

COMPANY SNAPSHOT

COMPANY NAME

Duxton Broadacre Farms Limited

INVESTMENT MANAGER

Duxton Capital (Australia)

PORTFOLIO

4 broadacre aggregations

LOCATIONS

Forbes and West Wyalong, NSW
Naracoorte, SA

HECTARES

21,445 owned

WATER ENTITLEMENTS (ML)

8,779 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.

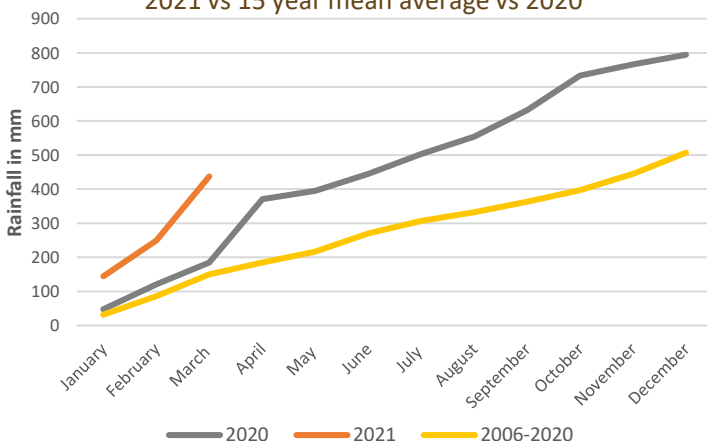
OPERATIONAL UPDATE

LOCAL WEATHER

Central-west New South Wales (NSW) recorded March rainfall of 187.6mm which is 132.1mm, or 338% above the monthly long-term average. The high rainfall event saw Forbes on the 23rd of March receive 89mm of rainfall in a single day. Whilst large areas of land were inundated with rainfall (see later photos) excess water has been draining off and used to fill water storage on farm.

As shown in the below graph, Forbes has received 237% more rain in 2020 than the region did for all of 2019 and so far in 2021 is significantly above the 15-year average. The mean temperature for March was 27.2°C, below the long-term average of 29.4°C.

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



WINTER CROPS

Despite the high rainfall event causing some delays to land preparations for the next season's winter crop, soils are recording very good moisture profiles across the aggregation. Planting for the next winter crop is still expected to occur across the majority of the cropping area within normal planting windows. Other preparations for the coming winter crop are well underway with fertiliser and chemical supplies secured and now on farm. Some fallow sprays were completed using planes as high rainfall post-harvest continues to lead to the germination of weeds.

SUMMER CROPS

Cotton remains in good condition with no known damage after the high rainfall event with water drained off quickly and stored. Water use continues to be lower than normal due to above average rainfall. The first defoliation of cotton is expected to occur early-April. Defoliation is the application of chemicals to remove cotton leaves from the plant to allow for the harvest of the crop. Field preparations for next year's cotton production were stopped by the rain event but will continue as conditions allow.

IRRIGATION

The Lachlan river water allocation is currently at 44% YTD. A further allocation increase is expected in April. Drilling of test bores at Yarranlea and Timberscombe to identify irrigation ground water potential did not occur before the rain event and will require drier field conditions before drilling can commence. The application lodged with State Water for an additional production bore at Walla Wallah has been accepted and DBF is now awaiting final completion.

LIVESTOCK

DBF continues to take advantage of the recent high livestock prices by selling livestock that meet market requirements while also acquiring additional stock if favourable opportunities arise. Pasture continues to grow well due to the above average rainfall. Early autumn calving has started with no issues. Two thousand six hundred ewes from Boorala were sent to Merrimant and Cowaribin, NSW. DBF continues to maintain adequate reserves of fodder for livestock.

BOORALA

The clearing sale went ahead over the month, with older sheep and plant and equipment sold for pleasing prices in advance of the sale of the property.

