

Monthly Update



JANUARY 2023



INVESTMENT NAME

Duxton Farms Ltd
ASX Code: DBF

INVESTMENT MANAGER

Duxton Capital (Australia) Pty Ltd

PORTFOLIO

9 Properties in 3 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.



COMPANY SNAPSHOT

Duxton Farms manages a diversified portfolio of agricultural assets spanning 165,067 hectares across New South Wales, Victoria and the Northern Territory. The Company operates a variety of production systems producing a wide range of food, feed and fibre products, including wheat, barley, canola, cotton, wool and livestock. A visual overview of Duxton Farms property portfolio is pictured below:

DUXTON FARMS PORTFOLIO OVERVIEW

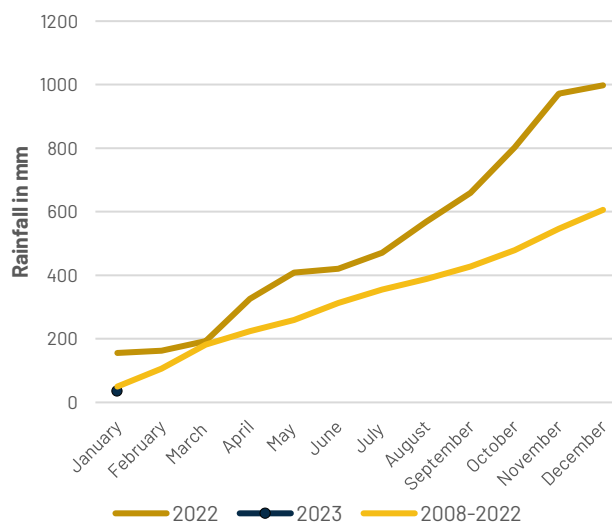


NSW FORBES AGGREGATION

LOCAL WEATHER

The Central West New South Wales (Forbes Airport AWS) recorded 34.4mm of rainfall in January 2023, 31% less than the 15-year average. Mean maximum temperatures averaged 33.7°C for the month, largely in line with the long-term average for January of 34.4°C.

CUMULATIVE RAINFALL (FORBES AIRPORT AWS) 2023 VS 15 YEAR AVERAGE VS 2022



WINTER CROP

Reduced rainfall over the last two months has allowed for harvest to continue in January with drier conditions allowing access to previously inundated or waterlogged areas. The volume of production for the 2023 winter crop is significantly lower than previous years due to flooding in the Lachlan Valley which largely reduced the New South Wales aggregations' harvestable area this season. The reduction in harvestable area was somewhat offset by higher-than-anticipated crop quality, a large percentage of which was graded at or above internal baselines. The Operations Team is currently discing fields to aerate the soils, remove large weeds, and any remaining crop. Limited spraying has taken place on areas that were not discing.



NSW FORBES AGGREGATION (CONT.)

SUMMER CROP

Small areas of forage sorghum have been planted where possible as floodwaters have receded. Taking advantage of high soil moisture levels, the sorghum will be cut for feed to support the Company's livestock programme. As previously reported, Duxton Farms has been prevented from planting a cotton crop this season. Post flood land preparations and repairs to irrigation channels are ongoing, and excess surface water continues to be pumped off some properties.

LIVESTOCK

The sale and trade of livestock continued during January as they meet market specification. Pasture continues to grow well in the wetter conditions, and adequate feed reserves have been maintained to support the Company's livestock and breeding programme.

IRRIGATION

The Wyangala Dam stood at 98% capacity at the end of January, which was reflected in the Company's water allocations of 115%. Inflows into the Lachlan River dropped off as the region experienced reduced levels of rainfall over the month. Plans to rebuild an irrigation pivot remain in place, although, this may be delayed until summer 2024. Once refurbished, the pivot will support Duxton Farms' grain and fodder production.

PIAMBIE

Duxton Farms now has full operational control of Piambie with the previous owner's harvest having completed in mid-January. The land has been surveyed and options for development are being considered by management and the board. Duxton Farms has no plans for any summer crops at Piambie for this season.

MOUNTAIN VALLEY STATION (LEASED)

Forage sorghum has been planted at Mountain Valley in areas adjacent to the homestead to be utilised as feed for livestock. Mountain Valley avoided heavier flooding that was seen across other regions of the Northern Territory during January. Overall, livestock activity at the property is limited due to the Northern Territory wet season. Once the dry season commences, additional livestock that have been purchased are to be moved to the property from the Company's Forbes aggregation.

Construction of additional fencing for livestock is expected to commence following the end of the wet season.

SHARE BUYBACK

During the month 7,522 shares were bought back. The total number of shares bought under the buyback is 2,677,491, with the Company able to acquire up to 4,167,591 shares.



