



Duxton Farms Investment Update



Duxton Farms Portfolio

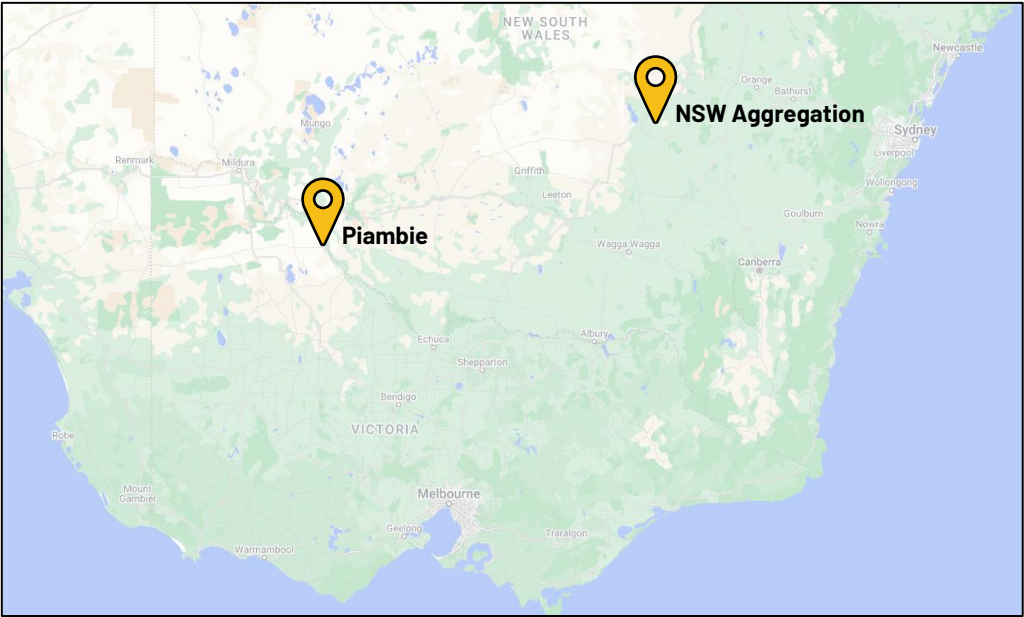
AUSTRALIA'S ONLY PUBLICLY LISTED MIXED FARMING ENTERPRISE

The Company

- Duxton Farms Ltd (ASX:DBF) was listed in February 2018 as *Duxton Broadacre Farms Ltd* with the goal of providing investors with exposure to cropping and cereal production specifically.
- Over time, the Company has developed its operations to become an integrated mixed farming enterprise, and it remains the only business of its kind listed on the Australian Stock Exchange.

The Portfolio

- Duxton Farms capitalises on its thesis by acquiring agricultural properties and developing them into a cohesive aggregation which can operate at scale.
- The Company has a generally long investment horizon, but remains highly responsive and adaptable to shifting market conditions, as demonstrated by the sale of its 'Boorala' property in 2021 for \$22m, or a gain of 62% in 18 months on a land value basis.
- Duxton Farms' core portfolio comprises nine properties spanning 24,067 hectares across the Central West of New South Wales and the Swan Hill region of Victoria.
- Management optimises for productive efficiency and yield on its assets to build a robust portfolio of assets which create value independently of short-term fluctuations in overall price levels.
- The Company has a focus on implementing best-in-class sustainable cropping practices, including crop rotation, laser-levelled irrigation and minimum-till farming.
- The key commodities produced by Duxton Farms have traditionally included:
 - Grains
 - Canola
 - Cotton
 - Livestock
- Duxton Farms has 4,088 hectares of land developed to irrigation, which is supported by 16.8GL of owned and leased surface water and groundwater entitlements.



