



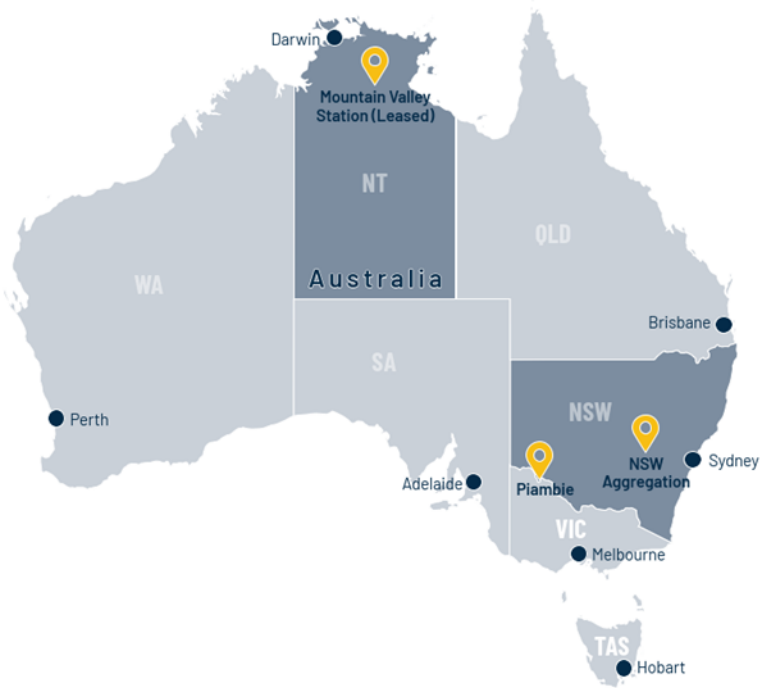
Duxton Farms Investment Update



Portfolio Overview

AUSTRALIA’S ONLY PUBLICLY-LISTED MIXED FARMING ENTERPRISE

- Duxton Farms seeks to provide investors with direct exposure to the Australian agricultural sector via a portfolio of mixed farming properties.
- Duxton Farms is the only ASX-listed integrated farming enterprise.
- The Company produces key agricultural staples to feed a population that is both growing in size and becoming increasingly developed economically.
- Duxton Farms has a long investment horizon, but remains highly responsive and adaptable to shifting market conditions.
- Duxton Farms’ core portfolio comprises ten owned and leased properties spanning 165,590 hectares across New South Wales, Victoria and the Northern Territory.
- The key commodities produced by Duxton Farms have traditionally included grains, oilseeds, fibres and livestock products.
- Duxton Farms has 4,067 hectares of irrigable land, supported by 16.8GL of water 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	6,438	367
NSW	Timberscombe*	8,432	-
VIC	Piambie	1,185	917
NT	Mountain Valley (Leased)	141,000	-
	Total	165,590	4,067

*this property is currently held for sale.



Duxton Farms' Investment in Duxton Dried Fruit

PURPOSEFUL EXPANSION INTO AUSTRALIAN HORTICULTURE

What is the investment?

Duxton Farms Ltd ("**Duxton Farms**") is pleased to announce an investment in Duxton Dried Fruit Pty Ltd ("**DDF**" / "**Company**"), which is one of Australia's largest growers of dried grapes, and a business that is also managed by Duxton Capital (Australia) Pty Ltd. Duxton Farms will invest \$2,500,000 in DDF, which comes with free attaching options.

What is Duxton Dried Fruit?

DDF was established in 2018, as a greenfield development and has grown to become the second-largest dried fruit producer in Australia, being responsible for approximately 30% of national production.

While Australia had traditionally been a large global producer and net exporter, domestic production has fallen by 90% since its peak in the late 1980s while consumption has remained stable. This has created a material imbalance between domestic supply and demand, with nearly 50% of dried fruits products consumed in Australia being imported from markets like Turkey, China and Chile. Further to this, due to systemic underinvestment over the past 40 years, the industry is now highly fragmented, with hundreds of growers and an average farm size of about 10 hectares.

