



DUXTON
Broadacre Farms

ACN 129 249 243

Duxton Broadacre Farms Limited

PROSPECTUS

**An Offer of up to 14,666,667 Shares
at an issue price of \$1.50 per Share,
to raise a minimum of \$12 million and
up to a maximum of \$22 million
before costs and expenses.**

This Prospectus has been lodged with
the Australian Securities and Investments
Commission under section 718 of the
Corporations Act 2001 (Cth).



TAYLOR COLLISON

**Green and amber and gold it grows
When the sun sinks late in the West;
And the breeze sweeps over the rippling rows
Where the quail and the skylark nest.**

Song of Wheat, Banjo Paterson

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Important Notices You should read the following terms and conditions carefully before reading or making any use of this Prospectus or any information contained in it.

In receiving and reading this Prospectus, you are agreeing to be bound by the following terms and conditions, including any modifications to them. If you do not agree to this, you should immediately return this Prospectus to the Company.

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (**Shares**) in Duxton Broadacre Farms Ltd (ACN 129 249 243) (**Company**). This Prospectus is issued by the Company.

Lodgement and listing

This Prospectus is dated 10 November 2017 (**Prospectus Date**) and a copy was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

The Company will apply to ASX Limited (**ASX**) within seven days after the Prospectus Date for admission of the Company to the official list of ASX and quotation of its Shares on ASX. None of ASIC, ASX or their officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates. The fact that ASX may quote the Shares is not to be taken as an indication of the merits of the Company or the Shares being issued. If the application for quotation of the Shares is refused, no Shares will be issued, and all Application Money will be refunded to Applicants as soon as practicable without interest.

Expiry Date

No Shares will be issued or sold on the basis of this Prospectus after its expiry date, being the date 13 months after the Prospectus Date. The key dates for the Offer are set out in the Key Offer Information – Key Dates section and the Company reserves the right to change any of those dates, including the Closing Date without notice.

Note to Applicants

The information in this Prospectus does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety in order to make an informed assessment of the assets and liabilities, financial position, performance, potential profits and losses, and prospects of the Company and the risks and the rights attaching to the Shares offered in this Prospectus, before deciding whether to invest in the Company. In receiving and reading this Prospectus, you are agreeing to be bound by the following terms and conditions, including any modifications to them. If you do not agree to this, you should immediately return this Prospectus to the Company.

There are risks associated with any investment. You should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Shares.

The key risk factors that should be considered by prospective investors are set out in Section 7. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital, payment of dividends, future value of the Shares or any return on investment made pursuant to this Prospectus. The Shares carry no guarantee whatsoever with respect to the return on capital invested, payment of dividends or future value of the Shares. Once issued, the prices of the Shares can rise and fall. Past performance is not a guide to future performance.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared for publication in Australia and New Zealand, and with limited offers in Hong Kong and Singapore (**Relevant Jurisdictions**), and may not be released or distributed in the United States.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the *US Securities Act* or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US

Person, except in a transaction exempt from the registration requirements of the *US Securities Act* and applicable United States state securities laws. The Offer is not being extended to any investor outside Australia, New Zealand, and the Relevant Jurisdictions. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

For details of selling restrictions that apply to the Shares in the Relevant Jurisdictions, please refer to Section 12.8.

Important notice to New Zealand Investors

This Offer to New Zealand investors is a regulated offer made under the mutual recognition provisions in Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Cth) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* (NZ) and Part 9 of the Financial Markets Conduct Regulations 2014 (NZ).

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Cth) and the regulations made under that Act set out how the Offer must be made.

There are differences in how securities and financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Important notice to Singapore Investors

The Company is not authorised under section 286 of the *Securities and Futures Act* (Chapter 289 of Singapore) (the “SFA”) or recognized under section 287 of the SFA by the Monetary Authority of Singapore (the “MAS”) and the Shares are not allowed to be offered to the retail public.

This Prospectus is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. You should consider carefully whether an investment in the Company is suitable for you.

As this Prospectus has not been registered with the MAS, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an accredited investor, and in accordance with the conditions specified in section 305 of the SFA, (ii) to an institutional investor pursuant to section 304 of the SFA, or (iii) in accordance with the conditions of any other applicable provisions of the SFA, as the same may be amended from time to time.

Shares subscribed or purchased pursuant to sections 304 or 305 of the SFA may only be transferred in accordance with the provisions of sections 304A and 305A of the SFA respectively.

Where the Shares are acquired under section 305 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Shares under section 305 except:

- (1) to an institutional investor or to a relevant person as defined in section 305(5) or arising from an offer under section 275(1a) of the SFA;
- (2) where no consideration is given for the transfer; or
- (3) where the transfer is by operation of law.

Where the Shares are acquired under section 305 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor, the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that trust has acquired the Shares under section 305 except:

- (1) to an institutional investor or to a relevant person as defined in section 305(5) of the SFA or arising from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than SGD200,000 (or its equivalent in a foreign currency) (or such other amount as may be prescribed under the SFA) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
- (2) where no consideration is given for the transfer; or
- (3) where the transfer is by operation of law.

By accepting receipt of this Prospectus, a person in Singapore represents and warrants that he is entitled to receive such document in accordance with the restrictions set forth above and agrees to be bound by the limitations contained herein.

Important notice to Hong Kong Investors

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Shares have not been, and will not be, offered or sold in Hong Kong, by means of this or any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong); and no advertisement, invitation or document relating to the Shares, whether in Hong Kong or elsewhere, that is directed at, or the contents of which are or are likely to be accessed or read by, the public in Hong Kong has been or will be issued, or in the possession of any person for the purposes of issue, other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance, or as otherwise may be permitted under the laws of Hong Kong.

Foreign persons

The Company is an 'agricultural land corporation' within the meaning of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) and the *Foreign Acquisitions and Takeover Regulations 2015* (Cth). As a result, Applications for the Shares by 'foreign persons' within the meaning of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) may be subject to restrictions and may require prior notification to the Treasurer. Any 'foreign person' (or any investor that is unsure whether they are a 'foreign person') should seek legal advice before applying for the Shares under this Prospectus. Lodgement of an Application will be taken by the Company to constitute a declaration from the Applicant that no breaches of any law or regulation in any jurisdiction has occurred and that all necessary approvals and consents have been obtained.

Financial information presentation

Section 5 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 5.1.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains financial forecasts and forward looking statements, including statements of intentions, statements of opinion and predictions as to possible future events which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

Any forecasts or forward looking statements are predictions only and are subject to various inherent risk factors and uncertainties that could cause the Company's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. Such forecasts or statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management. Forecasts and forward looking statements should therefore be read in conjunction with, and are qualified by reference to, the discussion of the Pro Forma Historical Financial Information in Section 5.2 risk factors as set out in Section 7, specific assumptions as set out in Section 5.3 and other information in this Prospectus.

The Company, its Directors, officers, employees, agents, advisers, representatives, and any person named in, or involved in the preparation of, this Prospectus cannot and do not give any warranty, assurance or representation that the results, performance or achievements expressed or implied by the forecasts and forward looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forecasts and forward looking statements.

Forecasts and forward looking statements reflect views held only as at the date of this Prospectus. The Company has no intention of updating or revising forecasts or forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Nothing in this Prospectus constitutes financial advice.

The Company, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

This disclaimer does not purport to disclaim any warranties or liability which cannot be disclaimed by law.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the date of Prospectus Lodgement (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that such examination may result in the identification of deficiencies in the Prospectus. In those circumstances, any Application that is received during the Exposure Period may need to be dealt with in accordance with section 724 of the Corporations Act. Although the Prospectus will be made generally available during the Exposure Period, applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Obtaining a copy of this Prospectus

A printed copy of the Prospectus is available free of charge to any person in Australia and New Zealand by calling the Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am until 5.00pm ACDT Monday to Friday during the Offer Period.

This Prospectus is also available to Australian and New Zealand resident investors in electronic form on the homepage of the Company's website, www.duxtonbroadacre.com. The Offer constituted by this Prospectus in electronic form is available only to Australian or New Zealand residents accessing the website within Australia, New Zealand or one of the Relevant Jurisdictions (subject to the relevant restrictions). It is not available to persons in other jurisdictions (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Applications for the Shares may only be made on the appropriate Application Form attached to, or accompanying, this Prospectus in its printed copy form, or included in or accompanied by the complete and unaltered copy of this Prospectus, in its electronic form which must be downloaded in its entirety from the homepage of www.duxtonbroadacre.com. Shares to which the electronic Prospectus relates will only be issued on receipt of a printed copy of the electronic Application Form together with a printed copy of the Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Company Website

Any references to documents included on the Company's website at www.duxtonbroadacre.com are for convenience only, and none of the documents or other information available on the Company's website is incorporated herein by reference.

Defined terms and abbreviations

Defined and capitalised terms and abbreviations used in this Prospectus are explained in Section 13. Unless otherwise stated or implied, references to times in this Prospectus are to ACDT.

Privacy

By completing an Application Form, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request or that are connected with your interest in the Shares, and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Company's public register. The information must continue to be included in the Company's public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed, or the Company or the Share Registry may not be able to adequately service your needs as a Shareholder, provide facilities and services that you request or that are connected with your interest in the Shares, or carry out appropriate administration.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the Shareholder registers;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company, or obtain further information about the Company's privacy practices by contacting the Share Registry or the Company. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change. The Company will not disclose your personal information to overseas recipients except where required to do so by applicable law, and only to the countries in which investors may be located. Further details of this are set out in the Company's privacy policy (available on the Company's website), including how you may access your personal information that is held by the Company or the Share Registry, and seek correction of such information, how you may complain about a breach of the Australian Privacy Principles or a registered code that binds the Company, and how the Company will deal with such a complaint. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Lead Manager

The Lead Manager to the Offer is Taylor Collison Limited.

Key Offer Information

This Prospectus relates to an initial public offering of Shares by the Company.

The Company will issue up to 14,666,667 Shares at an Offer Price of \$1.50 per Share, raising gross proceeds of \$12 million up to \$22 million.

Key Dates

Prospectus Date – Lodgement of Prospectus with ASIC	10 November 2017
Opening Date for Applications (9.00am ACDT)	13 November 2017
Closing Date for Applications (5.00pm ACDT)	22 December 2017
Issue and allotment of Shares	3 January 2018
Expected despatch of holding statements	10 January 2018
Expected date of quotation of Shares on the ASX	17 January 2018

Note: This timetable is indicative only. Unless otherwise indicated, all times are in ACDT. The Company, in conjunction with the Lead Manager, reserves the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases without notification. Investors are encouraged to submit their Applications as soon as possible.

Key Offer Statistics	Minimum Subscription	Maximum Subscription
Current Shares on issue	29,463,681	29,463,681
Offer Price per Share	\$1.50 per Share	\$1.50 per Share
Total number of Shares available under the Offer	8,000,000	14,666,667
Gross proceeds from the Offer ¹	\$12,000,000	\$22,000,000
Total number of Shares on issue on Completion of the Offer ²	37,463,681	44,130,348
Indicative market capitalisation on Completion of the Offer (undiluted and based on Offer Price) ³	\$56,195,521	\$66,195,521

¹ Equal to Shares issued under the Offer multiplied by the Offer Price

² Includes the number of Shares available under this Offer plus Current Shares on issue

³ Equal to the total number of Shares on issue on completion of the Offer multiplied by the Offer Price

Table of Contents

Chairman's Letter	10
1. Investment Overview	12
2. Overview of the Australian Grain Industry.....	35
3. Company Overview	51
4. About the Investment Manager	70
5. Financial Information	83
6. CBRE Valuation	97
7. Risks	116
8. Key people, interests and benefits.....	126
9. Details of the Offer	140
10. Investigating Accountant's Report.....	154
11. Significant Accounting Policies.....	163
12. Additional information.....	169
13. Glossary	180
14. Corporate Directory.....	185

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Chairman's Letter, 10 November 2017

Dear Investor,
On behalf of the Directors, it is my pleasure to invite you to become a shareholder in Duxton Broadacre Farms Limited (the "Company").

The Company presents investors with the opportunity to access the Australian grain industry via a portfolio of diversified dry land and irrigated broadacre farms.

Global grain consumption has consistently risen over the past 50 years and is forecast to increase 14% over its current level by 2025, driven by population growth and rising per capita incomes in emerging economies. As incomes rise, eating patterns shift to more westernised diets, and traditional staple foods, such as rice, are increasingly substituted by other grains, meat and dairy products. Rising consumer wealth in developing countries has a twofold effect on grain demand via direct consumption and indirect consumption as feedstock for other products. Demand, especially within emerging economies, is forecast to outstrip supply, which will continue to support a strong export market. The Australian grain industry is well positioned to meet this increasing demand.

The Company seeks to capitalise on the increasing demand for grain as a vital input into a range of staple food products and the livestock industry. The Company's objective is to expand its existing interests into a diversified portfolio of high-quality, efficient broadacre farms. The Company intends to achieve this objective through the acquisition and aggregation of land rich parcels of properties that have clear scope for development to improve operational efficiencies and produce a diverse range of commodities (including as an adjunct livestock and cotton) to reduce risk. The Company's investment thesis is driven by long-term growth in global grain demand translating to significant operating margins and improved farmland values over time, providing shareholders with both ongoing annual operational yield and longer-term capital growth.

Once listed, the Company aims to present investors with the following advantages:

- undervalued farmland - Australian farmland per tonne of wheat produced is among the cheapest in the world (second only to Hungary, where the average farm size is 8 hectares compared to an average size of 4,133 hectares in Australia). Further, farmland values in the region of the Company's current properties are undervalued compared to the average value for the wheatbelt regions;
- low correlation - access to an underlying asset with low correlation to conventional asset classes which enables increased diversification within investment portfolios, as well as providing an inflation hedge;
- economies of scale - access to a well-established portfolio of broadacre farms valued at A\$58.3 million, producing a diverse range of crops through both dry land and irrigated properties, and spread across 19,462 hectares (the Company also leases 1,100 hectares);
- commodity production diversity - current portfolio produces cotton, canola, lucerne, wheat, barley, corn, pulses and livestock;
- diversification across vectors - by diversifying across commodity production, farm management and models and water sources, the Company intends to provide shareholders with both ongoing annual operational yield and longer-term capital growth whilst mitigating risk;
- an investment with significant water security;
- outperformance with lower volatility - access to an underlying asset class which has historically outperformed Australian equities and bonds on a risk-adjusted basis whilst demonstrating lower volatility, on average;
- on listing, is expected to be the only ASX listed vehicle of its type in Australia providing its investors with direct exposure to grain production;
- from March 2019 onwards, a proposed annual dividend payout targeting 40% to 60% of operating profits and franked to 100% or the maximum extent possible (while noting dividend payouts are subject to generation of sufficient operating profit, board consideration and operating conditions);
- prudent levels of debt - the Company intends to use a portion of the IPO funds to reduce existing debt, however the debt facility will remain in place to take advantage of opportunistic property acquisitions; and
- a Company with a competitive management fee structure.

The Offer provides an opportunity for you to share in our exciting future.

This Prospectus contains detailed information about the Company, the industry in which the Company operates, its financial and operating performance, the Company's Investment Manager and the Offer.

An investment in the Company is subject to a range of risks which are detailed fully in Section 7. These include (but are not limited to) adverse weather conditions impacting the operations of the Company, negative movements in commodity prices affecting the revenue of the Company, rising input costs, such as fertiliser, irrigation and energy costs impacting profitability, liquidity risk associated with investing in agricultural land and the reliance upon Duxton Capital (Australia) as the Investment Manager of the Company. I encourage you to read this document carefully and in its entirety and seek professional advice before making your investment decision.

On behalf of my fellow directors, I look forward to welcoming you as a shareholder.

Yours sincerely,



Ed Peter, Chairman
10 November 2017

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SECTION 1

INVESTMENT OVERVIEW

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1. Investment Overview

1.1 Highlights of the Company and business model

Topic	Summary	For more information and further details
What is the Company's purpose and business?	<p>The Company seeks to generate income and capital gains for Investors through the operation of broadacre farms in Australia, that are positioned to benefit from potential increase in grain prices (among other commodity prices) and appreciation in land values.</p> <p>The Company intends to focus on using a diversified farming model to maximise return on its assets and create shareholder value. The Company also intends to grow the business steadily and carefully manage the bottom line while reacting quickly to acquisition opportunities.</p>	Sections 3.1 and 3.2
What are the Company's investment objectives and strategy?	<p>The Company's main investment objectives are to:</p> <ul style="list-style-type: none"> • provide a listed investment vehicle that gives investors direct exposure to a diverse commodity production portfolio; • generate an income stream for investors from the yield of the portfolio in the form of dividends; and • provide capital growth over the long term and to benefit over the long term from the forecast appreciation in grain prices from their current historical record lows (inflation adjusted, USD/tonne). <p>The Company plans to invest its available funds raised under the Offer by purchasing and aggregating Australian broadacre farms subject to the investment criteria under Section 4.4, and will focus on diversification across vectors to help mitigate risk and earnings volatility.</p>	Sections 3.2, 3.3, 4.4 and 9.3



Topic	Summary	For more information and further details	
What is the Company's existing portfolio?	The Company's existing farm investment portfolio is valued at \$58.335 million and comprises three farms, as summarised below:	Section 3.5	
	Merriment	Wyalong	Yarranlea
Location	Forbes, New South Wales	West Wyalong, New South Wales	Forbes, New South Wales
Hectares	2,934 owned 1,110 leased ⁴	14,344 owned	2,184 owned
Grains Produced	Wheat, Barley, Corn, Canola and Pulses	Wheat, Barley and Canola	Wheat, Barley and Canola
Other Commodities Produced	Lucerne, Livestock, Cotton and Maize		Cotton, Maize and Livestock
Water Entitlements (ML)	3,924 owned 6,798 leased		1,342 owned
Market Value	\$11,100,000	\$39,800,000	\$7,435,000

⁴ Lease expires on or before 31 December 2017



Topic	Summary	For more information and further details
What is the Company's management structure?	<p>The Company's management structure is shown opposite ►</p> <p>The Company has contracted Farm Managers to provide day-to-day management of the broadacre farms (subject to the Company's supervision).</p> <p>The Company management team will supervise and report on the performance of the Farm Managers and be responsible for overall farm operations and administration. The Company's management team will be responsible for the day-to-day administration of the Company. The Company has contracted the Investment Manager to assist with the administration aspects of the investment management services.</p> <p>The Company has appointed the Investment Manager to identify, assess, propose and execute the broadacre investments (subject to Board approval).</p>	Sections 3.4, 3.5.4, 8.1

The Company's Management Structure



1.2 Key strengths of the Company

Topic	Summary	For more information and further details
Diversification	<p>The Company's objective is to create a diversified portfolio of high-quality, efficient broadacre farms. The Company intends to diversify across a range of vectors, including crops, water sources, farm management and farming systems. The current portfolio produces a diverse range of commodities, including cotton, canola, lucerne, wheat, barley, corn and pulses.⁵</p> <p>By diversifying across vectors, the Company intends to provide shareholders with both ongoing annual operational yield and longer-term capital growth whilst mitigating risk.</p>	Sections 3.1, 3.2, 3.5
Asset class that has historically outperformed Australian Equities and Bonds	<p>Investment in farmland has the potential to generate both capital and operating returns through a combination of appreciation in the land value and the income from the sale of the commodity produced on it.</p> <p>Australian agriculture has historically, on average, generated risk-adjusted returns greater than Australian equities and Australian bonds. Analysis of Australian grain farms with gross turnover greater than \$1 million shows that these farms outperformed Australian equities, Australian bonds and inflation between 1993 to 2016. Furthermore, these grain farms exhibited lower volatility than the traditional asset classes, such as equities and bonds, over the same period, producing a more attractive risk/return profile.</p>	Section 2.4.3.3
Low Correlation	<p>Global farmland has historically demonstrated low correlation to traditional asset classes, such as equities and bonds, providing diversification benefits to an investment portfolio.</p> <p>Analysis shows that on average between 1993 to 2016, Australian grain farms demonstrated low correlation to Australian equities and Australian bonds. This suggests that including an Australian grain farms investment in a portfolio may provide diversification benefits.</p>	Section 2.4.3.4
Inflation Hedge	<p>Historically, global farmland has served as an effective inflation hedge. Australian farmland has historically exhibited a positive correlation to inflation. This suggests that Australian grain farms may be an effective hedge against inflation and a capital preservation vehicle.</p>	Section 2.4.3.5

⁵ Note that the Company also generates revenue from the production and sale of livestock. Refer to Section 3.5 for further detail.