State	Property	Size (ha)	Irrigable Capacity (ha)
NSW	Walla Wallah	1,400	939
NSW	Cowaribin	940	281
NSW	Merriment	535	367
NSW	Yarranlea	2,184	560
NSW	West Plains	2,709	450
NSW	Lenborough	768	189
NSW	Kentucky	5,914	367
NSW	Timberscombe	8,432	-
VIC	Piambie	1,185	935
	Total	24,067	4,088



Mountain Valley Station

GEOGRAPHIC AND STRATEGIC DIVERSIFICATION IN THE NORTHERN TERRITORY

What is the investment?

Duxton Farms is pleased to announce that it has signed a five-year lease to operate Mountain Valley Station ("Mountain Valley"), a 141,000-hectare cattle station in the Northern Territory. As part of the transaction, the Company will purchase the ~2,700 head of cattle and all essential P&E currently on station, and will on-board the existing management of the property as Duxton Farms staff. Mountain Valley is owned by two of the largest shareholders in Duxton Farms, one of whom is Chairman Ed Peter. The decision to invest, under a lease arrangement, in Mountain Valley was made jointly by the Company's Independent Directors following their due diligence and advice from external parties and the General Manager. While Mr Peter and DCA assisted with initial research and analysis, they recused themselves from the deliberations by the Independent Directors and their decision-making process. The transaction is not material to the Company's balance sheet and does not require approval from shareholders or FIRB.

What is Mountain Valley Station?

Mountain Valley is located in the Top End of the Northern Territory on the southern border of Arnhem Land, about 150km east of Katherine and 400km southeast of Darwin. The Station occupies 141,000 hectares of upland savannah grazing country, characterised by sparse woodland with sandy red, brown and black soil. Mountain Valley will increase the Company's geographic footprint by over 600 percent, and will establish a foothold presence in a region that is geographically diverse from its existing portfolio. The region receives about a metre of rain each year on average, with the warm and humid tropical climate split into two distinct seasons: the wet season, from November until April, in which over 90 percent of that rainfall occurs, and a dry season from May to October. Mountain Valley is amply supplied by a number of rainfed water resources, including a number of natural springs, billabongs, ponds and creeks, as well as access to the Flying Fox Creek, which joins the perennial Roper River to the south.

What is Duxton Farms' strategy?

The Board holds the view that the Northern Territory's land and water resources are fundamentally mispriced relative to their productive potential. The Company will look to expand the Station's cattle programme by converting grazing land to dryland cropping land to grow fodder crops such as millet, lucerne and sorghum, which will underpin an increased carrying capacity.

In the longer-term, however, the Board's strategy is to unlock significant value in the region's rainwater resources by trialling the cultivation of rainfed cotton in the Northern Territory. The Board believes this to be one of the most significant opportunities apparent in the Australian agricultural sector at this time. The Top End's emerging cotton growing and ginning industry has the potential to profoundly change the Territory's agricultural sector and the communities which it supports, and Duxton Farms intends to be a driving force in developing the industry in a manner that is economically, socially and environmentally sustainable.

The concept is expected to take some time to validate and refine, during which time Mountain Valley will operate as a regular cattle station; if the concept is successful, the Board believes that the Mountain Valley project has the potential to substantially increase the Company's cotton production, drive significant earnings growth over the lease period, and provide Duxton Farms with the knowledge, expertise and key management personnel to build a permanent operation in the Northern Territory.

Why lease land, and how does this fit into the broader strategy?

The Board decided to enter into a lease rather than consider an outright acquisition because while the Company has significant knowledge and expertise in cotton cultivation, it is not yet proven that doing so in the Northern Territory is agronomically and economically viable. Therefore, leasing land is viewed as a capital-light way to leverage its significant expertise to conduct a project trial with a potentially exceptionally large upside, meaning that the Company will not have to fund a large land acquisition based on a concept that, while expected to be successful, is yet to be proven. This strategic diversification is an especially significant consideration in light of adverse climatic conditions in the Central West of New South Wales at this time.

