



DUXTON
BROADACRE FARMS

\$1.7575

Fair market value NAV per share (30 June 2019)

Statutory NAV per share: \$1.7145 (30 June 2019)

Market Cap (31 December 2019) \$48,582,626 (at \$1.135 per share)

MONTHLY UPDATE
31 December 2019

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)

8,670 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
SHARE BUY-BACK

The share buy-back continued this month, with the on-market acquisition of 5,000 shares. This brings the total number of shares bought under the buyback to 729,623, with the Company being able to acquire up to 4,302,728 additional shares. On the 25th of November the Company extended the existing buy-back program to a limit of 4,307,728 shares over the next twelve months. 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. The capacity to issue an additional 10% of total shares on issue received shareholder approval at the Annual General Meeting held on the 27th of November. The Company has no current intention to issue any shares beyond those already allocated for Director and

employee remuneration. Duxton Broadacre does not have a current intention to issue shares at a significant discount to book value.

IRRIGATION

The ongoing rollout of the irrigation development program continued over December. The irrigation development projects are aligned with the Company's broader risk mitigation strategy by seeking to increase water security, visibility, and operational flexibility. The recently constructed storage and channel systems are operating well, with channel sensors providing management a readily available overview of irrigation status. The new irrigation infrastructure will provide improved efficiency and flexibility for irrigation of cotton this season. The successful production bore at Walla Wallah has had an application lodged with State Water, which is awaiting approval.



Irrigation infrastructure for cotton at Walla Wallah

Drilling of test bores to identify irrigation development potential will recommence at Timberscombe once hydrological survey results have been received.

SUMMER CROPS

The cotton crop is performing well and receiving irrigation as required. Periods of extreme hot weather have highlighted the importance of effective irrigation, and strong growth to date is testament to the diligence of our team. The crop is experiencing less pressure from insects following the completion of the winter cropping season. The small trial plot of cotton under a fully biodegradable/dissolvable film is developing well and will continue to be monitored during the season. The film operates by creating a greenhouse effect that assists in retaining heat in the soil, ultimately promoting early development of the cotton seed. This facilitates a longer growing period to maximise yield.

WINTER CROPS

Harvest has been completed across all properties. Winter harvest

results will be released following the reconciliation of production. Sales of new season crops are continuing in accordance with DBF's commodity marketing strategy. Grain crops with expected suboptimal yields were opportunistically cut for hay to take advantage of the relative yield as well as subsequent revenue potential. Some grain crops were also grazed by livestock to maximise return.

LIVESTOCK

DBF continues to maintain adequate reserves of fodder for livestock to facilitate the ongoing fattening and wellbeing of stock. Some stock is lightly grazing on post-harvest stubble, but ground cover will be maintained to protect soils. Development of increased water storages and pipework has been completed to ensure stock welfare during extreme heat. The sale of stock continued over the month with favourable livestock prices continuing. DBF has been accumulating cattle over the prior months at prices favourable to current market values. Additional stock is being purchased as opportunities arise.

BOORALA

December saw the completion of harvest at Boorala, with production to be announced following reconciliation of results. Livestock operations are continuing well with all ewes drenched and rams integrated into the ewe flock. The remaining 1,700 lambs were drenched, shorn and are currently being fattened on bean stubbles with a view to sell in the coming months.

LOCAL WEATHER

Central-west New South Wales (NSW) recorded December rainfall of 5.4mm. Compared to the historic average of 52.3mm, this represents only slightly above a tenth of December's average rainfall. The mean temperature for December was 35.6°C, above the long-term average of 31.9°C. Overall, for central-west NSW 2019's mean temperature was the highest on record and rainfall was the second lowest on record since measurements began in 1995. In south-east South Australia (SA), December recorded rainfall of 12.2mm compared to the historic average of 36.5mm. The mean temperature for December was 29.8°C. This is above the long-term average for the region by 2.3°C. Overall, for south-east SA 2019's mean temperatures fell within 0.1°C of the mean while rainfall was the 3rd lowest on record since measurements began in 1998.

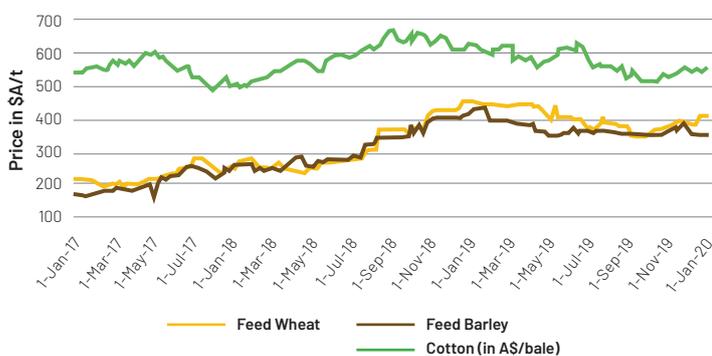
The recent hot and dry conditions experienced throughout Australia this year continued. Australia experienced the warmest December in 110 years of records, with Tasmania being the only state not to rank amongst the three warmest Decembers on record. Similar to