Topic	Summary	For more information and further details
Growing Consumption	Global grain consumption has consistently risen over the past 50 years and is expected to continue, driven by population growth and rising per capita incomes in emerging economies. Grain consumption is forecast to increase by 14% over its current level to reach 2.82 billion tonnes consumed by 2025.	Sections 2.1,2.2
Opportunity to Invest at what may be the bottom of the Cycle	The inflation adjusted price of wheat per tonne (\$US) is currently among the lowest it has ever been on record (since 1866), reflecting high supply. However, according to independent reports, soft commodity prices are now in the early stages of a new cycle – the upward leg. Driven by the structural imbalance in the global markets, the World Bank predicts a 33% increase in wheat prices over the next 8 years. This cyclical turnaround in prices over the long-term suggests an opportune time for investment in agriculture, including grains.	Section 2.3
Low Cost of Land	The cost of Australian farmland per hectare to produce a tonne of wheat is among the cheapest in the world (second only to Hungary). The global average cost of land for a tonne of wheat between 2010 to 2015 increased 51.2% in AUD. In comparison, the cost of land per tonne of wheat in Australia decreased 17.7% (in AUD) between 2010 and 2015.	Section 2.4.3.2
Consolidation Opportunities	The majority of Australian grain farms are family owned and operated with more than 60% comprising non-employing enterprises. In 2015 only 10% of Australia's grain farms planted more than 2,400 hectares. The Company considers that there is large scope for corporatisation and consolidation to increase scale and operational efficiencies in the Australian grain industry.	Section 2.4.3.6

Topic	Summary	For more information and further details
Experienced Management	<p><i>Board</i></p> <p>The Board of Directors is highly experienced in the agricultural sphere, with a combined 109 years' experience amongst them in investing and managing agricultural businesses. This experience extends across both Australian and international agriculture.</p> <p><i>Investment Management</i></p> <p>The Investment Manager is highly experienced in the agriculture industry. As a group, the Investment Manager holds an average of 11 years' experience and a combined 240 years' experience. The Duxton Group has been developing and executing agricultural investment strategies for clients since 2007.</p> <p><i>Farm Management</i></p> <p>The Company's Managing Director is Anthony (Tony) Hamilton. Tony has been farming since 1982 and has extensive experience in managing broadacre properties. Tony is a Graduate of the Australian Institute of Company Directors and holds a PhD in Agronomy and Plant physiology and a B.Sc.Agr (Hons) from the University of Sydney.</p>	Section 3.4.1, 4 and 8.1
Investment where the underlying asset has significant water security	The Company's existing portfolio has access to 12,064ML of water entitlements. Furthermore, the Company's expansion strategy will focus on acquiring properties with access to a diverse range of water sources. The ample water availability on one of the Merriment properties also provides benefits to the other Merriment properties. For example, water may be transferred from one property to another in dry years in order to finish crops when premiums would be expected. The Company believes the current portfolio has access to sufficient water entitlements to support current production and some expansion surrounding the Merriment properties.	Section 3.2, 3.2.5, 3.5 and 12.4.2
An investment proposition that is underrepresented on the ASX	The majority of Australian agricultural businesses are family owned and operated. As such, Australian agricultural investment opportunities and, in particular, Australian grain investment opportunities, are underrepresented on the ASX. The Company provides investors with direct access to an asset class which has traditionally generally only been available privately to sophisticated or institutional investors.	

1.3 Key risks

Topic	Summary	For more information and further details
Adverse weather conditions	Adverse weather conditions such as fires, frost, drought or flooding or outbreak of diseases or other matters beyond the control of the Company may, directly or indirectly have a material and adverse effect on the operations of the Company and hence the Company's financial position generally, and consequently the income available for distribution to Shareholders and acquisition of additional properties and/or value of its Properties.	Section 7.1.2
Commodity Prices	Australian commodity prices are determined by supply and demand dynamics. For example, grain prices are determined by a number of factors, including demand and supply in the domestic and international grain markets, product type, seasonal factors, demand from grain processors and import quotas and/or tariffs. Changes in global commodity pricing will affect the revenue earned by the Company. As such, any negative movement in commodity prices may have an adverse effect on the Company's revenue and its ability to meet its obligations to stakeholders and generate a profit.	Section 7.1.1
Input Costs	Fertiliser, irrigation, fuel (diesel) and electricity represent significant input costs in the production of grains. If fertiliser, irrigation and/or energy prices were to rise, this may impact the Company's profitability.	Section 7.1.3
Illiquidity	Investments in agricultural land, as with other investments in land, are relatively illiquid. Such illiquidity may affect the Company's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, financial, real estate market or other conditions. For instance, the Company may be unable to liquidate its holdings in agricultural land or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets to ensure a sale.	Section 7.1.4

Topic	Summary	For more information and further details
Reliance on Key Management	<p>The Company's ability to provide returns to investors and achieve its investment objectives is dependent on the performance of farm management, the Investment Manager and the Board in the identification, acquisition and disposal of investments, the appointment and supervision of Farm Managers and the operational strategy employed.</p> <p>The responsibility for the day-to-day farm management and operations of the Company rests with its experienced Farm Managers and key management team. If one or more of these ceases their engagement with the Company, the Company may be adversely impacted.</p> <p>The services provided by the Investment Manager will be key to achieving the Company's investment objectives. Failure to develop and implement adequate acquisitions and strategies may adversely impact the performance of the Company.</p> <p>Failure of the Board in providing adequate oversight and executing appropriate investment and divestment proposals may also impact the profitability of the Company.</p>	Section 7.1.5
Limited track record in its current form	<p>The Company has recently acquired significant grain farm assets. The Company intends to increase its proportion of irrigated farmland compared to dryland farm properties. This strategy is intended to smooth volatility of revenue and help with the mitigation of agricultural risks, such as weather. Accordingly, the Company does not have an operating and trading history that fully reflects the nature of its new business. As such, future performance of the Company is expected to differ from the historic performance of the Company. There can be no assurance that the Company will achieve its investment objectives.</p>	Section 7.1.6

Topic	Summary	For more information and further details
Acquisition risk	The Company intends to actively acquire additional broadacre farms which it believes give scope to improve operational efficiencies, farm yields and returns. The success of the Company depends in part on its ability to identify and acquire suitable properties at a price that will allow a significant uplift in value once a suitable Farm Manager is appointed to manage the Property. The risks associated with these acquisitions include pricing and integration risks. There is a risk that farm investments will not perform as well as expected and, accordingly, could result in a material adverse effect on the value of the Company.	Section 7.1.7
Disease/Animal Health and Pest Risk	Australia's bio-security regulations and strict quarantine regimes are highly regarded. However, there is no guarantee that serious contagious diseases that affect global crops or livestock can be prevented from being introduced in Australia. Any significant disease that affects crops or livestock may have an adverse effect on production and hence the Company's ability to generate revenue. Further, a significant pest outbreak (for example, a mice or locust plague) could adversely affect production, revenue and profitability.	Section 7.1.8
Foreign Exchange	The Company's revenue is driven by commodity prices which are generally set in USD. Therefore, an appreciation of the AUD against the USD would reduce the AUD revenue received by the Company and hence impact its profitability.	Section 7.2.1

1.4 Key financial information

Topic	Summary	For more information and further details																											
What is the financial position of the Company?	<p>A summary of the balance sheet of the Company immediately post raising, assuming a Minimum Subscription, and a Maximum Subscription is achieved, is set out below:</p> <table> <tr> <th><i>Assets</i></th><th>Minimum Subscription \$</th><th>Maximum Subscription \$</th></tr> <tr> <td>Current Assets</td><td>7,140,961</td><td>17,140,961</td></tr> <tr> <td>Non-Current Assets</td><td>61,461,483</td><td>61,461,483</td></tr> <tr> <td>Total Assets</td><td>68,602,444</td><td>78,602,444</td></tr> <tr> <td colspan="3"><i>Liabilities</i></td></tr> <tr> <td>Current Liabilities</td><td>1,657,079</td><td>1,657,079</td></tr> <tr> <td>Non-Current Liabilities</td><td>10,554,952</td><td>10,554,952</td></tr> <tr> <td>Total Liabilities</td><td>12,212,031</td><td>12,212,031</td></tr> <tr> <td>Net Assets</td><td>56,390,413</td><td>66,390,413</td></tr> </table>	<i>Assets</i>	Minimum Subscription \$	Maximum Subscription \$	Current Assets	7,140,961	17,140,961	Non-Current Assets	61,461,483	61,461,483	Total Assets	68,602,444	78,602,444	<i>Liabilities</i>			Current Liabilities	1,657,079	1,657,079	Non-Current Liabilities	10,554,952	10,554,952	Total Liabilities	12,212,031	12,212,031	Net Assets	56,390,413	66,390,413	Section 5
<i>Assets</i>	Minimum Subscription \$	Maximum Subscription \$																											
Current Assets	7,140,961	17,140,961																											
Non-Current Assets	61,461,483	61,461,483																											
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<i>Liabilities</i>																													
Current Liabilities	1,657,079	1,657,079																											
Non-Current Liabilities	10,554,952	10,554,952																											
Total Liabilities	12,212,031	12,212,031																											
Net Assets	56,390,413	66,390,413																											
Does the Company currently have any debt facilities?	<p>Yes, a total of \$23,300,000 in available debt facilities with Westpac. The Company may hold both long-term and short-term financial debt. Borrowings may not exceed 40% of the Company's gross asset value (GAV). The Company intends to use a portion of the IPO funds to reduce existing debt, however the debt facility will remain in place to take advantage of opportunistic property acquisitions.</p>	Section 3.2.3 and 4.4.2																											
What is the Company's dividend policy?	<p>The Company intends to generate an income stream for investors in the form of franked dividends. The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, however the Company will aim to pay out 40% to 60% of its operating profit to Shareholders annually from March 2019 onwards.</p> <p>There is no guarantee regarding the payment of dividends or the level of franking and payment will be dependent on whether the Company achieves an operating profit in any particular year (and, if it does, the amount of that profit generated).</p>	Section 3.3																											

1.5 Key information about the Investment Manager and Investment Management Agreement

Topic	Summary	For more information and further details
Who manages the investment portfolio?	<p>Duxton Capital (Australia) has been appointed as the Investment Manager of the Company. The Investment Manager is a wholly owned subsidiary of Duxton Capital (Singapore), an alternative asset management firm focused on global agricultural land and securities as well as Asian emerging markets.</p> <p>The Duxton Group of companies was founded in 2009 following a spin-out from the Deutsche Bank Complex Assets team. The majority of Duxton Group is owned by the Company's Directors, Ed Peter and Stephen Duerden.</p>	Section 4
What are the responsibilities of the Investment Manager?	<p>The Investment Manager is responsible for investment management and advisory services, including the selection, determination, structuring, investment, reinvestment, leasing and management of assets in accordance with the Investment Guidelines detailed in Section 4.4.2. The Investment Manager will be responsible for advising on how to best deploy capital and manage the Company's aggregate portfolio in accordance with the investment strategy set out in Section 4.4 to maximise the returns generated from the Company's portfolio.</p> <p>The Investment Guidelines only permit investments in Australian agricultural land, water, livestock, crops, and associated plant and equipment.</p>	Section 4.4
What is the term of the Investment Management Agreement?	<p>The Investment Management Agreement is for an initial term of 5 years, unless ASX relief is granted in which case the initial term will be for 10 years or such other period as determined by ASX. After the initial term, the agreement will be automatically renewed for further new terms of five years, unless terminated by the Company or the Investment Manager.</p> <p>The Investment Manager may terminate the Investment Management Agreement with six months' notice any time after the expiry of the initial term or with one month's written notice to the Company where the Company commits a material and substantial breach of the Investment Management Agreement and the Company fails to remedy the breach within 30 days after receiving notice, or with immediate effect if an insolvency event occurs in respect of the Company.</p> <p>The Company may terminate the Investment Management Agreement in certain circumstances, including "for cause" (as explained in Section 4.8) and (after the initial term) with six months' notice where an ordinary resolution of Shareholders is passed to the effect that the Agreement be terminated.</p>	Section 4

Topic	Summary	For more information and further details									
What fees will the Investment Manager receive?	<p>In return for the performance of its duties the Investment Manager is entitled to be paid a monthly management fee equal to 0.85% per annum (plus GST) of the total Portfolio Net Asset Value (PNAV) at the end of each month (calculated prior to any deduction of performance fees payable to the Investment Manager). This fee only commences from July 2018 onwards. As a worked example, assuming an initial portfolio value of \$60 million at 1 July 2018 and nil performance return on the portfolio, the Management Fee for the period 1 July 2018 to 31 July 2018 would be \$43,315 (plus GST).</p> <p>The Management Fee is to be paid to the Investment Manager regardless of the performance of the Company. Management Fees would increase if the portfolio value increases, and decrease if the portfolio value decreases, over the period.</p> <p>In addition, the Investment Manager is entitled to be paid an annual Performance Fee of 5% of the outperformance of the investment return of the Company above a hurdle return of 8% per annum up to 12% per annum; plus if the investment return outperformance is greater than 12% per annum then the Investment Manager will receive 10% of the investment return above 12%. The Performance Fee will be paid annually subject to a high water mark, which means that it will not be paid unless the Adjusted Ending PNAV exceeds the highest Adjusted Ending PNAV at which a Performance Fee has ever been paid to the Investment Manager.</p> <p>The table below demonstrates worked examples of the potential Performance Fee payable to the Investment Manager based on a number of hypothetical scenarios and assuming the opening PNAV is \$60 million.</p> <table> <tr> <th></th><th>Adjusted Ending PNAV of \$65 million with no capital raisings</th><th>Adjusted Ending PNAV of \$69 million with no capital raisings</th></tr> <tr> <td>Method of Calculation</td><td> $5\% \times ((\\$65 \text{ m} - \\$60 \text{ m} - \\$0) - (8\% \times \\$60 \text{ m}))$ = \$10,000 </td><td> $5\% \times ((12\% \times \\$60 \text{ m}) - (8\% \times \\$60 \text{ m}))$ = \$120,000 PLUS $10\% \times ((\\$69 \text{ m} - \\$60 \text{ m} - \\$0) - (12\% \times \\$60 \text{ m}))$ = \$180,000 </td></tr> <tr> <td>Performance Fee</td><td>\$10,000</td><td>\$300,000</td></tr> </table>		Adjusted Ending PNAV of \$65 million with no capital raisings	Adjusted Ending PNAV of \$69 million with no capital raisings	Method of Calculation	$5\% \times ((\$65 \text{ m} - \$60 \text{ m} - \$0) - (8\% \times \$60 \text{ m}))$ = \$10,000	$5\% \times ((12\% \times \$60 \text{ m}) - (8\% \times \$60 \text{ m}))$ = \$120,000 PLUS $10\% \times ((\$69 \text{ m} - \$60 \text{ m} - \$0) - (12\% \times \$60 \text{ m}))$ = \$180,000	Performance Fee	\$10,000	\$300,000	Section 4.5
	Adjusted Ending PNAV of \$65 million with no capital raisings	Adjusted Ending PNAV of \$69 million with no capital raisings									
Method of Calculation	$5\% \times ((\$65 \text{ m} - \$60 \text{ m} - \$0) - (8\% \times \$60 \text{ m}))$ = \$10,000	$5\% \times ((12\% \times \$60 \text{ m}) - (8\% \times \$60 \text{ m}))$ = \$120,000 PLUS $10\% \times ((\$69 \text{ m} - \$60 \text{ m} - \$0) - (12\% \times \$60 \text{ m}))$ = \$180,000									
Performance Fee	\$10,000	\$300,000									

		For more information and further details								
Topic	Summary									
What fees will the Investment Manager receive? (cont.)	<p>The Management Fee and Performance Fee is calculated on the PNAV of the Company at the relevant valuation date. Payment of these fees affects the Company's cash available for distribution to Shareholders via dividends.</p> <p>Unless the Investment Manager has a 10 year initial term (in accordance with an ASX waiver), a termination fee is payable by the Company to the Investment Manager if the Investment Management Agreement is terminated by the Company within a Renewed Term, unless the Company has terminated the Investment Management Agreement for 'for cause' as set out in Section 4.8. The termination fee is equal to 5% of the PNAV of the Company, reduced by 1/60th for each calendar month elapsed between commencement of the Renewed Term and the date of termination.</p> <p>A worked example of the termination fee is as follows, assuming the Investment Management Agreement is terminated after seven years (and not by the Company for cause):</p> <table><tr><td>PNAV (after 7 years)</td><td>= \$150 million</td></tr><tr><td>Number of months elapsed after the first 5 years</td><td>= 24</td></tr><tr><td>Termination fee</td><td>= 5% of \$150 million x $(1 - \frac{24}{60})$</td></tr><tr><td></td><td>= \$4,500,000</td></tr></table>	PNAV (after 7 years)	= \$150 million	Number of months elapsed after the first 5 years	= 24	Termination fee	= 5% of \$150 million x $(1 - \frac{24}{60})$		= \$4,500,000	
PNAV (after 7 years)	= \$150 million									
Number of months elapsed after the first 5 years	= 24									
Termination fee	= 5% of \$150 million x $(1 - \frac{24}{60})$									
	= \$4,500,000									
Does the Board approve investments?	Yes. The Board has established Investment Guidelines under the Investment Management Agreement, and Board approval is required for investments or divestments proposed by the Investment Manager.	Section 4.4								

1.6 Directors and key management

Topic	Summary	For more information and further details
Who are the directors of the Company and what is their experience?	<p>The Board is comprised of 5 Directors, including 2 Independent Directors. The Board is highly experienced in the agriculture industry, holding a combined 109 years' experience. The Board has a combined 82 years' experience in the Australian grain industry.</p> <p>The Directors are as follows:</p> <ul style="list-style-type: none"> • Ed Peter – Chairman • Stephen Duerden – Director • Tony Hamilton – Managing Director • Mark Harvey – Independent Director and Deputy Chairman • Wade Dabinett – Independent Director <p>The Company has appointed Donald Stephens as the Company Secretary.</p>	Section 8.1
Who is on the team of the Investment Manager for the Company and what is their expertise?	<p>The Company has outsourced certain investment services (including identification and recommendation of investments and divestments, strategy and some administrative services) to the Investment Manager. The lead portfolio manager within the investment management team of the Investment Manager is:</p> <p>Ed Peter, Lead Portfolio Manager</p> <p>Ed Peter is the co-founder of Duxton Capital (Singapore), the parent company of the Investment Manager. Prior to forming Duxton Capital (Singapore) in 2009, Ed was Head of Deutsche Asset Management Asia Pacific, Middle East and North Africa. Ed has 30 years' experience in financial markets.</p> <p>Details of the rest of the investment management team and their experience is available at Section 4.2.</p>	Section 4

Topic	Summary	For more information and further details
Who is on the farm management team of the Company and what is their expertise?	<p>The current farm management team of the Company, responsible for managing Merriment, Wyalong and Yarranlea, comprises:</p> <p>Tony Hamilton, Managing Director</p> <p>Tony Hamilton is a grower from Forbes, NSW, and managing director of an integrated cropping and livestock business. Tony has been managing the Merriment properties since 2011.</p> <p>Dustin Kemp, Merriment Operations and Livestock Manager</p> <p>Dustin is responsible for all aspects of sheep and cattle husbandry, including marketing, procurement, logistics, staff management and engaging contractors. He is committed to animal welfare in the livestock production system. Dustin Kemp has a Certificate IV in agriculture and has been the Merriment Operations and Livestock Manager since 2013.</p> <p>Andrew Garland, Wyalong Operations Manager</p> <p>Andrew Garland is the Operations and Farming Manager at Wyalong. Andrew fulfils the daily operations of a farm manager including chemical and fertiliser procurement, external contractor coordination, harvest and sowing coordination and logistics. Andrew previously managed key properties in southern NSW. He also has substantial experience in growing seed crops and has been nationally recognised for canola seed production.</p> <p>Brendan Burley, Merriment Cropping Manager</p> <p>Brendan is responsible for all aspects of summer and winter cropping in the Merriment module. Brendan Burley has a BSc in agriculture and has been Cropping Manager since 2011.</p> <p>Christian Trojel, Commercial Manager</p> <p>Christian Trojel has been involved in broadacre farming since 2005 and has worked at Wyalong for the last three and a half years: the first year and a half as Grains Manager and the last two years as Commercial Manager. Christian holds a bachelor's degree in Science of International Business of Copenhagen Business School.</p>	Section 3.4

1.7 Significant interests of key people

					For more information and further details
Topic	Summary				
Who are the Existing Shareholders and what will be their interest at the Completion of the Offer?			%	%	%
		Vendor	Ownership	Ownership	Ownership
	Entity	Shares held	at the Open	at Minimum	at Maximum
			of the Offer	Subscription	Subscription
	WRI				
Shares	20,313,420	68.94%	54.22%	46.03%	
MIL					
Shares	9,150,261	31.06%	24.42%	20.73%	
Total					
Shares	29,463,681	100.00%	78.64%	66.76%	
What significant benefits are payable to Directors and the other persons connected with the Company or the Offer?	Company Chairman Ed Peter and Company Director Stephen Duerden will not be remunerated for their services as Directors of the Company (but will be separately remunerated through their interests in the Investment Manager – refer to Section 4). The Managing Director, Tony Hamilton will be remunerated as a key manager – refer to Section 8.4.2.				Section 4 and 8.4.2
	The Independent Directors of the Company (Mark Harvey and Wade Dabinett) will receive benefits equivalent to a director’s fee of \$35,000 per annum each (including statutory superannuation entitlements). For the first three years of their term, this remuneration will be provided in Shares, to be issued one day after the Company’s AGM for each of the first three years at the listing price of \$1.50 per Share. Shareholder approval will be required at each AGM for this share issue. If the Share issue is not approved by shareholders, the Independent Directors will be remunerated with cash at the amount of \$35,000 per annum.				
Will any Shares be subject to restrictions on disposal following Completion?	Upon Completion of the Offer and subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, the Shares issued under the Prospectus will not be subject to any restrictions on disposal.				Section 9.6
	A minority (13.87%) of the Vendor Shares will be subject to voluntary restriction for one year. These Vendor Shares are: <ul style="list-style-type: none">• Ed Peter’s wife’s beneficial interest (13.70%) in the Global Agriculture Land & Opportunities Fund (GALOF), the ultimate holding company of the Company as at the date of the issue of this Prospectus; and.• A subsidiary of the Investment Manager’s parent company, Duxton Asset Management interest (0.17%) in GALOF.				

