

Monthly Update



NOVEMBER 2022



INVESTMENT NAME

Duxton Farms Ltd
ASX Code: DBF

INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

PORTFOLIO

9 Properties in 2 Localities
23,123 Hectares Owned, 141,944 Leased

FAIR MARKET VALUE NAV PER SHARE

\$2.69 (30 June 2022)

STATUTORY NAV PER SHARE

\$2.57 (30 June 2022)

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

Duxton Farms' properties continue to experience challenging conditions, with ongoing significant flooding and above average rainfall affecting much of eastern Australia. As previously disclosed, major flooding has occurred in the Lachlan Valley, severely disrupting operations. The Company's main focus has been on ensuring the safety of its staff and livestock, and on mitigating the extent of damage to the Company's property.

Central West New South Wales (Forbes Airport AWS) recorded 169.4mm of rainfall for November, compared to the long-term monthly average of 48.9mm. On 13 November the region was impacted by particularly intense thunderstorms, with the Forbes Airport AWS weather station recording 110mm of rainfall in a single six-hour period. Total rainfall of 118mm for the 24-hour period ending 9.00am on the 14 November was an all-time record for any 24-hour period across any month since observations at Forbes Airport AWS began in 1875. This reflects comments made by the Board in the recent AGM as to the historical significance of the recent rainfall event, which the Company would again like to highlight as a key factor in the Company's performance for FY2023 that investors should be aware of.

Total rainfall during 2022 to date has been 92% higher than the 2007-2021 average and 4% lower than at the same time last year. Mean maximum temperatures averaged 23.5°C for the month, substantially cooler than the long-term average for November of 29.0°C.

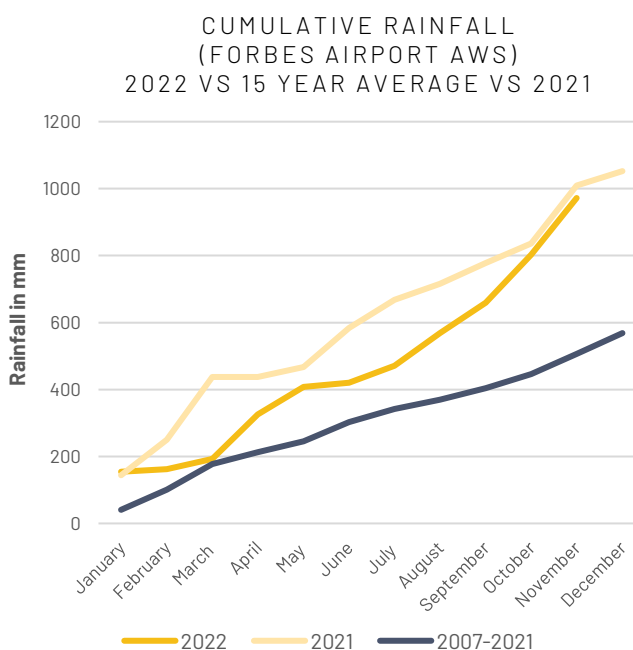
WINTER CROP

Due to the continued wet weather and major flooding, the harvestable area for the Company's Forbes aggregation will be reduced significantly in comparison to last season. Whilst the full impact is not yet known, at this stage the Company

expects that total winter harvest volumes will be reduced by approximately 60-80%. Duxton Farms expects that it will take several weeks of warmer and drier weather before it will be able to begin harvesting the surviving winter crops. Upon the completion of harvest, land preparation for next season will commence.

SUMMER CROP

Duxton Farms was unable to plant any cotton this season due to the prevailing wet weather conditions, which prevented the operation of any heavy machinery, or the application of chemical and fertiliser. All of the cropping area that was planned for cotton has suffered from major flooding. Damage to irrigation infrastructure, whilst expected to be limited, will be assessed when the floodwater recedes. As floodwater recedes, the Company plans to plant some areas of forage sorghum, to increase hay supplies and utilise higher soil moisture levels.





OPERATIONAL UPDATE

LIVESTOCK

In light of the floods, livestock are being moved between the Forbes properties to non-flooded areas to ensure their safety and to take advantage of the favourable feed and field conditions. As at the end of November, livestock remain safe and accounted for across the Company's New South Wales properties. Sale of livestock has been limited due to flooding preventing the movement of livestock to sale yards. The Company has made fodder during this month with wetter conditions preventing the production of hay. The Company continues to maintain adequate feed reserves to maintain its livestock and breeding program.

IRRIGATION

As at the end of November, the Wyangala Dam is at capacity with the Company's Lachlan River water allocation finishing at 115%. Water is being released from the dam, primarily as airspace for flood mitigation due to the ongoing above average rainfall inflows.

