



12 September 2022

HIGHLIGHTS

- **Acquisition of 2 Victorian properties totalling 1,183 hectares, including 935 hectares of area developed to irrigation**
- **Total consideration of A\$9 million**
- **Cornerstone asset for the Company's long term strategic priorities**

ACQUISITION ANNOUNCEMENT

Duxton Farms Ltd ("Duxton Farms" or "DF" or "Company") has signed binding transaction agreements regarding an aggregation of 2 properties totalling 1,183 hectares in Victoria known as Piambie Farms for a collective price of A\$9,000,000.

The transaction is split into two stages, with the Company agreeing to acquire the first property ("Glen Innes") for A\$1,626,795 with an expected completion date in December 2022. The second transaction ("Piambie") involves an option agreement and an operating lease to ensure ongoing working possession, and carries a total transaction price of A\$7,373,205.

The lease will begin in January 2023 and the option is exercisable from July 2023, which is when the Company expects the transaction to be completed. While this will create a slight disconnect in continuity between the financial statements from the 2023 to 2024 Financial Years with regards to the amount and value of hectares owned, the structure of the transaction will ensure operational consistency on fair terms for the transacting parties.

The transaction is conditional on receiving approval from the Foreign Investment Review Board and will be debt funded from DF's existing financier. Shareholder approval is not required.

COMMENTARY

The Board views this transaction as a critical part of the Company's expanded core business activities, and an exciting opportunity to execute on a quality aggregation that complements Duxton Farms' long term strategic priorities. Piambie Farms presents a significant development opportunity and is expected to expand and broaden Duxton Farms' exposure to the Australian agricultural sector.

Additional information about the acquisition and the Company's diversification strategy are contained in the attached presentation.

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

For all enquiries, please call Duxton Farms on +61 8 8130 9500.



DUXTON
F A R M S

Duxton Farms Investment Update



Duxton Farms Overview

AUSTRALIA'S ONLY PUBLICLY LISTED MIXED FARMING ENTERPRISE

Release Overview

- Duxton Farms Ltd (“Duxton Farms” / “Company”) has signed binding transaction agreements regarding an aggregation of 2 properties totalling 1,183 hectares in Victoria known as Piambie Farms for a collective price of \$9m.
- These properties both present significant development opportunities, and are expected to expand and broaden Duxton Farms’ exposure to the Australian agricultural sector.

Company Overview

Duxton Farms invests in and operates a portfolio of efficient, high-quality Australian agricultural assets, producing a wide range of commodities. Duxton Farms was listed in February 2018, and was previously known as Duxton Broadacre Farms Ltd, having recently changed its name to reflect the expansion of the Company’s core business activities.

The Company’s core portfolio consists of eight properties spanning 22,882 hectares in the Central West of New South Wales, and includes land developed to dryland cropping, irrigated cropping, and livestock management.

The Company has a focus on implementing best-in-class sustainable cropping practices, including crop rotation, laser-levelled irrigation and minimum-till farming. This helps Duxton Farms ensure sustainable long-term production, and allows the Company to adapt to and mitigate changing climatic conditions. The key commodities produced by Duxton Farms have traditionally included:

- Wheat
- Barley
- Canola
- Cotton
- Livestock

Duxton Farms has 3,153 hectares of land developed to irrigation, which is supported by a portfolio of surface water and groundwater entitlements.



#	Property	Size (ha)	Irrigable Capacity (ha)
1	Walla Wallah	1,400	939
2	Cowaribin	940	281
3	Merriment	535	367
4	Yarranlea	2,184	367
5	West Plains	2,709	450
6	Lenborough	768	189
7	Kentucky	5,914	-
8	Timberscombe	8,432	560
	Total	22,882	3,153



Piambie Farms Aggregation

GEOGRAPHIC AND STRATEGIC DIVERSIFICATION IN NORTHERN VICTORIA

What is the investment?

Duxton Farms is pleased to announce that it has signed binding transaction documents regarding an aggregation of 2 properties totalling 1,183-hectares (collectively known as “Piambie Farms” / “Property”) near Swan Hill in northern Victoria collectively for \$9,000,000. The acquisition includes over 8,854 ML of Annual Use Limit to extract water from the Murray irrigation system, and all structures and fixtures on the Property.