Topic	Summary	For more information and further details
Will any related parties have a significant interest in the Company or the Offer?	<p>The Investment Manager and the Company are related parties as at the date of this Prospectus. Ed Peter controls the Investment Manager and is a shareholder and director of the Investment Manager's parent company, Duxton Capital (Singapore), and as such, will receive remuneration and/or other benefits from the Investment Manager for services provided to the Investment Manager.</p> <p>Stephen Duerden is a shareholder and director of the Investment Manager's parent company, Duxton Capital (Singapore), and as such, will receive remuneration and/or other benefits from the Investment Manager for Services provided to the Investment Manager.</p> <p>A subsidiary of the Investment Manager's parent company, Duxton Asset Management, has an interest of 0.17% in GALOF. As such, Ed Peter and Stephen Duerden, as shareholders and directors of the Investment Manager's parent company may receive benefits from the GALOF shares held by Duxton Asset Management.</p> <p>Tony Hamilton has an interest through family controlled entities in the Warili property which the Company currently leases and, as such, may receive remuneration and other benefits from lease payments. This lease expires 31 December 2017 and will not be renewed.</p> <p>In addition to the holdings outlined above, all Directors or their respective family controlled entities intend to apply for Shares under the Prospectus.</p>	Section 8.3
Does the Company have any other material contracts?	In addition to the Investment Management Agreement, the Company has entered into a Lead Management Agreement with the Lead Manager with respect to the Offer.	Section 12.4
Does the Company have any other related party transactions	<p>The Company entered into a Water Purchase and Lease Back Contract with Duxton Water on 25 July 2016. Duxton Water is a related party to the Company as its Investment Manager is owned in part by Company Directors Ed Peter and Stephen Duerden. Ed Peter and Stephen Duerden are also directors of Duxton Water.</p> <p>The Company entered into a renewed lease agreement in relation to the Warili property with Katherine Anne Hamilton and AJ & KA Hamilton Pty Ltd (ACN 169 798 141). Tony Hamilton, Managing Director, has a personal interest in the 1,100 hectares in the Merriment module of the property. This lease will expire on or before 31 December 2017 and will not be renewed.</p>	Section 12.4

Topic	Summary	For more information and further details
Does the Company have any other related party transactions (cont.)	<p>Ed Peter's wife is the beneficiary of a trust which is a shareholder in GALOF, the ultimate holding company of the Company as at the date of the issue of this Prospectus. The relevant trust holds 13.70% of the total issued share capital of GALOF. GALOF is a closed ended investment company with a diversified portfolio of agricultural investments in Australia, Africa and South America.</p> <p>A subsidiary of the Investment Manager's parent company (Duxton Asset Management) has an interest of 0.17% in GALOF. As such, Ed Peter and Stephen Duerden, as shareholders and directors of the Investment Manager's parent company may receive benefits from the GALOF shares held by Duxton Asset Management.</p>	Section 12.4

1.8 Overview of the Offer and Use of Funds

Topic	Summary	For more information and further details
What is the Offer?	<p>An Offer of 8,000,000 up to 14,666,667 Shares at an Offer Price of \$1.50 per Share to raise a minimum of \$12 million, a maximum of \$22 million.</p> <p>For details relating to the rights and liabilities of the Shares, refer to Section 9.2.</p>	Sections 9.1 and 9.2
What happens if the Minimum Subscription is not received?	The Minimum Subscription for the Offer to proceed is \$12 million. If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus (or any longer period permitted by law), the Company will repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus to allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest. In accordance with the Corporations Act, no Shares will be allotted by the Company until the Minimum Subscription has been reached.	Section 9.2
What are the opening and closing dates?	The Opening Date is 13 November 2017 and the Closing Date is 22 December 2017 but the Directors, in consultation with the Lead Manager, reserve the right to change either or both dates in their absolute discretion without prior notice.	Section 9.2

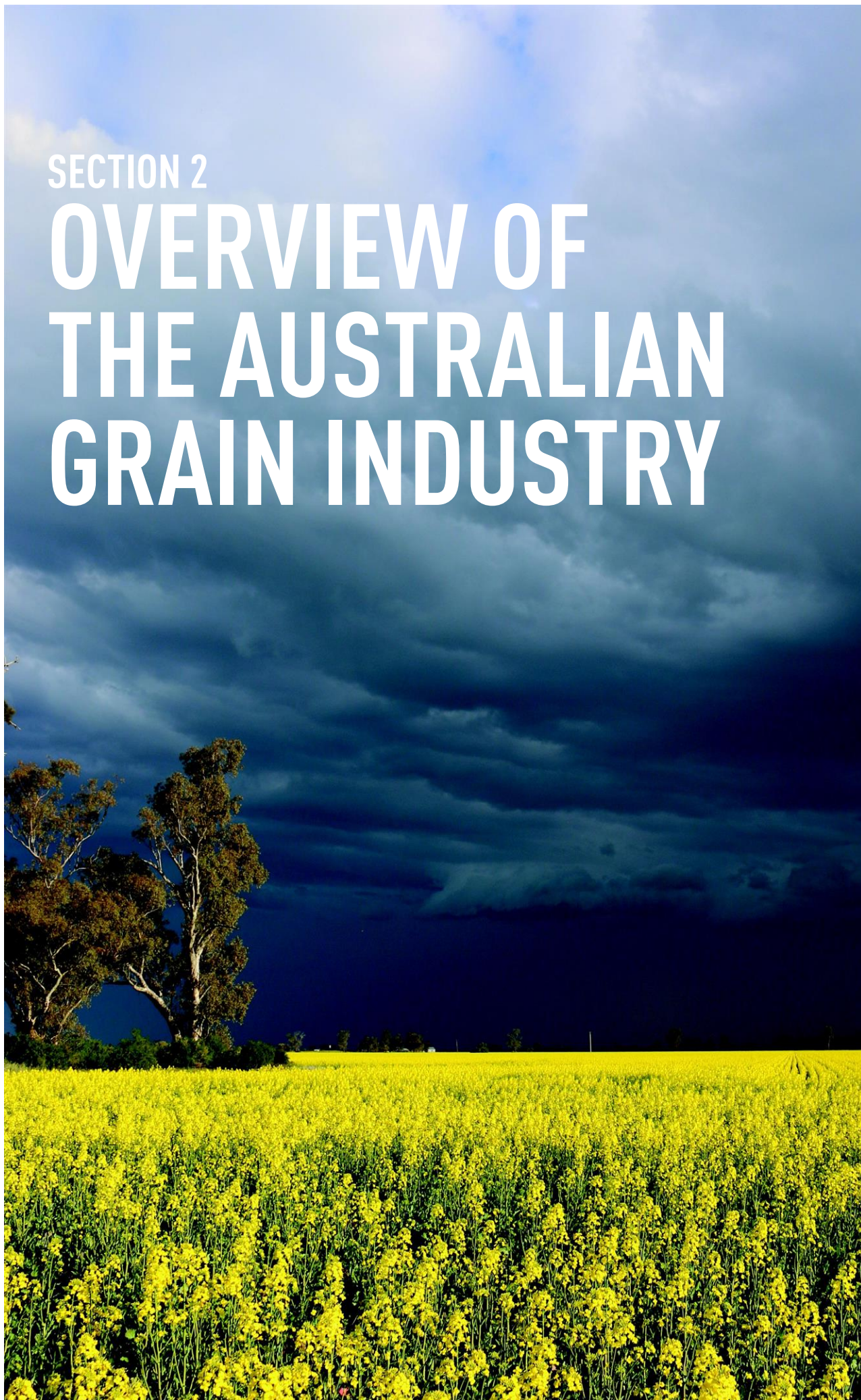
Topic	Summary	For more information and further details												
What is the Company's capital structure on Completion of the Offer?	<p>The Company's indicative capital structure post-Offer at the Minimum Subscription and the Maximum Subscription will be:</p> <table> <tr> <th></th><th>Minimum Subscription \$12 million</th><th>Maximum Subscription \$22 million</th></tr> <tr> <td>Number of Shares on issue at incorporation</td><td>29,463,681</td><td>29,463,681</td></tr> <tr> <td>Shares Issued under the Offer</td><td>8,000,000</td><td>14,666,667</td></tr> <tr> <td>Total Shares on issue at Completion of the Offer</td><td>37,463,681</td><td>44,130,348</td></tr> </table>		Minimum Subscription \$12 million	Maximum Subscription \$22 million	Number of Shares on issue at incorporation	29,463,681	29,463,681	Shares Issued under the Offer	8,000,000	14,666,667	Total Shares on issue at Completion of the Offer	37,463,681	44,130,348	Section 9.5
	Minimum Subscription \$12 million	Maximum Subscription \$22 million												
Number of Shares on issue at incorporation	29,463,681	29,463,681												
Shares Issued under the Offer	8,000,000	14,666,667												
Total Shares on issue at Completion of the Offer	37,463,681	44,130,348												
What is the proposed use of proceeds received in connection of with the Offer?	Proceeds of the Offer will be used to acquire farms that fit the farm investment criteria, pay for general working capital, to reduce debt and to pay the costs of the Offer and listing on ASX.	Section 9.4												
Who is the Offer open to?	The Offer presented in this Prospectus is open to investors who have a registered address in Australia and New Zealand. The Offer is also open to certain "wholesale" or "professional" investors in Hong Kong and Singapore.	Section 9.2												
Is the Offer underwritten?	No.	Section 9.2												
Who is the Lead Manager?	Taylor Collison Limited has been appointed as the Lead Manager.	Section 12.4.4												
What fees and costs are payable to the Lead Manager?	<p>The Company will pay the Lead Manager a fee equal to 1.0% of the total proceeds raised under the Offer for its role in managing the Offer.</p> <p>In addition, the Company will pay the Lead Manager:</p> <ul style="list-style-type: none"> a spread fee of \$150 per name capped at 300 names (minimum investment of \$2,250 per name); plus a selling fee payable on a sliding scale detailed as follows: <ul style="list-style-type: none"> on a raising of up to \$12 million - 4% on funds raised from institutional and retail investors, excluding the \$2,250 to arrive at the \$150 fee per name. on a raising of greater than \$12 million but not exceeding \$22 million - 3.5% on funds raised from institutional and retail investors above \$12 million plus the amount calculated above for a raising of up to \$12 million; on a raising of greater than \$22 million - a further 3.0% on the additional funds raised from institutional and retail investors. 	Section 12.4.4.1												

**For more
information
and further
details**

Topic	Summary	
When will the Shares be quoted?	<p>The Company will apply to ASX within seven days of the date of the Prospectus for its admission to the Official List and quotation of Shares on the ASX. The Shares are expected to be quoted under the code DBF. Quotation of the Shares is expected to occur on 17 January 2018.</p> <p>Completion of the Offer is conditional on the Minimum Subscription being raised, ASX approving the Company's listing application and the Shares being admitted to quotation by ASX. If the Shares are not admitted to quotation within three months after the date of this Prospectus (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 9.2
Will any Shares be subject to restriction arrangements?	<p>Upon Completion of the Offer and subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, the Shares issued under the Prospectus will not be subject to any restrictions on disposal.</p> <p>A minority (13.87%) of the Vendor Shares will be subject to voluntary restriction for one year. These Vendor Shares are:</p> <ul style="list-style-type: none"> • Ed Peter's wife's beneficial interests (13.70%) in the GALOF, the ultimate holding company of the Company as at the date of the issue of this Prospectus; and • A subsidiary of the Investment Manager's parent company, Duxton Asset Management's interest (0.17%) in GALOF. 	Section 9.6
When are the Shares expected to commence trading?	It is expected that Shares will commence trading on the ASX on a normal settlement basis on or about 17 January 2018.	Section 9.2
Where can I find more information about this Prospectus or the Offer?	<p>If you would like more information or have any questions relating to the Offer, please call the Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).</p> <p>An electronic copy of the Prospectus can be downloaded at www.duxtonbroadacre.com.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	

SECTION 2

OVERVIEW OF THE AUSTRALIAN GRAIN INDUSTRY



2. Overview of the Australian Grain Industry

2.1 Introduction

Global grain consumption has consistently risen over the past 50 years and is expected to continue. This growth has been, and is likely to continue to be, driven by population growth and rising per capita incomes in emerging economies.⁶

As incomes rise, eating patterns shift to more westernised diets and traditional staple foods, such as rice, are increasingly substituted by other grains, meat and dairy products.

Rising consumer wealth in developing countries has a twofold effect on grain demand via direct consumption and indirect consumption as feedstock for other products.⁷

Snapshot of the Australian Grain Industry

Industry Size	\$13.5 billion
Grain Products	Wheat, coarse grains, legumes and oilseeds
Ownership	60% non-employing enterprises
Area Harvested	22.9 million hectares
Production	45 million tonnes
Domestic Consumption	13.5 million tonnes
Exports	\$8.1 billion, representing 60% of Australia's total grain production (by value and 70% by volume)
Major Export Markets for Australian Grain Products (value)	North Asia 34% (China, Japan and South Korea) South East Asia 29% Middle East 22%
Industry Employment	Direct employment of approximately 26,300

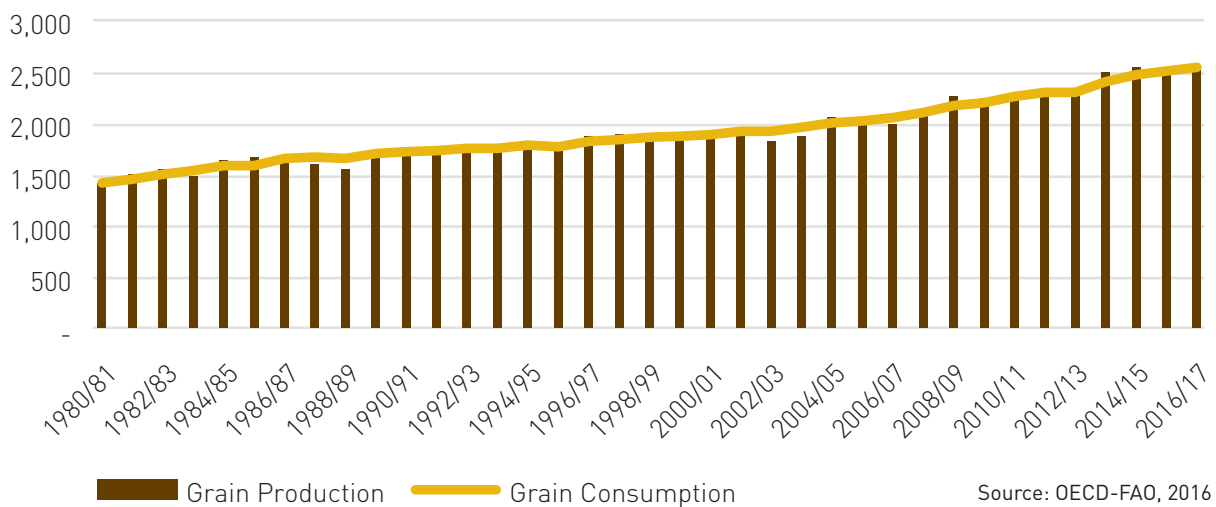
⁶ IBISWorld, 2016, Grain Growing in Australia ⁷ IBISWorld, 2016, 'Grain Growing in Australia', IBISWorld Industry Risk Rating Report ⁸ OECD-FAO, 2016, OECD-FAO Agricultural Outlook 2016-2025 ⁹ ABARES, 2016, Agricultural commodities September quarter 2016

2.2 Global Grain Industry

Global demand for grains is expected to increase over the next five years. By 2025, global per grain consumption is forecast to increase by 14% over its current level, to reach 2.8 billion tonnes consumed.

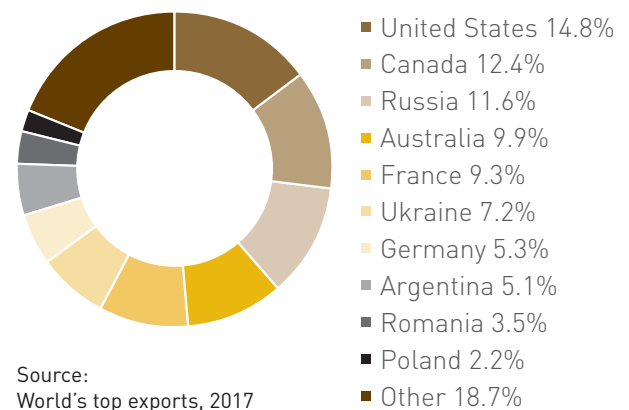
This growth in demand is likely to continue to be driven by population growth, and a substitution of wheat for traditional grains in emerging regions such as Asia and Africa.

Global Grain Production and Consumption (million tonnes)



The grain industry is categorized by four types of products: wheat, coarse grains (which includes barley, sorghum, corn, oats and triticale), legumes and oilseeds.¹⁰ As at June 2017, the top three producers of grain were the United States (592.8 million metric tonnes), China (411.3 million metric tonnes) and Brazil (223.4 million metric tonnes).¹¹ Approximately 15% of annual global grain production is traded on the global market.¹² Of this trade, wheat is the most important.¹³ In 2016, global wheat exports were valued at approximately \$36.3 billion.¹⁴ As shown in the graph, Australia is the 4th largest exporter of wheat, after Canada, the US and Russia.

World Wheat Exports by Region (Value)



¹⁰ IBISWorld, 2016, Grain Growing in Australia ¹¹ United States Department of Agriculture, June 2017, World Agricultural Production ¹² Food and Agriculture Organisation of the United Nations, June 2017, Crop Prospects and Food Situation ¹³ <http://agriculture.vic.gov.au/agriculture/grains-and-other-crops/crop-production/growing-wheat> ¹⁴ Calculation based on the value of Australian exports of \$7.6 billion, representing approximately 10% of global trade.

2.3 Grain Prices

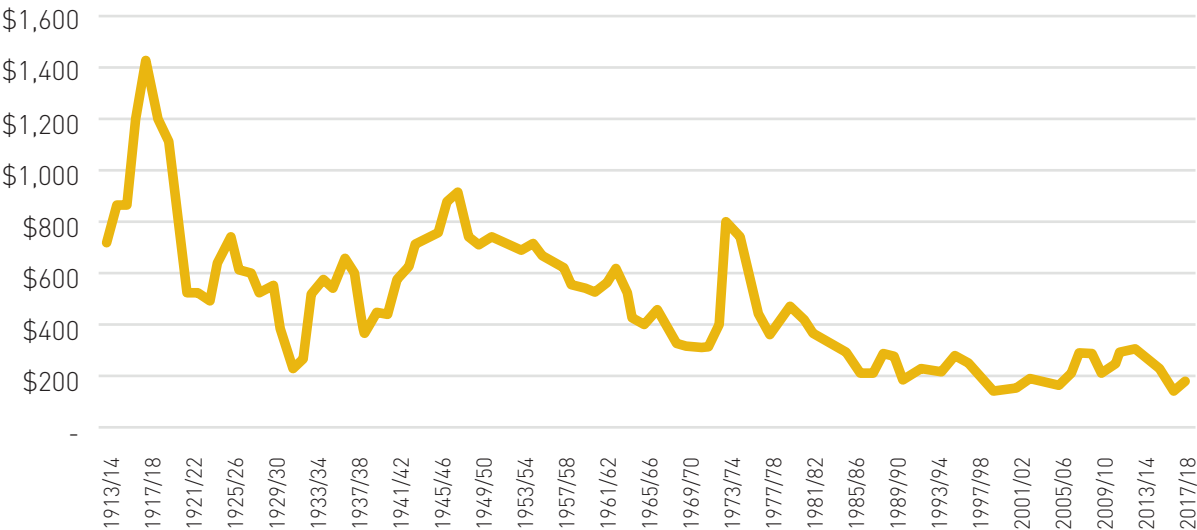
Grain prices are typically driven by international supply; the greater the supply of grains, the lower the price. Following favourable growing conditions last year, global grain supply reached 2.6 billion tonnes, exceeding the previous record high by 139 million tonnes set in 2015/16.¹⁵ These high levels of world grain supply and high volumes of opening stocks placing downward pressure on prices:¹⁶

- the world wheat indicator price fell from US\$348 a tonne in 2012/13 to US\$194 a tonne in 2016/17;

- the world coarse grains indicator price was an average of 48% lower in 2016/17 compared to 2012/13 at US\$154 a tonne; and
- the world price for barley was an average of 44% lower in 2016/17 compared to 2012/13 at US\$142 a tonne.