Pumping water off at Yarranlea (January 2023)



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 during January for the Port Kembla Zone 2022/23 season are slightly down on last month. However, prices are higher than at the same time last year. Port Kembla APW1 (premium quality) wheat prices fell by 5% compared to last month, finishing at \$360 per tonne at port. This represents a 4% increase on January 2022 prices. Port Kembla barley prices also recorded falls from last month, declining by 5% and finishing at \$300 per tonne at port. This represents an 18% increase compared to Port Kembla barley prices last year. Following the same trend, international wheat prices recorded falls during January, with US CBOT March 2023 wheat futures ending the month at US\$7.41/bushel. This is a 6% decrease compared to March contracts as at the end of December 2022.¹

Price movements over January were likely attributed to the re-introduction of Ukraine's grain exports to the market, increasing the available supply.² Grain prices are likely to continue to be influenced by the uncertainty surrounding conflict in Eastern Europe, with Russia's support for the Black Sea export corridor remaining unpredictable. Australian crop exports to China are expected to remain strong in 2023 due to reduced global supplies of corn and sorghum. In its January 2023 Crop Outlook, ABARES reported that the USA, the leading supplier of sorghum to China, is expected to decrease sorghum production by 47% in 2022/23 compared to the prior year. This may increase China's demand for Australian crop exports.³ Demand for Australia's wheat in the Asian market may also increase as a result of the ongoing drought in Argentina.⁴

GRAIN PRICES CHANGES PAST 12 MONTHS*

Crop	Current Price (per tonne)	Price 12 Months Ago (January 2022)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$360/tonne	\$345/tonne	4%
CBOT Wheat Futures	US\$7.41 /bushel	US\$7.95 /bushel	(7%)
Cotton	\$690/bale	\$953/bale	(28%)

*Data from Profarmer Australia, CBOT, ABARES and Cotlook

COTTON PRICES

International cotton prices decreased by 1% in comparison to last month, with the Cotlook 'A' Index ending January at 98USc/lb. This represents a 27% decrease compared to prices as at the same time last year. In Australian dollar terms, this translates to prices of \$690/bale, a 6% decrease compared to the prior month.

International cotton prices were volatile over January, regularly moving either side of 100USc/lb. Prices found support over the month through increased demand from the Far East, with purchasers seeking to avoid supply disruptions during Lunar New Year Holiday celebrations. Strong demand from the Far East was tempered by reduced demand from Bangladesh, Pakistan and Egypt due to US dollar shortages.⁵



¹ Profarmer Australia, 2023.

² International Grains Council, January 2023 Grain Market Report.

³ ABARES, Outlook for crops: Opportunities and challenges, 2023.

⁴ Rural Bank Australian Agriculture, 2023 Outlook.

⁵ Cotlook, Market Summary, January 2023.



LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator ('EYCI') fell by 13% over January, ending the month at \$7.79/kg. The EYCI is now down 33% compared to the same time last year. Meat & Livestock Australia ('MLA') is predicting significant growth and high export volumes for the beef industry in 2023. The national cattle herd is forecast to reach its highest level in almost a decade. Continued rainfall, contributing to strong pasture growth, is encouraging producers to retain female cows to grow herd sizes.⁶

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

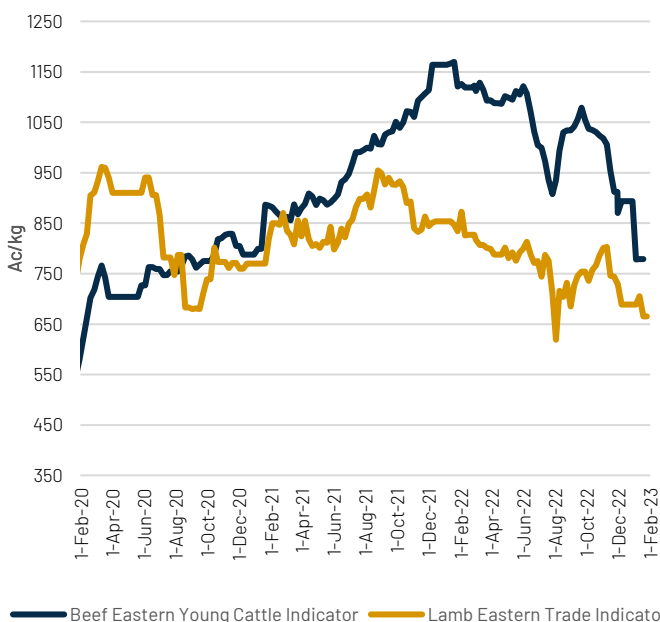
Stock	Current Price (per kg)	Price 12 Months Ago (January 2022)	Percentage Change
Beef	\$7.79	\$11.70	(33%)
Lamb	\$6.65	\$8.34	(20%)
Wool	\$13.38	\$14.07	(5%)

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

⁶ Meat & Livestock Australia, *Cattle Projections January 2023*.

