

Monthly Update



FEBRUARY 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

\$2.61 (31 December 2022)

STATUTORY NAV PER SHARE

\$2.48 (31 December 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

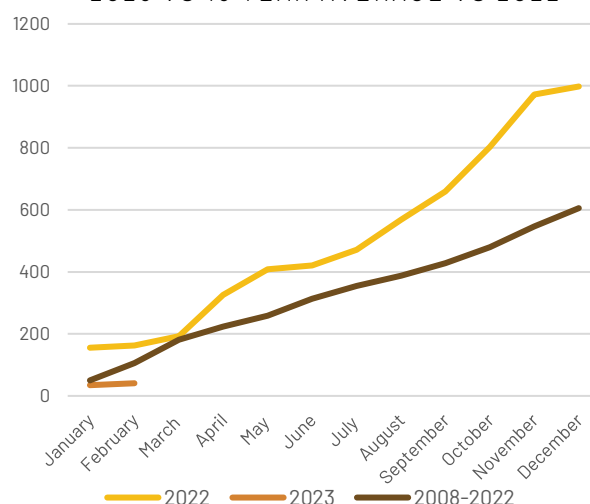


NSW FORBES AGGREGATION

LOCAL WEATHER

The Central West of New South Wales (Forbes Airport AWS) recorded 6.6mm of rainfall in February 2023, 11% less than February last year and 27% less than the 15-year average for the month. Cumulative rainfall for the calendar year to date of 41mm is 75% below the same time last year.¹ Mean maximum temperatures averaged 33.7°C for the month, slightly above the long-term average for February of 32.7°C.²

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



2023/24 CROP UPDATE

Land preparation is underway for the 2023/24 winter crop, with continued discing of the fields post-flooding. Limited spraying has been undertaken to date, with the current discing program removing the previous crop and large weeds. Additional rainfall to top up the soil moisture profile will be required in order for the planting of the winter crop to commence following the discing program.

For the summer crop, small areas of forage sorghum, have been planted for fodder and to supplement the Company's existing hay supplies. Post-flood repairs are ongoing, although they remain immaterial relative to Duxton Farms' regular business expenditures; notably, the main return pump at Yarranlea has been replaced, and excess surface water has now been pumped off the property.

¹ Australian Bureau of Meteorology, Monthly Rainfall, Forbes Airport AWS, February 2023.

² Australian Bureau of Meteorology, Monthly Mean Maximum Temperature, Forbes Airport AWS, February 2023.



NSW FORBES AGGREGATION (CONT.)

2022/23 HARVEST RESULTS

The final harvest figure for the season was 8,262 tonnes, compared to 37,241 tonnes last season. The reduction in total harvest is indicative of the severity of the 2022 floods, which inundated approximately 70% of Duxton Farm's farming area in the Forbes region, reducing planted and then harvestable land to 4,855 hectares. Despite the reduction in yield, there were positive outcomes for the winter crop in terms of quality. 71% of wheat, 93% of barley and 100% of canola met or exceeded internal baseline standards. This represents a significant improvement in grain quality compared to last season when 96% of the grain crop was graded below the base grade of ASW1. This season, the remaining 29% of wheat went to high-quality feed grades for market, the remaining 7% of barley will be kept as feed for the Company's livestock on farm and, as with last year, the entire Canola crop was categorised in the highest quality grade with pricing locked in well above market levels. Please see the recent ASX release titled *2023 Harvest Update* for further detail.

LIVESTOCK

The cattle market has begun to ease. Stock purchases were made prudently, and the sale and trade of livestock continued as market specifications were met. Pasture and fodder continue to grow well in current conditions, and adequate feed reserves have been maintained to support the Company's livestock and breeding programme. Further information on the easing of livestock prices is contained further within this update.

IRRIGATION

The Wyangala Dam remains at 98% capacity at end of February, which was reflected in the Company's water allocations of 115%. Inflows into the Lachlan River were limited due to reduced rainfall. The Operations Team is planning to rebuild a used irrigation pivot to support winter grain and fodder production, with works expected to commence by summer 2024.

PIAMBIE

Duxton Farms has no plans for any summer crops at Piambie this season. Fallow areas are being speed tilled to remove weeds that are too large to spray due to the previous wet conditions. In March, grading of roads, channels and head ditches is expected to occur across the farm. Surveying has been completed to facilitate future development plans and allow for the winter cropping program.