DOMESTIC GRAIN PRICE CHANGES PAST 12 MONTHS*

CROP	CURRENT PRICE (per tonne)	PRICE 12 MONTHS AGO	PERCENTAGE CHANGE
Feed Wheat	\$405	\$440	-8%
Feed Barley	\$353	\$410	-14%
Cotton	\$552/bale	\$615/bale	-10%

* data retrieved from ABARES weekly commodity reports

DOMESTIC CROP INDICATOR PRICES





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temperature December 2019 was Australia's driest in the past 110 years with rainfall 70.4% below the mean. Overall, 2019 was Australia's hottest and driest year since records began in 1900. The Bureau of Meteorology's (BoM) climate outlook for January has predicted a 55-60% chance of rainfall below the long-term median of 25-50mm and a 75-80% chance of temperatures exceeding the long-term median of 33-36°C for central-west NSW. The south-east of SA has a 50-55% chance of rainfall exceeding the long-term median of 10-25mm and a 50-55% chance of temperatures exceeding the long-term median of 27-30°C. Nationally, the BoM predicts warmer temperatures both day and night from January through to March. The BoM has reported that the positive Indian Ocean Dipole (IOD) which likely impacted Australian weather conditions this year will subside over summer. International climate models suggest that the positive IOD will dissipate in January. The negative phase of the Southern Annular Mode (SAM) which was experienced in late 2019 has weakened during December and is currently neutral. A negative SAM during summer typically results in drier conditions across eastern Australia. With both the IOD and the SAM expected to return to neutral over the coming months the likelihood of dried conditions has weakened.

AUSTRALIAN MARKET INSIGHTS

CROP PRICES

During December, Australian wheat prices rose by \$25/t to close the month at \$405/t. Barley prices fell \$4/t during December to \$353/t. Pricing fluctuations at this time of year can be attributed to forecast climatic conditions and demand in the market. With 2019 being Australia's driest and hottest year since records began in 1900 grain supply is expected to be impacted. Due to the hot

and dry conditions continuing into December some farmers have made the decision to cut crops for hay instead of grain. Further downgrades are expected for the national wheat and barley crop in the coming months. Low levels of production this year could result in upwards price pressure. There exists some downside risk to grain prices as if prices rise too high it could make the Australian market attractive for imports. An influx of imported grain could reduce demand for domestic grain and affect prices. An example of this is the Canadian grain that was imported in late 2018.

COTTON PRICES

International cotton prices started December slightly weaker than November but a surge in prices saw cotton finish the month at 78.35USc/lb. Cotton prices have recovered by over 13% since cotton fell below 70USc/lb in September¹. The rise in prices during December is attributed principally to improved developments in the trade dispute between China and the US. News that the interim (Phase One) agreement should be signed in January proved to be positive news for the cotton market. The Phase One agreement is expected to result in China increasing its purchases of US agricultural products while the remaining issues of the trade deal are negotiated. The latest supply outlooks by Cotlook have seen forecast tonnage for the 2019/20 season decrease by 250,000 tonnes to 26 million tonnes. The reduction in production was mainly due to a reduction in expected production from the US, Turkey and Australia. The US and Turkey have had production estimates reduced due to lower than expected yields. Global cotton consumption is forecast at 25.6 million tonnes for 2019/20. Stock levels at the end of the year are likely to rise by over 389,000 tonnes.



Cotton flower at Walla Wallah

1. Cotlook Limited. 2019. December 2019 Market Summary

WOOL EASTERN MARKET INDICATOR



CROP PRODUCTION

During December ABARES released its latest Australian crop report. ABARES latest forecast has winter crop production at 29.4 million tonnes. This would be a downwards revision of 13% from the forecast that ABARES made in September of 33.6 million tonnes. The production forecast is 27% below the ten-year average and would be Australia's lowest production since 2007-08. During the month the International Grains Council (IGC) forecast for grain production for the 2019/20 season has been maintained at 27.6 million tonnes.

WOOL PRICES

Wool prices during December initially declined before rising mid-month to finish at a slightly higher level than November. Prices started the month by falling 2.5% as the Australian dollar strengthened against all major currencies used in wool trading and an increase in volume coming into the New Year period². Following the initial fall prices began to recover over the following two weeks of auctions as buyer competition increased despite the higher volumes on offer and positive news emerged on the US and China trade dispute. Export figures from the Australian Bureau of Statistics for up to October show that China continues to be the dominant buyer of Australian wool at 75.8%. With China representing such a large portion of Australian wool sales the industry is exposed to changes in the preferences of Chinese consumers and garment manufacturers.