SHARE BUYBACK

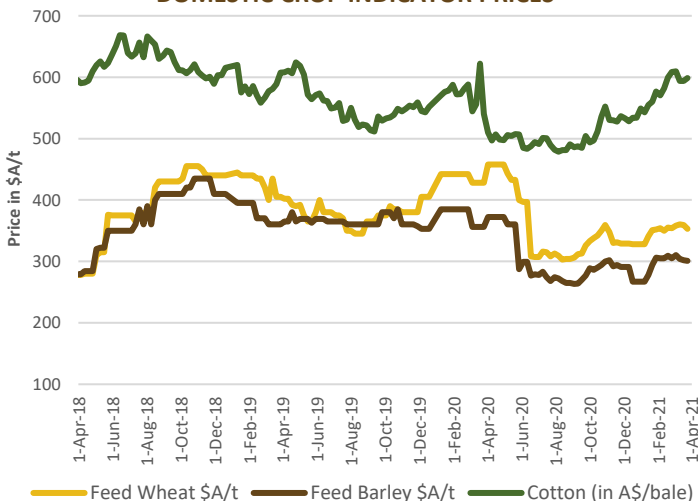
During the month 7000 shares were bought back. The total number of shares bought under the buyback is 798,664 with the Company being able to acquire up to 4,261,331 additional shares.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During March, Australian wheat prices remained flat finishing the month at \$353/t. Barley prices also remained flat over the month finishing at \$301/t. Australian wheat prices remain high in historical terms. With sufficient supply for domestic purposes, local prices are increasingly influenced by international supply and demand forces.¹ With Australian production significantly increasing in 2020/21, Australian wheat prices are currently competitive internationally, providing an opportunity for Australia to regain market share in its traditional export markets.² The fall in feed barley prices during May 2020 when China announced import taxes resulted in a \$100 per tonne discount in feed barley prices compared feed wheat. Currently however, the price disparity has narrowed to levels of only around \$50 per tonne.³ Looking forward, wheat prices may be influenced by Russian activity as the recently implemented wheat export tax on Russian producers is being reconsidered after the 2021 Russian and Ukrainian crop outlooks have improved.⁴ Potential upsides for Australian grain prices include a reduction in global production if weather conditions start to worsen, a removal or reduction of the Chinese tariffs on Australian barley, and supply chain disruptions due to COVID-19.

DOMESTIC CROP INDICATOR PRICES



COTTON PRICES

International cotton prices fell over March ending the month \$6USc/lb lower at 91USc/lb. In Australian dollar terms, current prices of \$599/bale remain high and 11% up from the same time last year. Price falls over the month saw a reversal in the strong upwards momentum in international cotton prices since the beginning of 2021. Reasons for the fall in prices are unclear as the supply and demand fundamentals that previously supported cotton prices remained in place with the USDA's March outlook reducing US domestic crop expectations amid sales figures being ahead of pace to meet total season expectations.⁵ Looking forward, with COVID-19 vaccinations rolling out worldwide, an increase in consumer confidence is improving short term cotton demand which may provide support for prices.⁶

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (March 2020)	PERCENTAGE CHANGE
Feed Wheat	\$353	\$428	(18%)
Feed Barley	\$301	\$356	(15%)
Cotton	\$599/bale	\$540/bale	11%

* Data from ABARES weekly commodity reports and Cotlook

CROP PRODUCTION

Australia's winter crop harvest is estimated to have increased by 89% in 2020/21 to 55.2 million tonnes.⁷ Australia's winter crop is largely made up of wheat which in most years accounts for over 50% of the total winter cropping area, followed by barley at around 20% and canola between 10% and 15%. In 2021/22, the size of the winter wheat cropping area is expected to largely depend on rainfall received over February – May 2021. Current expectations are that due to the late-forming but moderate La Niña in 2020/21, production outcomes will be average to above average due to increased soil moisture levels during planting.⁸ Australia's summer crop is estimated at 1.04 million hectares, nearly a three times increase from last year's drought affected 2019/20 season. Despite the increase, total area planted remains below average and so total production estimates of 3.3 million tonnes remain 13% below the 10-year average. Total Australian cotton production is forecast to reach 2.4 million bales in 2020/21, a significant recovery from 2019/20 but still 28% below the 10-year average.⁹

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

² Department of Agriculture, Water and the Environment, 2021.

Wheat: March quarter 2021, ABARES.

³ Rural Bank, 2021. *Cropping Insights March 2021*, Rural Bank.

⁴ Bartholomaeus, M. 2021, *Russian move pressures wheat price*, Farm Online.

⁵ Cotlook, 2021. *March 2021 Market Summary*.

⁶ Clack, C, 2021. *RaboResearch Australia Agribusiness Monthly – Cotton April 2021*, Rabobank.

