

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.

INVESTMENT AND OPERATIONAL UPDATE

VALUATION UPDATE

The Company engaged CBRE Valuations Pty Limited ("CBRE") to provide an updated Independent Valuation Report for land, water and structures of the Company as at 30 June 2020. We are pleased to announce that CBRE's fair value of land, water and structures is \$96,850,000 representing a \$7,275,000 or 8.12% uplift in asset values from 30 June 2019. Many States in Australia have seen increases in farmland valuations over 2019.¹ DBF continues to monitor, assess and manage its portfolio and in doing so may consider realising its assets when it is in the interests of shareholders to do so.

WINTER CROPS

During September, the winter crops continued to develop well in good weather conditions. Most crops have continued to receive fungicide sprays as required. The sales of remaining on-farm hay and straw is continuing. DBF has had no issues securing supplies of fertiliser or chemical inputs for the winter cropping program. Silage has been made from a small area of wheat and oats. Preparation is underway for harvest.

SUMMER CROPS

Cotton harvest continues to be delayed due to wet soil conditions, however over the month a small area of the remaining cotton crop was able to be picked but was delayed due to further rainfall. The remaining cotton is expected to be picked mid-late October with the higher temperatures drying the field down. Yields and quality of cotton picked so far are in line with expectations and seasonal conditions. All cotton that has been picked has been processed. Preparation on next seasons cotton fields are continuing, with planting likely to commence during the first week of October.

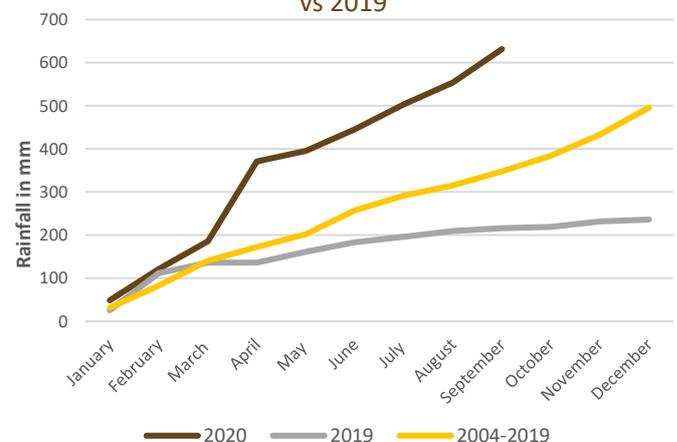
LOCAL WEATHER

Central-west New South Wales (NSW) recorded September rainfall of 77.8mm which is 37.2mm above the long-term average. As shown in the below graph, Forbes has now received 167% more rain than the region did for all of 2019 and is significantly above the 15-year average. The mean temperature for September was 20.9°C, slightly above the long-term average of 20.6°C. In south-east South Australia (SA), September rainfall of 68.6mm compared to the historic average of 52.9mm. The mean temperature for September was 17.7°C. This is slightly below the long-term average for the region by 0.2°C.

LIVESTOCK

DBF is continuing to take advantage of the recent high livestock prices by selling livestock that meet market requirements, while also acquiring additional stock as favourable opportunities arise. Pasture that was planted during May has continued to develop well and assisted in ensuring adequate feed was maintained over winter. DBF continues to maintain adequate reserves of fodder for livestock to facilitate the ongoing fattening and wellbeing of stock. Spring calving has finished with minimal problems. At Boorala, livestock continue to grow well with steers making good weight gains on pasture feed and a small amount of hay feed. Lambs are also looking healthy and will be crutched in early October ready for sale shortly after. Crutching refers to the removal of wool around the tail and between the rear legs and assists with lamb hygiene.

**Cumulative Rainfall (Forbes Airport AWS)
2020 Jan-September vs 15 year mean average
vs 2019**



¹RuralBank, 2020. Australian Farmland Values Report 2020.

IRRIGATION

Further rainfall has resulted in a 28% water allocation for the Lachlan River. Upgrades to the water meters are being undertaken in anticipation of new meter requirements due at the end of the year. The application lodged with State Water for an additional production bore has been accepted and is now awaiting completed paperwork. Drilling of test bores to identify irrigation development potential will recommence at Timberscombe once hydrological survey results have been received.