The transaction is split into two stages, with the Company agreeing to acquire the first property (“Glen Innes”) for \$1,626,795 with an expected completion date in December 2022. The second transaction (“Piambie”) involves an option agreement and an operating lease to ensure ongoing working possession, and carries a total transaction price of \$7,373,205. The transaction is conditional on receiving approval from the Foreign Investment Review Board and will be debt funded from DF’s existing financier. Shareholder approval is not required.

The lease will begin in January 2023 and the option is exercisable from July 2023, which is when the Company expects the transaction to be completed. While this will create a slight disconnect in continuity between the financial statements from the 2023 to 2024 Financial Years with regards to the amount and value of hectares owned, the structure of the transaction will ensure operational consistency on fair terms for the transacting parties.

Piambie Farms Overview

Piambie Farms is located along the Murray River between Swan Hill and Boundary Bend in northern Victoria. The region is known as one of the most productive agricultural regions in Australia, and is famous for its horticultural and viticultural industries. The region is characterised by a semi-arid Mediterranean climate with hot, dry summers, cold winters and fairly low rainfall, averaging around 315mm per year. Piambie Farms features deep clay silt lakebed soils that are suitable for the cultivation of a number of summer and winter crops, and is in excellent physical condition. Of the Property’s landmass, 935 hectares, nearly 80 percent of its total area, has been developed to irrigation, which will increase the Company’s irrigable capacity by nearly one third.

What is Duxton Farms’ strategy for Piambie?

The Piambie Farms aggregation represents a continuation of the Board’s strategy to elevate and stabilise the Company’s earnings profile by diversifying the portfolio’s geographic footprint and mix of commodities produced. Piambie Farms has historically been cropped to irrigated canola and wheat, which has been a profitable enterprise for the previous owners. In the short term, Piambie Farms establishes Duxton Farms in a new location with different climatic conditions from the Forbes aggregation, allowing the Company to leverage its existing knowledge and expertise and de-risk its geographic concentration.

The Company will likely continue the current cropping programme, which will not incur a substantial change in the mix of commodities produced over the next few seasons, although it may look to supplement the wheat and canola crop with irrigated cotton.

In the longer-term, however, the Board may look to use the property as a platform to diversify away from annual crop cultivation and into permanent horticulture. Duxton Farms will also extend its environmental sustainability initiatives to Piambie Farms from day one, and will seek to continue trialling new methods and technologies linked to soil carbon sequestration, which is only now emerging as a tested and accepted part of the Clean Energy Regulator’s Emissions Reduction Fund framework.