⁷ Meat & Livestock Australia, *Australia's sheep flock to reach largest size in over 15 years*, 14 February 2023.

AUSTRALIAN LIVESTOCK PRICES



The Australian Eastern States Trade Lamb Indicator ('ESTLI') recorded a slight fall in January, ending the month 3% lower at \$6.65/kg. The ESTLI is now 20% lower than at the same time last year. MLA is predicting that favourable breeding conditions across many parts of Australia will lead to a significant growth in the size of the national flock. In terms of exports, flock sizes in New Zealand are declining, with exports shifting away from Europe toward China. This may provide an opportunity for Australian producers to grow lamb exports to the European market.⁷



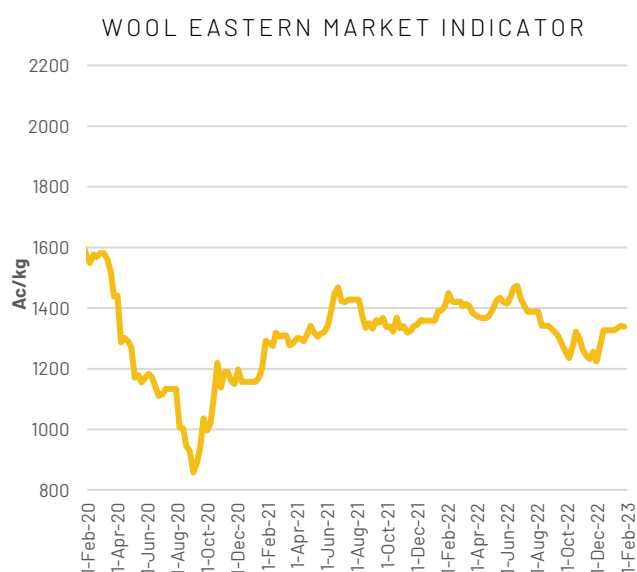
Heifers to be transported to Mountain Valley Station (January 2023)



Lucerne cut at Cowarabin (December 2022)

WOOL PRICES

Wool prices rose by 1% over January, with the Eastern Market Indicator (EMI) ending the month at \$13.38/kg. This represents a 5% reduction compared to the same time last year. Prices over January were supported by steady international demand, with purchases from China in particular remaining solid in advance of Lunar New Year celebrations.⁸ Prices may face downwards pressure, with demand for wool expected to slow as consumers manage recessionary stressors and rising inflation. Demand from China may also lower, with economic growth suffering from a real-estate crisis and COVID zero policies. The Australian Wool Production Forecasting Committee is expecting Australian wool production volumes to increase by 4.9% to 340 million kilograms in 2023, with growth driven by increasing flock numbers.⁹



CROP PRODUCTION

Harvest of winter crops in many regions across Australia is underway with production volumes predicted to be strong for the 2022/23 season. In its latest Crop Report, ABARES is forecasting record levels of wheat production for the country at 36.6 million tonnes. If realised, this would be the third consecutive year that Australian wheat production volumes surpass 36 million tonnes.¹⁰

For barley production, crop estimates are varied. ABARES is predicting barley production to reach 13.4 million tonnes, whilst Rural Bank is expecting production volumes to reach only 12.8 million tonnes. Canola production is estimated at approximately 7 million tonnes, 2% down on last year.¹¹ Favourable conditions during spring across most growing regions has contributed to an increase of 11% in total planted area for canola this season. The increase in canola plantings have balanced the negative impacts to some crops in areas of the eastern states who suffered quality and quantity reductions due to flooding and disease.

Overall, summer crop plantings for 2022/23 are forecast to decline by 9% to 1.4 million hectares due to excessively wet conditions and flooding across major production regions in New South Wales. This decline is expected to contribute to domestic cotton production reaching only 4.3 million bales in 2022/23, a 23% decrease compared to the prior year.¹²

⁸ Australian Wool Innovation Limited, 2023. Week 30 – January 2023.

⁹ Rural Bank, Australian Agriculture Outlook, Wool, 2023.

¹⁰ Australian Bureau of Agricultural and Resources Economics and Sciences, 2022. Australian Crop Report: December 2022.

¹¹ Rural Bank, 2023. Australian Agriculture Outlook.

¹² Rural Bank, 2023. Australian Agriculture Outlook.



