

Monthly Update



JUNE 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)

10,045 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

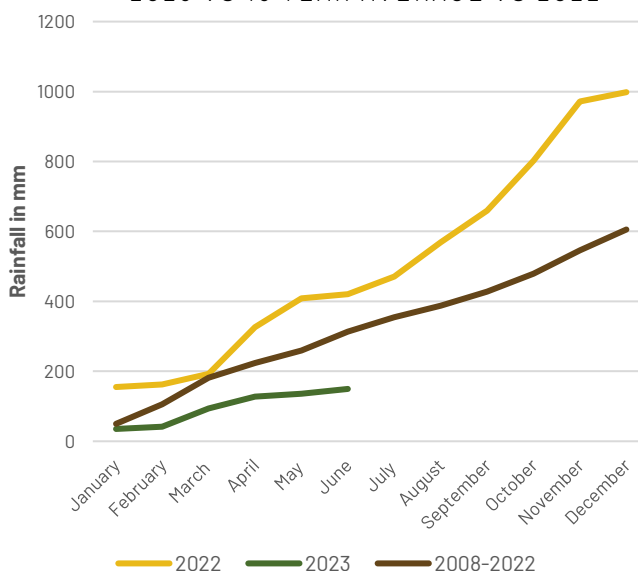


NSW FORBES AGGREGATION

LOCAL WEATHER

The Central West of New South Wales (Forbes Airport AWS) recorded 48mm of rainfall in June, 6% below the historical mean of 50.8mm for the month. Forbes has received 184mm of rainfall year to date, 56% less than at the same time last year and 41% below the 15-year average. Mean maximum temperatures averaged 16.5°C for the month, 1 °C higher than the long-term average for June.¹

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



2023/24 CROP UPDATE

The establishment and growth of the winter crop was strong across the month, and the relatively high rainfall received over June was beneficial for the entire cropping area. Post-emergent spray has been applied across most of the planted area and additional fertiliser will be spread across winter crops next quarter. All required chemical and fertiliser is on hand for post-planting applications.

For the summer crop, grazing of dual-purpose wheat commenced in late June. Land preparation on row crop country is continuing, with fertiliser applications occurring as conditions allow. The Company also completed spraying out channels around the irrigation country in preparation for the season's summer crop.

¹ Bureau of Meteorology, Forbes Airport AWS, Monthly Rainfall and Temperature, June 2023.



NSW FORBES AGGREGATION (CONT.)

LIVESTOCK

Pasture growth ramped up as the NSW aggregation received increased rainfall as the month progressed. Adequate reserves of fodder continue to be held on farm, providing livestock with feed through the winter. The Company is continuing to trade livestock as favourable opportunities arise.

IRRIGATION

The Wyangala Dam capacity increased 1% over last month and was 97% full at the end of June, with the Company's water allocations remaining at 118% after the account was reset during the quarter. Plans to rebuild a pivot on farm remain, and activity to complete this work is anticipated to commence during the summer of 2024 to support winter cereals and fodder. Pipe parts have been purchased and stored on farm.

PIAMBIE

The Company's Piambie property redevelopment plan has taken precedence over the planting of a winter crop, and the Company is taking the opportunity to commence work on the irrigation system. As such, Duxton Farms will not be planting a winter crop this season at Piambie. The improvements to the site are expected to result in a more efficient and productive property that is better able support the Company's long-term development objectives. Duxton Farms has commissioned a survey of Piambie as an input into its long-term redevelopment plans, with work on the plan expected to commence in early July.

MOUNTAIN VALLEY STATION (LEASED)

CROP UPDATE

The forage sorghum that was planted for livestock feed in existing fields around the homestead area has been baled or grazed off for livestock feed.

LIVESTOCK

Mustering occurred at Mountain Valley Station as conditions and access allowed. The sale of livestock continued as available, with mixed sex weaners purchased during the month.

OPERATIONAL UPDATE

Mustering for cattle and Buffalo was undertaken during the month, hay making has been completed, and equipment purchased from NSW is expected to be delivered in July. Contractors have been engaged to commence fencing areas cleared before the wet season.