As shown in the graphs below, the inflation adjusted prices of selected grain commodities are among their all-time lows. In particular, the inflation adjusted price of wheat per tonne is US\$35.22/t above the lowest it has been on record.¹⁷

Inflation Adjusted Price of Wheat (\$US/t)

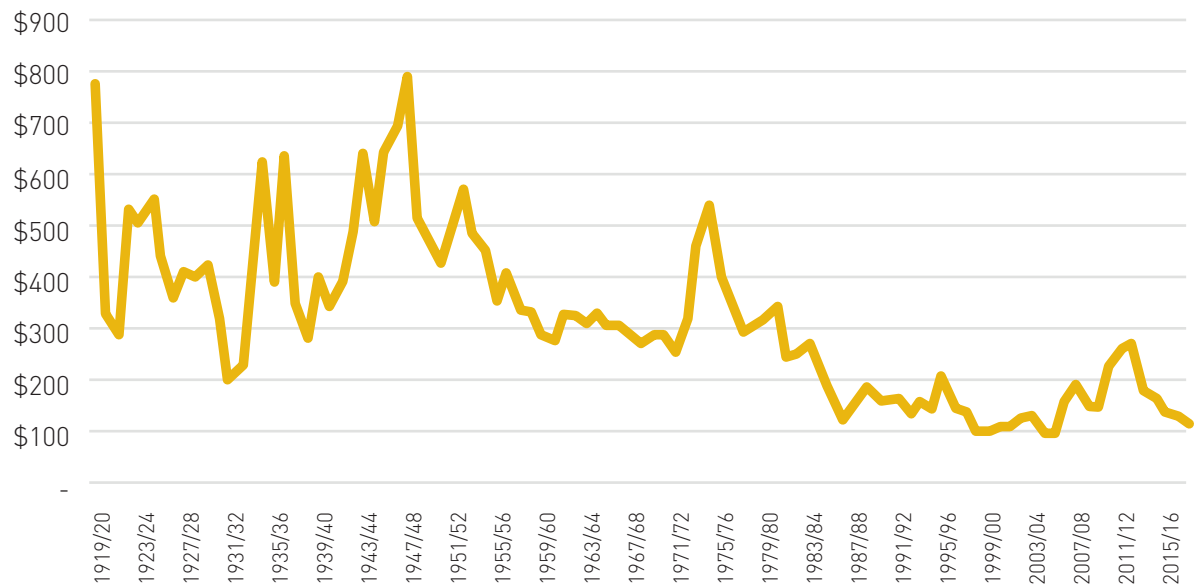


Source: USDA, 2016

Inflation Adjusted Price	Current Level	Minimum	Maximum
Wheat (US\$/t)	US\$169.02	US\$133.80 (1999/2000)	US\$1,432.51 (1917/1918)

¹⁵ Lyddon, C, 2016, Another record breaking harvest ¹⁶ ABARES, 2016, Agricultural commodities September quarter 2016; ABARES, 2017, Weekly Update; Labour Solutions Australia, 2012, Coarse Grains; Bloomberg, 2017 ¹⁷ USDA ERS, St Louis Federal Reserve, 2017

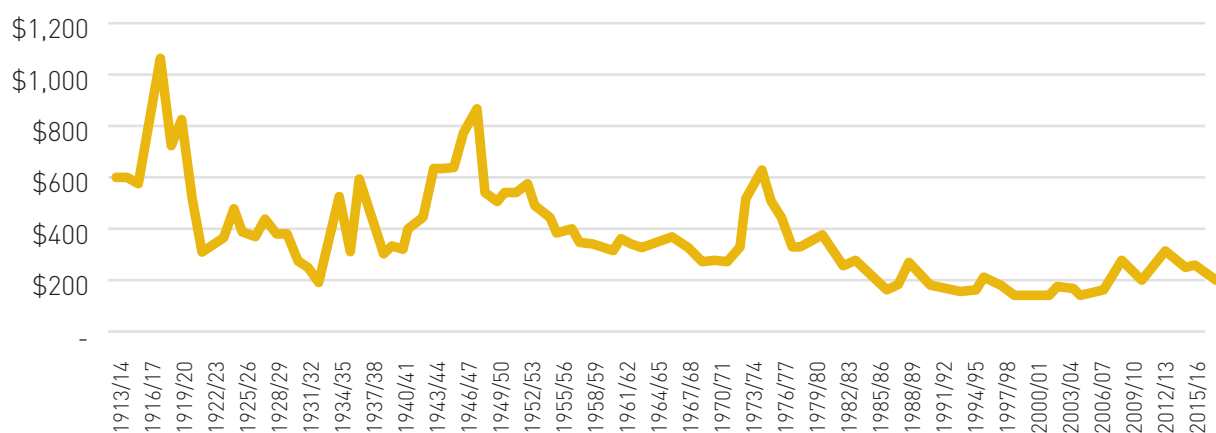
Inflation Adjusted Price of Sorghum (\$US/t)



Source: USDA, 2016

Inflation Adjusted Price	Current Level	Minimum	Maximum
Sorghum (US\$/t)	US\$114.17	US\$90.64 (1999/2000)	US\$790.80 (1947/1948)

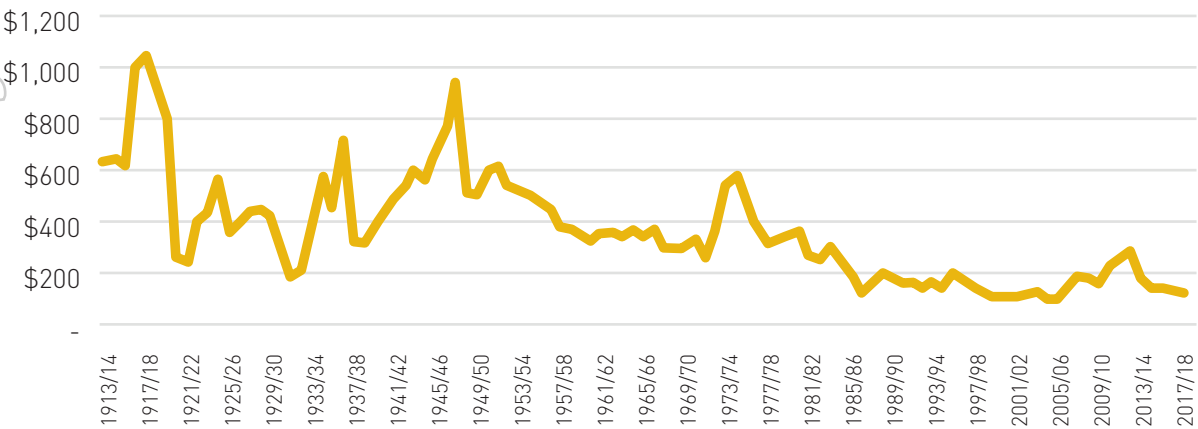
Inflation Adjusted Price of Barley (\$US/t)



Source: USDA, 2016

Inflation Adjusted Price	Current Level	Minimum	Maximum
Barley (US\$/t)	US\$211.28	US\$136.48 (1998/1999)	US\$1,070.87 (1917/1918)

Inflation Adjusted Price of Corn/Maize (\$US/t)



Source: USDA, 2016

Inflation Adjusted Price	Current Level	Minimum	Maximum
Corn/Maize (US\$/t)	US\$125.98	US\$98.62 (2005/2006)	US\$1,045.78 (1917/1918)

However, according to independent reports, global grain prices are now in the early stages of a new cycle – the upward leg – after spending the last four years in a bear market.

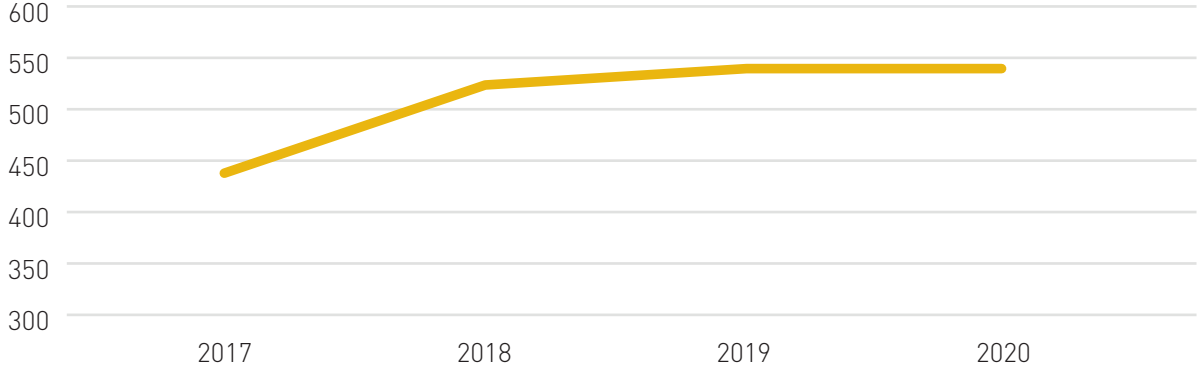
Global grain prices are forecast to increase, following estimates of low world supply over the coming year. Above average temperatures, coupled with below average rainfall, is adversely impacting crop production across America and Europe. Furthermore, periods of low prices have resulted in farmers substituting their wheat plantings for other crops or completing reducing their plantings.

Year to date, wheat prices have increased 36% following a reduced crop outlook in the major grain trading regions.¹⁹ Wheat prices are forecast to increase 30.1% to reach US\$543.1/bushel by 2020.²⁰

Driven by the structural imbalance in the global markets, the World Bank predicts a 33% increase in wheat prices over the next 8 years.²¹

This cyclical turnaround in prices over the long-term suggests an opportune time for investment in agriculture, including grains.

Wheat Futures (US\$/bushel)



Source: Bloomberg, 2017

¹⁸ Source: USDA, St Louis Federal Reserve ¹⁹ Bloomberg, 2017 ²⁰ Chicago Board of Trade, 2017
²¹ World Bank, July 2016, Commodity Markets Outlook

2.4 The Australian Grain Industry - Why Australian Grain?

In 2016/17, Australia produced 45 million tonnes of grains from 22.9 million hectares, generating \$13.5 billion in revenue. The Australian grain industry exports approximately 60% of this production (by value and 70% by volume), with the other 40% being consumed domestically.²² Grain production is predominantly focused in New South Wales, Victoria, South Australia and Western Australia.

2.4.1 Australian Export Market

The majority of world grain crops are consumed in developing countries.²³ Population growth and continuing economic development are key drivers of increasing global grain consumption.²⁴ As global population grows, the demand for grains will increase more rapidly. Grain is required not only for human consumption, but also as feed for animals. Demand, especially within emerging economies, is forecast to outstrip supply, which will continue to support a strong export market.²⁵

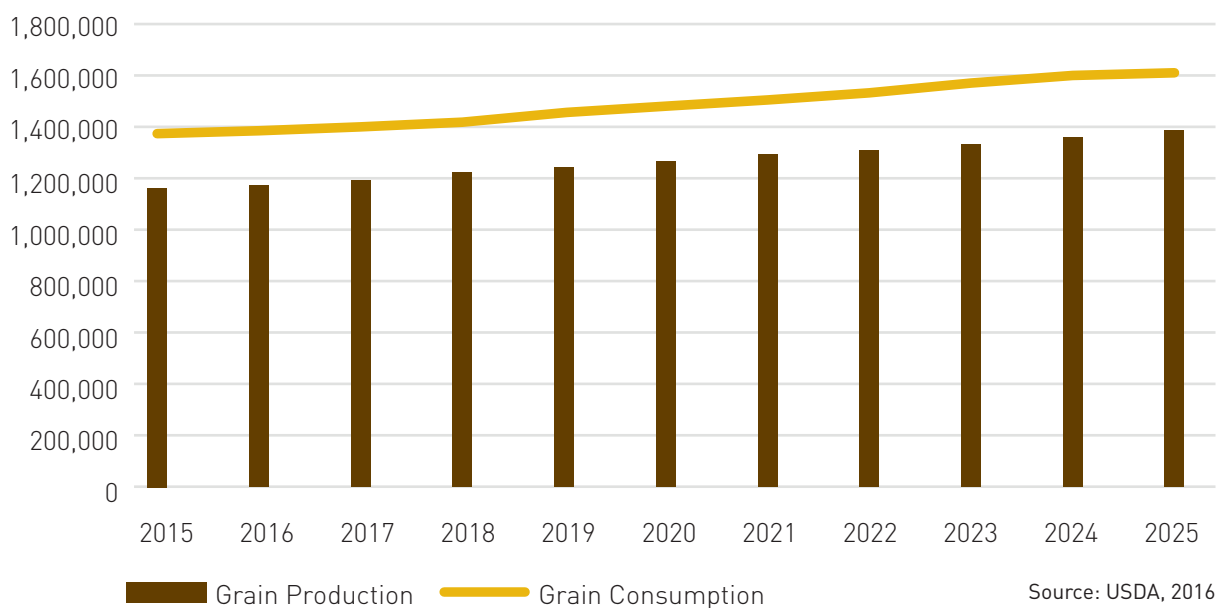
The Australian grain industry is well positioned to meet this increasing demand:

- internationally, Australian grain has a positive reputation, including its clean and green image and consistently high quality;²⁶

- Australian grain exports account for 10% of the global market and generated \$8.1 billion in 2016. Asian countries constitute 63% of Australia's grain exports, with the majority (30%) being exported to South East Asia;²⁷
- Australian grain exports to China have increased fourfold over the past six years, driven by an increased demand for noodles, bread and baked goods;
- Australian wheat makes up 58%, 26% and 56% of Indonesia, South Korea and Vietnam's total wheat imports,²⁸ respectively;
- over the past decade, Australian barley exports for livestock feed and malting has more than doubled from 3.1 Mt to 7 Mt.²⁹ This growth in demand has been driven predominantly by the growing Chinese food and beverage market, which consumes 30% of Australia's total barley production.³⁰

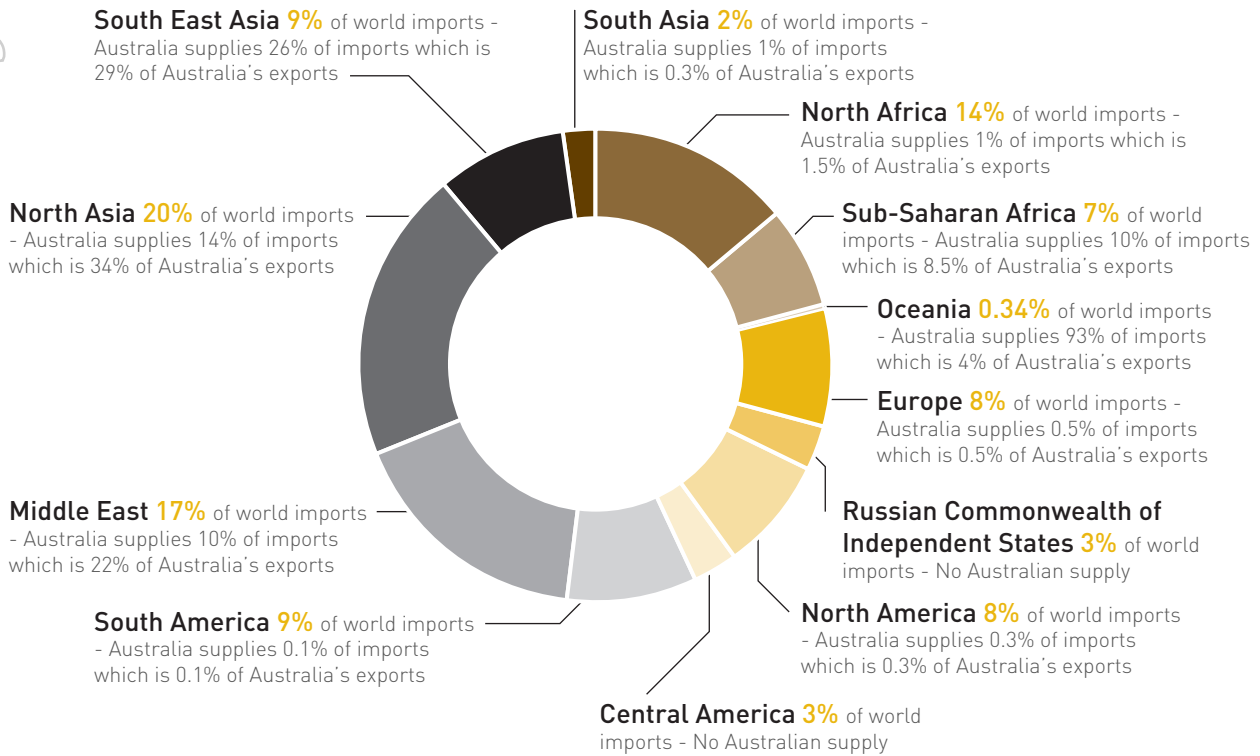
As the Asian region continues to grow, demand for grains will continue to rise.³¹

Forecast Grain Supply and Demand in Developing Countries ('000 tonnes)



²² IBISWorld, November 2016, Grain Growing in Australia ²³ FAO, n.d., World Agriculture: Towards 2015/2030 ²⁴ Food and Agriculture Organisation of the United Nations, September 2016, Crop Prospects and Food Situation ²⁵ International Maize and Wheat Improvement Centre, Why global grain demand will outstrip supply; OECD-FAO, 2016, Agricultural Outlook 2015-2025 ²⁶ Australian Export Grains Innovation Centre, Australian Wheat ²⁷ GrainGrowers, 2016, State of the Australian Grains Industry 2016 ²⁸ Indonesian Perspective of Australian Wheat Grain, USDA, Grain and Feed Annual ²⁹ Ausgrain Grain Yearbooks 2009-16 ³⁰ AEGIC, Mr Simonaitis CEO of AEGIC ³¹ Australian Crop Forecasters, 1 March 2016.

World wheat and coarse grain imports and Australian supply*



*Does not include rice or oilseeds
Source: GrainGrowers, 2016

2.4.1.1 Free Trade Agreements (FTAs)

While Australia is well positioned geographically and has a low cost of production (see Section 2.4.3.2), the ability to penetrate emerging markets has been constrained by government intervention in large grain-consuming countries.³² This government intervention has historically distorted market signals in the international market and encouraged additional production at a price less than the real cost of production.³³ However, the World Trade Organisation (WTO) has implemented

an agreement to end global agricultural export subsidies.³⁴ Under this agreement, tariffs on Australian wheat exported under the ASEAN FTA were eliminated in 2016 (to all countries except Laos and Cambodia). All tariffs on other grains exported under this FTA will be eliminated by 2020.³⁵ The removal of these subsidies is likely to increase Australia's competitiveness in the global grain market.³⁶

³² GrainGrowers, 2016, State of the Australian Grains Industry 2016 ³³ GrainGrowers, 2016, State of the Australian Grains Industry 2016 ³⁴ World Trade Organisation, The Agricultural Agreement ³⁵ GrainGrowers, 2016, State of the Australian Grains Industry 2016 ³⁶ GrainGrowers, 2016, State of the Australian Grains Industry 2016

2.4.2 Australian Domestic Market

The Australian grain industry is predominantly family owned. Production focuses on both summer and winter crops, categorized by four types of products: wheat, coarse grains, legumes and oilseeds. Australia's primary crop is wheat and production accounts for approximately half of the country's total annual grain production.³⁷

The largest domestic market for Australian grain is the livestock industry, accounting for 20.4% of Australia's grain production.³⁸ In 2016, the grain industry generated \$13.5 billion.³⁹ Driven by growing demand, the grain industry is forecast to generate annual revenue growth of 2.1% per annum over the next five years.⁴⁰

	Wheat	Coarse Grains	Oilseeds	Legumes
Crops	Wheat	Segment includes corn, sorghum, triticale, oats and barley	Segment includes cottonseed, soybeans, canola and other crops which yield oil	Segment includes chickpeas, lupins, lentils and field peas
Uses	Wheat has a broad range of uses as it is a key ingredient in many food staples such as bread, pasta, noodles, cakes and biscuits	Uses include livestock feed and malting for alcoholic beverages	Used in livestock feed, cooking oils, cosmetic products and biofuel	<ul style="list-style-type: none"> • Used for human and animal consumption or production of oils for industrial use • Ability to add external Nitrogen to the crop-soil, replacing Nitrogen fertiliser
Australian Production	<ul style="list-style-type: none"> • Australia's primary grain product • Accounts for 48.6% of Australia's grain production 	<ul style="list-style-type: none"> • Largest coarse grain product is barley • Australia is one of the largest exporters of barley 	<ul style="list-style-type: none"> • Accounts for 14.6% of Australia's grain production 	<ul style="list-style-type: none"> • Most Australia legumes are exported to the Middle East and India • Accounts for 10.9% of Australia's grain production
Key Drivers	Growth in global demand driven by population growth and westernising diet patterns	Increasing global consumption of meat stemming from rising incomes and population growth	Rising consumption is driven by the increased industrial use of oilseeds for fuel, as well as population growth and rising incomes	<p>Enhancement of yield for various crops when legumes planted in rotation, coincides with increased demand for cash crops; corn, wheat.</p> <p>Increasing costs (decreased supply) of nitrogen fertiliser.</p>

³⁷ IBISWorld, 2016, Grain Growing in Australia ³⁸ IBISWorld, 2016, Grain Growing in Australia ³⁹ GrainGrowers, 2016, State of the Australian Grains Industry 2016 ⁴⁰ IBISWorld, 2016, Grain Growing in Australia

2.4.3 Australian Grain Farmland

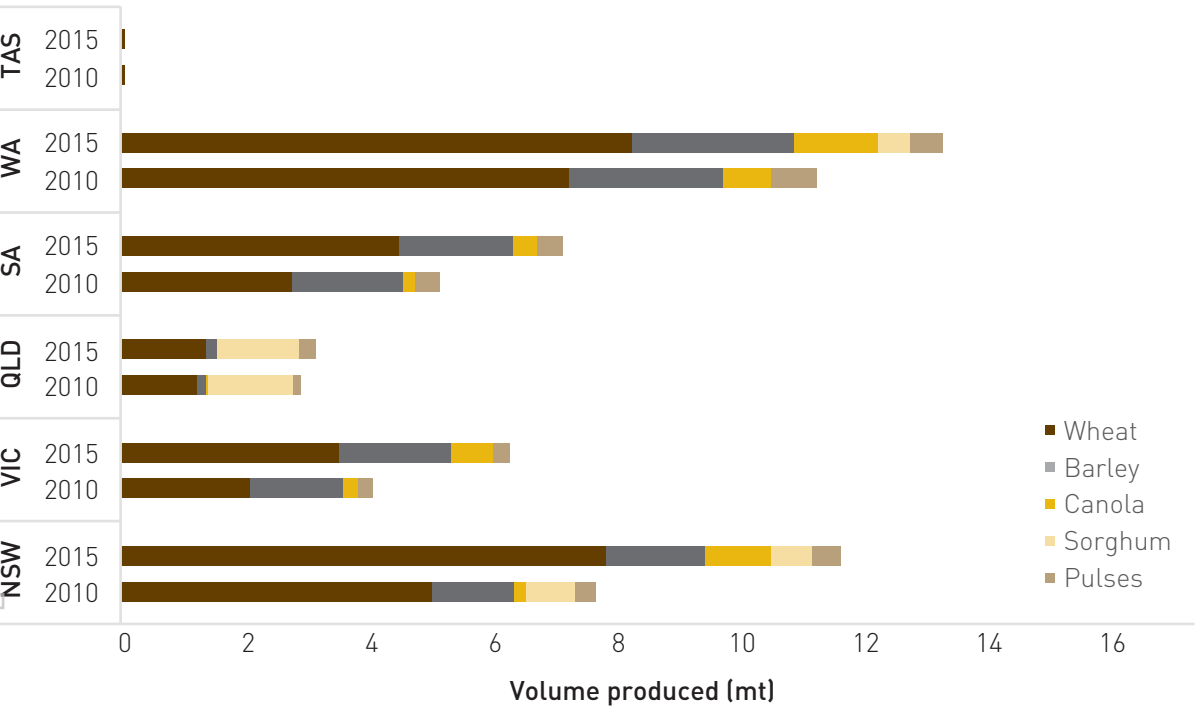
2.4.3.1 Australian Grain Farming

Australian grain production is predominantly focused in three broad regions; the Northern region, comprising Queensland and northern New South Wales; the Southern region, comprising central and southern New South Wales, Victoria, south-eastern South Australia and Tasmania; the Western region comprising Western Australia. Grain production by state is shown below.