NATIONAL WEATHER

For Australia as a whole, rainfall during January 2023 was 35% above the 1961-1990 national-area average. Above average rainfall was recorded across most of Queensland, much of pastoral South Australia, some parts of western and southern New South Wales, the southern half of the Northern Territory and the Kimberley region of Western Australia. Below average rainfall was recorded in north-eastern New South Wales, the south of Victoria, much of Tasmania, and parts of south-west Western Australia. Despite above average rainfall in southern areas, overall, New South Wales average area rainfall of 53.2mm was 20% below the long-term January average.

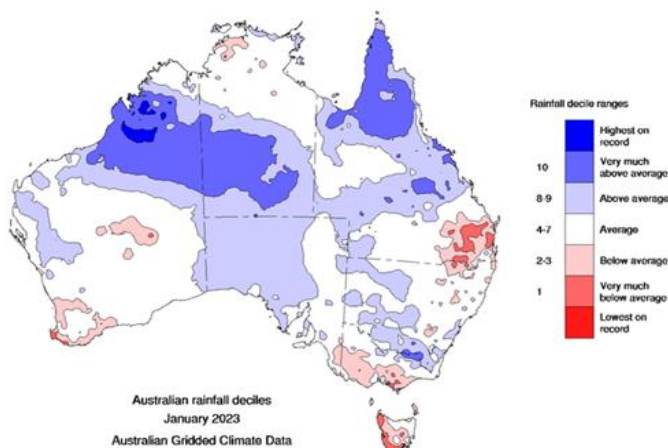
National mean temperatures for January were consistent with the 1961-1990 average for Australia as a whole. Mean maximum temperatures were marginally cooler than average across the majority of Western Australia and the Northern Territory with temperatures across the remainder of the state recording slightly above average. Tasmania recorded its 9th warmest January on record. Weather conditions over the month were also influenced by ex-tropical cyclone Ellie. This generated heavy rainfall and flooding across parts of the Northern Territory and Western Australia during January, causing damage to transport infrastructure. Storms, flooding, hail and heavy winds also impacted regions of Victoria and New South Wales over the month.¹³

¹³ Bureau of Meteorology, 2022. *Australia in January 2023*, Australian Government.

¹⁴ Bureau of Meteorology, 2022. *Climate Driver Update 31 January 2023*, Australian Government.

The BoM's 31 January 2023 Climate Driver update reports that the La Niña event is weakening, and ocean temperatures have eased. La Niña events typically increase the chance of above average rainfall across northern and eastern Australia during summer. While atmospheric temperatures are yet to respond, climate models are indicating that the El Niño-Southern Oscillation (ENSO) will return to neutral conditions during February 2023. Additionally, the BoM, as well as number of other international climate models are forecasting a shift to El Niño and a Positive IOD by winter 2023. These two climate drivers typically bring drier weather conditions to the eastern and southern parts of Australia.¹⁴

RAINFALL DECILE CHART JANUARY 2023



Source: Bureau of Meteorology



View from Yarranlea Farmhouse (December 2022)



GLOBAL MARKET INSIGHTS

WEATHER

International weather conditions for the major crops of wheat, maize, rice and soybeans are mixed as at the end of January. For wheat crops, the majority of Russia is experiencing drier than average conditions. Southern Brazil and the US are also suffering from dry conditions across some growing regions. Conditions were generally favourable for wheat crops across the EU, the UK, Turkey, Ukraine, China, India and much of Canada. For maize crops, Argentina continues to experience worsening drought conditions, reducing yields for the country's larger season crop. In Brazil, conditions are largely favourable for maize with the harvesting of the spring planted crop beginning and sowing of the larger crop season underway. In Mexico, harvest is wrapping up for the larger spring-summer season and sowing has begun positively for their autumn-winter crop. India and South Africa are also experiencing favourable conditions for maize. Rice conditions are mostly positive, with Indonesia and Thailand making the most of excess rainfall by increasing total sown area compared to last year. In Brazil, conditions are mixed due to dry, hot temperatures. For soyabean crops, Brazil has been able to commence harvest under generally favourable conditions, reporting an increase in total sown area. However, some southern areas of Brazil are being challenged by rainfall deficits. In Argentina, prolonged drought and hot weather conditions are expected to reduce yields.¹⁵

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.

PRODUCTION

Total grains (wheat and coarse grains) production for the 2022/23 season is forecast by the International Grains Council ('IGC') in its January market report at 2,256 million tonnes. This represents a 1 million tonne increase compared to its prior November 2022 estimate. Whilst down on prior year, if realised, this would be the second largest global grains crop on record, since last year's record of 2,290 million tonnes. Total expected global grains production is expected to be down on last year, largely due to reduced maize production from the US, Ukraine and the EU.¹⁶



Lucerne cut at Merriment (January 2023)

¹⁵ Agricultural Market Information Systems, *Market Monitor*, February 2023.

¹⁶ International Grains Council, *January 2023 Grain Market Report*.