MOUNTAIN VALLEY STATION (LEASED)

Forage sorghum has been planted at Mountain Valley in areas adjacent to the homestead to be cut for hay. This hay will be utilised as feed for livestock. A number of heifers in calf have been purchased, with delivery expected in April when the roads to Mountain Valley are expected to open to heavy trucks. Overall, livestock activity at the property is limited due to the Northern Territory wet season. Construction of additional fencing for livestock is expected to commence following the end of the wet season. The team are working through equipment requirements for future farming and operational plans.

SHARE BUYBACK

During the month 18,283 shares were bought back. The total number of shares bought under the buyback is 2,695,774, with the Company able to acquire up to 4,149,308 additional shares.



Forage Sorghum Mountain Valley (February 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 wheat prices during February for Port Kembla APW1 (premium quality) finished the month at \$390 per tonne at port. This represents an 8% increase over both last month's price, and prices as at the same time last year. Port Kembla barley prices finished the month at \$312, a 4% increase over last month, representing a 20% increase over the same time last year.³

International wheat prices were volatile during February, with US CBOT March 2023 wheat futures reaching US\$7.90/bushel mid-month, before falling to US\$6.91/bushel by month end. This is a 7% decrease compared to last month and a 25% decrease compared to February 2022.⁴

Price movements over February were likely attributable to increased global supply expectations due to Russia's record wheat yield, the reintroduction of Ukraine to export markets, and weather condition improvements across the US. These anticipated increases in global supply are expected to offset the impacts of the Argentinian drought. Looking forward, Rabobank expect crop prices for 2023 to remain below last year's average, at between US\$7.36/bushel to US\$7.85/bushel unless supply is disrupted.⁵

GRAIN PRICES CHANGES PAST 12 MONTHS*

Crop	Current Price (per tonne)	Price 12 Months Ago (February 2022)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$390/tonne	\$360/tonne	8%
CBOT Wheat Futures	US\$6.91 /bushel	US\$9.28 /bushel	(25%)
Cotton	\$728/bale	\$937/bale	(22%)

*Data from Profarmer Australia, CBOT, ABARES and Cotlook

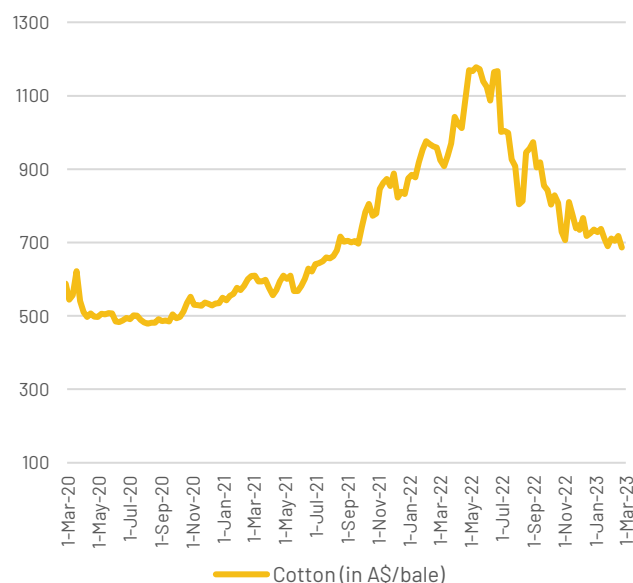
COTTON PRICES

International cotton prices continued to fluctuate either side of 100USc/lb over February, with the Cotlook 'A' Index ending at 98USc/lb for the second month in a row.⁶ This represents a 27% decrease compared to prices at the same time last year. In Australian dollar terms, this translates to prices of \$728/bale, a 22% decrease compared to last year.

In 2022, Australia recorded one of its largest cotton crops on record, exporting 4.8 million bales, more than double the national average of approximately 2.1 million bales. Vietnam was a major buyer of Australian cotton, importing 39% of the nation's cotton exports in 2022.⁷

Cotlook's tentative early forecast for 2023 world production sits at slightly below 25.4 million tonnes. This represents a 2% increase over the previous season. Global raw cotton consumption forecasts are at this early stage placed at 24.5 tonnes, a 5% increase over the 2022/23 season. As a result of the above, world cotton stocks are forecast to increase by 845,000 tonnes as at the end of 2023/24.⁸

AUSTRALIAN COTTON PRICES



³ Profarmer Australia, 2023.

⁴ CME Group, Wheat Futures Indicator (Mar 2023), February 2023.