DP Wheat, West Plains



SHARE BUYBACK

During the month, 15,807 shares were bought back. The total number of shares bought under the buyback is 2,785,581, with the Company able to acquire up to 4,059,501 additional shares.

AUSTRALIAN MARKET INSIGHTS

WHEAT PRICES

Port Kembla APW1 (premium quality) grain prices ended the month at \$407 per tonne at port, an 8% increase over last month, and 4% less than prices at the same time last year. Port Kembla barley prices finished the month at \$335 per tonne at port, no change from last month's end price, but a 7% decrease over the same time last year.²

International wheat prices ended 13% higher than last month, and 27% less than the same time last year, with US CBOT September 2023 wheat futures ending at just under US \$6.67/bushel. Increasing global production forecasts are continuing to place downward pressure on prices. More information on global grain production can be found further in this update.

GRAIN PRICES CHANGES PAST 12 MONTHS*

Crop	Current Price (per tonne)	Price 12 Months Ago (June 2022)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$407/tonne	\$425/tonne	(4%)
CBOT Wheat Futures	US\$6.67 /bushel	US\$9.15 /bushel	(27%)
Cotton	\$672/bale	\$985/bale	(32%)

*Data from Profarmer Australia, CBOT, ABARES and Cotlook

² Profarmer Australia, 2023.

³ ABARES, Commodity Update, June 2023.

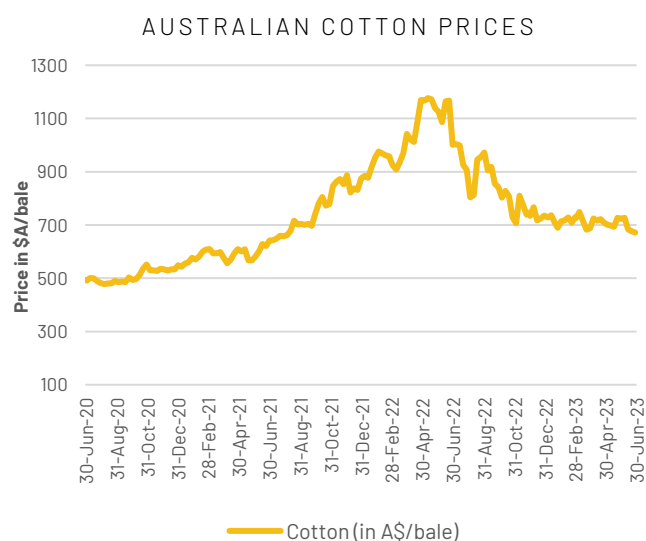
⁴ Cotlook 'A' Index, Market Summary, June 2023.



Cotton, April 2022

COTTON PRICES

Despite an increase to 96USc/lb early in the month, the Cotlook 'A' index ended the month at 90USc/lb. In Australian dollar terms, this translates to prices of \$672/bale, representing a 7% decrease compared to the end of May, and a 32% decrease compared to prices of \$985/bale at the same time last year.³ Import enquiry from China ramped up during the month, however, ongoing economic problems in the US, Europe, Bangladesh, Pakistan and Turkey, saw reduced demand from spinners. Cotlook's forecast for the 2022/23 season world stocks increased from 1.98m tonnes in May, to 2.04m in June. The increase was largely due to excellent yields from Brazil and Australia.⁴