SHARE BUYBACK

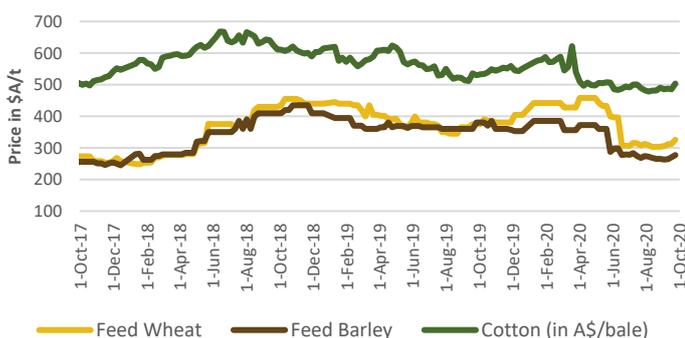
During the month no shares were bought back. The total number of shares bought under the buyback is 769,623 with the Company being able to acquire up to 4,267,728 additional shares. The intent of the buyback is to enable DBF to acquire shares in the event the Board determines they are trading at a discount to intrinsic value.

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (September 2019)	PERCENTAGE CHANGE
Feed Wheat	\$326	\$375	(13%)
Feed Barley	\$277	\$380	(27%)
Cotton	\$504/bale	\$529/bale	(5%)

* Data from ABARES weekly commodity reports and Cotlook

DOMESTIC CROP INDICATOR PRICES



AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During September, Australian wheat prices rose to finish the month at \$326/t. Barley prices rose slightly during the month to \$277/t. Northern hemisphere winter crop harvest is close to complete in the major grain producing countries, with declining production estimates from the EU and the USA providing upwards pricing pressure on Australian wheat prices. Production estimates in China, India and Russia are up, however as China and India consume the majority of their production domestically, and Russian wheat typically being of a lower quality not suitable for milling, this may provide opportunity for Australia's quality wheat exports.² Production downgrades from initial estimates can cause uncertainty in supply levels which can result in prices rising. Rising stock levels can place downward pressure on prices. Potential upsides for Australian grain prices include a reduction in global production if weather conditions start to worsen, a removal or reduction of the tariffs on Australian barley, and supply chain disruptions due to COVID-19.

COTTON PRICES

International cotton prices stabilised during September and traded over a narrow price range throughout the month. Prices began the month at 71.1 USc/lb and ended unchanged.³ US export sales during the month continued to be dominated by China. The latest production outlook by Cotlook has seen the forecast tonnage for the 2020/21 season decrease to 24.5 million tonnes representing a 4.7% reduction from 2019/20. Cotlook revised its production forecast down by 85,000 tonnes after US production was downgraded after storms in the southeast. Production estimates were also reduced in Pakistan due to pest infestations and heavy rainfall. India's production was upgraded after strong monsoonal rains and a record area planted of almost 13 million hectares. Cotlook's global cotton consumption forecast for 2020/21 is 23.5 million tonnes.⁴

CROP PRODUCTION

During the month, Australia's winter crop production estimate was raised by 8% from the June forecast to 47.9 million tonnes, 20% above the 10-year average of 40 million tonnes. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecasts a strong recovery in production volumes after 3 years of drought affected seasons. The majority increase in production is expected to come from New South Wales which accounts for 60% of the projected production gains.⁵ The largest Australian winter crop is wheat, and wheat production is forecast to increase by 91% in 2020-2021 to 29 million tonnes. If realised, this will be the largest wheat crop Australia has produced since the record 2016-2017 harvest.⁶ The rise in production in 2020/21 is attributed to an increase in area planted and an improvement in climatic conditions which is expected to improve yields.

²RuralBank, 2020. *Insights September 2020 – Cropping*

³Cotlook, 2020. *September 2020 Market Summary*

⁴Cotlook, 2020. *September 2020 Market Summary*

⁵ABARES, 2020. *Australian crop report September 2020*

⁶ABARES, 2020. *Australian crop report September 2020*



DUXTON
BROADACRE FARMS

\$1.82

Fair market value NAV per share (30 June 2020)

Statutory NAV per share: \$1.7569 (30 June 2020)

Market Cap (30 September 2020) \$46,336,021 (at \$1.08 per share)

Monthly Update

30 September 2020

WOOL PRICES

Wool prices rose during the month from \$9.29/kg to \$10.36/kg. While the first week of September auctions saw prices drop to a \$8.58/kg, prices throughout the next three weeks rose by \$1.78/kg. This rebound breaks a long-term downtrend in wool prices following COVID-19 and its lockdown measures leading to reduced demand.⁷ Price rises are mostly attributed to increased demand from Chinese buyers, where luxury spending indicators have begun to improve and brands prepare for the winter season where more woollen garments are sold. In the last week of trade for September, the national pass-in rate dropped to just 2.7%, meaning that most growers were willing to try and sell their stock for the prices that were on offer. While prices still remain historically at low levels, price support has been provided as sellers have been limiting the volumes up for sale each week so that current demand has at least matched or exceeded supply.⁸ In its latest forecast, ABARES expects that over the course of the 2020/2021 season, prices will remain at \$10.40/kg.⁹

