607 million tonnes. In 2022/23, smaller wheat, maize and sorghum harvests are projected to limit world total grains production to 2,251 million tonnes, down 40 million tonnes from 2021/22 however still potentially the second largest global harvest on record.¹³

GRAIN PRICES

The IGC Global grain and oilseed index climbed to a record high mid-May before dipping slightly to end the month largely flat. Increases in wheat, barley and rice prices were offset by falling maize prices.¹⁴ The soyabean sub-index was flat over the month. The wheat sub-index rose by 2% over May, with ongoing concerns of global supplies due to the conflict in Eastern Europe exacerbated by India announcing a ban on wheat exports. The maize sub-index fell 6% over the month, however, remains 14% higher compared to the same time last year. The rice sub-index advanced by 2% over the month, largely due to increasing prices in Thailand.¹⁵



Canola at Kentucky (May 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.

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