



**DUXTON  
F A R M S**

Fair market value NAV per share \$2.14 (30 June 2021)

Statutory NAV per share: \$2.03 (30 June 2021)

Market Cap (30 November 2021) \$66,452,778 (43,291,712 shares on issue at \$1.535 per share (closing price))

Monthly Update  
**30 November 2021**

**COMPANY SNAPSHOT**

**COMPANY NAME**  
Duxton Farms Limited

**INVESTMENT MANAGER**  
Duxton Capital (Australia)

**PORTFOLIO**  
1 Aggregation of 8 Properties

**LOCATIONS**  
Forbes and Wyalong, NSW

**HECTARES**  
22,882 owned

**WATER ENTITLEMENTS (ML)**  
10,035 owned  
6,798 leased



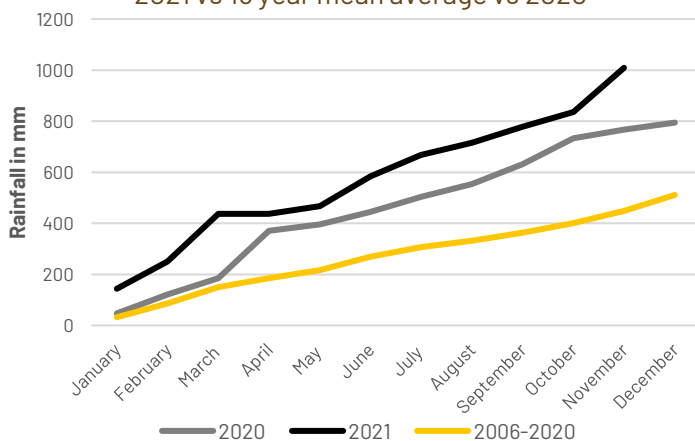
Duxton Farms Limited (DBF/Company) presents investors with a unique opportunity to participate directly in the Australian broadacre cropping industry and the possibility to provide shareholders with both ongoing annual operational yield and longer-term capital growth. DBF intends to achieve this through 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**

November saw heavy rainfall across central-west New South Wales with 172.6mm recorded compared to the November long term average of 50.1mm. Year to date rainfall in 2021 is over double the previous 15-year average and 32% higher than at the same time last year. Mean temperatures for November were substantially cooler than historical means, averaging 24.3°C compared to the long-term November average of 29.1°C. Wet conditions have resulted in soft and boggy conditions with water inundation affecting some small cropping areas.

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



**WINTER CROPS**

Very high rainfall and cool conditions over November have delayed the ripening of DBF's winter crop, resulting in harvest commencing later than normal at the end of November. The main impact on DBF's winter crop from the wet weather will be on grain quality, with downgrades expected across most of the crop. However, assisted by the high rainfall winter crops have developed well and are filling the grain to capacity. Some small areas of DBF's crop are expected to be lost due to water inundation, however overall yields based on harvest completed to date appear to be promising and similar in size to last year. DBF's winter crop harvest will continue over December and may continue through to January given its later start and slower harvest conditions.

**SUMMER CROPS**

DBF's cotton crop was planted over October, slightly later than usual this year due to interruptions from the above average rainfall and wet field conditions. Despite some challenges, the full cotton crop remains albeit with slower growth levels given the cold and wet conditions. Given the abundance of rainfall, there has been no need to irrigate the crop, with on farm water storages that typically would be used to irrigate the crop remaining full.

**LIVESTOCK**

Pasture growth over November continued to progress well given the high rainfall. Almost all pasture areas have been sown, with limited areas remaining unsown due to the wet weather conditions. Additional fodder was produced over the month from harvested pasture and wheat crops supplementing DBF's reserves which remain on hand if needed. Wool produced from shearing was sold over November, with Merino wool sold at reasonable prices. Large numbers of cattle and sheep continue to remain at the West Plains and Lenborough properties taking advantage of the available feed. DBF's continues to sell its livestock with good to exceptional pricing. Additional livestock will be purchased if attractive pricing opportunities arise.