DDF's portfolio comprises two vineyards along the Murray River in Euston, New South Wales and Wemen, Victoria totalling 540 hectares of producing vineyard, and another 160 hectares planned or under development. The Company produces a range of dried grape varieties, including sultanas, raisins, and sunmuscats, which are sold via long-term offtake agreements with Australia's two largest dried fruits processors.

Why is Duxton Farms investing in horticulture?

The Board of Duxton Farms has been looking for opportunities to expand and diversify outside of its traditional mix of dryland cropping, irrigated cropping, and livestock management. These activities will continue to form the core of the Duxton Farms' business, but the Company will seek to gain exposure to other segments of the Australian agricultural sector in order to reduce volatility in the Company's earnings profile. An investment in DDF has been considered for the following reasons:

- As a net importer of dried fruits, the Australian market is characterised by a supply/demand imbalance that can be directly addressed by the Company in a competitive environment that is characterised by decreasing competition and increasing fragmentation;
- Horticulture has significant returns to scale, and there are a number of opportunities for both horizontal and vertical integration within the dried fruits industry;
- Exposure to DDF's portfolio diversifies Duxton Farms' geographic footprint and mix of commodities produced;
- The investment does not require a significant capital outlay relative to the diversification benefits compared with Duxton Farms' existing portfolio;
- The investment does not require the creation of a separate business unit or operations team, as DDF has its own a dedicated management; and,
- By taking an equity position in DDF, Duxton Farms creates long-term optionality to expand its exposure to permanent horticulture.



Duxton Farms' Investment in Duxton Dried Fruit

PURPOSEFUL EXPANSION INTO AUSTRALIAN HORTICULTURE

What are the key operational risks?

The risks faced by the dried fruits industry are broadly comparable to those faced by traditional viticulture in Australia; operational risks include disease and pests, adverse weather conditions, climate change, water scarcity and security, and labour availability, while the primary market risk is price competition from overseas producers and heightened ongoing domestic market pricing relative to other horticultural industries.

What is the strategic direction for Duxton Dried Fruit?

As DDF enters its sixth year of a staged greenfield vineyard development, the Company is focused on successfully planting out the remaining areas in its development plan and on optimising vineyard health for the more mature Stage 1 and Stage 2 vines. DDF is also exploring opportunities to increase its area under cultivation and move up the dried fruits value chain, but these are secondary considerations at this stage. The Company is also looking to increase its water security by purchasing Murray River water entitlements, which will underpin future production.

Why is Duxton Farms investing in Duxton Dried Fruits specifically?

In response to the 2017-19 drought season and the 2022/23 flood season, the Board of Duxton Farms has been actively seeking opportunities to expand and broaden the Company's exposure to the Australian agricultural sector and has highlighted horticulture as a key area of interest. The Australian dried fruit industry is currently at a cyclical low, with a 90% fall in domestic production and a number of macroeconomic tailwinds; moreover, its highly fragmented nature means that there are very few opportunities to invest in dried fruits vineyards at scale without embarking on a greenfield development. DDF should enter the positive leg of its development J-curve in the next two years, which will expedite what would otherwise have been a seven-year commitment.

The DDF raise presents a rare opportunity to invest in an underdeveloped subsector within Australian horticulture without forming a dedicated business unit and bringing the associated expertise inhouse.

What does this mean for the future of Duxton Farms?

Duxton Farms will continue operating as an efficient producer of key agricultural staples, and its performance is expected to remain predominantly a function of the core portfolio's seasonal production for the foreseeable future. Over the next few seasons Duxton Farms hopes to continue expanding its livestock and irrigated cropping programmes within the existing portfolio, while expanding and diversifying its exposure to the Australian agricultural sector. The Board of Directors intends to achieve this by continuing to capitalise the New South Wales portfolio while providing investors with exposure to new commodities, production systems and geographies both via direct acquisitions and through equity investments, as outlined at the Company's recent Annual General Meeting.

The investment in DDF is another step towards creating a stronger, more diversified business, which the Board believe will create significant value for shareholders through the agricultural cycle.





Duxton Capital (Australia) Pty Ltd

7 Pomona Road, Stirling SA 5152

+61 8 8130 9500

enquiries@duxtonam.com

Sam Venning (Business Development)

sam.venning@duxtonam.com

Caspar Peter (Associate)

caspar.peter@duxtonam.com

duxtonam.com

