

Duxton Broadacre Farms Limited (“DBF”) presents investors with a unique opportunity to participate directly in the Australian grain 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 further operational efficiencies and the diversification of commodities produced to satisfy the long-term growth in global grain demand.

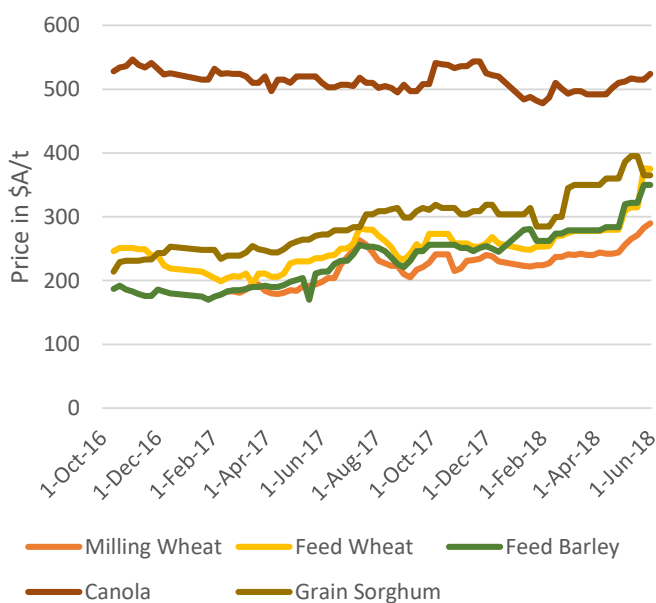
KEY STATISTICS (as at 31 May 2018)

Shares on Issue	43,533,699
IPO Issue Price (25 January 2018)	\$1.50
Market Cap (31 May 2018)	\$69,653,918 (at \$1.60 per share)

COMPANY SNAPSHOT

Company Name	Duxton Broadacre Farms Limited
Investment Manager	Duxton Capital (Australia)
Portfolio	3 broadacre aggregations
Locations	Forbes and West Wyalong, NSW
Hectares	19,460 owned
Water Entitlements (ML)	7,927 owned 6,798 leased (incl. 2,661 ML pending settlement)

Domestic Crop Indicator Prices



Data retrieved from ABARES Weekly Commodity Reports

INVESTMENT AND OPERATIONAL UPDATE

- **Share Buyback** – The share buyback continued this month with the on-market acquisition of 75,258 shares. The Company has the ability to acquire up to 391,042 additional shares (0.9% of shares on issue). The intent of the buyback is to enable DBF to acquire shares in the event the Board determines shares are trading at a discount to intrinsic value and promote liquidity in light of the relatively thin trading volume to date.
- **Cotton** – Cotton harvest has been completed with an average yield of 12.5 bales per hectare. The quality of the cotton this year was excellent with the warm weather at the ending of the growing cycle presenting ideal finishing conditions. Due to the high quality of the cotton premiums are expected to be paid for the crop.
- **Winter Crops** – Prevailing dry conditions in the region are expected to adversely impact winter cropping production should they persist. Weather conditions over the coming weeks will determine if chickpeas are planted, chickpeas represent 3% of DBF’s potential revenue.
- **Irrigation** – To mitigate against the prevailing weather conditions DBF has acquired an additional 2,661 ML of water entitlements. The additional water entitlements will be used to support developments at Walla Wallah and Yarranlea to convert dryland into irrigated cropping. This will be used to increase the cotton plantings at both sites for the coming summer season.
- **Livestock** – The Company has purchased rice straw and is using its own wheaten straw to supplement the ration of grain that is being fed to the livestock. 1,000 lambs have been placed on irrigated grazing canola at Walla Wallah.