**IRRIGATION**

As at the end of November, the Lachlan River's Wyangala dam continues to manage its airspace as a flood mitigation strategy through releasing water from the dam. Airspace is the difference between the actual volume of water in storage, and the volume of the dam when full. Wet conditions over November saw increased flows into Wyangala dam with dam releases increased from 10,000 ML/day on the morning of 12 November, to 80,000 ML/day by the morning of 13 November<sup>1</sup> resulting in widespread flooding along the Lachlan River, particularly in the mid and upper areas.<sup>2</sup> DBF's Lachlan River water allocation as at end of November remains at 116%. Above average rainfall earlier in the year stopped the drilling of test bores at Yarranlea and Timberscombe. Given November's high rainfall this is no longer expected to occur this summer, however will be completed once drier field conditions allow.

<sup>1</sup>Water NSW, 2021. *Lachlan Airspace Reference Panel, Notes of Meeting dated 18 November 2021.*

<sup>2</sup>NSW Government, 2021. *Water Allocation Statement, Lachlan Regulated River Water Source 9 December 2021.*



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## SHARE BUYBACK

During the month 50,000 shares were bought back. The total number of shares bought under the buyback is 1,021,456 with the Company being able to acquire up to 4,010,895 additional shares.

## AUSTRALIAN MARKET INSIGHTS

### CROP PRICES

Grain prices across Australia often vary by port of export, with DBF historically exporting its grains from Port Kembla. Port Kembla Zone APW1 wheat prices rose substantially over November, finishing the month at \$410 /tonne at port, a 21% increase on the prior month. Port Kembla barley prices rose by 11% over November ending the month at \$295/tonne at port.<sup>3</sup> Global wheat prices also recorded gains over November, with US CBOT December wheat futures reaching up to \$836/bushel late in the month before closing at month end at \$774/bushel, a 2% increase on the prior month and approximately 31% up compared to the same time last year. Local grain price rises over November are largely attributed to expectations of widespread quality downgrades for many New South Wales producers due to excessive rainfall. Price spreads between milling grade and low protein wheat grades widened over November due to the expected lower supply of milling grade wheat available. Fortunately for many producers, widespread crop abandonment isn't expected, and the price spread between grades is due to increasing milling grade prices rather than falling feed grade prices. Feed wheat prices are also remaining solid and are still trading at historically strong prices, potentially limiting some lost opportunity resulting from quality downgrades.<sup>4</sup>

### GRAIN PRICE CHANGES PAST 12 MONTHS\*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO (November 2020)	PERCENTAGE CHANGE
CBOT Wheat Futures	\$837USc/bushel	\$592USc/bushel	31%
Cotton	\$854/bale	\$537/bale	59%

\*Data from Profarmer Australia, CBOT and Cotlook

### COTTON PRICES

International cotton prices continued to make gains over November, ending the month 9% higher at 123USc/lb. In Australian dollars, prices of \$854/bale are 10% up compared to the end of September and 59% higher compared to the same time last year. Cotton prices continued their upwards trajectory over November, influenced by the continued advance of New York cotton futures contracts. This positive momentum saw prices rise mid-month to a high of 128USc/lb before concerns relating to the Omicron COVID-19 variant resulted in prices falling. Cotlook's estimates of global supply and demand were little changed over November with global production for the 2021/22 season placed at slightly over 26 million tonnes, an increase of approximately 8% from 2020/21. Global consumption is currently forecast at slightly above total production at 26.2 million tonnes, a 3% increase on 2020/21.<sup>5</sup>

### Australian Cotton Prices



### CROP PRODUCTION

The latest ABARES Australian crop report forecasts that winter crop production for the 2021/22 season will reach 58.4 million tonnes.<sup>6</sup> If realised, this represents a 5% increase compared to last season and a new national record. Increased production volume forecasts are primarily driven by an expected record production year in Western Australia, and the second highest on record in New South Wales and Queensland. Production in other states is also forecast to be well above average. For the major winter crops, wheat is forecast at a record 34.4 million tonnes, 3% higher than last year's record production. Barley production is forecast to increase marginally year on year, to reach the second highest harvest on record at 13.3 million tonnes, 2% below the previous record set in 2016/17. Canola production is expected to make substantial gains and rise to a record 5.7 million tonnes, 27% higher than the prior record set in last season. Increased production estimates compared to the prior ABARES estimates are largely attributed to favourable growing conditions across the major cropping areas over spring. Crops overall were in good condition at the end of winter, with sufficient rainfall and mild temperatures improving crop prospects nationally. ABARES expects that flooding in northern and central areas of New South Wales will result in some production losses, however these are not expected to substantially impact state production totals. Increased baiting of mice on farms during winter and spring has reduced mice populations with no reports of significant damage to date. Whilst overall production prospects are positive, heavy rainfall during November in the eastern states and South Australia has delayed crop harvests and is likely to result in downgrades in some areas.