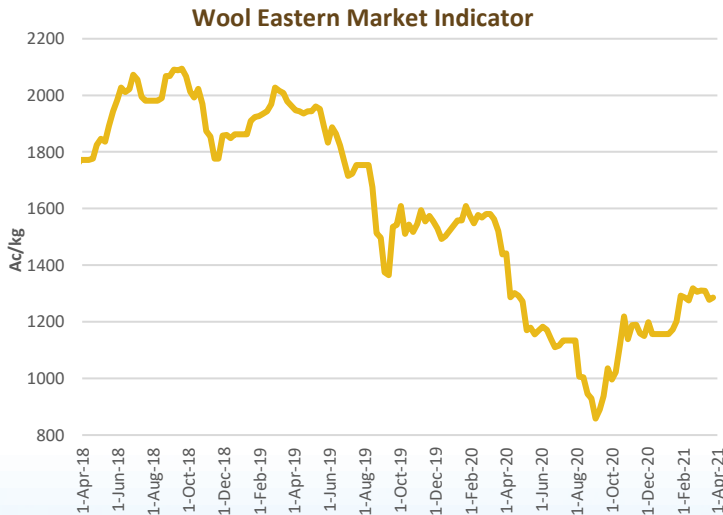
⁷ ABARES, 2021. *Australian Crop Report - February 2021*.

⁸ Brown, A, 2021. *Wheat: March quarter 2021 Agricultural Outlook*, ABARES.

⁹ ABARES, 2021. *Australian Crop Report - February 2021*.

WOOL PRICES

Wool prices fell slightly over March, ending the month \$0.21/kg lower at \$12.85/kg. Price declines are partly attributed to logistical issues, with delays in shipments described as verging on chronic.¹⁰ Wool exporters are frequently being notified that their sailings have been cancelled, leading to weeks of delays tying up the finances of potential purchasers. The shipping disruptions are impacting Australia's main export destination of China but are also having an impact on trade to India and Europe with available vessels for these nations also in scarce supply and with limited available space. Looking forward, with the COVID-19 vaccine rollout progressing the future for wool apparel sales is looking more positive however improved retail sales figures are yet to transpire.¹¹



NATIONAL WEATHER

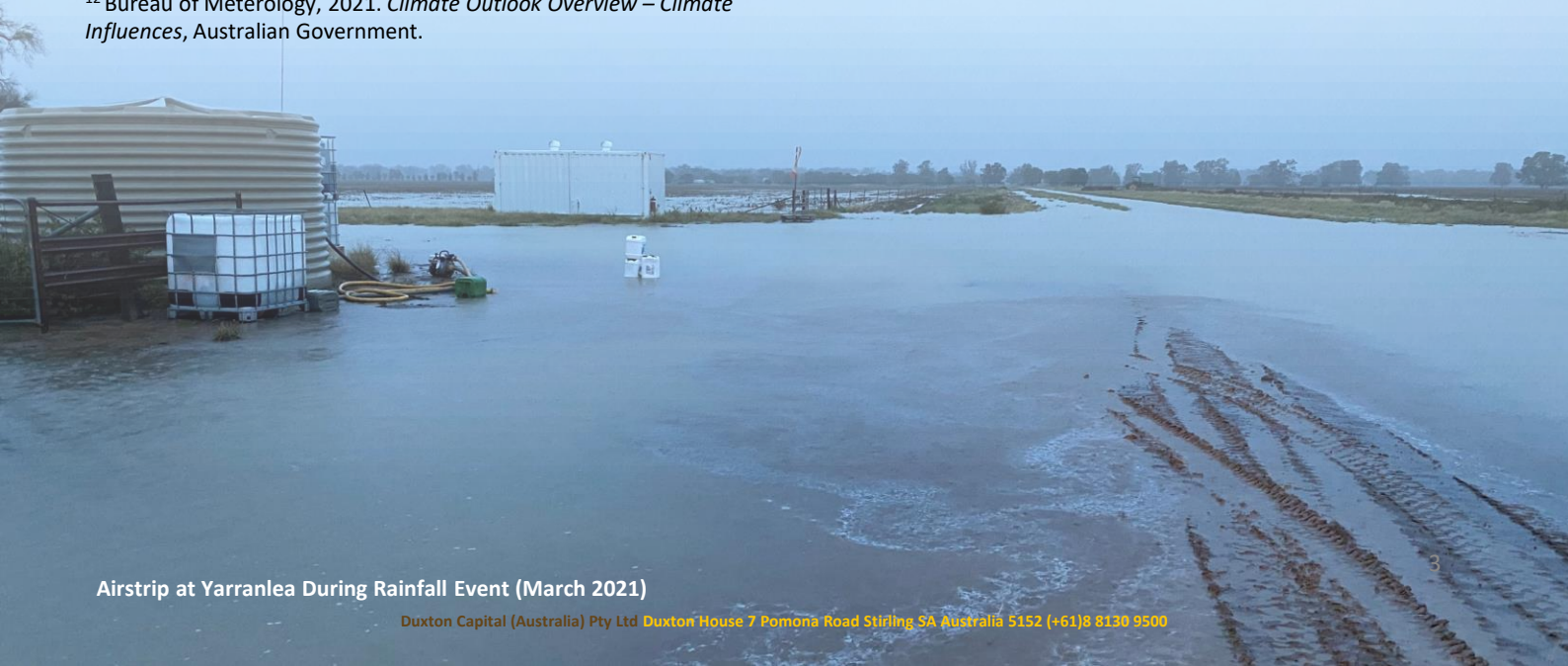
March recorded national mean temperatures 0.21°C warmer than historical means for Australia as a whole. Mean maximum temperatures were cooler than average for large areas of mainland Australia stretching from north-west of Western Australia, through the south-west of the Northern Territory, far north of South Australia to southern Queensland, New South Wales and most of Victoria except the far west. Much of northern Queensland saw warmer than average temperatures. March rainfall was above average for Australia as a whole with the country receiving 28% more rainfall than historical means. New South Wales experienced the second-wettest March on record receiving 136.3mm of rainfall on average or 153% more than historical means. Such high rainfall resulted in extensive flooding for many eastern parts of the state. South Australia and Western Australia both saw above average rainfall over March. South Australian average rainfall of 103mm was 66% higher than historical averages while Western Australia's 91mm was 48% above average. Rainfall for the month was below average for the southern half of Queensland's Cape York Peninsula, some northern areas in the Northern Territory and south-east South Australia.