SHARE BUYBACK

During the month 16,868 shares were bought back. The total number of shares purchased under the buyback is 2,650,772 with the Company able to acquire up to 2,776,064 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. Local grain prices dropped over November with Port Kembla Zone 2022/23 season APW1 wheat prices falling by 13%, finishing the month at \$390/tonne at port.¹ Kembla barley prices also fell over the month, declining by 7% and finishing at \$310/tonne at port. Local price drops over November coincided with falling international prices. US CBOT December wheat futures ended the month at US\$7.71/bushel, an 8% decrease compared to December contracts as at the end of October.

¹ Profarmer Australia, 2022.

² Rural Bank, 2022. *Australian Agriculture Outlook 2023, Cropping*.

³ Dahl, E et. al. *Agricultural Commodities: December Quarter 2022, Outlook for crops*, ABARES.

⁴ *Cotlook, 2022. November 2022 Market Summary*.

⁵ Dahl, E et. al. *Agricultural Commodities: December Quarter 2022, Outlook for crops*, ABARES.

Delays to the Australian winter crop harvest and ongoing uncertainty surrounding its quality is resulting in many growers showing reluctance to sell. This has contributed to some pent-up demand, providing support for local grain prices. Once Australia's harvest begins to gain momentum, this may contribute to falling wheat prices due to the increase in selling pressure.² For 2022/23, ABARES are expecting local prices to follow high international prices. Global prices for grains are being supported by strong demand and persistent dryness in Argentina, the EU and the United States. Ongoing uncertainty surrounding the ongoing conflict in Eastern Europe and its impacts on trade through the Black Sea are also expected to influence prices.³

GRAIN PRICES CHANGES PAST 12 MONTHS*

Crop	Current Price (per tonne)	Price 12 Months Ago (November 2021)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$390/tonne	\$410/tonne	(5%)
CBOT Wheat Futures	US\$7.71 /bushel	US\$7.73 /bushel	(0.3%)
Cotton	\$746/bale	\$854/bale	(13%)

*Data from Profarmer Australia, CBOT, ABARES and Cotlook

COTTON PRICES

International cotton prices rose over November, ending the month at 100USC/lb. This represents a 5% increase compared to prices at the end of October. In Australian dollar terms, this translates to prices of \$746/bale, a 13% year-on-year decrease. Price increases over the month were influenced by reports of easing COVID-19 restrictions in China, with flights and railway transportation partially restored in the Xinjiang region.⁴ Despite the uplift in prices during November, a mix of macro-economic factors is softening the 2022/23 cotton price outlook. Inflation, rising interest rates and slowing economic growth in the United States and the EU is expected to reduce spending on discretionary items. This includes discretionary spending on clothing, placing downwards pressure on cotton demand. In terms of supply, global cotton production is forecast to remain mostly unchanged in 2022/23.⁵



LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator ("EYCI") fell by 12% over November, ending the month at \$9.12/kg. The EYCI is now 9% lower than at the same time last year. Price declines over the month were attributed to an increase in supply reaching the market. Cattle yardings for the month reached over 220,000 head, the highest level in the past two years.⁶ Supply is expected to increase further due to the herd rebuild, which may place downwards pressure on local prices. However, support for local prices is expected to come from demand for Australian meat from export markets and declining supply from the United States.⁷

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

Stock	Current Price (per kg)	Price 12 Months Ago (November 2021)	Percentage Change
Beef	\$9.12	\$11.00	(17%)
Lamb	\$7.30	\$8.63	(15%)
Wool	\$12.24	\$13.41	(9%)

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

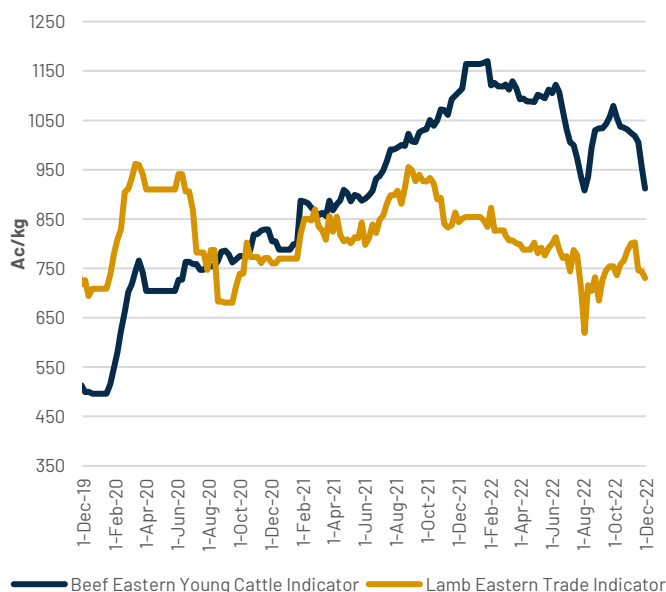
⁶ Meat & Livestock Australia, 2022. *Weekly cattle and sheep market wrap*, 2 December 2022.