<sup>3</sup> Profarmer Australia.

<sup>4</sup> Heard, G. 2021. *Big spreads emerge as farmers count cost of grain downgrades*, Farm Online.

<sup>5</sup> Cotlook, 2021. *November 2021 Market Summary*.

<sup>6</sup> ABARES, *Australian Crop Report: December 2021 No.200*, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra.



# DUXTON FARMS

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### WOOL PRICES

Wool prices rose by 1% over November, ending the month at \$13.41/kg and 17% higher than at the same time last year. Prices largely traded sideways over November, with buyer confidence and conviction at auctions oscillating both inter and intra week.<sup>7</sup> Looking forward, Ruralbank view the outlook for the Australian wool market favourably, with demand for wool expected to increase as consumer spend on natural fibres increases. With prices recovering year on year, this has seen higher volumes offered for sale and in October 2021, 22.4% more bales were offered at sale centres compared to October 2020.<sup>8</sup>

Wool Eastern Market Indicator



### NATIONAL WEATHER

November was exceptionally wet across Australia, with rainfall 124% above historical means for the country as a whole and the wettest in 122 years of record. New South Wales and South Australia both broke records for November rainfall, with Queensland and Western Australia rainfall also amongst the top ten wettest. New South Wales average area rainfall of 132mm was 195% above historical means while South Australia average area rainfall of 59.2mm was 288% higher. Tasmania was the only state to record below average rainfall, with average area rainfall of 76.7mm a 24% reduction compared to historical means. Numerous weather stations in New South Wales broke total November rainfall records including Bathurst, Gunnedah, Wagga Wagga and Orange. In Queensland, Maryborough, Byfield, Bundaberg and Applethorpe also recorded November rainfall records. Mean maximum temperatures for November were warmer than average across the northern coastlines of the country, but cooler than average for most of the mainland. Overall, it was the coolest November since 1999, with Australian national mean temperatures 0.63°C cooler than the 1961-1990 average. New South Wales and South Australia recorded their 10th and 9th coolest Novembers on record respectively in terms of mean maximum temperatures.<sup>9</sup>

The BoM's latest climate driver update reports that a La Niña is now established in the tropical pacific, with the several indicators of the El Niño-Southern Oscillation (ENSO) currently showing clear La Niña patterns. Most climate models indicate that this La Niña will be short lived, expected to persist only until late summer or early autumn 2022. La Niña events typically increase the chance of above average rainfall across much of northern and eastern Australia during summer.<sup>10</sup> The BoM is reporting that the negative Indian Ocean Dipole (IOD) is nearing its end, with models indicating that the IOD will remain neutral during the coming months. A neutral IOD has little influence on Australia's climate, however cloud and wind patterns across the eastern Indian Ocean suggest some IOD influences may remain. Australia's weather is also impacted by climate change and has warmed by 1.44°C for the 1910 - 2019 period, with recent decades showing a trend towards a greater proportion of rainfall from high intensity, short duration rainfall events, especially across northern Australia.<sup>11</sup>