LIVESTOCK PRICES

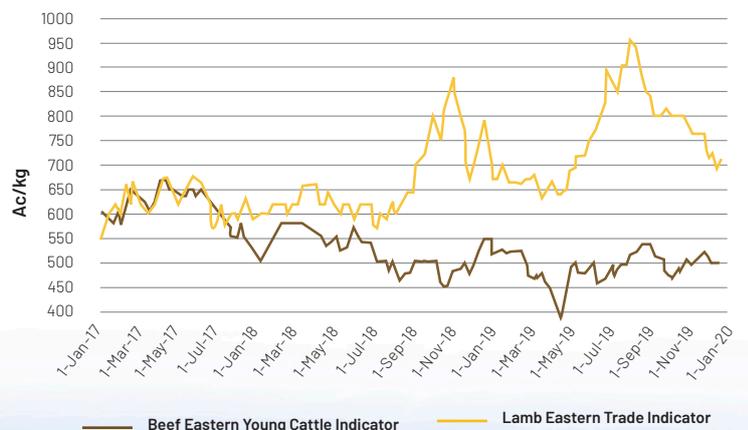
The Australian Eastern Young Cattle Indicator (EYCI) fell by \$0.17/kg during the month to finish at \$4.96/kg. The fall in prices for cattle can

DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

LIVESTOCK	CURRENT PRICE (per kg)	PRICE 12 MONTHS AGO	PERCENTAGE CHANGE
Beef	\$4.96	\$5.27	-6%
Lamb	\$7.09	\$6.63	7%
Wool	\$15.03	\$18.62	-19%

* data retrieved from ABARES weekly commodity reports

AUSTRALIAN LIVESTOCK PRICES



2. Australian Wool Innovation Limited. 2019. Weekly Price Report



Wheat being harvested at Boorala

be partially attributed to an oversupply of cattle as buyers approach the seasonal closure period over Christmas³. Since January 2019, the national heavy steer indicator has been operating at an average premium of 49c to the EYCI. Strong finished cattle prices seen in 2019 have been supported by surging demand in China for Australian beef (fuelled by the African Swine Fever epidemic which continues to impact Asia's supply of meat protein) and a favourable Australian dollar⁴. During the first 10 months of 2019, Australian beef exports grew 75% year-on-year, while lamb and mutton jumped 32% and 52%, respectively⁵. After opening the year with trade lambs at 670c/kg cwt, heavy lambs 656c/kg cwt and restocker lambs making 645c/kg cwt, the 2019 year finished stronger with the three main indicators between 696c/kg and 746c/kg cwt⁶.

GLOBAL MARKET INSIGHTS

WEATHER

Recent weather conditions were favourable in many areas although there were mixed conditions experienced which have particularly affected wheat and rice yields. Winter wheat conditions are generally favourable in Ukraine, Russia, Kazakhstan, China and the US. However, the EU, Canada, Australia and Argentina have experienced mixed conditions with some prolonged dry periods in Argentina and Australia and excessive moisture in Canada all expected to reduce yields. Wet weather is hampering the maize harvest in the EU following a mixed season of summer heatwaves, although generally maize conditions are favourable in Mexico, India, Ukraine, Russia, Brazil and Argentina. Soybeans are showing favourable conditions globally with only some minor areas in Argentina being impacted by dry conditions and some areas of Canada impacted by wet weather. Conditions for rice are mixed with several countries experiencing adverse conditions. This includes flooding in Thailand, water shortages in Indonesia and drought conditions in Vietnam. The

two largest rice producing nations, China and India, are currently experiencing favourable conditions.

PRODUCTION

There have been no updates to the production projections during the month as the relevant reporting bodies have been away on Christmas break. Therefore, the 2019/20 grain season is forecast to produce 2,162 million tonnes of grain. For reference, the average world total annual grain production for the past 10 years has been 1,994 million tonnes. Overall wheat production is projected to be up year-on-year by 29 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 strengthened during the month to finish December up by 5.0%. The wheat index finished December up by 6.5%. The wheat index is down 0.8% year on year. The wheat index rose during the month as positive news of the Phase One agreement between the US and China resulted in an increase in US wheat prices. The soybean index was 6.3% higher than last month. The maize index rose by 1.6% during the month. Maize price rises during the month are attributed to adverse conditions impacting harvest.

3. *Meat and Livestock Australia (MLA). 2019. Eastern states cattle over-the-hook indicators ease*

4. *Meat and Livestock Australia (MLA). 2019. Cattle market wrap: 2019*

5. *Meat and Livestock Australia (MLA). 2019. China's pull on Australian red meat*

6. *Meat and Livestock Australia (MLA). 2019. A remarkable year: 2019 sheep market wrap*

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