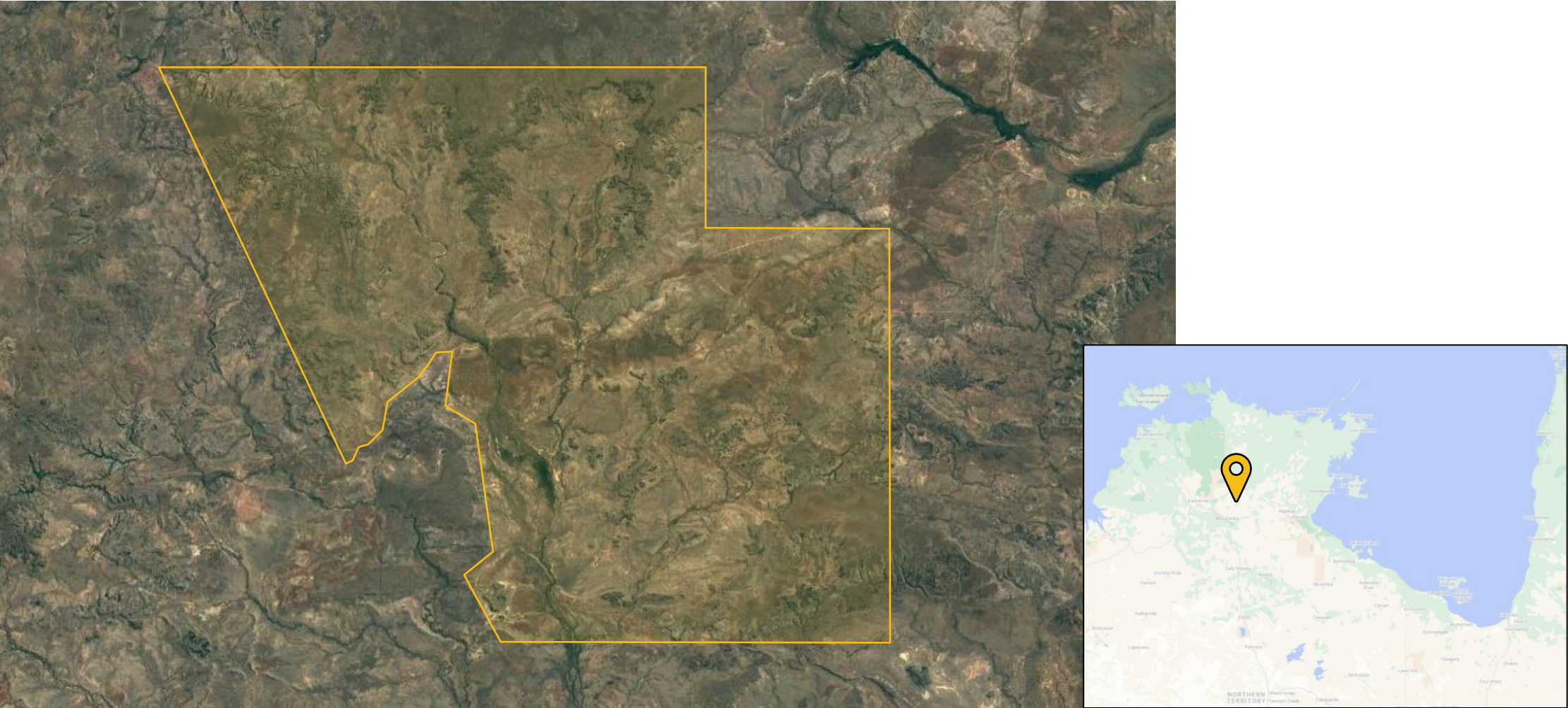
The Mountain Valley lease is a continuation of the thesis originally brought to market; at the time of listing, the Company believed that land in the Central West of New South Wales was mispriced, which has played out much faster than originally anticipated, which has resulted in significant capital uplift. While this has resulted in yield compression, it has also given Duxton Farms an excellent platform upon which is to expand and broaden its exposure to the Australian agricultural sector.

The Board will seek to continue acquiring and developing assets which complement the core portfolio, and which it believes may offer significant upside in terms of value for all stakeholders.



Mountain Valley Station Location

141,000 HECTARES OF OPPORTUNITY IN THE TOP END





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