⁵ Rabobank, Australian Agribusiness Monthly, March 2023.

⁶ ABARES, Weekly Australian Climate, Water and Agricultural Update: Commodities Table, 23 February 2023.

⁷ Farm Online, Australian cotton's top export markets revealed, Matthew Bradd, 17 February 2023.

⁸ Cotlook 'A' Index, Market Summary, February 2023.



LIVESTOCK PRICES

The Australian Eastern Young Cattle Indicator ('EYCI') fell by 9% over February, ending the month at \$7.11/kg. The EYCI is now down 36% compared to the same time last year.⁹ Australian cattle prices have generally continued to fall since early 2022 due to increased supply placing downward pressure on prices. Price movements over the month may also have been influenced by the recent case of mad cow disease found in Brazil. At this time, the incident is not predicted to impact global supply significantly. With Brazil's quality standards in the spotlight, US frozen beef 90CL prices indicator increased by 4% in February, suggesting the value of Australian beef for export may strengthen.¹⁰

The Australian Eastern States Trade Lamb Indicator ('ESTLI') ended the month 10% higher at \$7.33/kg. The ESTLI is now 11% lower than at the same time last year.¹¹ Total domestic lamb exports for February were just above the five-year average at 22,769 tonnes, with shipments to the US, the Middle East and Asia all stronger year-on-year. For 2022, lamb exports finished the year at 284,256 tonnes, slightly above the record levels set in 2019.¹² While supply is expected to increase this year, forecasts suggest demand may remain similar to 2022, which could place downward pressure on domestic lamb prices.¹³ Falling domestic prices may help provide exposure to more international markets, developing demand over time.¹⁴

⁹ Meat & Livestock Australia, Australia's sheep flock to reach largest size in over 15 years, 14 February 2023.

¹⁰ Mecardo, US outlook improving but El Nino by July?, 3 March 2023.

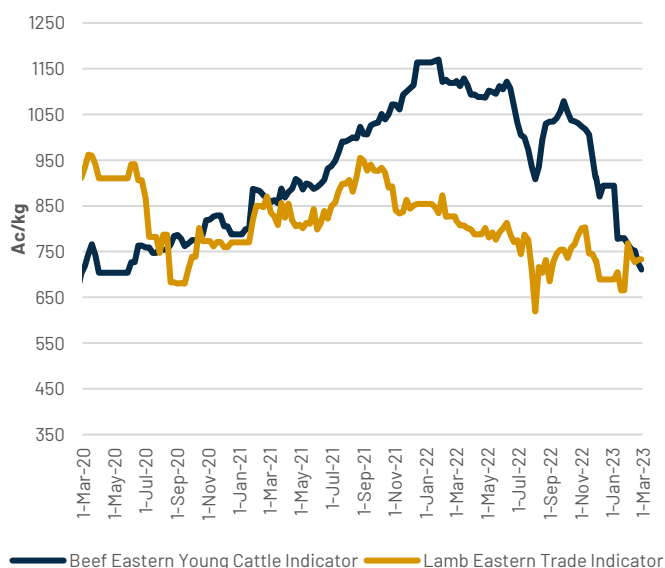
¹¹ Meat & Livestock Australia, Lamb Trade Indicator: National Livestock Report, February 2023.

¹² Mecardo, More lovers of lamb to lift exports, 7 March 2023.

¹³ Mecardo, Rising slaughter leaves prices dependent on demand, 28 February 2023.

¹⁴ ABARES, Sheepmeat, 7 March 2023.