The Bureau of Meteorology's (BoM) climate outlook for the rest of the year expects above average rainfall across the eastern two thirds of the country, with above average temperatures expected across northern Australia and the far south-east. The BoM has reported that La Niña has been declared as active, upgrading the La Niña alert status to an active event. This means that the recent cooler ocean temperatures and weather patterns over the Pacific are likely to continue at least until the end of the year. La Niña typically results in above average spring rainfall, particularly across eastern, central and northern regions. The last La Niña event occurred from 2010-2012 and resulted in one of Australia's wettest two-year periods on record.

It is likely that Australia will not see the same intensity as the 2010-2012 La Nina event, but a moderate strength is still expected. With large parts of the central and eastern Indian Ocean warmer than average, most models indicate the Indian Ocean Dipole (IOD) will be negative in October. La Niña and a negative IOD typically increase the chance of above average rainfall across much of Australia during spring and early summer.



Wheat at Kentucky

NATIONAL WEATHER

September recorded national mean temperatures of 2.55°C above historical means. It was Australia's second-warmest September on record, coming in behind of 2013. National Temperatures for the north-west were the warmest on record. Overall, September national rainfall was below historical means by 2%. Across the south-west and south-east, rainfall was below average, while in areas of the Northern Territory, central and western Queensland, western New South Wales and South Australia, rainfall was above average. South Australia's had the largest departure from the mean, with rainfall 41% higher than historical averages, while Western Australia had the largest decrease with a 34% decline from historical averages.

⁷Mitchell, J. 2020. *Has the wool market finally hit its bottom?*. Farm Online

⁸Australian Wool Innovation Limited, 2020. *Week 13 September Weekly Price Report*. Wool.com

⁹Mornement, C. 2020. *Natural Fibres, Agricultural forecasts and outlook September quarter 2020*, ABARES



LIVESTOCK PRICES

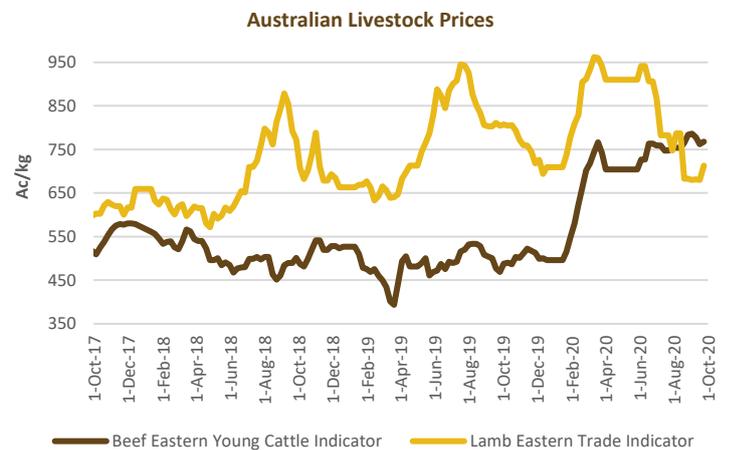
During September, the Australian Eastern Young Cattle Indicator (EYCI) saw a slight decrease of \$0.16/kg to finish the month at \$7.68/kg. The EYCI while falling slightly, remains historically high throughout 2020 as buyers continue to compete over a diminishing young cattle supply.¹⁰ The EYCI is currently 64% higher than at the same time last year. Weather outlooks remain positive, resulting in greater demand for young cattle with producers holding on to or acquiring additional stock resulting in supply remaining tight. As producers look to maintain or rebuild their herds, the total cattle slaughtered has fallen which has seen exports decline. September's beef exports are down 31% compared with the same period last year and year to date exports are down by 11% compared to the same nine-month period last year.¹¹ For the remainder of the year export volumes are likely to remain low¹², with high prices likely to continue due to the positive weather outlook and continued buying competition.

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (September 2019)	PERCENTAGE CHANGE
Beef	\$7.68	\$4.69	64%
Lamb	\$7.13	\$8.04	(11%)
Wool	\$10.36	\$15.42	(33%)

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

During September, the Australian Eastern States Trade Lamb Indicator (ESTLI) saw an increase of \$0.30/kg to finish the month at \$7.13/kg. Encouraged by record lamb prices for much of 2019-2020, improved seasonal conditions and higher productivity, sheep producers have begun rebuilding their flocks despite the demand uncertainties caused by COVID-19.¹³ Global demand is expected to remain subdued in the short term and with restocking now underway prices are not expected to soon return to their early 2020 highs.¹⁴ Looking into next year, an anticipated recovery in overseas demand amid strong restocker competition could lend support to prices.