In 2015, the NSW grain industry was valued at \$2.85 billion,⁴¹ representing approximately 30% of Australia’s total industry production.⁴² The central and southern cropping regions of NSW are characterised by their diverse range of soil types and dependence on seasonal rainfall.⁴³

Due to the relatively low levels of rainfall over much of these regions, river and underground water resources available for irrigation are minimal. As a result, the majority of grain in NSW is produced under a ‘dryland cropping’ system (that is, crops are dependent on rainfall as opposed to irrigation).⁴⁴

Grain Crop Production by State, Five-Year Average Volumes to 2010 and 2015



Note: Grains include wheat, coarse grains (ex rice), oilseeds and pulses

Data source: ABARES (2016)

⁴¹ ABS Value of Agricultural Commodities Produced 2014-15. ⁴² ABARES, 2016, Agricultural Commodity Statistics 2015-16

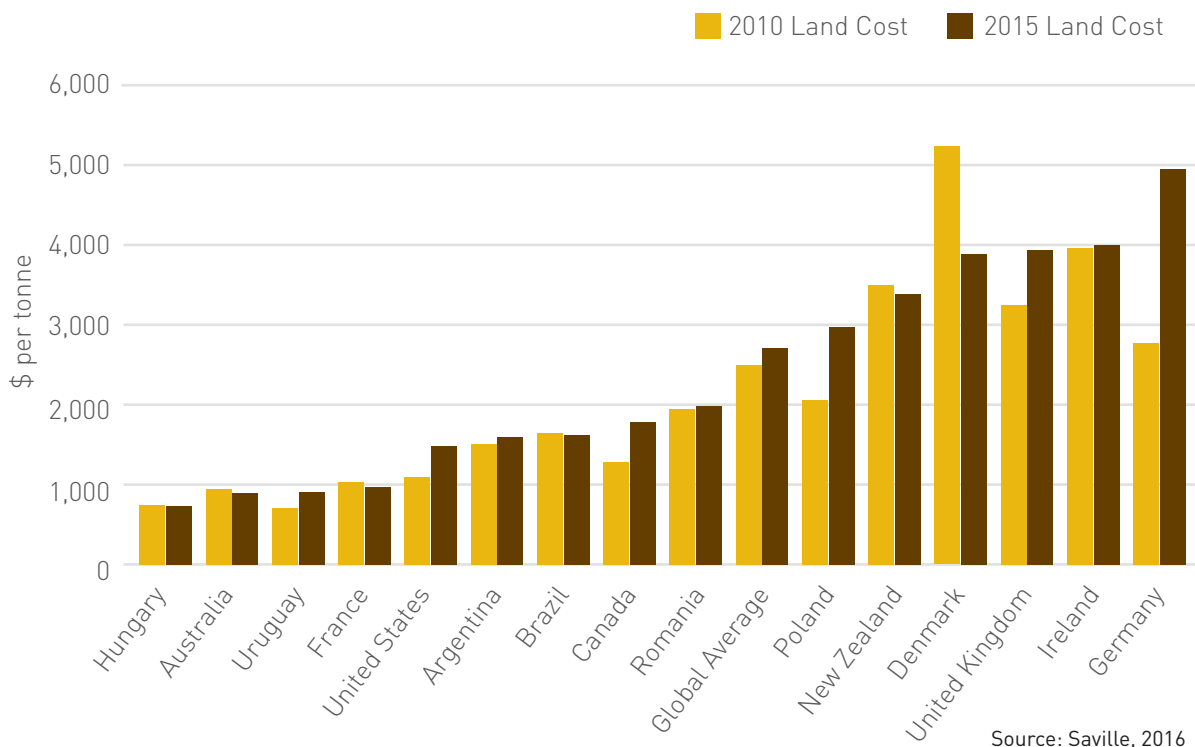
⁴³ GRDC, n.d., Our Grains Industry ⁴⁴ ABS, 2015, Water Use on Australian Farms 2007-2015

2.4.3.2 Low Cost of Production

Australian farmland per hectare is among the cheapest in the world (second only to Hungary, where the average farm size in Hungary is 8 ha compared to an average size of 4,331 ha in Australia) to produce a tonne of wheat. Globally, the average increase in the cost of land for production of a tonne of wheat over the past five years was of 8.6% (in USD).⁴⁵

Taking into consideration the foreign exchange rate impact,⁴⁶ the global average cost of land for a tonne of wheat between 2010 to 2015 has increased 51.2% in AUD. In comparison, the cost of land per tonne of wheat in Australia has decreased 17.7% (in AUD) between 2010 to 2015. This supports the trend exhibited by Savills' Global Farmland Index, below, suggesting that Australasian farmland is undervalued compared to the global average.⁴⁷

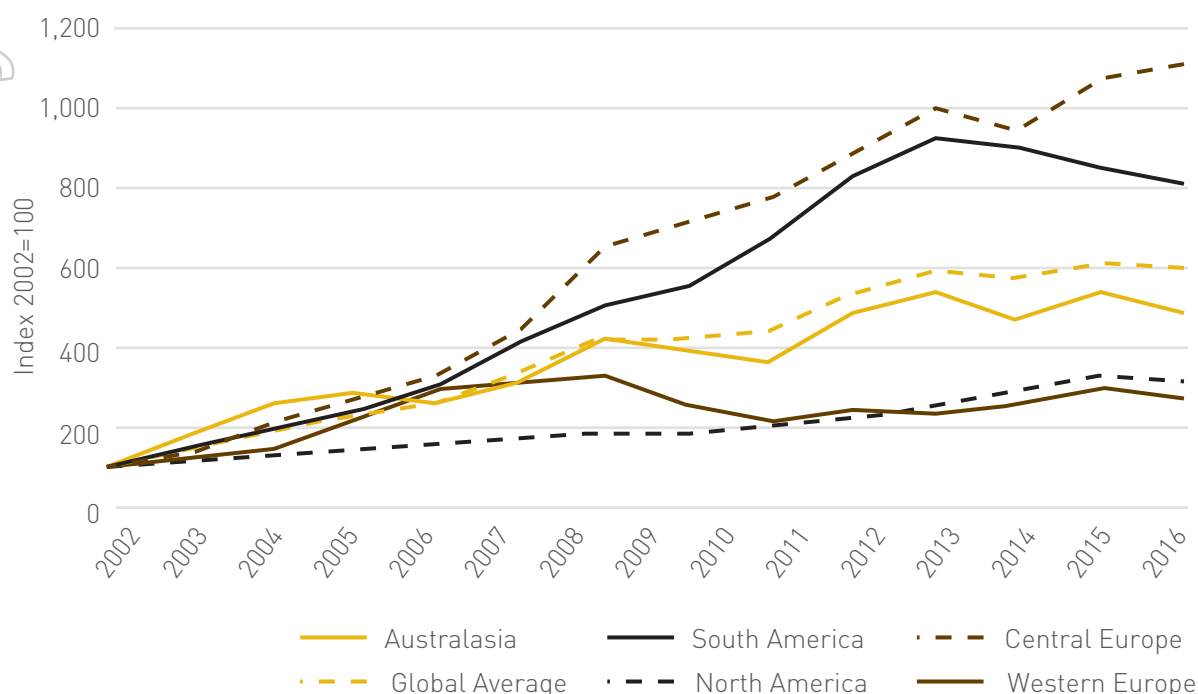
Cost of Land per Tonne of Wheat (shift over past five years)



⁴⁵ Savills, 2016, Market in Minutes: Global Farmland Index June 2016 ⁴⁶ Over the same period the AUD depreciated 28.11% against the USD (RBA 2016). Savills data is reported in USD. ⁴⁷ Whilst this is the most recent third-party data available, we note that Australian median farmland values increased by 0.6% between 2015 and 2016 (Rural Bank). ⁴⁸ Rural Bank, 2016

⁴⁹ The Millennium drought is defined and explained in "Recent rainfall, drought and southern Australia's long-term rainfall" (2015) <http://www.bom.gov.au/climate/updates/articles/a010-southern-rainfall-decline.shtml>

Global farmland Index



Source: USDA, Eurostat and various other data sources/estimates

Furthermore, farmland values in the region of the Company are undervalued compared to the three year average value for the wheatbelt regions, as shown below.⁴⁸

Given Australia has recently come through a period of significant exchange rate volatility and tough operating conditions – including the “Millennium drought”⁴⁹ – these trends suggest now is an opportune time to invest in Australian grain.

Northern Wheatbelt		2015			3 year average			DBF Region - Lower than Average
		max	average	min	max	average	min	
AU\$/ha		7,371	2,351	60	6,445	2,111	73	\$1,400

Southern Wheatbelt		2015			3 year average			DBF Region - Lower than Average
		max	average	min	max	average	min	
AU\$/ha		3,000	1,501	240	3,349	1,439	265	\$1,400

Western Wheatbelt		2015			3 year average			DBF Region - Lower than Average
		max	average	min	max	average	min	
AU\$/ha		8,058	2,006	395	7,466	2,103	448	\$1,400

* The Company's farms are located in the Northern Wheatbelt region

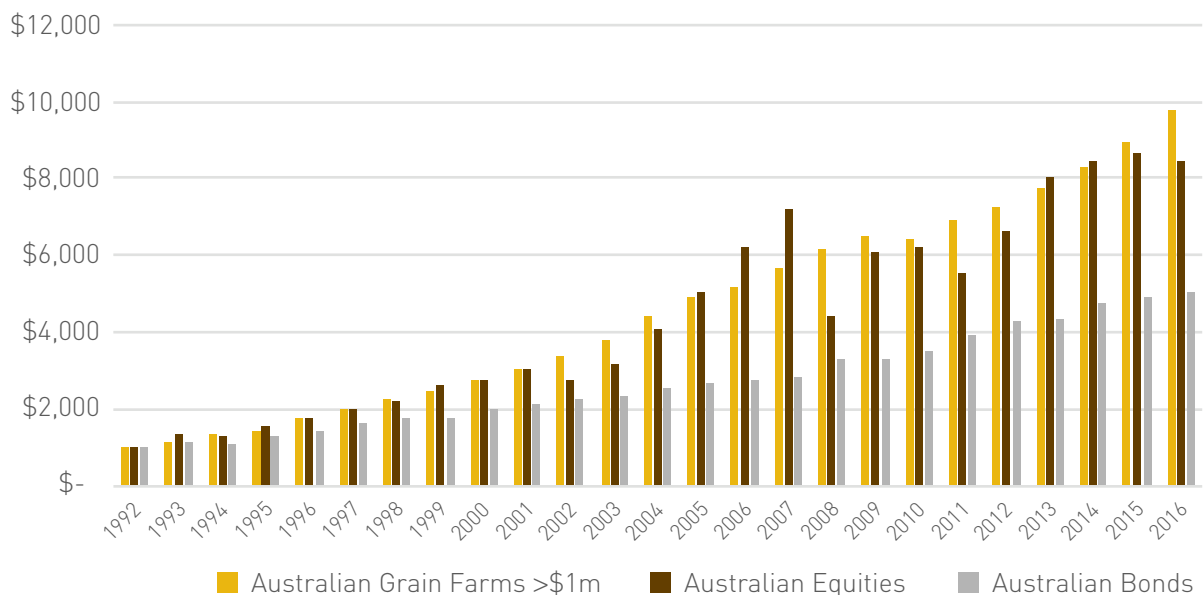
2.4.3.3 Returns

Investment in farmland has the potential to generate both capital and operating returns through a combination of appreciation in the land value and the income from the sale of the commodity produced on it. Historically, global agriculture has outperformed traditional asset classes such as equities and bonds.⁵⁰ Australian agriculture has also historically generated risk-adjusted returns greater than these traditional asset classes.⁵¹

Over the past 20 years, Australian farmland values have generated annual growth of 6.4%, on average. NSW farmland values over the same period have demonstrated average annual growth of 6.7%. In comparison, inflation has averaged 2.8% over the same period.⁵² Throughout the Global Financial Crisis, NSW agriculture showed positive growth in land values, unlike other property investment sectors.⁵³

Analysis of Australian grain farms with gross turnover greater than \$1 million shows that these farms outperformed Australian equities, Australian bonds and inflation between 1993 and 2016. Over the period, Australian grain farms with gross turnover greater than \$1 million generated, on average, annualised returns of 10.07% per annum. In comparison, Australian equities generated on average, an annualised return of 10.73% per annum and Australian bonds generated 7.13% per annum. Furthermore, these grain farms exhibited lower volatility than the traditional asset classes, such as equities and bonds, over the same period, producing a more attractive risk/return profile.⁵⁴

Value of \$1,000 invested in 1992

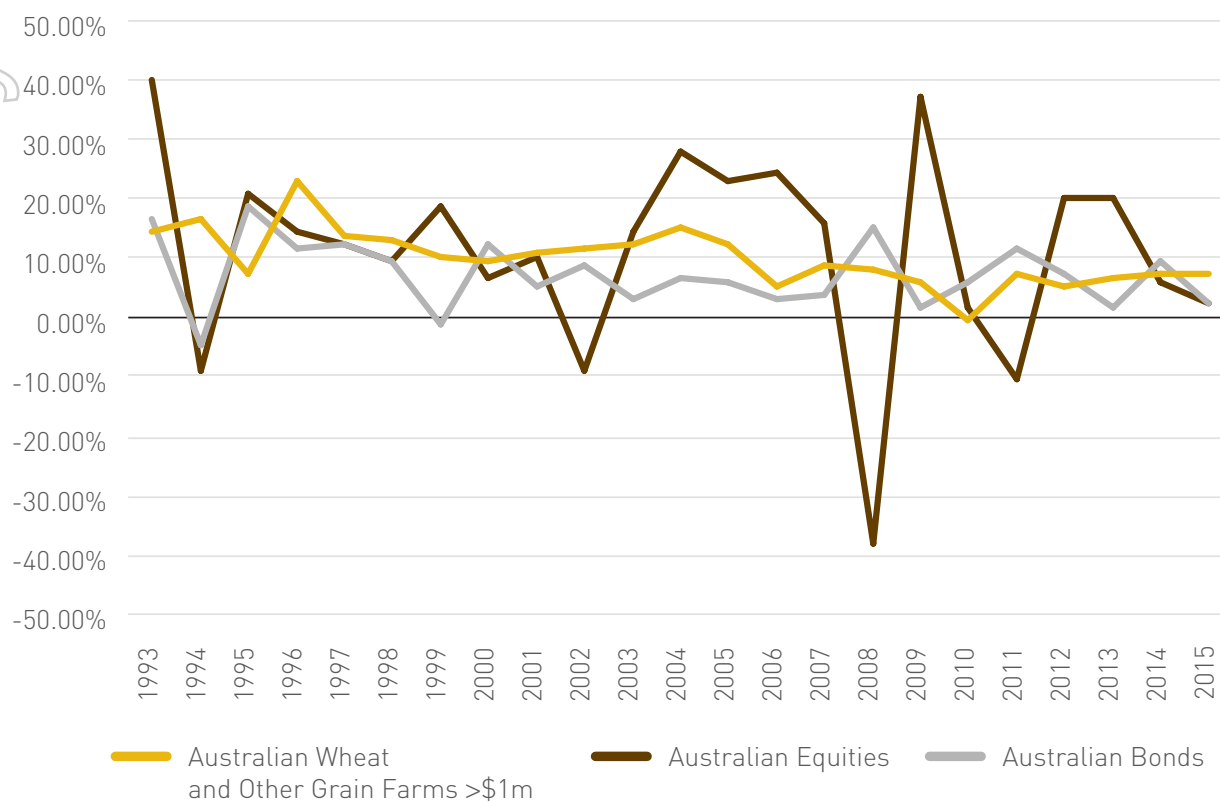


Source: USDA, Eurostat and various other data sources/estimates

⁵⁰ Bruce J. Sherrick Mindy L. Mallory Timothy Hopper, (2013), "What's the ticker symbol for farmland?", Agricultural Finance Review, Vol. 73 Iss 1 pp. 6 - 31 ⁵¹ Bruce J. Sherrick Mindy L. Mallory Timothy Hopper, (2013), "What's the ticker symbol for farmland?", Agricultural Finance Review, Vol. 73 Iss 1 pp. 6 - 31 ⁵² Rural Bank, 2016, Australian Farmland Values 2015

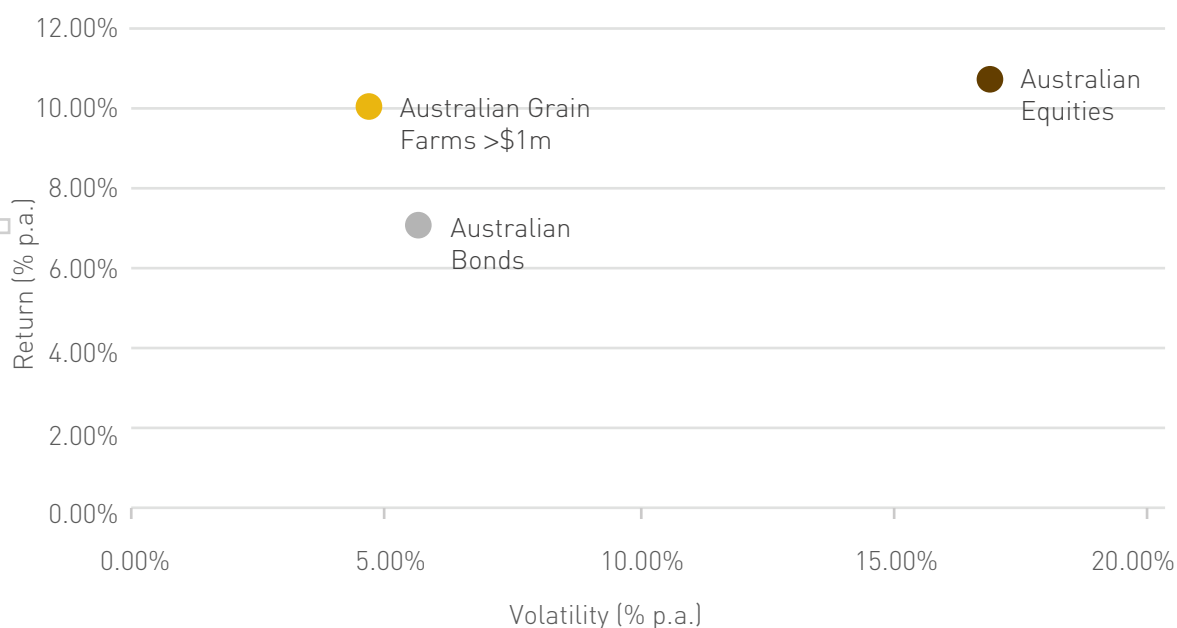
⁵³ Eves, C, 2016, 'The analysis of NSW rural property: 1990-2014', Queensland University of Technology ⁵⁴ Calculations completed by Duxton Capital (Australia) using data sourced from the Department of Agriculture and Water Resources AgSurf database

Returns of Selected Asset Classes (1993 - 2016)



Source: Bloomberg, Department of Agriculture and Water Resources, RBA, 2017

Risk/Return Profile (1993 - 2016)



Source: Bloomberg, Department of Agriculture and Water Resources, RBA, 2017;

	Australian Grain Farms (>\$1 mil)	Australian Bonds	Australian Equities
Return (% p.a.)	10.07%	7.18%	10.73%
Volatility (% p.a.)	4.73%	5.65%	16.93%
Sharpe Ratio	0.99	0.30	0.31

Source: Bloomberg, Department of Agriculture and Water Resources, RBA, 2017; Note: A Sharpe Ratio greater than 0.5 is desired

2.4.3.4 Low Correlation to Traditional Asset Classes

Global farmland has historically demonstrated low correlation to traditional asset classes, such as equities and bonds, providing diversification benefits to an investment portfolio.⁵⁵

Analysis of Australian grain farms support these statements. Over the period between 1993 – 2016, Australian grain farms demonstrated a low correlation to Australian equities and Australian bonds.⁵⁶ This suggests that including an Australian grain farms investment in a portfolio may provide diversification benefits.

