

COMPANY SNAPSHOT

COMPANY NAME

Duxton Broadacre Farms Limited

INVESTMENT MANAGER

Duxton Capital (Australia)

PORTFOLIO

3 broadacre aggregations

LOCATIONS

Forbes and West Wyalong, NSW

HECTARES

19,465 owned

WATER ENTITLEMENTS (ML)

7,294 owned
6,798 leased



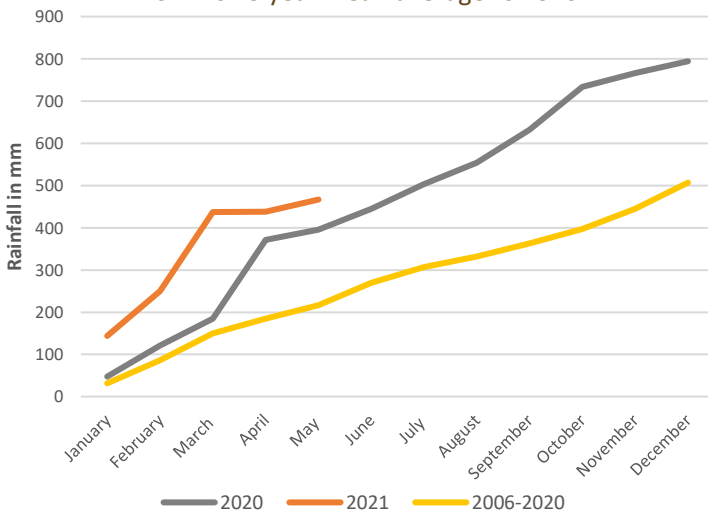
Duxton Broadacre Farms Limited (DBF/Company) presents investors with a unique opportunity to participate directly in the Australian broadacre cropping industry and the possibility to provide shareholders with both ongoing annual operational yield and longer-term capital growth. DBF intends to achieve this through the acquisition and aggregation of land rich parcels into its existing portfolio of diversified high-quality farms, to improve operational efficiencies and the diversification of commodities produced to satisfy the long-term growth in global grain demand.

OPERATIONAL UPDATE

LOCAL WEATHER

Central-west New South Wales (NSW) saw rainfall of 29.2mm over May, slightly below the long-term average of 32.3mm. The year to date rainfall in 2021 is significantly above the 15-year average. The mean temperature for May was 19.3°C compared to the long-term average of 19.4°C.

Cumulative Rainfall (Forbes Airport AWS)
2021 vs 15 year mean average vs 2020



WINTER CROPS

The winter crops are expected to be fully planted within the normal planting windows, with only a limited area remaining to be planted. Winter crops planted earlier in the season have germinated well with good soil moisture assisting growth. No damage to crops as a result of mice has been observed, with all crops being treated with mouse bait post seeding. The colder weather and baiting have resulted in what appears to be reduced mice numbers and crops will continue to be monitored with additional bait should it be required. May provided good conditions to assist draining run off from earlier heavy rainfall events.

SUMMER CROPS

Cotton continued to be picked during May with yields to be confirmed after turnout from ginning. Water use has been lower than budgeted due to above average rainfall reducing requirements. Transport of picked cotton for ginning is expected to commence in early June. Mulching and seed bed preparations for the winter cropping to follow the cotton commenced late in the month. Field preparations for next year's cotton crop are expected to continue once conditions allow after the March rainfall event caused a delay.



Harvest of Cotton Greens at Walla Wallah (May 2021)

LIVESTOCK

Sale of livestock has continued where market opportunity allows, with good to exceptional pricing. Autumn calving has begun and is progressing well and has been assisted by good pasture growth. Adequate fodder reserves have also been kept. Given lambing was slightly earlier for the NSW flock, lamb marking is soon to commence with strong lambing numbers and good health observed. For the SA flock that were moved to NSW, lambing is only just coming to an end however has gone well. Additional livestock will be purchased if favourable pricing opportunities arise.

IRRIGATION

DBF's water position remains secure, with the Lachlan River water allocation increasing over the month and currently at 68% YTD. Further increases to the allocation are expected in the coming month. The March rainfall event stopped the drilling of test bores at Yarranlea and Timberscombe and work will recommence upon drier field conditions. The application lodged with State Water for an additional production bore at Walla Wallah has been accepted and DBF is now awaiting final completion.