AUSTRALIAN LIVESTOCK PRICES



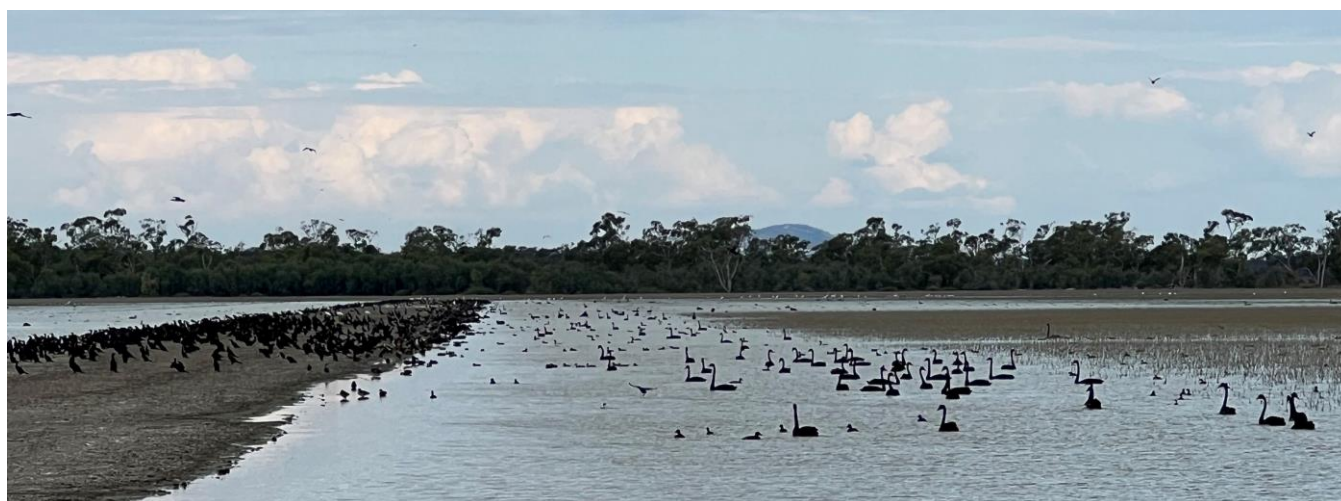
DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

Stock	Current Price (per kg)	Price 12 Months Ago (February 2022)	Percentage Change
Beef	\$7.11	\$11.19	(36%)
Lamb	\$7.33	\$8.27	(11%)
Wool	\$13.64	\$14.21	(4%)

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



Brahman Heifers for Mountain Valley (December 2022)



Bird Life on Flooded Fields at Yarranlea (February 2023)

WOOL PRICES

Wool prices rose by 2% over last month, with the Eastern Market Indicator ('EMI') ending February at \$13.64/kg. This represents a 4% reduction compared to the same time last year.¹⁵ Australian wool production forecasts for 2022/23 are currently placed at 340 million kilograms, representing a 5% increase on 2021/22 estimated production. AWI is predicting increased wool sales in 2023 due to steady international demand from China, Japan, the UK, Italy, France, Germany, and the US. The 2022 calendar year saw a 46.6% growth in import values of woollen apparel to the US. This was largely attributed to the popularity of Merino wool used in active and outdoor wear.¹⁶

WOOL EASTERN MARKET INDICATOR



¹⁵ ABARES, Weekly Australian Climate, Water and Agricultural Update: Commodities Table, 23 February 2023.

¹⁶ AWI, February Market Intelligence report, 27 February 2023.

¹⁷ ABARES, National Overview, 7 March 2023.

¹⁸ ABARES, Australian Crop Report, March 2023.

NATIONAL CROP PRODUCTION

ABARES national winter crop production estimates for 2022/23 have been increased to a record 67.3 million tonnes. If realised, this level of production would surpass last year by 4 million tonnes. Wheat and canola production is expected to reach record volumes and barley is expected to realise its 3rd largest yield in history.¹⁷ A very wet spring is attributed to record production from Western Australia, South Australia and most of Victoria. It is estimated however that 8.1% of New South Wales and 2.9% of Victoria's cropping land was significantly damaged by floods. Queensland experienced harvest delays and quality downgrades in some areas. Planted area for Australia's 2022/23 winter crop is estimated to reach 24 million hectares nationally, a slight fall from last year. Reduced planted area is largely being driven by extensive waterlogging in some cropping areas of New South Wales and Queensland.

Total summer crop production in Australia is forecast at approximately 5 million tonnes, 10% less than last year's record, but 57% above the national 10-year average. While prospects are positive for early sown crops, dryland summer crops sown later in the planting window have been impacted by lack of in-season rainfall so far. National planted area for summer crops is estimated to have increased by 4% despite an expected 2% fall from New South Wales due to flooding during the planting window. This was tempered by a 9% increase in planted area in Queensland after many hectares left fallow over winter were available for summer crop plantings.¹⁸



NATIONAL WEATHER

For Australia as a whole, rainfall during February was 4% above the 1961-1990 national-area average. Above average rainfall was recorded for Queensland and the Northern Territory, with both states recording their highest area-average rainfall for February since 2014. Some parts of south-west Victoria and pockets of Western Australia's coast also experienced higher than average rainfall. Overall however, these states recorded below average falls. Below average rainfall was recorded for New South Wales, eastern and coastal South Australia, much of eastern and southern Queensland, northern and eastern Victoria and parts of Western Australia.

