



DUXTON
BROADACRE FARMS

QUARTERLY ACTIVITIES REPORT June 2021

WINTER CROPS

As at 30 June all of the harvested winter crop has been sold with the remaining amounts held on hand to be used as seed for future sowing.

Current conditions on farm are wet following continued rainfall across the quarter. Despite the continued rainfall, most areas of inundation are draining off well and there was not a material impact to sowing.

Crops have emerged well and are growing in good soil moisture. Due to a combination of cold temperature and baiting there has been no damage to crops from the mice currently challenging eastern Australia and while numbers appear to be falling farm managers remain vigilant to ensure potential impacts are minimised.

Farm managers have completed all pre and post-sowing sprays across the planted crop and all required winter crop inputs have been secured offering protection from any further COVID-19 supply impacts as lockdowns continue across New South Wales.



Wheat emerging at Timberscombe

SUMMER CROPS

The 165 hectare summer 2021 cotton crop was harvested in May and is currently in the process of being ginned. The current yield expectation is between 10 and 10.5 bales per hectare and is contracted to be sold at an average of \$600 per bale.

Land preparation for the next cotton crop, which is currently budgeted to be 480 hectares, commenced but has since been placed on hold due to the wet conditions. Land preparation activities will recommence as soon as conditions allow.

VALUATIONS

The combination of the West Plains and Lenborough farm acquisitions, which settled on the 10th of June, the sale of Boorala and the end of year property valuations resulted in an \$11.1M uplift in the value of land, water and structural assets held on our balance sheet at 30 June 2021 compared to 12 months prior. This uplift included a 16.1% increase on assets held across both years. The company will target further valuation uplift over the next 12 months by improving the condition of the 2,532 arable hectares across the West Plains and Lenborough farms to the standard of the existing farms held by the Company.

LIVESTOCK

A selection of sheep was transferred from Boorala to New South Wales. The New South Wales aggregation ended the year with 5,929 ewes after starting the year with 1,082 through a combination of 914 aging in from lambs and an additional 4,068 being transferred from Boorala and purchased. At the 30th of June there are currently 4,483 lambs and lamb marking is occurring where weather permits.

the Eastern Young Cattle Indicator (EYCI) continues to rise from \$9.00 as demand for restocking remains high. 189 calves were sold across the quarter taking advantage of the high prices. Purchases are still being made if deemed economically viable with 82 cows purchased in the quarter. As at 30 June the closing headcount of cattle was 1,556.

CASH FLOW FORECAST

Operating cash flow for the quarter ending 30 June 2021 was a \$2.5M surplus due to income from the sale of the winter harvest and livestock.

Surplus funds from the sale of Boorala after the acquisitions of West Plains and Lenborough have been utilised to reduce debt. As at 30 June the Company holds a cash surplus of \$3.6M in its overdraft account with a further \$6M of overdraft available. It is the first month since July 2019 the account has held a cash surplus.

The total of \$362k of related party payments in 6.1 of the quarterly cash flow report represents \$310k paid to Duxton Capital Australia Pty Ltd for financial services and management fees for acting as the investment manager along with \$52k paid to Duxton Water Ltd for water charges.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Duxton Broadacre Farms Ltd

ABN

45 129 249 243

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,866	23,346
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,018)	(15,103)
(c) advertising and marketing	(326)	(330)
(d) leased assets	(57)	(113)
(e) staff costs	(499)	(1,719)
(f) administration and corporate costs	(381)	(1,309)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(182)	(1,055)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	57	268
1.8 Other (provide details if material)	(1)	59
1.9 Net cash from / (used in) operating activities	2,459	4,044
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(195)	(1,454)
(d) investments	(14,601)	(14,601)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	853	1,687
	(d) investments	22,000	22,087
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(359)	(462)
2.6	Net cash from / (used in) investing activities	7,698	7,257

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(60)	(111)
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
3.5	Proceeds from borrowings	-	1,006
3.6	Repayment of borrowings	(1,792)	(2,319)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(1,852)	(1,426)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(4,714)	(6,284)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,459	4,044
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7,698	7,257

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,852)	(1,426)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,591	3,591

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,591	12
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	(4,726)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,591	(4,714)

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

362

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	24,350	26,000
7.2 Credit standby arrangements	6,000	4,714
7.3 Other (please specify)	-	-
7.4 Total financing facilities	30,350	30,714

7.5 **Unused financing facilities available at quarter end** 6,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Westpac Business One Loan (Overdraft 1) \$6,000,000: Rate 2.78% maturity at call
Westpac Agri Finance (Facility 1) \$14,350,000: Variable Rate 2.86% maturity 31/10/21
Westpac Agri Finance (Facility 2) \$10,000,000: Fixed Rate 5.17% maturity 26/10/27

All facilities are secured by mortgages over property and water entitlements. Facilities were revised following the release of security of the Boorala property for the purpose of acquiring West Plains and Lenborough.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	2,459
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,591
8.3 Unused finance facilities available at quarter end (Item 7.5)	6,000
8.4 Total available funding (Item 8.2 + Item 8.3)	9,591
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.9

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, calculating available funding based on a single quarter of operations in a broadacre farming business is going to give volatile results due to the timing of when revenue and expenses fall across the year.

The quarter ending June saw the inflow of revenue from the winter harvest and as a result the balance of cash from operations for the quarter is a large cash surplus that won't occur consistently across the year.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity expects to be able to operate without limitation.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2021

Authorised by: the Board of Duxton Broadacre Farms Ltd
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.