AUSTRALIAN MARKET INSIGHTS

- **Crop Prices** – Prices are being driven by the prevailing dry conditions across Australia. Feedlots and livestock operations are placing upwards pressure on prices in anticipation, and in response to feed deficits. Reports have barley prices as high as \$400 per tonne. Cotton prices are maintaining their recent momentum with a price of \$650 per bale. The Company has implemented a hedging strategy for the 2019 crop to capitalise on the current high prices and reduce the production risk to the business.
- **Crop Production** – Domestic winter crop harvest volumes are anticipated to be below average as low levels of soil moisture have affected yield prospects. Nearly all of the plantings in NSW, QLD and WA have been sown into dry soil. Further plantings will be dependent on the rain in the coming weeks. Canola has moved past the optimal planting window resulting in forecasted planting area to be down by 13% across Australia to 2.4 million hectares. In most cases wheat and barley has been sown in lieu of canola. Early indications are for the Australian winter crop to come in around 37.8 million tonnes; last years harvest was 56.7 million tonnes.
- **Local Weather** – May recorded a monthly mean temperature of 19.7 degrees compared to the long term average of 19.5. Rainfall was below average with 23.8mm recorded for the month compared to the long term average of 33.1 mm. The Bureau of Meteorology has predicted that there is a 75% chance of rainfall between 10-25mm and the temperature has a 80% chance of being above the long term median of 15-18 degrees.

GLOBAL MARKET INSIGHTS

• Weather

- Dry conditions in North America have continued to impact the US market. Most of the US winter crops will struggle to meet yield targets unless significant rains are recorded in the next month. The dry weather has also delayed the expected timing of spring wheat planting which will provide additional price support.
- The Black Sea region has reported average soil moistures on the back of good rains and snowfall earlier in the year. It has not been all good news for the region though with the driest April being recorded for Russia and the Ukraine.
- The adverse weather conditions in other countries will help to support prices and demand for Australian products.

• Production

- Since 2012/13 global grain production has outpaced consumption on the back of improved crop management, better technologies and favourable weather. The 2017/18 season is forecast to be the first crop since 2012/13 where annual consumption exceeds production.
- Due to adverse weather effects being experienced by global producers and the increasing demand for grains in developing economies consumption has begun to outpace production.
- Should consumption continue to outpace production this will lend support to increased grain prices in Australia.

• Grain Prices

- Grain prices are influenced by several factors including; supply and demand, political risk, global economic conditions, and weather.
- Political instability between China and the USA is helping to support higher prices as the Chinese market begins to source their products from other countries.
- With global weather conditions being far from ideal growers are holding any unsold grain as a hedge for the scenario that the current season doesn't deliver the production they require. This is forcing exporters to continue bidding prices higher for a more limited supply of grain.

Domestic Grain Price Changes Past 12 Months*

Crop	Current Price per Tonne	Price 12 Months ago	Percentage Change
Milling Wheat	\$290	\$198	46%
Feed Wheat	\$375	\$239	57%
Feed Barley	\$350	\$214	64%
Canola	\$524	\$510	3%
Sorghum	\$365	\$272	34%

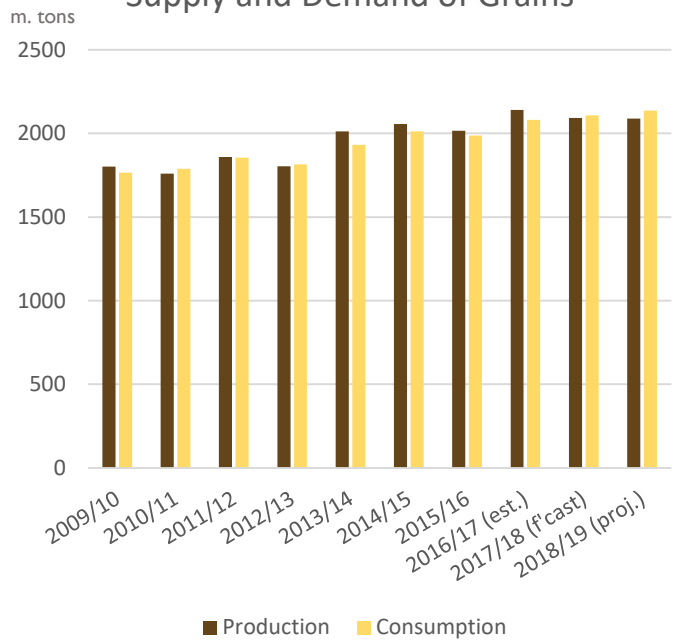
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Inflation Adjusted Price per Tonne (Wheat) USD/tonne



Data retrieved from Economic Research Services unit of the USDA

Supply and Demand of Grains



■ Production ■ Consumption
Data retrieved from the International Grains Council

*Data retrieved from ABARES Weekly Commodity Reports