The BoM's latest outlook reports that La Niña has now faded with the El Niño-Southern Oscillation (ENSO) now in a neutral phase. A neutral ENSO state has little influence on Australian climate and means other climate drivers may influence Australia's weather and climate. April to June rainfall is expected to be above average of the far north of Australia however for southern Queensland, inland New South Wales and Victoria and eastern South Australia rainfall is expected to be below average. The Madden-Julian Oscillation (MJO) is at moderate strength and is expected to increase cloudiness and rainfall in far northern Australia over April. Both the Indian Ocean Dipole (IOD) and Southern Annular Mode (SAM) are neutral and are so expected to have little influence on Australian climate. Australia's climate is also influenced by global warming. Average Australian temperatures have warmed by around 1.44°C since 1910 with more recent decades seeing increased rainfall during the northern wet season (October-April), and more high intensity short duration rainfall events.¹²

¹⁰ Australian Wool Innovation Limited, 2021. *Week 39 – March 2021 Weekly Price Report*, Wool.com

¹¹ Voznesenski, D, 2021. *RaboResearch Australia Agribusiness Monthly – Wool April 2021*, Rabobank.

¹² Bureau of Meteorology, 2021. *Climate Outlook Overview – Climate Influences*, Australian Government.



LIVESTOCK PRICES

During March, the Australian Eastern Young Cattle Indicator (EYCI) rose, ending the month \$0.22/kg higher at \$8.88/kg. The EYCI is now 20% higher than at the same time last year. Prices near the very end of the month almost reached \$9.00/kg, with increases attributed to strong demand amid a drop in supply due to logistical transport issues caused by flooding in areas of eastern Australia.¹³ It is expected that price fluctuations may continue in the short term due to the transport issues. Looking further ahead however, high prices may continue due to continued restocking demand amid growing confidence in weather conditions.¹⁴

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (March 2020)	PERCENTAGE CHANGE
Beef	\$8.88	\$7.42	20%
Lamb	\$8.56	\$9.41	(9%)
Wool	\$12.85	\$14.38	(11%)

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

¹³ Meat & Livestock Australia (MLA), 2021. *Cattle prices hit new record as yardings decline*, MLA.