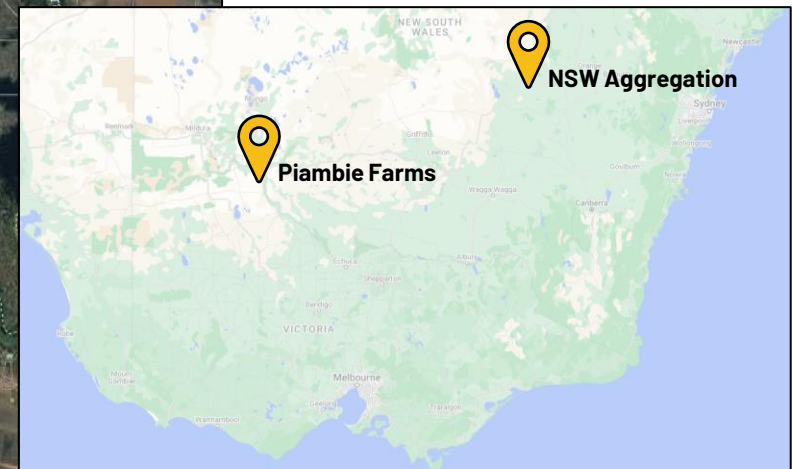
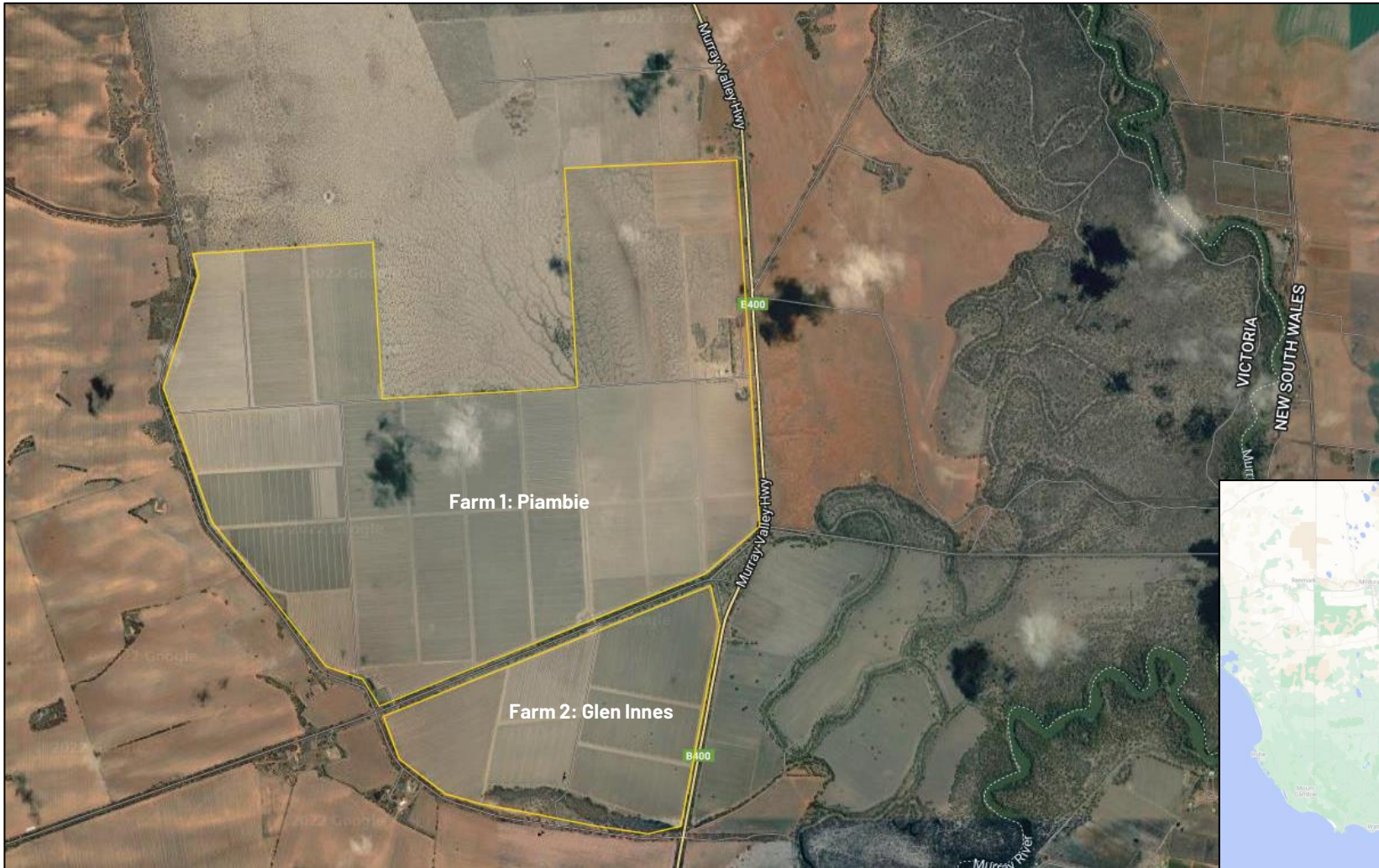
How does this fit into the broader strategy?

The value of the Duxton Farms’ portfolio has experienced significant uplift over the past five years, providing the Company with a solid foundation upon which to expand and broaden its exposure to the Australian agricultural sector. The overall objective is to continue building the Company in a manner consistent with its core investment thesis by capitalising on opportunities which the Company sees as having low downside risk and significant potential to generate sustainable long-term returns driven by operational profits and capital appreciation.



Piambie Farms Location

1,182 HECTARES OF EFFICIENT, HIGH MARGIN CROPPING ACROSS TWO PROPERTIES.





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