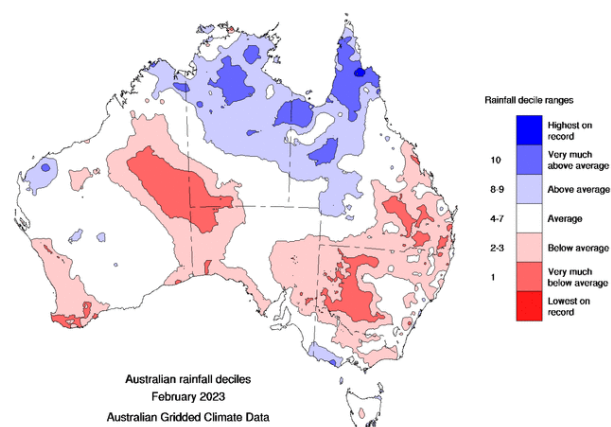
National mean temperatures for February were consistent with the 1961-1990 average for Australia as a whole. Mean maximum temperatures were marginally cooler than average across the majority of Queensland, Victoria and the Northern Territory the remainder of the country recording temperatures slightly above average.¹⁹

¹⁹ Bureau of Meteorology, Australia in February 2023, Australian Government.

²⁰ Bureau of Meteorology, Drought, Rainfall deficiencies and water availability, 14 March 2023, Australian Government.

The BoM's 14 March 2023 Climate Driver update reports that La Niña has ended in the Pacific Ocean. Atmospheric and oceanic temperatures have returned to ENSO-neutral values. ENSO outlooks are anticipated to remain neutral during autumn. The BoM is forecasting that there is a 50% chance of an El Niño in 2023. The Madden-Julian Oscillation (MJO) is currently very strong over the Pacific Ocean, but forecast to move into the Atlantic Ocean. This may result in drier than normal conditions for Australia for the latter half of March.²⁰

RAINFALL DECILE CHART FEBRUARY 2023



Source: Bureau of Meteorology



Hay at Merriment (February 2023)



GLOBAL MARKET INSIGHTS

WEATHER

International weather conditions for the major crops of wheat, maize, rice and soybeans are mixed as at the end of February. For wheat crops, the conditions in the EU, China, Canada and Turkey are generally favourable. Ukraine experienced limited rain over February however overall soil moisture levels remain sufficient. The US and the Russian Federation saw dry conditions persisting across some areas. In India, harvest has begun in some regions however, hotter than average temperatures in northern and western growing areas are creating difficulties for some crops in their delicate yield development stages. For maize crops, Argentina continues to experience hot and dry temperatures during harvest of their larger season crop. India, South Africa and Mexico all experienced favourable conditions over February. Brazil's harvest is underway for the spring-planted crop, however some areas are being impacted by a lack of rainfall and high temperatures. Conditions are positive for sowing of Brazil's summer-planted crop, now underway after weather-related delays. For soybeans, harvest is ongoing in Brazil under mostly favourable conditions. Brazil managed to increase their total sown area, despite dry conditions in the south. Argentina's soybean output was impacted by frost in the west and lack of rain and high temperatures in the east.

For rice, India and Indonesia experienced positive conditions and have increased their total sown area compared to last year. In India, transplanting of the Rabi season crop is wrapping up. In Indonesia, sowing of the wet-season crop is ongoing. Thailand and the Philippines also experienced favourable conditions. Cold weather in Vietnam's north saw a delayed start to sowing of dry-season rice however, conditions are favourable in the south, with some provinces beginning harvest. A reduced sown area is expected in Brazil as dry conditions continue.²¹

PRODUCTION

Total grains (wheat and coarse grains) production for the 2022/23 season is estimated at 2,250 million tonnes by the International Grains Council (IGC). This represents a 6 million tonne increase compared to last month's estimate and is mainly attributable to an upgraded outlook for wheat. The outlook for world consumption is down 5 million tonnes, primarily due to predictions of weakened maize demand.²²

²¹ Geoglam, *Crop Monitor Report, Conditions*, 28 February 2023.

²² International Grains Council, *Grain Market Report*, 16 March 2023.



Harvesting Canola Post Flood at Yarranlea (December 2022)



View from Yarranlea Farmhouse (December 2022)

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