SHARE BUYBACK

During the month 10,000 shares were bought back. The total number of shares bought under the buyback is 828,664 with the Company being able to acquire up to 4,203,687 additional shares.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During May, Australian wheat prices rose by 3% finishing the month at \$396/t. Barley prices rose by 5% ending the month at \$309/t. Export demand for Australian grains remains strong with wheat, barley and canola exports to the end of March 2021 already exceeding the full season totals from the two prior seasons. Support for wheat prices is partly attributed to strong Chinese demand for feed grains placing pressure on stocks globally. This substantial demand amid reduced production from key exporters in particular the Ukraine and the European Union has seen Australian wheat capture market share, with 10% of current season wheat heading to African destinations compared to the average of 4%. Looking forward, because the world is currently in between wheat harvests markets in the near term are likely to react to any weather events or news that impact production forecasts. Northern hemisphere crops are to be harvested in a couple of months and Australian harvest is around six months away.¹

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

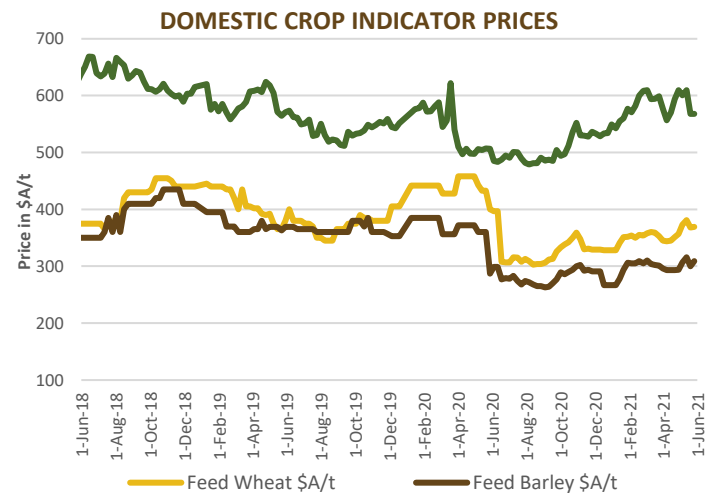
CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (May 2020)	PERCENTAGE CHANGE
Feed Wheat	\$369	\$400	(8%)
Feed Barley	\$309	\$287	8%
Cotton	\$568/bale	\$507/bale	12%

* Data from ABARES weekly commodity reports and Cotlook

COTTON PRICES

International cotton prices fell over May ending the month \$7USc/lb lower at 88USc/lb or in Australian dollar terms \$568/bale. In USD terms, prices are 31% higher compared to the same last year. Due to foreign currency movements, in Australian dollar terms prices are up only 12% compared to the same time last year.

The consolidation in cotton prices this month is largely attributed to good May rainfall across West Texas, America's top cotton producing state. This has alleviated some of the concerns over widespread crop abandonment due to drought.² Cotlook's estimates of Australian 2021/22 cotton production increased over the month due to the refilling of many reservoirs during the March rainfall event. Australian harvest is currently underway for the 2020/21 season, with production estimates now rising to four times the magnitude of the previous season. The latest Cotlook forecasts of global supply and demand estimate global stocks by the end of the 2021/22 to be fall 530,000 tonnes.³



CROP PRODUCTION

Summer crop production for 2020/21 is estimated by ABARES to have increased to 3.4 million tonnes, more than three times than the drought affected production season of 2019/20. ABARES production forecasts for the 2021/22 winter crop are currently placed at 46.8 million tonnes, 15% below last year's near record high 55.2 million tonnes but still 13% above the 10-year average. Mixed yield performance is expected to reduce production, with New South Wales, Western Australia and Queensland mostly experiencing favourable seasonal conditions while South Australian and Victorian conditions being mixed. Favourable weather in New South Wales, Western Australia and Queensland alongside high global grain prices is expected to drive up total area planted for winter crops to a record high of 23.2 million hectares, up 2% from last year.⁴ For wheat, despite an expected 1% increase in total planted area, wheat production is forecast at 27.8 million tonnes, a fall of 17% to compared to last year but still 15% above the 10-year average. Barley production is also expected to fall by 21% to 10.4 million tonnes however this is still 7% above the 10-year average. Increased mouse populations in the eastern states are expected to increase costs of production in affected regions and while some producers may suffer production losses, total national output is not expected to be adversely affected.

¹ Rural Bank, 2021. *Cropping Insights May 2021*.

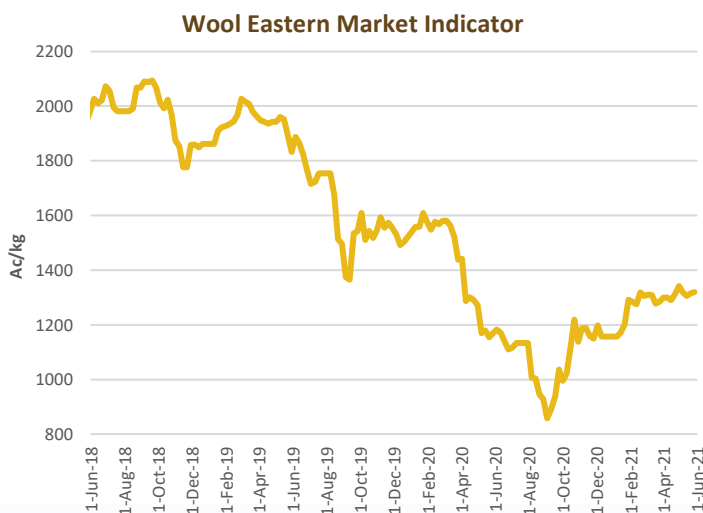
² Clack, C, 2021. *Rabobank Research Australia Agribusiness Monthly – Cotton June 2021*, Rabobank.