2.4.3.5 Inflation Hedge

Historically, global farmland has served as an effective inflation hedge. Real assets, such as farmland, generally perform well during inflationary periods for a number of reasons, including:⁵⁷

- the permanent and tangible nature of the assets mean the value of these investments tends to rise as inflation rises;
- agricultural commodities are significant components of the Consumer Price Index. As commodity prices rise with inflation, the profitability and land value of farmland increase; and
- farmland is a finite resource.

A number of research papers have shown that Australian farmland has historically exhibited a positive correlation to inflation. This suggests that Australian grain farms may be an effective hedge against inflation and capital preservation vehicle.

2.4.3.6 Opportunities for Investment

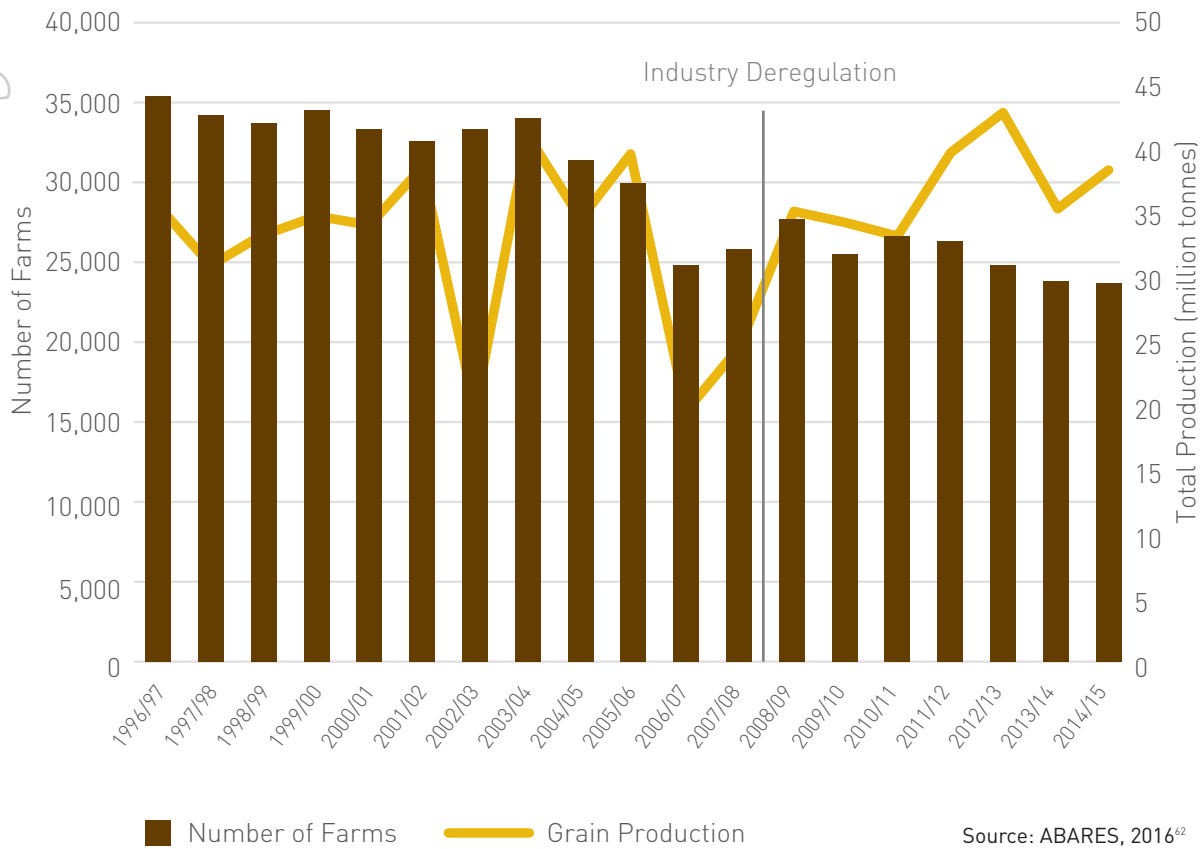
In 2016 there were approximately 20,700 grain farms in Australia, down 42% from 35,400 grain farms in 1995.⁵⁸ The majority of Australian grain farms are small family owned and operated farms with more than 60% of farms being non-employing enterprises.⁵⁹ In 2014/15 only 10% of Australia's grain farms planted more than 2,400 ha of crops. However, these farms accounted for 42% of the country's total grain production.⁶⁰ Furthermore, as smaller farms exit the industry (for example, due to aging farm managers and generational shifts with children of farm owners choosing careers outside the family business), the number of farms planting less than 1,200 ha of crops has declined, decreasing 70% between 2000/01 and 2014/15.⁶¹ As smaller family farms exit the industry, there may be greater opportunity to purchase and aggregate land into a corporate farming business.

⁵⁵ De Laperouse, P, 2016, Agriculture: A New Asset Class Presents Opportunities for Institutional Investors, Global AgInvesting

⁵⁶ Calculations completed by Duxton Capital (Australia) using data sourced from the Department of Agriculture and Water Resources AgSurf database ⁵⁷ Equilibrium, 2016, 'Inflation behaviour and real assets', Sustainability Research Synopsis

⁵⁸ GrainGrowers, 2016, State of the Australian Grains Industry 2016; ABS, 2016, Number of grain producing farms, by area planted, Australia, 1995–96 to 2014–15p ⁵⁹ IBISWorld, 2016, Grain Growing in Australia ⁶⁰ ABARES, 2016, Australian grains: financial performance of grain farms, 2013–14 to 2015–16 ⁶¹ ABARES, 2016, Australian grains: financial performance of grain farms, 2013–14 to 2015–16

Australian Grain Farms and Grain Production



2.4.3.7 Low Regulation

The Federal and state governments generally support the development of agriculture in Australia because it plays an important role in the economy. Overall, agricultural commodities represent approximately 16% of Australia's total exports.⁶³ These exports have been encouraged by supportive trade policies and by public investments in infrastructure, agricultural research and promotion. Australia is one of the few OECD countries that does not intervene in its agricultural sector with extensive subsidies, tariffs or quotas.

In contrast to many grain producing countries, there is no legislative control over the price of grain in Australia. Since deregulation of the industry in 2008, Australian grain farmers operate in an open and deregulated market with exposure to both the domestic and international grain markets.⁶⁴ Government involvement in the Australian grain sector is concentrated on issues such as the administration of food standards and food safety assurance systems, water and environmental regulation, supportive research and development and general controls on foreign ownership of land.

⁶² ABARES, 2016, Australian grains: financial performance of grain farms, 2013–14 to 2015–16 ⁶³ Department of Foreign Affairs and Trade, 2016, 'Agriculture', Trade and investment topics. Based on the WTO definition of agriculture, which excludes fisheries, forestry and rubber. ⁶⁴ Grain Growers, 2016, State of the Australian Grain Industry

SECTION 3

COMPANY OVERVIEW



3. Company Overview

3.1 Introduction

The Company was incorporated on 16 January 2008 and subsequently converted to a public company on 1 September 2017 with the purpose of becoming a vehicle for investors to access the Australian grain industry.

The Company seeks to capitalise on the increasing demand for grain as a vital input into a range of staple food products, the alcohol industry and the livestock industry. Once listed, the Company is expected to be the only ASX listed vehicle of its type in Australia providing its investors with direct exposure grain production. The Company's current portfolio comprises Merriment, Wyalong and Yarranlea.

The Company's objective is to create a diversified portfolio of high-quality, efficient broadacre farms which it believes offer scope to improve operational efficiencies, farm yields and returns. Changes have been implemented to create operational efficiencies, including aggregation of paddocks to improve the use of resources, investing in significant capital works to assist in the farms reaching their full productive capacity and restructuring to create a lower cost management team. The Company is focused on operating quality-assured traceable systems that will deliver returns to shareholders.



3.2 Business Model

The Company's objective is to create a diversified portfolio of high-quality, efficient broadacre farms to capitalise on the growing demand for grains, livestock and cotton. The investment thesis is driven by long-term growth in global grain demand translating to significant operating margins and improved farmland values over time, providing shareholders with both ongoing annual operational yield and longer-term capital growth. The Company's key commodity exposure is to both domestic and international grain prices.

The key components of the Company's business model include:

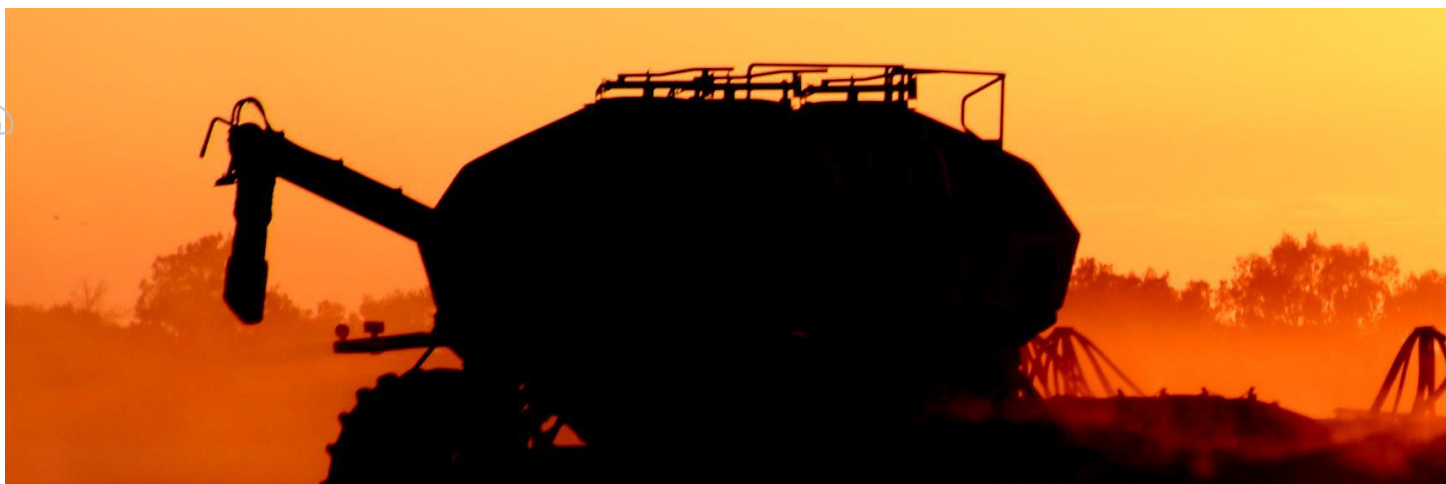
- diversification to mitigate risk and provide multiple revenue streams – including diversification in farming approaches (both dryland and irrigated/mixed farming) and commodity production;
- investing in properties with access to multiple water sources;
- implementing quality, traceable cropping systems; and
- improving operational efficiencies through economies of scale (including the ability to share machinery and labour between aggregated properties, reducing costs, using scale to obtain preferential terms from suppliers and minimizing input costs).

Going forward, the Company intends to pursue a diversified broadacre farming strategy. The Company has restructured its operations to rebalance the portion of dryland and irrigated farmland in its portfolio, and intends to reduce the portion of dryland farming properties and increase the portion of irrigated farmland properties it holds within its portfolio. This rebalancing is intended to result in reduced income variability and smooth anticipated revenue streams. The strategy is intended to help to mitigate weather and climatic risks faced by the Company. Furthermore, aggregation of Merrimont, Wyalong and Yarranlea is likely to generate cost savings and enhance the efficiencies gained through economies of scale.

The time and cost of integrating additional properties into the existing portfolio will depend on the operating status of the farms when acquired. For instance, a property that requires significant capital improvements or laser levelling will take more time and incur greater costs than a property that does not require these improvements.

The Board believes that there is sufficient capacity in the existing management team to undertake these integrations.

Subject to the funds raised via the Offer, the Company may also expand its grain operations into other Australian grain regions. This expansion would increase diversification benefits and further mitigate operational and climatic risks.

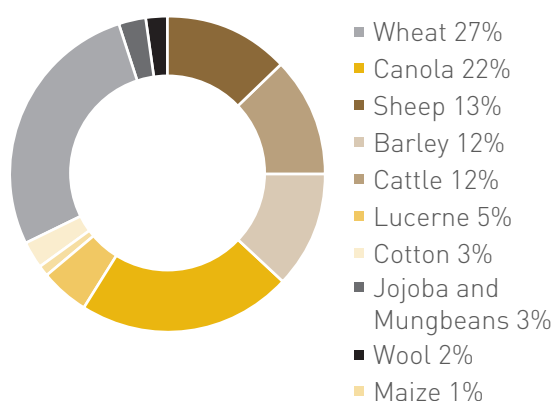


3.2.1 Production

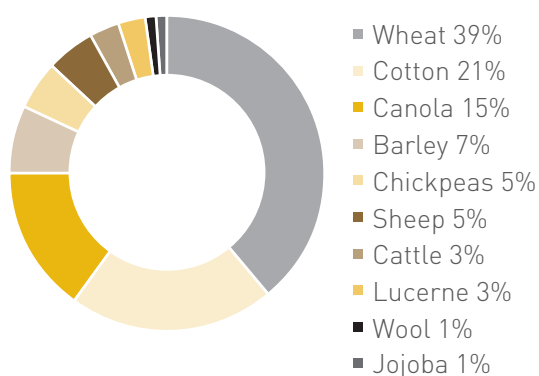
The pie charts adjacent shows a breakdown of the Company's gross turnover from commodity production for the financial year ended 30 June 2017 and the budgeted breakdown for the financial year ending 30 June 2018.

The Company mitigates customer risk by ensuring it is not selling all of its products to a single customer. The Company also only deals with reputable clients who have a track record of paying on time. The majority of the Company's customers are domestic.

DBF Revenue by Commodity (FY17)



DBF Budget Revenue by Commodity (FY18)



3.2.2 Key Costs

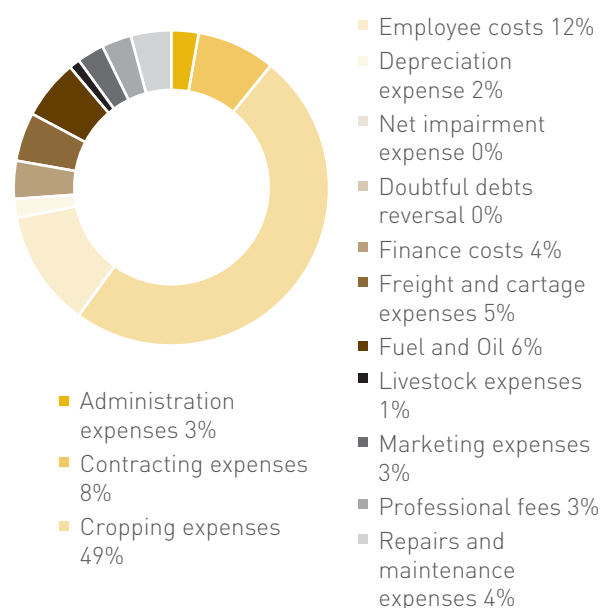
The key costs incurred by the Company in operating its business include:

- salaries and wages;
- inputs (such as seed fertilisers, chemicals, water and energy);
- repairs and maintenance;
- capital expenditure;
- financing;
- corporate overheads (such as ASX costs, Investment Management fees etc).

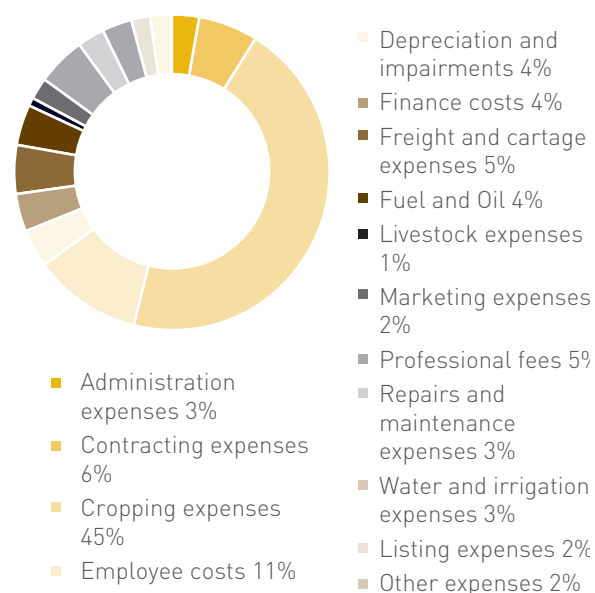
The pie charts adjacent shows a breakdown of the Company's key costs for the financial year ended 30 June 2017 and the budgeted breakdown for the financial year ending 30 June 2018.

Refer to Section 5 for further information on financial information of the Company.

DBF Key Costs (FY17)



DBF Budget Key Costs (FY18)



3.2.3 Debt

The Company has a debt facility with Westpac Banking Corporation ABN 33 007 457 141. The core features of this facility as documented in a business finance agreement are:

- \$3m working capital facility
– Annual review but repayable on demand;
- \$10m Westpac Agri Finance
– Fixed Rate - 10-year term;
- \$5m Westpac Agri Finance with Redraw
– 5-year term;
- \$5m Westpac Agri Finance with Redraw
– 4-year term; and
- \$300,000 Banker's Undertaking
– Individual Limit – on demand.

This facility is secured by mortgages on the Company's properties, and its water rights and licences, as well as a General Security Agreement covering all rights, property and capital. The Company may hold both long-term and short-term financial debt. Borrowings may not exceed 40% of the Company's GAV. The Company intends to use a portion of the IPO funds to reduce existing debt, however it is intended that the debt facility will remain in place to take advantage of opportunistic property acquisitions and to provide working capital financing.

3.2.4 Hedging Strategies

The Company implements a number of strategies to hedge pricing risk. These strategies include standard industry practices of forward sales, derivatives and long-term contracts. The Company also spreads sales out over the year to smooth seasonal fluctuations and use market intelligence to aid in hedging strategies. The hedging strategies for particular commodities are detailed below.

- winter crops: combination of forward sales and derivatives;
- cotton: forward sales;
- livestock: predominantly spot market, however sometimes forward sales; and
- hay: mixture of long term contracts (store and deliver) and spot sales.

3.2.5 Diversification

The fundamental business strategy of the Company is to maximise profits within a given level of risk. The Company aims to minimise its risk through diversification of its operations. The Company intends to diversify to hedge risk and provide multiple revenue streams. The Company intends to diversify across:

- crops – planting a range of summer and winter crops provides the Company with a flexible approach to grain farming. This approach enables the Company to adjust its crop mix to market signals (including changes in consumer demand, domestic grain prices and international supply and demand dynamics), operating conditions (such as increased input costs) and climatic conditions. The Company also holds a mix of country located in floodways and on higher ground. Flooding can be beneficial as well as detrimental in that in years following floods there is a full moisture profile usually leading to above average yields. This diversification approach also provides the Company with a range of revenue streams as each crop is traded in their respective markets. Furthermore, diversified crop rotations can assist in replenishing nutrients in the soil which may reduce the need for fertilisers;
- livestock – inclusion of an element of livestock production in some areas of the Company's farming operations, where consistent with local agronomic factors and combined with appropriate management, provides additional diversity in income and can further enhance profitability;
- geographical regions – the Company's current portfolio is diversified across 19,462 hectares⁶⁵ in New South Wales, Australia. The current properties exhibit a range of soil profiles, topography and climatic conditions. The long-term strategy of the Company is to expand operations throughout the Australian grain farming region, providing exposure to additional environmental and operating conditions and hence enhancing the diversification benefits;

⁶⁵ The Company also leases 1,100 hectares. Please refer to Section 3.5.1 for further information. This lease expires on or before 31 December 2017 and will not be renewed.

- water sources – the Company currently has access to 12,064 ML of water entitlements which it can currently apply to 1,500 hectares of land laid out for irrigation (equating to 8.1 ML per hectare of irrigated land)⁶⁶ diversified across a number of sources, including groundwater, river water and water storage facilities. This diversification assists in mitigating the risks of zero water allocations in a season and drought which can occur from time to time; and
- farming systems – the Company's current operations are diversified across dry land and irrigated farming systems. This assists in mitigating the risk of drought, as well as any adverse movements in water prices and other irrigation costs.

There will always be a large variation in the profitability of different crop and livestock operations. Broadacre farming, like agriculture in general, is resource intensive. Diversification of agricultural enterprises allows farm managers to use resources more efficiently whilst also responding to risk and uncertainty. The key benefits of broadacre farming include:

Benefit	Example
<i>Exploit potential complementary relationships between enterprises through improved utilization of the farm's natural resources, labour costs and management skills</i>	Crop rotations avoid agronomic risks of mono-cultures. Whilst a single crop may appear more profitable in any given year, a planned crop rotation should provide increased profitability with less weed and disease risk in the long term. The synergistic aspects of implementing a diverse farming operation will also result in improved water use efficiency and yield, as well as minimising land degradation
<i>Flexibility to alter enterprise mix depending on the price, demand and supply of the market</i>	If grain prices increase, a broadacre farm may sell their livestock as it is more expensive to feed the herd, and choose to sow additional grain crops. With a diversified farming enterprise, the farmer is able to respond to changes in market conditions by changing the composition of their enterprises.
Risk Reduction	
<i>Reduced income variability</i>	The ability to adapt to changing market conditions mitigates income variability through reducing reliance on a single market and the price fluctuations of that market.
<i>Manage farming risks</i>	Diversification also aids in managing farming risks such as frost, drought and plant disease. Different crops types have different tolerances to weather conditions. As such, diversifying operations minimises the risk that a flood, for example, will eliminate the entire crop sown in a season. Additionally, a diversified broadacre operation is able to minimise input costs by allocating machinery and labour more effectively.