¹⁰ Meat and Livestock Australia (MLA). 2020. *Young cattle maintain premium status*

¹¹ Department of Agriculture, Water and the Environment, 2020.

Australian red meat export statistics

¹² Condon J. 2020. *September beef exports down 31pc year-on year, in line with slaughter slump*, Beef Central

¹³ Meat and Livestock Australia (MLA). 2020. *Industry projections 2020, Australian sheep – September update*

¹⁴ Meat and Livestock Australia (MLA). 2020. *Lamb slaughter rates down as producers look to rebuild flock*



Cotton At Wallah Wallah (September 2020)



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30 September 2020

GLOBAL MARKET INSIGHTS

WEATHER

Weather conditions during the month have been mostly favourable.¹⁵ In the EU, winter wheat sowing has begun under generally favourable conditions except for France and Romania where dryness from the summer persists. In Ukraine, sowing of winter wheat is beginning with mixed conditions due to drought across much of the country. Russia's spring wheat harvest is finishing up with favourable conditions however in the south there are dry conditions. Maize conditions are mostly favourable for the major producing countries. The US maize harvest is progressing under good conditions, with exceptional conditions present in Minnesota and Illinois. In Brazil, conditions are mostly excellent but for in the south where there is prolonged drought. In China conditions are mostly favourable but for possible concerns in the northeast due to storm damage. Conditions for rice in all regions globally are favourable, with Japan's north experiencing excellent conditions. India's sown areas for rice are above both the average and last year's levels, and China's harvest of late-season rice is now underway. Soybean conditions are mostly favourable, with US harvest beginning well with record yields expected. Conditions are also favourable in China and India, while Canada is mostly favourable except for some recent frosts in Manitoba.

PRODUCTION

Forecasts for the 2020/21 grain season during the month lowered by 3 million tonnes.¹⁶ Production decreases were attributed to downgrades in maize output from the USA, China and the EU. The estimates for world wheat production is expected to be close to records highs at 763 million tonnes. The 2020/21 grain season is now projected at 2,227 million tonnes of grain production compared to 2,181m the year before. For reference, the average world total annual grain production for the past 10 years has been 2,032 million tonnes.

GRAIN PRICES

Grain prices are influenced by several factors including, but not limited to, supply and demand, political risk, global economic conditions and weather. The IGC global grain and oilseed index rose during the month to finish September up by 9.0%. The wheat index finished September up by 6% linked to growing export interest. The maize index rose by 10% during the month touching a 28-month peak in late September. Maize price rises during the month are attributed to solid export demand and downgrades to crop expectations.¹⁷

¹⁵Agricultural Market Information System (AMIS). 2020. *Market Monitor October 2020*

¹⁶International Grain Council (IGC), 2020. *Grain Market Report September 2020*

¹⁷International Grain Council (IGC), 2020. *Grain Market Report September 2020*

Barley at Kentucky (September 2020)

This factsheet is prepared by Duxton Capital (Australia) Pty Ltd [ACN: 164 225 647; AFSL no. 450218] ("Duxton Capital (Australia)"). Duxton Capital (Australia) is the Investment Manager of Duxton Broadacre Farms Limited [ACN 129 249 243] ("Duxton Broadacre Farms"). This factsheet has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in Duxton Broadacre Farms. Information from this factsheet must not be issued in any jurisdiction where prohibited by law and must not be used in any way that would be contrary to local law or regulation. The forecasts provided are based upon our opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of shares/ units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met. This document does not constitute investment, tax, legal or any other form of advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. If you require investment or financial advice please contact a regulated financial adviser. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in this presentation. The Duxton Group or its affiliates may hold positions in the securities referred. Where stocks are mentioned, it should not be construed that these are recommendations to buy or sell those stocks. You are not authorized to redistribute this document nor qualified to make any offer, representation or contract on behalf of Duxton Capital (Australia) or its affiliates. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by Duxton Capital (Australia) or its affiliates or any of their directors or employees. The information and opinions contained may also change. Copyright protection exists in this presentation. To the extent permitted by applicable law, none of the Duxton Group, their affiliates, or any officer or employee of the Duxton Group accepts any liability whatsoever for any direct or consequential loss arising from any use of this factsheet or its contents, including for negligence.

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