³ Cotlook, 2021. *May 2021 Market Summary*.

⁴ ABARES, 2021. *Australian crop report: June 2021*, Australian Bureau of Agricultural and Resource Economics and Sciences.

WOOL PRICES

Wool prices fell marginally over May finishing 1.6% lower at \$13.20/kg. Despite the slight fall in prices, possibly attributed to increasing listed sale volumes and currency movements⁵, interest in Australian wool continues to build from sources outside of China, with reports of Czech Republic buyers exercising some purchasing power and Indian buyers also increasingly interested albeit whilst facing substantial labour issues due to the COVID-19 pandemic.⁶ Looking forward, Rabobank expect that improving apparel sales in key end markets and the associated improvement in processor sentiment will provide support for wool prices. US retail apparel sales are 3.4% higher in April 2021 this year than in 2019, and over 700% higher than the lows reached during the peak pandemic period of April 2020. The story is similar in China with retail apparel sales up 2.5% on pre-pandemic April 2019 figures.⁷



NATIONAL WEATHER

May recorded well below average rainfall for Australia as a whole and overall was 39% lower than historical means. The Northern Territory and Queensland had the lowest rainfall compared to historical means. The Northern Territory recorded the 9th driest May on record with average area rainfall of only 0.8mm. Queensland average area rainfall of 7mm was 77% lower than historical means while New South Wales average area rainfall of 27.7mm was 43% lower. Western Australia was the only State that saw above average rainfall, recording a 9% increase compared to historical means.

National mean temperatures for May were 0.51°C warmer than average for Australia as a whole. Mean maximum temperatures for May were warmer than average for most of Australia, but closer to average for much of New South Wales, southern Queensland, South Australia and the inland south-west of Western Australia. Mean minimum temperatures were warmer than average for most of Western Australia, but cooler than average for the Kimberly. Cooler than average mean minimum temperatures were also observed in large areas of the Northern Territory, western New South Wales and parts of southern Queensland.

The BoM's latest outlook reports that winter (June to August) rainfall is likely to be above average for much of northern, central and eastern Australia extending into parts of South Australia. Parts of west coastal Western Australia are likely to have below average winter rainfall. The BoM is reporting that the El Niño-Southern Oscillation (ENSO) is now in a neutral phase, with all climate models predicting neutral conditions to persist for at least the next six months. A neutral phase ENSO has little influence on Australia's climate meaning other climate drivers may have more of an impact this season. The Indian Ocean Dipole (IOD) is also in a neutral state however the index has recently dropped with large parts of the eastern Indian Ocean warmer than average. Most models predict a neutral IOD to continue during winter however some suggest negative IOD conditions may develop in the next three months. A negative IOD could increase the chances of above average winter-spring rainfall for southern Australia. It should be noted that IOD forecasts during autumn have lower accuracy than at other times of the year and so the BoM recommends they be viewed with caution.⁸

⁵ Elders Wool, 2021. *Market falls a fraction as trade sums-up likely demand*, The Land.

⁶ Australian Wool Innovation Limited, 2021. *Week 48 – May 2021 Weekly Price Report*, Wool.com.

⁷ Voznesenski, D, 2021. *RaboResearch Australia Agribusiness Monthly – Wool June 2021*, Rabobank.

⁸ Bureau of Meteorology, 2021. *Climate Driver Update 25 May 2021*, Australian Government.

LIVESTOCK PRICES

During May, the Australian Eastern Young Cattle Indicator (EYCI) fell slightly but remains near record highs ending the month at \$8.87/kg. Elevated cattle prices continue to be underpinned by tight supply which can be seen in total slaughter numbers. In the last week of April eastern states cattle slaughter was 30.5% lower than the same week in 2020 and 30.1% below the five-year average.⁹ On 20th May, Argentina suspended all beef exports for 30 days in a bid to reduce domestic prices. Argentina currently represents 22% of China's beef imports and so the suspensions may cause some disruptions to beef markets however provided that the restrictions remain only short term the impacts and any benefits to Australian producers are expected to be minimal.¹⁰

During May, the Australian Eastern States Trade Lamb Indicator (ESTLI) rose by 4% and ended the month 34 cents higher at \$8.43/kg. Strong demand from restockers continues to support lamb prices, however, there has been a recovery in supply as evidenced by improving export volumes. The volume of lamb exports in April was only 3.7% lower year on year, with demand from the United States up 17.2% year on year and expected to continue expanding as the foodservice sector recovers following the impacts of COVID-19. Looking forward lamb prices are expected to be supported on the back of improving export demand and prices historically rising over the winter months due to falling supply.¹¹