LIVESTOCK PRICES

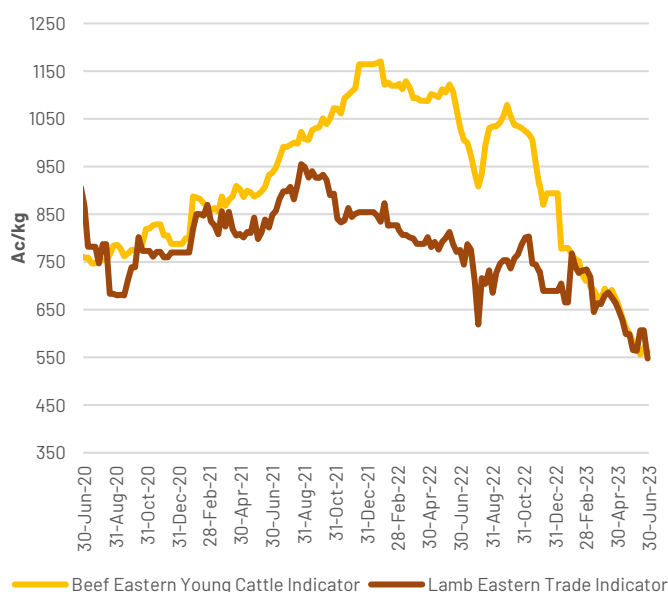
The Australian Eastern Young Cattle Indicator ('EYCI') fell by 4%, compared to the previous month, with prices by the end of June at \$5.62/kg. The EYCI has fallen by 47% compared to the same time last year. Australian cattle prices are expected to remain subdued over the next few months as current supply remains strong and restocker demand weakens during dryer weather conditions. However, global demand for Australian beef is expected to rise given US production declines, expanding export opportunities.⁵

The Australian Eastern States Trade Lamb Indicator ('ESTLI') ended the month 3% below last month, at \$5.48/kg compared to \$7.92/kg in April. The ESTLI is 30% lower than at the same time last year. Lamb supply forecasts remain elevated for the remainder of the year, with price softening expected to continue. Despite the lower value, largely due to economic challenges in the US, elevated demand for Australian Lamb is being seen from export markets, with 2023 expected to be a record year for lamb export volumes. Demand has notably increased from China, the UAE and South Korea.⁶

⁵ Rural Bank, Australian Agriculture Mid-Year Outlook 2023: Cattle.

⁶ Rural Bank, Australian Agriculture Mid-Year Outlook 2023: Sheep.

AUSTRALIAN LIVESTOCK PRICES



DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

Stock	Current Price (per kg)	Price 12 Months Ago (June 2022)	Percentage Change
Beef	\$5.62	\$10.63	(47%)
Lamb	\$5.48	\$7.78	(30%)
Wool	\$11.26	\$14.01	(20%)

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



Cattle Grazing, West Plains



Sheep Grazing, Fallow Fields West Plains

WOOL PRICES

Australian wool prices fell 7% over the previous month, with the Eastern Market Indicator ('EMI') ending June at \$11.26/kg. Wool prices are now 20% less than prices of \$14.01 recorded at the same time last year. Australian wool supply is expected to continue to rise this year after the national flock growth of recent years. Demand is likely to soften given global economic challenges, labour supply shortages and increased harvesting costs. While China accounts for 85% of Australian raw wool exports, India has tripled its purchases since 2021. India's increased demand was driven by the Australia-India Economic Cooperation and Trade Agreement, enacted in late 2022, which removed tariffs on Australian wool.⁷



NATIONAL CROP PRODUCTION

Total Australian winter crop production is forecast to fall by 34% to 44.9 million tonnes in 2023-24. This is approximately 3% below the 10-year average of 46.4 million tonnes. The downgraded forecast is largely attributed to expectations of below average national rainfall over winter and spring this year. Demand for Australian wheat looks promising, as production from some key exporting nations is expected to decrease.

For summer crops, ABARES estimates for 2022-23 are at approximately 5.1m tonnes, 43% above the national 10-year average, and 8% below last year's record production levels. Current production estimates have been impacted by a 25% downgrade in rice forecasts, as wet weather limited field access for many growers and cold weather conditions impacted the late maturing crop.⁸



Wheat emerging, West Plains

⁷ Rural Bank, Australian Agriculture Mid-Year Outlook 2023: Wool.

⁸ ABARES, Australian Crop Report, National Overview, June 2023.



NATIONAL WEATHER

For Australia as a whole, rainfall was 24.6% above the 1961-1990 average for June, with above average falls stretching across the country from the north-west to the south-east coast. Rainfall was below average for coastal New South Wales, stretching inland to Victoria.