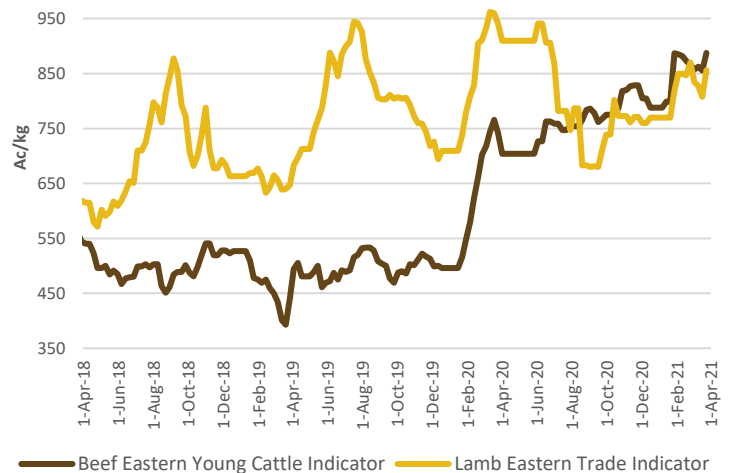
¹⁴ Goodwin, S. 2021, *Yardings shrink, prices rise but the 'real' record still to come*, Farm Online.

¹⁵ Meat & Livestock Australia (MLA), 2021. *Genetic quality commands high restocker prices*, MLA.

¹⁶ Frost, K, 2021. *Slaughter rates lower as autumn rain likely to see stock retained by producers*, Farm Online.

During March, the Australian Eastern States Trade Lamb Indicator (ESTLI) fell and ended the month 14 cents lower at \$8.56/kg. Despite falling slightly, the outlook for sheep meat remains positive with rebuilding of the national flock well underway due to improved seasonal conditions and strong domestic and international export opportunities for Australian lamb.¹⁵ With many producers holding onto their stock, total eastern state slaughter figures have softened. Falling slaughter rates despite high prices for slaughtered lambs reaffirms the strong market intent to grow flock numbers and keep stock tightly held. Looking forward, supply of lambs is expected to be critical to lamb price fluctuations and will also be a key indicator of the pace of the flock rebuild across the eastern states.¹⁶

Australian Livestock Prices



GLOBAL MARKET INSIGHTS

WEATHER

Recent weather conditions have been mostly favourable.¹⁷ Wheat conditions across the major producers the EU, Russia, China and India are mostly positive. In the EU, warm weather in March saw a restart of crop growth post the winter dormancy. In Russia, recent rainfall has eased previously dry conditions however the Southern and North Caucasus regions remain drier than average which is expected to reduce yields. In India, total sown area compared to last year has increased and is above average, with conditions favourable as the crops move towards maturity. Maize conditions globally are mixed. In Brazil, harvest is progressing for the spring-planted (smaller season) crop under poor conditions in the south due to low rainfall, while in the northeast conditions are exceptional. Sowing of Brazil's larger season summer-planted maize crop is wrapping up under favourable conditions with total sown area expected to have increased compared to last year. In Mexico, sowing of the autumn-winter crop is finishing up under favourable conditions. Conditions for rice are mostly favourable with India's Rabi rice growing under favourable conditions with a slight increase in total sown area compared to last year. In Indonesia, harvest of wet-season rice is ongoing under generally favourable conditions however yields are expected to be slightly below last year due to an overall drier season. In Brazil, soybean harvest is progressing under favourable conditions while in Argentina conditions are mixed due to uneven rainfall.

PRODUCTION

Forecasts for the 2020/21 grain season rose by 9 million tonnes over the month and are currently placed at 2,224 million tonnes.¹⁸ If realised, this would represent an all-time global production record. For reference, the average world total annual grain production for the past 10 years has been 2,032 million tonnes. Compared to previous estimates, production increases are largely attributed to increased maize production estimates of 5 million tonnes. Total wheat production in 2021/22 is expected to increase to 790 million tonnes, 2% higher than last year and an all-time record.¹⁹

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 March, the IGC global grain and oilseed index fell by 3% however prices remain 38.8% higher year on year. The wheat sub-index fell by 6% over the month due to generally favourable 2021/22 production prospects and signs of a slowdown in export demand. The maize index fell by 2% over the month, while the rice sub-index fell by 1% predominantly due to reduced demand from Thailand.

¹⁷ Agricultural Market Information System (AMIS). 2021. *Market Monitor April 2021*.

¹⁸ International Grains Council, 2021. *March 2021 Grain Market Report*, IGC.

¹⁹ International Grains Council, 2021. *March 2021 Grain Market Report*, IGC.

Rainfall Event at Yarranlea (March 2021)

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