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (May 2020)	PERCENTAGE CHANGE
Beef	\$8.87	\$7.04	26%
Lamb	\$8.43	\$9.10	(7%)
Wool	\$13.20	\$11.70	13%

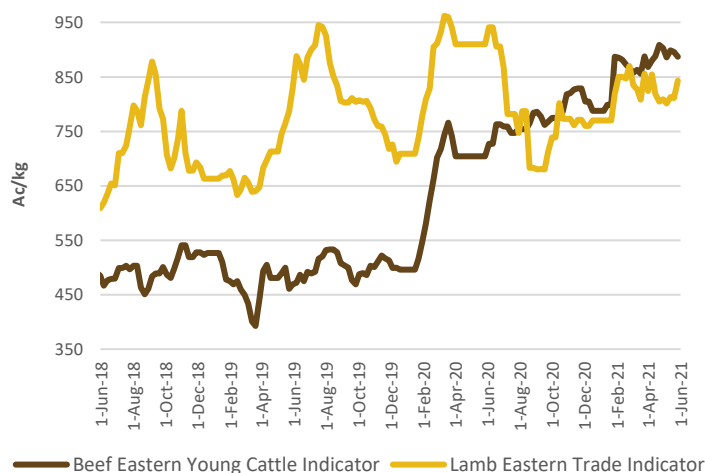
* Data from ABARES weekly commodity reports, Meat and Livestock Australia and Australian Wool Innovation Ltd

⁹ Rural Bank, 2021. *Cattle Insights May 2021*.

¹⁰ Gidley-Baird, A, 2021. *RaboResearch Australia Agribusiness Monthly – Sheepmeat June 2021*, Rabobank.

¹¹ Rural Bank, 2021. *Sheep Insights May 2021*.

Australian Livestock Prices



GLOBAL MARKET INSIGHTS

WEATHER

Recent weather conditions for the major agricultural commodities have been mostly favourable however there are some areas of concern.¹² Wheat conditions are mostly favourable. In the EU, despite recent colder than usual temperatures outlooks are positive and in Ukraine ample rainfall is supporting crop development. Russian wheat conditions are mixed, with previous dry weather in the southern Caucasus causing concern while other regions are favourable. In China, winter wheat harvest is ongoing under favourable conditions. Maize conditions are mostly favourable with sowing in the United States complete and most of the crop emerging under good conditions. In Brazil, irregular distribution of rainfall has seen the summer planted (larger season) crop developing under mixed conditions in southern regions. In Argentina, harvest continues under mixed conditions with eastern and southern regions particularly poor due to low rainfall. Conditions for rice are mostly favourable with China's sowing of single season rice ongoing. India's harvest of Rabi rice is wrapping up under favourable conditions with an increase in total sown area compared to last year. Soybean conditions are mostly favourable but for Argentina where variable rainfall is resulting in mixed harvest results. In the United States soybean sowing is finishing up under favourable conditions but for dryness in the Dakotas which may impact yields.

PRODUCTION

Forecasts for the 2020/21 grain season fell by 6 million tonnes over the month and are currently placed at 2,220 million tonnes. Reduced production estimates are mostly attributed to a worsening maize crop outlook for Brazil. Total production estimates for 2021/22 are projected to expand by 72 million tonnes to a peak of 2,292 million tonnes. Led by higher use of wheat and maize, total consumption for 2021/22 is projected to increase by 59 million tonnes to 2,297 million tonnes resulting in a 5 million tonne drawdown of global stocks and the fifth consecutive year where global consumption has exceeded production.¹³

GRAIN PRICES

Grain prices are influenced by several factors including, but not limited to, supply and demand, political risk, global economic conditions, and weather. Over May, the IGC global grain and oilseed index fell by 3% however remains 47% higher year on year. As a result of good northern hemisphere rainfall and improved maize production prospects, the wheat sub-index fell by 5%. The maize sub-index ended May 4% lower with early gains on the back of a worsening crop outlook in Brazil offset by improved US production prospects and a bearishly interpreted United States Department of Agriculture report on global supply and demand. The rice-sub index was broadly unchanged over the month while the soybeans sub-index dipped by 2% attributed to good US planting weather and a slowdown in demand from China.¹⁴

¹² Agricultural Market Information System (AMIS). 2021. *Market Monitor June 2021*.

¹³ International Grains Council, 2021. *May 2021 Grain Market Report*, IGC.

¹⁴ International Grains Council, 2021. *May 2021 Grain Market Report*, IGC.



Mulching Cotton Greens at Walla Wallah (May 2021)

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