⁷ Rural Bank, 2022. *Australian Agriculture Outlook 2023, Cattle*.

⁸ Meat & Livestock Australia, 2022. *Weekly cattle and sheep market wrap*, 2 December 2022.

⁹ Dahl, E et. al. *Agricultural Commodities: December Quarter 2022, Outlook for crops*, ABARES.

AUSTRALIAN LIVESTOCK PRICES



The Australian Eastern States Trade Lamb Indicator ("ESTLI") also fell over November, ending the month 7% lower at \$7.30/kg. The ESTLI is now 15% lower than at the same time last year. Similar to cattle markets, monthly lamb yardings during November increased by 27% on the prior month, attributed both to the seasonal spring flush and overall elevated supply.⁸ Above average rainfall has resulted in a favourable pasture growth outlook for eastern and northern Australia. This is expected to support demand from restockers, with graziers retaining their female livestock to continue the expansion of their flock.⁹



Lucerne at Merriment (November 2022)



Flooding at Yarranlea (November 2022)

WOOL PRICES

Wool prices fell by 6% throughout November, with the Eastern Market Indicator ("EMI") ending the month at \$12.24/kg. Wool prices are now 9% lower than at the same time last year. Approximately 80% of Australia's wool production is processed in China, with half of this volume also consumed by the Chinese retail market. As a result, ongoing uncertainty surrounding China's COVID-19 lockdowns, which restricts demand from Chinese manufacturers and consumers continues to be a primary driver for Australian wool prices.¹⁰ Looking forward, with Australian wool supply expected to increase as the size of the national flock grows, prices may continue to come under further downwards pressure.¹¹



CROP PRODUCTION

In its latest Crop Report, ABARES forecasts for Australia's national winter crop production for the 2022/23 season are placed at 62 million tonnes. Prospects around the country are mixed however overall, if realised this would represent the second largest winter crop on record. Following favourable conditions over spring, winter crop production is expected to reach new records in Western Australia, South Australia and Victoria. For New South Wales, the outlook is less positive due to record spring rainfall which was received after well above average rainfall during August. The exceptionally wet conditions, and widespread river flooding are expected to result in extensive crop losses and quality downgrades for the state. In Queensland, total production is forecast to reach the second highest on record, with exceptional production volumes in most areas expected to offset flood losses and reduced plantings in the Darling Downs.

Overall, national wheat production is expected to reach a new record of 36.6 million tonnes, a 1% increase on the record set last season. Barley production is forecast to be the fourth largest on record at 13.4 million tonnes and canola production is expected to reach a record 7.3 million tonnes. Overall area planted to winter crops in 2022/23 is estimated to reach 23.5 million hectares, a slight fall from last year's record levels. The decline in planted area has been driven by a 10% decrease in planted area in New South Wales, and a 9% decrease from Queensland due to challenging wet conditions during the planting windows in southern Queensland and northern and central New South Wales.¹²

¹⁰ Australian Wool Innovation Limited, 2022. *November Market Intelligence*.

¹¹ Rural Bank, 2022. *Australian Agriculture Outlook 2023, Wool*.

¹² ABARES, 2022. *Australian Crop Report: December 2022*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.



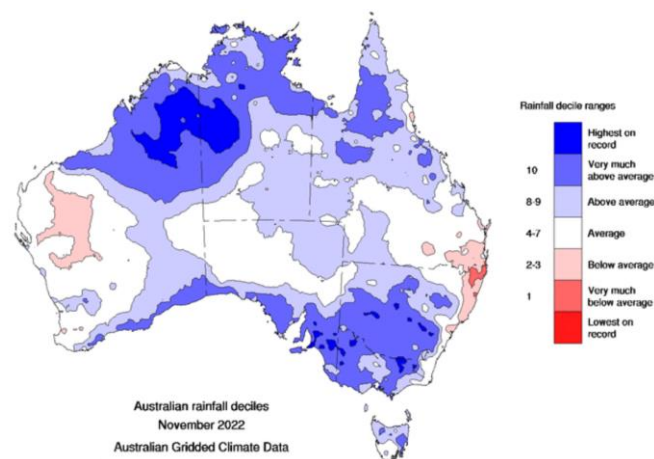
NATIONAL WEATHER

For Australia as a whole, November rainfall was the 10th highest on record and 76% above the 1961-1990 national-area average. The northern tropics and large areas of the southern mainland in particular experiencing wet weather, however most of the country also recorded average or above average rainfall. At the beginning of the month, heavy rainfalls were recorded in inland New South Wales and eastern Queensland with weather stations nearby Oberon and Canberra setting daily record rainfalls. The rain resulted in major flooding along the Lachlan and Murrumbidgee rivers, with evacuation orders issued for Forbes and parts of Wagga Wagga. As at the end of the month, towns impacted by major flooding events include Brewarinna, Bourke, Condobolin, Eubalong, Hillston, Hay, Balranald and Wentworth. Western Australia recorded its 4th wettest November on record, with average area rainfall of 39.5mm a 121% increase compared to the historical mean. The Northern Territory recorded rainfall slightly over double the historical mean, with average area rainfall of 85.1mm.