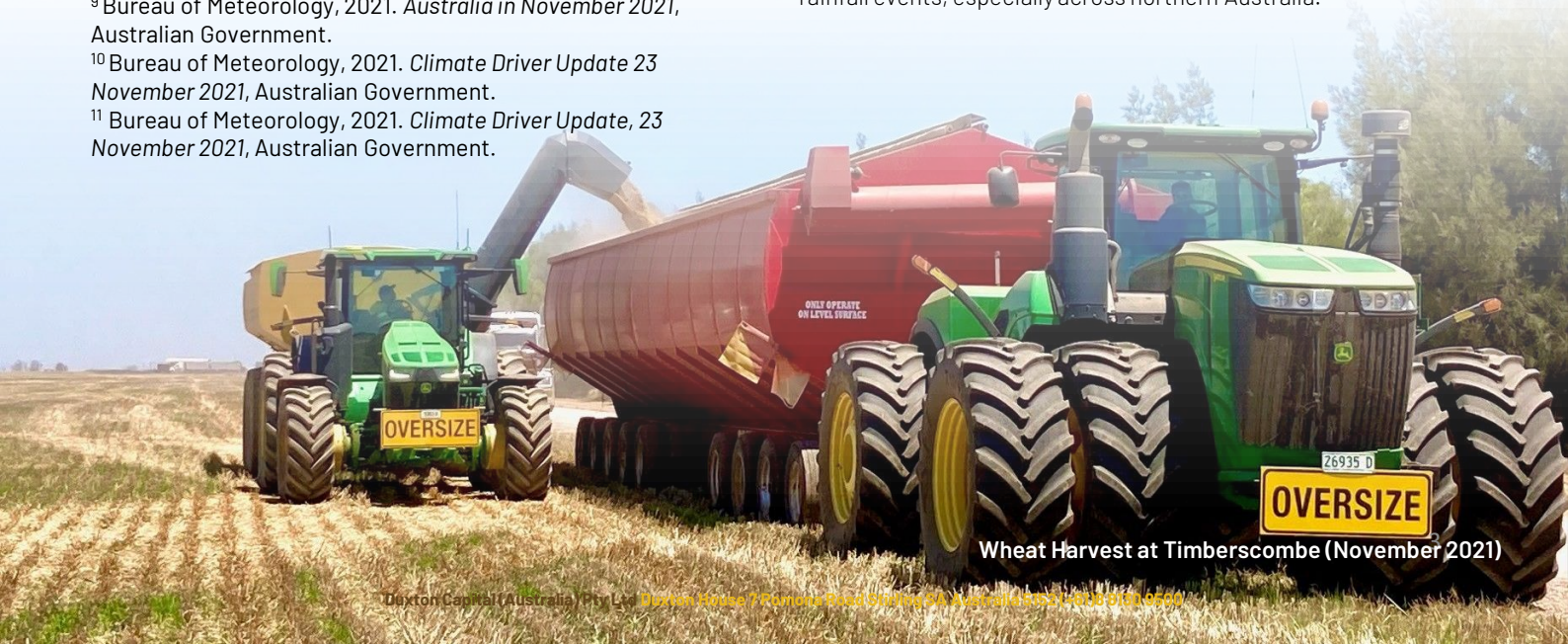
<sup>7</sup> Australian Wool Innovation Limited, 2021. *Week 21- November 2021 Weekly Price Report*, Wool.com.

<sup>8</sup> Ruralbank, 2021. *Wool Insights November 2021*, Ruralbank.

<sup>9</sup> Bureau of Meteorology, 2021. *Australia in November 2021*, Australian Government.

<sup>10</sup> Bureau of Meteorology, 2021. *Climate Driver Update 23 November 2021*, Australian Government.

<sup>11</sup> Bureau of Meteorology, 2021. *Climate Driver Update, 23 November 2021*, Australian Government.



Wheat Harvest at Timberscombe (November 2021)



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### LIVESTOCK PRICES

During November, the Australian Eastern Young Cattle Indicator (EYCI) continued its rise, finishing the month 3% higher at \$11.00/kg. The EYCI is approximately 33% higher than at the same time last year. The positive weather outlook continues to act as the lead driver behind the strengthening prices for young cattle in the eastern states, in particular from Queensland.<sup>12</sup> Looking ahead, producer demand is expected to remain strong providing support for young cattle prices. However, if the Australian dollar were to strengthen and global prices were to soften this may create headwinds.<sup>13</sup>

#### DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS\*

STOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO (November 2020)	PERCENTAGE CHANGE
Beef	\$11.00	\$8.29	33%
Lamb	\$8.63	\$7.71	12%
Wool	\$13.41	\$11.50	17%

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

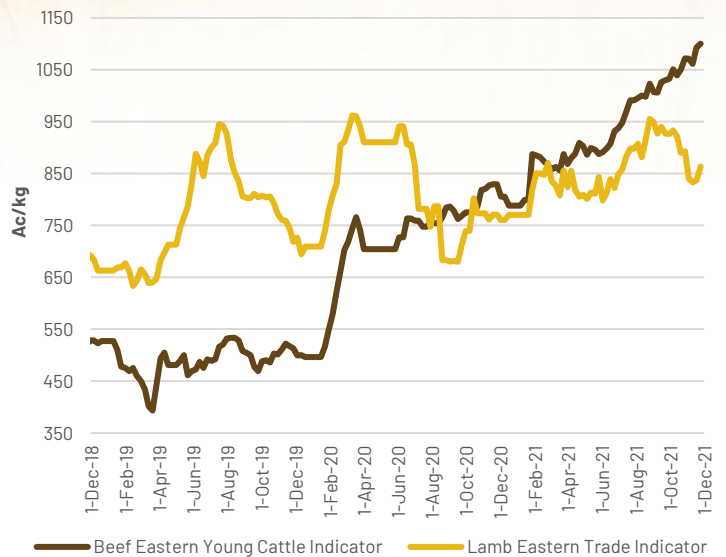
<sup>12</sup> Meat and Livestock Australia, 2021. *Queensland restockers flex their muscles as EYCI hits 1,100c, MLA.*