Diversified crop rotations have been shown to contribute to more stable and higher net farm income compared to monoculture or specialist cropping operations. In addition to crop diversity and rotation, livestock are a valuable adjunct in appropriate areas within the Company's farms. With skilled management, it is increasingly recognised that combination of grazing and grain production may increase overall farm profitability.⁶⁷

⁶⁶ The Company leases 6,798 ML of water from Duxton Water Limited. Refer to Section 12.4.2 for further detail. ⁶⁷ GRDC, Grazing Cropped Land: A summary of the latest information on grazing winter crops from the Grain & Graze Program June 2016 available at http://www.grainandgraze3.com.au/resources/Grazing_Cropped_Land_June_2016_.pdf

3.2.6 Socially Responsible Investing

The Company is focused on operating in an environmentally sustainable manner. To do this, management has implemented a number of programs which aid employees to operate in a socially and environmentally responsible manner. These practices include:

- introducing soil management and conservation system, including minimum tillage farming and laser grade land-forming;
- implementing the use of capacitance probes for real time soil moisture management and irrigation decision making;
- introducing the split applications of nitrogen and targeting application to plant requirements;
- improving farming techniques to actively sequester carbon and reduce emissions from nitrogenous fertilisers;
- employing conservation farming systems, appropriate technology and improved plant varieties;
- implementing employee provisions. All employees on IFAs are paid above award wages; and
- engaging in community activities such as supporting, through donations, the local bush fire brigade and utilising services provided by local disability organisations.

3.3 Dividend Policy

The Company intends to generate an income stream for investors in the form of franked dividends. The amount and timing of the dividend will be at the discretion of the Board and will depend on a number of factors, however the Company will aim to pay out 40% to 60% of its operating profit to Shareholders annually from March 2019 onwards.

There is no guarantee regarding the payment of dividends or level of franking and it will be dependent on whether the Company achieves an operating profit in any particular year (and, if it does, the amount of that profit generated).

3.4 Employees and Contract Service Providers

The Company currently employs 12 fulltime staff and some casuals.

In addition, the Company contracts farming services for some of the grain farms to suitable contractors. These contracts are on arm's length commercial terms and include provision of services such as off-setting paddocks, sowing, spraying, windrowing and harvesting. Contractors report regularly to the Company and are responsible for meeting key responsibilities and service levels. Contractors include:

- for the Oakhurst and Timberscombe components of Wyalong Agtrac Services Pty Limited ACN 130174300; and
- for the Kentucky component of Wyalong: Stewart Farming Service Pty Ltd ACN 131 197 058.

Other contractors are employed, when required, on a quote, supply and perform basis.

3.4.1 Key Management

Personnel employed by the Company and the Farm Managers have extensive experience in the Australian broadacre farm industry as well as in managing both dry-land and irrigated farms. The Investment Manager and the management team have successfully identified and aggregated and improved the current investment portfolio of farms.

The key management team of the Company includes:

Tony Hamilton, Senior Manager Farm Operations and Company Managing Director

Tony Hamilton is a grower from Forbes, NSW, and managing director of an integrated cropping and livestock business. Tony has been managing Merriment since 2011. Tony is also a member of Grain Research and Development Corporation's Northern Panel. He is a director of AgriFutures Australia (formally Rural Industries Research and Development Corporation). He has previously worked as an agricultural consultant in Western Australia and southern NSW and as an owner/manager on family farms in NSW. Tony holds a Graduate Diploma of the Securities Institute of Australia and is a Nuffield Scholar. With a Bachelor of Agricultural Science and a PhD in agronomy, Tony is a strong advocate for agricultural research, development and extension and evidence based agriculture.

Dustin Kemp, Merriment Operations and Livestock Manager

Dustin Kemp has been Livestock Manager since 2013 and is responsible for all aspects of sheep and cattle husbandry, including marketing, procurement, logistics, staff management and engaging contractors. Dustin has two decades of farm experience as a rural contractor, farm manager, stationhand and stockman on a number of properties. Dustin has an Advanced Certificate in Farming Technology (TAFE).

Andrew Garland, Wyalong Operations Manager

Andrew Garland is the Operations and Farming Manager for Wyalong. Andrew fulfils the daily operations of a farm manager including chemical and fertiliser procurement, external contractor coordination, harvest and sowing coordination and logistics. He is committed to modern broadacre farming practices and has extensive minimum till and precision farming experience. He ensures QA and best farming practices for general activities such as fertilising, pest and weed control management. Andrew previously managed key properties in southern NSW. Growing mostly cereal crops, he has considerable irrigation experience, including developing a 1,140 hectare lateral irrigation system to replace an existing flood irrigation layout. He also has substantial experience in growing seed crops and has been nationally recognised for canola seed production.

Brendan Burley, Merriment Cropping Manager

Brendan Burley has been Cropping Manager since 2011 and is responsible for all aspects of summer and winter cropping, 2,000 hectare winter cropping program, row cropping Cotton, Corn and Mungbeans, Logistics and Staff Management. Prior to this, Brendan worked in a variety of roles, including Leading Farmhand and Stationhand, with other farming businesses. Brendan has a Bachelor of Agricultural Business Management (Charles Sturt University).

Christian Trojel, Commercial Manager

Christian Trojel has worked at Wyalong for the last three and a half years: the first year and a half as Grains Manager and the last two years as Commercial Manager. Christian comes from a farming background in Denmark and has a hands on approach together with a strong analytic and commercial skill set. Christian previously worked for consultancy firm, Advance Trading Australasia, which service large producers, merchants, traders and consumers of agricultural commodities to help manage risk and enhance margins. Christian holds a bachelor's degree in Science of International Business of Copenhagen Business School. Christian's thesis work was on: "hedging grain in an inverted futures market" with the thesis framework focusing on a quantitative hedging comparison between the North European grain market and the Australian grain market.

3.5 Existing Portfolio

The Company's current farms are diversified across New South Wales and incorporate both dryland properties and irrigated properties. Whilst dryland farming can generate significantly high returns, it can also present high levels of revenue volatility. Irrigated farmland, in comparison, provides greater stability in revenue streams due to its reduced reliance on rainfall and weather events.

As such, the Company intends to rebalance the portion of dryland and irrigated farmland in its portfolio over time.

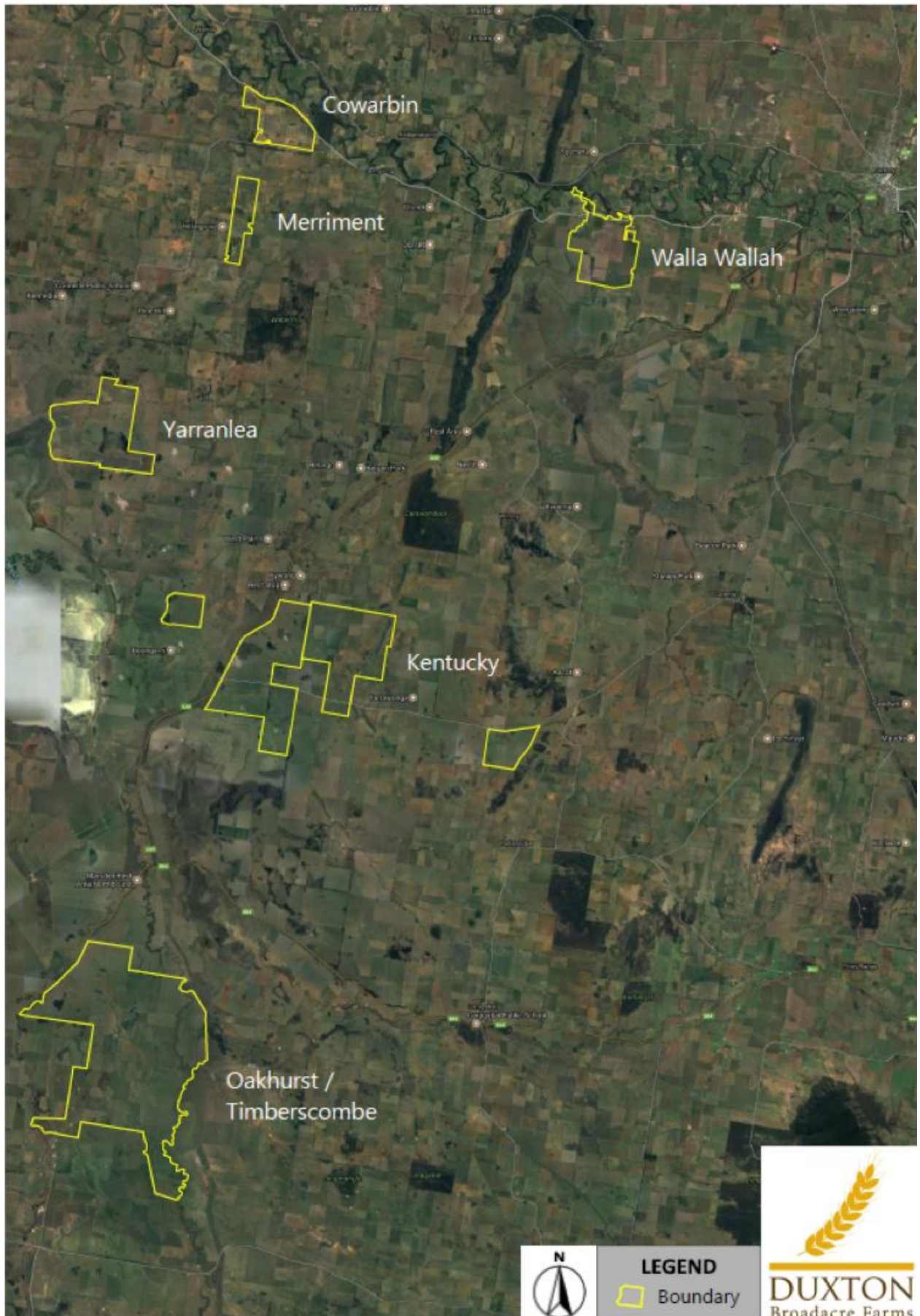
The Company's existing portfolio of broadacre farms comprises Merriment, Wyalong and Yarranlea. The farms are diversified across 19,462 hectares in the central region of New South Wales.⁶⁸ The table below summarises the farms.

	Merriment	Wyalong	Yarranlea
Location	Forbes, New South Wales	West Wyalong, New South Wales	Forbes, New South Wales
Hectares	2,934 owned 1,110 leased ⁶⁹	14,344 owned	2,184 owned
Grains Produced	Wheat, Barley, Corn, Canola and Pulses	Wheat, Barley and Canola	Wheat, Barley and Canola
Other Commodities Produced	Lucerne, Livestock Cotton and Maize		Cotton, Maize and Livestock
Water Entitlements (ML)	3,924 owned 6,798 leased		1,342 owned
Market Value	\$11,100,000	\$39,800,000	\$7,435,000

The Company benefits from:

- diverse commodity production: this provides the business with stability of returns due to the variety of income streams and the ability to reduce its exposure to any one market;
- production synergies: synergies formed by integrating livestock and cropping provide opportunity to produce returns above the district average while also lowering the risk profile;
- economies of scale: creation of large aggregations of farming units increases buying power to secure inputs at competitive prices and marketing power to attract premium prices;
- access to secure water sources: Merriment has access to secure sources of groundwater on two of the three properties. This enables the risk of low river water allocations to be effectively mitigated, as well as providing the ability for water to be transferred across properties within that aggregation.

⁶⁸ The Company also leases 1,100 hectares. Refer to Section 3.5.1 for further information. ⁶⁹ Lease expires on or before 31 December 2017 and will not be renewed.



3.5.1 Merriment

Location	Forbes, New South Wales
Hectares	2,934 owned 1,110 leased ⁷⁰
Grains Produced	Wheat, Barley, Corn, Canola and Pulses
Other Commodities Produced	Lucerne, Livestock and Cotton
Water Entitlements (ML)	3,924 owned 6,798 leased
Market Value	\$11,100,000

Merriment is a mixed farm in the Central region of New South Wales, Australia. It is comprised of irrigated and non-irrigated farmland, totalling approximately 4,000 hectares – 3,024 hectares freehold and 1,110 hectares leased from Katherine Anne Hamilton and AJ & KA Hamilton Pty Ltd (ACN 169 798 141), representing interests of Tony Hamilton and his family (this lease expires on or before 31 December 2017 and will not be renewed). The farms are operated in four modules spread geographically across the region.

Merriment's hay and grain production enterprise includes wheat, barley and canola and the summer crops include sorghum, corn (maize) and lucerne (alfalfa) hay and more recently, cotton. In August 2016, Merriment received a perpetual trophy for both the highest irrigated cotton yield in a variety trial in Australia and the best quality cotton. The livestock enterprises include prime lamb trading and breeding along with beef cattle trading and breeding.

The diversity of crops and livestock production provides Merriment with stability of returns and the ability to leverage existing overheads and management skills and knowledge.

All of Merriment's current properties are mixed irrigated and dry-land farming, with irrigation ranging from 30% to 90%. Irrigation water is sourced from bores, rivers and water storage facilities. In 2010, Merriment sold 216ML of water to the Government as part of the Department of Environment On-Farm Irrigation Efficiency Program. In 2016, Merriment sold 6,798ML of water to Duxton Water Limited at prevailing market rates in order to improve the efficiency of its balance sheet. The Company entered into a seven-year lease back agreement with Duxton Water Limited to lease back the water sold to Duxton Water Limited.

This agreement includes the option to repurchase the water at the conclusion of the lease, providing ongoing security of water entitlements (refer to Section 12.4.2 for further details).

The river water availability on any one of Merriment's properties provides benefits to the other properties of the Company's operations. For example, water may be transferred from one property to another in dry years in order to finish crops, or finishing additional lambs in dry seasons, when premiums would be expected.

The excellent level of groundwater and river water has enabled Merriment to be established as a mixed farming and grazing operation. The irrigation area combines winter crops, summer crops and lucerne production to provide the most efficient use of the Company's water resources. The dryland country of Merriment is farmed under a sustainable dryland lucerne and winter cropping program, overlaid with a prime lamb enterprise and beef cattle.

Merriment's soils are of reasonable quality and well suited to productive cropping and pasture production. The Company's properties have a diverse range of soil types. The use of minimum tillage, permanent pastures and appropriate soil amelioration and fertiliser practices ensure the productive capacity of the soil remains. Merriment's clay-based soils provide high moisture-storing capacity which allows dryland winter crops to be produced successfully.

The winter crops produced by Merriment are planted across a wide time period that depends on a number of factors, including rainfall and temperature. Sowing can occur anywhere between March to July with harvesting occurring from November to December. Similarly, Merriment's summer crops can be planted from September through to January with harvest occurring from March to May.

⁶⁹ Lease expires on or before 31 December 2017 and will not be renewed.

Historical Performance

The following table outlines the drivers to Merriment's historical performance.

Financial Year	Key Drivers
2008/2009	<ul style="list-style-type: none"> Properties of Walla Wallah, Cowarabin, Dorellan and Merriment were acquired. Selection process focused on high quality mixed irrigation properties. Low rainfall from the prior years reduced sub soil moisture during the planting season.
2009/2010	<ul style="list-style-type: none"> The drought and relatively low commodity prices impacted returns. The farm properties were to an extent insulated from many weather risks with exposure to highly valuable and reliable bore water for irrigation. The properties received significant rainfall at the end of 2009, with rainfall levels of 60-90mm across the properties. This created high sub soil moisture for the following season's crops. Yield penalties and the downgrading of grain quality occurred due to unfavourable weather patterns.
2010/2011	<ul style="list-style-type: none"> Despite reduced rainfall the irrigated crops performed well, reducing the overall financial impact of the drought. Crop yields and quality were recognised as amongst the best in the area, reflecting timely operations and innovative farming practices. During November 30% of the total crop was harvested before operations were suspended due to wet weather. Wet conditions led to abandonment of some areas to be grazed off by livestock. The severe weather conditions received throughout the harvesting period caused quality of grains to be downgraded.
2011/2012	<ul style="list-style-type: none"> Tony Hamilton was appointed in September as head of operations with a prime focus on achieving operational profits and reducing overhead expenses, as against the previous focus on improving capital and acquiring properties. Additional working capital was required due to record high rainfall (246mm compared to the long-term average of 85mm) during the harvesting period, resulting in reduced yields, price and quality. Excessive wet weather impeded the wheat harvest and caused severe quality downgrades (from bread to feed grade) resulting in a reduction of over 50% in sale prices. The barley harvest was also impacted and quality was downgraded to feed quality. A positive outlook from the excessive rain was higher pasture growth for the current livestock numbers. Despite the flooding earlier in the year management was able to produce close to budgeted production.

Financial Year	Key Drivers
2012/2013	<ul style="list-style-type: none"> • A focus on achieving greater efficiency through capital improvement to irrigated paddocks and canals was implemented. • The construction of a dam at Walla Wallah occurred as a hedge against both water prices and storage costs, in addition it allows for additional land to be irrigated should management decide to do so. • New capital equipment was acquired (tractors, air-seeders, row cropping equipment) in order to reduce reliance on contractors and over time reduce total operating costs. • A greater focus on the livestock breeding enterprise was implemented which was expected to lead to reduced sheep trading numbers.
2013/2014	<ul style="list-style-type: none"> • Canola yielded below budget due to frost damage. • Summer cropping equipment purchased the prior year enabled management to recoup the cost in the first year of operation providing significant savings to the Company. • The properties benefited from above average rainfall which aided crop development.
2014/2015	<ul style="list-style-type: none"> • Due to the hot and dry conditions experienced over the growing period, crop development was stunted and therefore yields were impacted when the crop was harvested in November. • The majority of required development works were completed. • The property's assets received an upward re-valuation of \$500,000. • An operating profit was a result of significant development works bringing the portfolio of farms up to their full productive capacity. • With the majority of the development works completed the properties started to operate more efficiently with expectations for further growth.
2015/2016	<ul style="list-style-type: none"> • During the first half of the season, the portfolio of farms experienced mixed weather with above average rainfall at the start of the period, laying the foundation for optimum crop development. • However, during the second quarter, the farms received below average rainfall and irrigation was carried out on selected crops where possible. • During the second quarter derivative instruments were used to lock in favourable off-take prices for the projected harvested crop. • Harvesting of the winter crop began in October and was completed in a timely manner in November.
2016/2017	<ul style="list-style-type: none"> • Operational loss due to flooding. • The property's assets were independently revalued to \$11,100,000.

3.5.2 Wyalong

Location	West Wyalong, New South Wales
Hectares	14,344 owned
Grains Produced	Wheat, Barley, and Canola
Other Commodities Produced	
Water Entitlements (ML)	
Market Value	\$39,800,000

Wyalong is a large-scale, broadacre cereal farming aggregation located in the Central West region of New South Wales, Australia. The farms are operated in two modules, dispersed across the district, providing greater risk management.

Wyalong's cropping season runs from May through to December and the primary crops are wheat, barley and canola.

The Company's soil is well suited to the continuous cropping systems applied on the farm. Diversification of the crops harvested on Wyalong's farms provides different streams of income, acting as a risk management tool against factors including commodity price fluctuations.

Since the Duxton Group's original investment in Wyalong, management has reduced the number of paddocks from 130 to 38 creating efficient paddocks and effective use of resources.

Historical Performance

The following table outlines the drivers to Wyalong's historical performance.

Financial Year	Key Drivers
2008/2009	<ul style="list-style-type: none"> Early sown crops were well established and yield potential based on average seasonal conditions was considered average, due to high levels of stored sub soil moisture.
2009/2010	<ul style="list-style-type: none"> The majority of harvesting activities were completed in the last week of November with disappointing results due to extreme drought conditions experienced in August and September. Lower crop yields occurred due to below average rainfall levels suffered in July, August and September. Dry spring weather negatively impacted the 2009 crop yields which was offset by significant above average rainfall during December, ranging from 140-150mm across the properties. High December rainfall increased the moisture profiles of the soil on the farms for the next crop planting schedule commencing the following year. Continued rainfall in June 2010 has resulted in soil moisture levels well above the last two seasons.
2010/2011	<ul style="list-style-type: none"> Wet weather interrupted harvest operations, with yield penalties and quality downgrading due to unseasonable weather events. Yields exceeded management expectations. Given the extent of the weather damage, the yields held up well. Summer spraying program commenced earlier in the season as a result of high summer rainfall creating ideal growing conditions for earlier germination of summer weeds. Working capital was required as large number of rain events delayed harvest and negatively impacted grain quality.