National mean temperatures for November were 1.17°C cooler than the 1961-1990 average for Australia as a whole. Mean maximum temperatures were cooler than average across nearly all of mainland, except for the far northern tropics. In New South Wales, mean temperatures were 2.10°C cooler than the historical average for the month, the sixth lowest on record and the coldest since 1999. In Victoria, mean maximum temperatures during November were the 8th lowest on record and the coldest since 1981.¹³

The BoM's 6 December 2022 Climate Driver Update is reporting that the La Niña event continues in the tropical Pacific. Climate models are indicating that the El Niño-Southern Oscillation (ENSO) will return to neutral conditions in January-February 2023. During summer, La Niña events typically increase the chance of above average rainfall across northern and eastern Australia. The Indian Ocean Dipole ("IOD") event has returned to neutral conditions, consistent with the seasonal cycle of the IOD. Climate change continues to influence Australia's weather. Australia's climate has warmed by around 1.47°C for the 1910 – 2021 period. There has also been a trend towards a greater proportion of rainfall from high intensity, short duration rainfall events, especially across northern Australia.¹⁴

RAINFALL DECILE CHART NOVEMBER 2022



Source: Bureau of Meteorology

¹³ Bureau of Meteorology, 2022. *Australia in November 2022*, Australian Government.

¹⁴ Bureau of Meteorology, 2022. *Climate Driver Update 22 November 2022*, Australian Government.



Lucerne at Merriment (November 2022)



GLOBAL MARKET INSIGHTS

WEATHER

International weather conditions for the major crops of wheat, maize, rice and soybeans as at the end of November are mixed. Persistent La Niña conditions since late 2020 have contributed to prolonged drought in East Africa, southern South America, Central and Southern Asia and southern North America. Following prolonged periods of drought, it can take several seasons of improved rainfall to replenish reservoirs and ground water. There are concerns about the impacts if continued dry conditions in these areas continues.

For wheat crops, harvest of crops in the southern hemisphere is underway. In Argentina, yields are poor in most areas due to drought. In the EU, conditions are generally favourable, however in some areas sowing has occurred later than usual due to low soil moisture levels. In China, winter wheat is developing positively and in Russia, sowing is wrapping up well in most areas except for the southern Caucasus due to rainfall deficits. In Ukraine, conditions are mostly positive but for dryness in the Odessa region. There are ongoing concerns due to the conflict. Maize harvests are wrapping up in the northern hemisphere with overall mixed conditions. In North America, harvests in Michigan, Wisconsin and Ontario are nearing completion under exceptional weather. In the EU, below average yields are expected across most of western and southern Europe due to droughts and heatwaves. In India, sowing of the Rabi season maize crop is beginning well. Rice conditions are mostly favourable however some areas are experiencing excessive dryness or wet weather.

China's harvest of late season rice has been impacted by extreme heat and dry weather during the fertility period in the Yangtze River Basin. Harvests in India, Indonesia and Vietnam are all progressing well. In Thailand however, flooding during October has caused extensive damage to crops in the North-eastern regions and in the Philippines, tropical cyclones have damaged crops. The outlook for Soybean crops is mixed with Brazil's sowing progressing under favourable conditions despite some delays. In Argentina, the prior mentioned drought is likely to impact sowing progress. Canada's soybean harvest this season is finishing up with exceptional conditions in Ontario, Manitoba and Quebec.¹⁵

PRODUCTION

Total grains (wheat and coarse grains) production for the 2022/23 season is forecast by the International Grains Council (IGC) in its November market report at 2,255 million tonnes. If realised, this would be the second largest global grains crop on record, since last year's record of 2,289 million tonnes. Global production estimates fell slightly over the month due to mounting concerns over Argentina's wheat crop. The expected decrease year-on-year in global grains production is largely due to falls in global maize production.¹⁶



Flooding at Yarranlea House (November 2022)

¹⁵ AMIS, 2022. *Market Monitor December 2022, Crop conditions in AMIS countries.*

¹⁶ International Grains Council, 2022. *November 2022 Grain Market Report*, IGC.

This monthly update 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 monthly update 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 monthly update 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 securities are mentioned, it should not be construed that these are recommendations to buy or sell those securities. You are not authorised 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 necessarily represent the assets of any particular company or fund under Duxton Capital (Australia) management 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 monthly update or its contents, including for negligence.

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