<sup>13</sup> Gidley-Baird, A. 2021. *Australia Agribusiness Monthly – Beef, November 2021, Rabobank.*

<sup>14</sup> Nugent, V. 2021. *Bigger yardings put pressure on trade lamb prices, Farm Online.*

<sup>15</sup> Meat and Livestock Australia, 2021. *La Niña of 2010-12 could hint at upcoming market movements, MLA.*

### Australian Livestock Prices



The Australian Eastern States Trade Lamb Indicator (ESTLI) over November fell by 3%, continuing its seasonal decline and ending the month at \$8.63/kg as increased supply enters the market. Price declines are largely attributed to increased lamb supply, noting that Australian lamb prices remain strong compared to last year<sup>14</sup>, with the EYCI 12% higher compared to the end of November 2020. The BoM's announcement of La Niña weather conditions could see the flock rebuild continue into 2022, with wet summers typically placing upwards pressure on lamb prices as producers look to take advantage of the higher abundance of grain, pasture and ground water.<sup>15</sup>



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## GLOBAL MARKET INSIGHTS

### WEATHER

International weather conditions for the major crops of wheat, maize, rice and soybeans as at the end of November are largely favourable however there are some areas of concern. In the northern hemisphere, winter wheat is entering the winter months under mixed conditions in many areas due to a lack of rainfall. In Argentina, harvest is wrapping up in the north under poor conditions while in other production regions is beginning favourably with an increase in total sown area compared to last year. In the EU, winter wheat is well established in the northern countries while in southern areas is suffering from dryness. In the Ukraine and Russia, dry conditions continue to impact some cropping areas. In the US, northern and northwest growing regions are also being impacted by dryness. Global maize conditions are largely favourable but for areas of the US where harvest in the Dakotas has wrapped up with reduced yields due to dry conditions. In Canada, harvest is finishing up favourably in Ontario and Quebec however in Manitoba it is wrapping up under poor conditions. Rice conditions are also mostly favourable, with conditions in China and India positive. Harvest of wet season rice in Thailand and the Philippines harvest are progressing under mixed conditions due to impacts from excess rainfall and flooding. Soybean conditions are mostly positive but for the Prairies in Canada where drought during the growing season is expected to impact yields. In Brazil, sowing continued over November and is progressing under favourable conditions.<sup>16</sup>

### PRODUCTION

Forecasts for the 2021/22 grain season are currently placed at 2,287 million tonnes a 3 million tonne reduction compared to the IGC's prior 2021/22 estimate. Reduced production estimates are largely attributed to wheat and barley downgrades for Iran and Algeria, not offset by increased maize production expectations from the US. If realised, 2021/22 production represents a 76 million tonne increase on last year, with increases largely attributed to expected record years for maize and wheat production. World total grains consumption is expected to expand to 2,290 million tonnes, resulting overall in global stocks remaining largely unchanged at 600 million tonnes.<sup>17</sup>

### GRAIN PRICES

Over November, the IGC Global grain and oilseed index rose by 1.5% as declines in soybeans and rice were offset by increased export prices for wheat, maize and barley. The wheat sub-index rose by 5% over the month, reaching a 10-year high on the back of continued tight supply from the major exporters. The maize sub-Index rose slightly the month, while the rice sub-Index eased by 1% on the back of limited demand from Thailand and expectations of a strong kharif season crop in India. The soybeans sub-Index was little changed over November with a downturn in soya oil values offset by support from improved export demand.<sup>18</sup>

<sup>16</sup> Agricultural Market Information System, 2021. *Market Monitor December 2021*, AMIS.

<sup>17</sup> International Grains Council, 2021. *November 2021 Grain Market Report*, IGC.

<sup>18</sup> International Grains Council, 2021. *November 2021 Grain Market Report*, IGC.

### Wheat at Yarranlea (November 2021)

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