The national area-average mean maximum temperature for the month was 1.25°C above average, the tenth-highest on record for June. The national mean minimum temperature was 0.99 °C above average.

2023 saw the third consecutive La Niña and negative Indian Ocean Dipole weather events bring excessively wet conditions to eastern parts of Australia, leading to the third largest River Murray flood in recorded history.⁹ These events had widespread impacts on Australian agriculture.

Looking forward the Bureau of Meteorology (“BoM”) has issued an El Niño alert, with a positive Indian Ocean Dipole possible. These weather events have led to predictions of warmer and drier than average conditions between August to October this year.¹⁰ With the recent wet period filling water storages Duxton Farms is well placed to manage water requirements during the dryer period.

GLOBAL MARKET INSIGHTS

WEATHER

International weather conditions are mixed in the northern hemisphere where harvest of winter wheat crops and sowing of spring crops is ongoing. Hot and dry weather in parts of the US have lowered grain production estimates from the region. In the southern hemisphere, soil moisture levels have begun to recover in Argentina, with sowing occurring under favourable conditions for some regions. In Australia, above average June rainfall benefited crop establishment across much of the country.

For maize, harvesting is ongoing in the southern hemisphere, with Argentina under poor conditions after prolonged drought. Drought is also developing across parts of the northern hemisphere, with the US, Mexico, northern China, under mixed conditions. In Brazil, an increase in total sown area compared to last year is expected, with the summer crop in the ripening to harvesting stages, under favourable conditions.

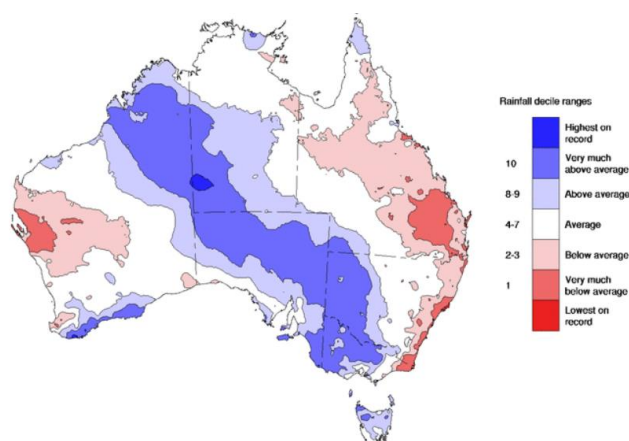
For Rice, in Indonesia, conditions are favourable as harvesting of wet season rice wraps up and sowing of dry season rice continues. A delayed rainy season and higher input costs have led to a reduced expected sown area in Thailand, where sowing has commenced under mixed conditions. Conditions are favourable for rice crops in the US and total sown area is expected to increase compared to last year.

For soybeans, Argentina’s harvest is concluding with reduced and lower quality yields. In Canada sowing was complete under favourable conditions. In the US and China, dry weather has reduced crop conditions across many growing areas. India has commenced sowing after monsoon season delays and in the Ukraine, sowing is wrapping up under mostly favourable weather conditions.¹¹

GLOBAL GRAIN PRODUCTION

In its 29 June 2023 update, the International Grains Council is forecasting total grains (wheat and coarse grains) production for the 2022/23 season of 2,259m tonnes, an increase of 5m tonnes over last month’s estimate. The increase is due to another upgraded estimate for Brazilian maize. Global consumption estimates also increased, but not in line with increasing supply. Closing global stock estimates were raised by 3m tonne to 592m, 8m less than last year. The world trade outlook is sitting at 417m.¹²

*RAINFALL DECILES - JUNE 2023



*Source: Bureau of Meteorology

⁹ The Government of South Australia, Department for Environment and Water, 2022-23 River Murray Flood Event.

¹⁰ Bureau of Meteorology, Climate Driver Update, 18 July 2023.

¹¹ Agricultural Market Information Systems, Crop Monitor, 28 June 2023

¹² International Grains Council, Grain Market Report, 29 June 2023



Canola – Yarranlea

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