Financial Year	Key Drivers
2011/2012	<ul style="list-style-type: none"> • \$4 million in working capital required after two years of high numbers of large rain events that delayed harvest and negatively impacted grain quality with large proportion of production downgraded to feed grades in Australia. • Record high rainfall during harvesting resulted in reduced crop yield and the downgrade of crop quality to animal feed for 2011. Rainfall was almost four times the monthly average on the Oakhurst and Kentucky properties (130-150mm). • Prices received for grain during the first half of 2012 were impacted by significant oversupply on the Australian Eastern Seaboard. • Quality assets purchased by the business were not able to demonstrate their productive capacity due to climatic constraints of the past four cropping seasons. • Oversupply issues have worked their way through the system and global wheat and barley prices have re-bounded on the back of drought pressure in Northern and Southern America.
2012/2013	<ul style="list-style-type: none"> • Good seasonal conditions and timely rainfall resulted in a profitable year.
2013/2014	<ul style="list-style-type: none"> • Good growing conditions occurred. • The majority of grain was of milling and malting quality, crop achieved higher protein content than other district producers while also achieving yields above budget. • Yields in 2013 returned to district average and as a result generated positive operating profit. • Paid dividend during March 2014. • 6.5% increase in value of land and buildings during 2013/14. • Increase in valuation was a result of stronger commodity prices.
2014/2015	<ul style="list-style-type: none"> • The November harvest was completed in a timely manner. Yields were 30% below budget due to below average rainfall during the growing seasons. • Despite disappointing yield, grain prices were higher due to production shortages in the region. • The loss was a result of poor rainfall late in the growing season resulting in poor yields in canola and wheat.
2015/2016	<ul style="list-style-type: none"> • During November 2015, the portfolio of farms received substantial rainfall which delayed the harvest. • Sowing conditions were ideal prior to planting resulting in good germination conditions. • Excellent seed establishment due to ease of seed placement with targeted plant numbers achieved • During June, the aggregations received above average rainfall which impacted crop development. • Wet weather continued until October, creating a full moisture profile for next season's crops but delaying operational activities.
2016/2017	<ul style="list-style-type: none"> • Operational loss due to flooding. • The property's assets were independently revalued to \$39,800,000.



3.5.3 Yarranlea

Location	Forbes region, New South Wales
Hectares	2,184 Owned
Grains Produced	Wheat, Barley and Canola
Other Commodities Produced	Cotton, Maize and Livestock
Water Entitlements (ML)	1,342 Owned
Market Value	\$7,435,000

Yarranlea is a large scale mixed farming area located in the Forbes district of New South Wales, Australia (approximately 50km south west of Forbes and 50km north east of West Wyalong).

The Company purchased Yarranlea in November 2017.

Yarranlea is well suited to broadacre farming. The property has predominantly grey self-mulching clay soils with areas of red loam soil types and slightly undulating topography.

Yarranlea is comprised of irrigated, non-irrigated and grazing farmland, totalling approximately 2,184 hectares. Yarranlea can facilitate both summer and winter cropping of grains, while also having significant cotton plantings to provide diversification. The current grain production enterprises include wheat, barley and canola. The livestock enterprises consist of sheep and cattle.

Through the diversification of crops and livestock production, Yarranlea provides stability of returns and the ability to leverage existing overheads, management skills and knowledge.

Yarranlea's current mixture of farmland is 74% dryland farming, 16% irrigated and 10% grazing. While there is currently 350 Ha of irrigated farmland, there is the potential to double this in the short to medium term.

Irrigation water is sourced from the Lachlan River in the Jemalong Irrigation District. The river licence is for a total of 1,342ML. The construction of a 700ML dam on the property was recently completed. This is expected to provide greater water security and the potential for future transitions from dryland to irrigated cropping.

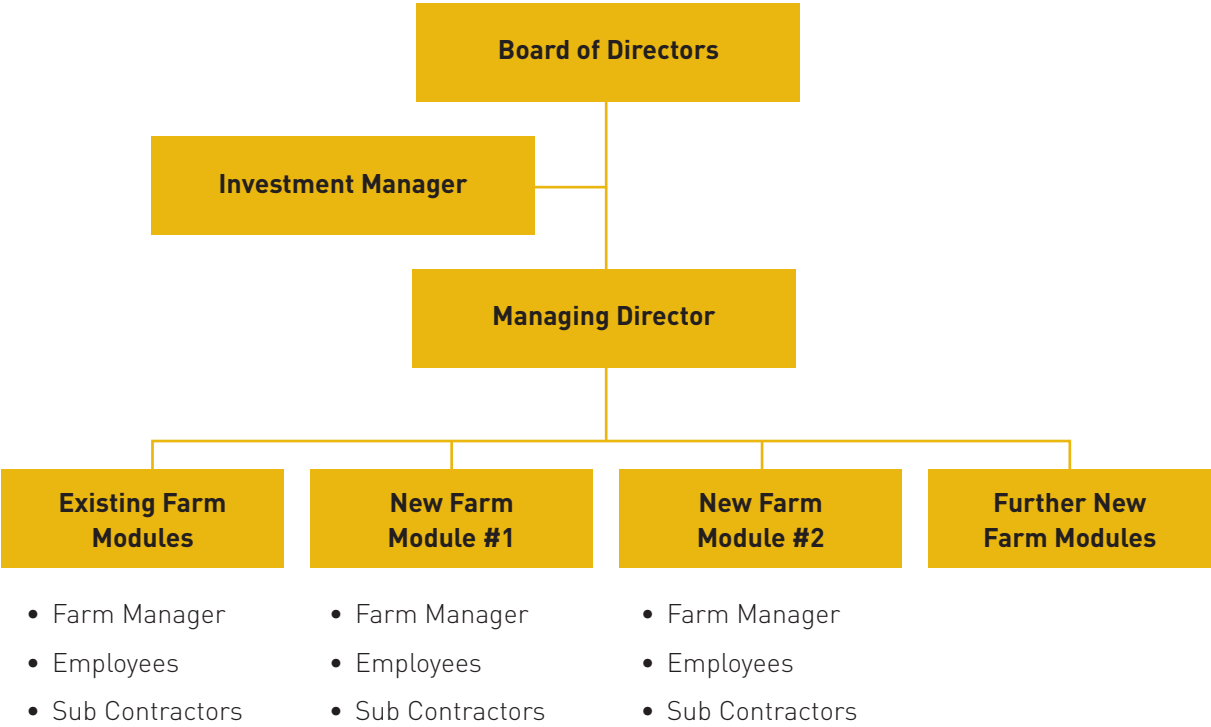
The farm is easily accessible by road and has wide crossings to facilitate road train access. The design of Yarranlea eliminates any potential for in field water logging and has sufficient inbuilt capacity to develop additional areas for irrigation.

The modern irrigation efficiency that has been employed at Yarranlea combined with good management produced 13.6 bales of cotton per hectare in 2015/16.

3.5.4 Company Management

The management of the Company is a hierarchical structure where the ultimate responsibility of the Company lies with the Board of Directors.

The diagrams below outline the Company’s management structure and the respective responsibilities of each manager. Key details of the Company’s current management agreements are set out in Section 12.4.



The Company's Management Structure



SECTION 4

ABOUT THE INVESTMENT MANAGER



For personal use only

4. About the Investment Manager

The Company has entered into an Investment Management Agreement with Duxton Capital (Australia) (Investment Manager),

which holds Australian Financial Service Licence 450218, to manage the Company's assets. The Investment Manager is a subsidiary of Duxton Capital (Singapore).

The Investment Management Agreement is for an initial term of 5 years unless ASX relief is granted in which case the initial term will be 10 years or such other period as determined by ASX. After the initial term, the Investment Management Agreement will be automatically renewed for further new terms of five years (Renewed Term) unless terminated by the Company or the Investment Manager.

At the date of this Prospectus, Duxton Asset Management (also a wholly owned subsidiary of Duxton Capital (Singapore)) has in excess of A\$720 million in assets under management or advice, of which A\$535 million comprises agricultural investments. Duxton Asset Management's agricultural assets are diversified across 21 operations spanning 540,000 hectares of farmland over 30 commodities and five continents. The Duxton Group has 50 employees in offices in Australia, Singapore and Germany.

4.1 The Investment Manager's Experience

The Duxton Group is highly experienced in the alternative assets investment sphere. The senior investment team has an average of 27 years of industry experience and has been successfully implementing the Duxton Group's alternatives strategy for clients since 2007. Members of the Duxton Group have been exposed to broadacre farming via its direct agriculture portfolio since 2008.

Led by Ed Peter, the Investment Manager's investment team comprises agricultural analysts and will be supported by an experienced finance, operating and compliance team at the Investment Manager.

4.2 Management Team

Ed Peter, Lead Portfolio Manager

Ed Peter, is the co-founder and Chairman of Duxton Asset Management. Prior to forming the Duxton Group in 2009, Ed was Head of Deutsche Asset Management Asia Pacific, Middle East and North Africa. He was also a member of the Deutsche Bank's Group Equity Operating Committee and Asset Management Operating Committee.

Ed joined Deutsche Bank in 1999 as Head of Equities and Branch Manager of Deutsche Bank Switzerland. In March 2001, Ed moved to Hong Kong with Deutsche Bank and was appointed Head of Global Equities for Asia and Australia, becoming responsible for all of Global Emerging Markets Equities in the beginning of 2003. In November 2004, Ed became Head of Asian and Emerging Market Equities for the new Global Markets Division.

Ed Peter holds a Bachelor's Degree in English Literature from Carleton College in Northfield, Minnesota. Ed's first foray into agricultural investing was in 1999 and he remains passionately interested in agriculture today. He is on the University of Adelaide's Agribusiness advisory board, the University of Adelaide's Wine Advisory board, and the board of Wine Australia.

Nicole Dudzinski, Group Accountant

Nicole Dudzinski is a Chartered Accountant with over seven years' experience. Prior to joining the Investment Manager, she was a Senior Manager at Deloitte, working with a variety of businesses across a wide range of accounting, taxation and business advisory matters. While the majority of Nicole's career has been spent in Adelaide, she has also spent time with Deloitte in Canberra and London. Nicole holds a bachelor degree in Health Sciences and a master's degree in Accounting.

Rob Chalmers, Director of Deal Structuring, Execution and Reporting

Rob Chalmers joined the Investment Manager in 2016 to coordinate and review the development of investment proposals. He has over 27 years' commercial, management and legal experience including roles as an Executive and Non-Executive director on several boards and participation on investment committees. Previous responsibilities included the establishment and management of venture funds, acting as representative on investee boards, and provision of a wide range of commercial, legal and transactional advice as well as business strategy, management and growth of key accounts. Rob holds an LLB (Hons) and a BA (Hons) from the University of Adelaide, a Graduate Diploma in Legal Practice from the South Australian Institute of Technology and a Masters of Laws (Merit) from the University of London.

Alexandra Grigg, Analyst

Alexandra Grigg joined the Investment Manager at the start of 2015. Her primary responsibilities in the Deal Structuring, Execution and Reporting team include researching and analysing investment thematic, developing investment proposals and performance reporting for the Investment Manager's listed and unlisted equity investments. Prior to joining the Investment Manager, Alexandra acquired a range of experience through roles with ANZ Bank and the Parliament of South Australia. Alexandra also gained extensive understanding of business cultures, foreign exchange markets and central bank communication policy through her studies in Singapore and the Philippines. Alexandra holds a Bachelor of Economics (Hons) and a Bachelor of Finance from the University of Adelaide.

Will Brennan, Analyst

Will Brennan, Analyst, joined the Investment Manager in May 2015. Will was previously a director of Merriment Rural Investments Pty Ltd and is currently a director of Wyalong Rural Investments Pty Ltd. His key responsibilities include financial modelling and management of agricultural investments. Prior to joining the Investment Manager, Will worked in both insolvency and tax accounting. Will holds a Bachelor of Laws and a Bachelor of Commerce (Accounting) from the University of Adelaide.

4.3 Responsibilities of the Investment Manager

Under the Investment Management Agreement, the Company appoints the Investment Manager to provide investment management services to Company, including without limitation, the following services:

- investment management and advisory services to the Company on a non-exclusive basis in relation to the Investments, which shall include, but not be limited to, the selection, determination, structuring, investment, reinvestment, leasing and management of the assets;
- prepare business plans, budgets and variance analyses;
- maintain oversight of management of the assets;
- review all new strategic proposals, such as business strategy, capital raising, acquisitions, divestitures, and material contracts in respect of matters including:
 - o deployment of available capital (involving due diligence, analysis and execution of new business acquisitions including preparation of necessary internal approval process documentation/models and review of all sale/purchase/lease related documentation);
 - o review/negotiation of lease contracts;
 - o manage new capital raising and potential exits;
 - o make recommendations to company board;
 - o develop, implement and monitor an appropriate hedging policy;
 - o identify and engage appropriate senior farm module management;
 - o cause the carrying out of all management, secretarial, accounting, administrative, liaison, representative and reporting functions and obligations;
 - o recommend appoint and engage on behalf of the Company any necessary additional advisers, experts, technical, business management and other resources, and securities registrar or provide securities registrar services itself;
 - o give orders and instructions regarding acquisition, development, lease, variation and disposal of investments;
 - o liaise with auditors regarding investments;
 - o enable and monitor compliance by the Company with all applicable requirements under law, the Constitution, contractual documents in relation to the investments, the investment guidelines, and other documents;
 - o attend to timely calculation and payment of the Company's expenses and outgoings;
 - o assist the Company to operate and manage bank accounts;
 - o prepare or cause to be prepared and issued, notices of meetings for board and shareholder meetings, and associated documents;
 - o prepare, or cause to be prepared, various reports including financial reports, and reports to shareholders;
 - o oversee financial matters including recommendation of distribution payments to shareholders, and coordination of debt finance covenants and other reporting and repayment obligations; and
 - o various other management and administrative services.



4.4 Investment Strategy

The Investment Manager's investment strategy is governed by a disciplined process influenced by the Company's existing portfolio and strategy along with analysis of regional markets.

All acquisitions and divestments of the investments will be subject to the prior approval of the Board of the Company. The Investment Manager is then responsible for implementing and executing investment decisions once approved by the Board of the Company.

The Investment Manager is required to seek to suitable investments for the Company in accordance with the Investment Guidelines and any directions of the Company, which would include the acquisition of broadacre farms that meet the Company's objectives and strategy as set out in Section 3.2.

The Company requires any recommendations of broadacre farms to offer scope to improve operational efficiencies, farm yields and returns, and in accordance with the following criteria:

- land rich parcels of properties;
- clear aggregation opportunities, such as adjoining properties or properties within close proximity – this permits the transfer of water between properties, more intensive use of capital equipment, exploit economies of scale when purchasing inputs and enables rotation of backup staff from neighbouring farm managers to give leave opportunities for staff, which improves retention;
- clear scope for development to improve operational efficiencies; and
- high quality assets (including water assets) that are relatively cheap and are likely to allow a significant uplift in value once farm managers are appointed to manage the property.

Where any investment opportunities are identified, the Investment Manager may conduct such reviews and due diligence that it considers necessary on those investments before making a recommendation.

4.4.1 Additional Farm Managers

If the Company acquires additional farms in grain regions other than NSW, the Company will need to engage additional Farm Managers.

4.4.2 Investment Guidelines

In making any recommendations or providing advice on investment, capital raising and finance, including investment, strategy, management and divestment recommendations, and in order to attempt to maximise returns to the Company and its Shareholders, the Investment Manager will have wide investment discretion within the Investment Guidelines set out in the table adjacent. In providing its services, the Investment Manager is required to act honestly and in the best interests of the Company and its Shareholders.

The Investment Manager will be required to make recommendations based on the analysis of the macroeconomic environment, sector trends, Australian broadacre farm and grain market fundamentals and the portfolio allocation. The Investment Manager will be required to allocate capital in accordance with the Investment Guidelines detailed adjacent.

Investment Guidelines

<i>Investment Universe</i>	Investments to be restricted to Australian agricultural land, water, livestock, crops and associated plant and equipment
<i>Cash</i>	Cash to be held in deposit taking institutions licensed by ASIC with an S&P long term credit rating of at least A (or equivalent)
<i>Leverage</i>	Gearing of the Company to be no greater than 40% of GAV.

The Investment Manager and the Board have extensive experience in undertaking and reviewing due diligence (covering legal, financial, commercial, environmental, background and operational aspects) in the process of developing a grain farm portfolio. Before any new farm is acquired, a detailed evaluation process will be undertaken.

In conjunction with the Investment Manager, the Company intends to adopt a phased due diligence approach. Prior to potential targets being acquired, a detailed commercial due diligence process – covering property valuation and agronomic and operating assumptions – is intended to be undertaken. If the results of the commercial due diligence are satisfactory and basic commercial terms agreed, a standard legal due diligence is intended to then be undertaken to complete the process in parallel with any necessary legal documentation required.

4.5 Fees

4.5.1 Management Fee

In return for the performance of its duties, the Investment Manager is entitled to be paid a monthly Management Fee equal to 0.85% per annum (plus GST) of the total PNAV at the end of each month (calculated prior to any deduction of performance fees payable to the Investment Manager). The Management Fee only commences from July 2018 onwards. The Management Fee is calculated and accrued on the last day of each month and paid monthly in arrears.

The Management Fee for the final calendar month in which the Company is wound up or the Investment Management Agreement is terminated will be calculated using the following formula:

Worked Example of the Management Fee

As a worked example, assuming an initial PNAV of \$60 million at 1 July 2018, and nil performance return on the Company's portfolio for the month of July 2018, the Management Fee payable on the Company's portfolio value for the period 1 July 2018 to 31 July 2018 would be \$43,315 (plus GST).

The Management Fee is to be paid to the Investment Manager regardless of the performance of the Company. Management Fees would increase if the Company's portfolio value increases, and decrease if the Company's portfolio value decreases, over the period. The Management Fee payable to the Investment Manager is calculated on the basis of the portfolio net asset value of the Company, at the relevant valuation date.

Monthly Management Fee	=	$\frac{(\text{Days in Operation}) \times 0.85\%}{365}$	x	Portfolio Net Asset Value on the relevant Valuation Day
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"**Days in Operation**" means the number of days in that calendar month in which the Company incurs liabilities or debts and/or generates revenue or owns assets.

"**Portfolio Net Asset Value (PNAV)**" means the total assets of the Company less the total liabilities of the Company excluding provisions for tax payable and Performance Fee, as based on the Company's management accounts.

"**Valuation Day**" means the last day in each month, unless the Directors resolve otherwise, and such other days as the Directors may determine, each being a day on which the PNAV is calculated.

4.5.2 Performance Fee

In addition to the monthly Management Fee, the Investment Manager is entitled to be paid a Performance Fee at the end of each financial year from the Company. The Performance Fee will be paid annually, subject to a High Water Mark, which means that it will not be paid unless the Adjusted Ending PNAV (as defined below) exceeds the highest Adjusted Ending PNAV (as defined below) at which a Performance Fee has ever been paid to the Investment Manager.

The Performance Fee will be calculated by reference to the Company's Audited Accounts, and the Company is required to pay the Performance Fee to the Investment Manager within 14 days from the issue of the Audited Accounts where such accounts are issued within 90 days of the end of the financial year. If the Company does not issue such accounts within that timeframe, then the Company is required to pay the Performance Fee within 14 days of the end of that period based on the latest available management accounts, provided that once the Audited Accounts are issued, the Company and the Investment Manager shall adjust for any change to the Performance Fee based on the Audited Accounts within 14 days of release of such accounts.

The Performance Fee will be payable if the Company outperforms either of the First Benchmark Return Hurdle (as defined below) or the Second Benchmark Return Hurdle (as defined below) during any Calculation Period (as defined below). The formula for calculating the Performance Fee payable to the Investment Manager for any Calculation Period is as follows:

- (a) if the Investment Return of the Company between the Start Date (as defined below) and the Calculation Date (as defined below) is less than the First Benchmark Return Hurdle, then no Performance Fee is payable.
- (b) if the Investment Return of the Company between the Start Date and the Calculation Date is greater than the First Benchmark Return Hurdle, but less than the Second Benchmark Return Hurdle, then the Performance Fee will be:

$$5\% \times ((\text{Adjusted Ending PNAV} - \text{Opening PNAV} - \text{Capital Raisings}) - \text{First Benchmark Return Hurdle})$$

- (c) if the Investment Return of the Company between the Start Date and the Calculation Date is greater than the Second Benchmark Return Hurdle, then the Performance Fee will consist of two components as follows:

Component A =	5% x (Second Benchmark Return Hurdle - First Benchmark Return Hurdle)
	plus
Component B =	10% x ((Adjusted Ending PNAV - Opening PNAV - Capital Raisings) - Second Benchmark Return Hurdle)

Where:

"PNAV" means the total assets of the Company less the total liabilities of the Company excluding provisions for tax payable and Performance Fee, as based on the Company's Audited Accounts or latest management accounts (as the case may be).

"Investment Return" means the percentage by which the Ending PNAV exceeds the Opening PNAV at the Calculation Date, excluding any additions or reductions in the equity of the Company including distributions paid or provided for, dividend reinvestments, new issues, the exercise of share options, share buy-backs and the provision or payment of tax made since the previous Calculation Date.

"Adjusted Ending PNAV" means the PNAV at the Calculation Date, adjusted by adding back to the Ending PNAV:

- any Distributions or reductions in capital paid or provided for during such Calculation Period; and
- any relevant taxes paid or provided for during such Calculation Period

"First Benchmark Return Hurdle" means an amount equal to:

8% per annum of the Opening PNAV:

- plus 8% per annum on Capital Raisings during the Calculation Period, calculated on a time weighted basis;

- minus 8% per annum on the amount of any Distributions paid during the Calculation Period, calculated on a time weighted basis.

“Second Benchmark Return Hurdle” means an amount equal to:

12% per annum of the Opening PNAV:

- plus 12% per annum on Capital Raisings during the Calculation Period, calculated on a time weighted basis;
- minus 12% per annum on the amount of any Distributions paid during the Calculation Period, calculated on a time weighted basis.

“Ending PNAV” means the PNAV of the Company at the end of the relevant Calculation Period.

“Opening PNAV” means the higher of PNAV of the Company at relevant Start Date for the Calculation Period and the highest Ending PNAV since inception of the Company on which a Performance Fee has been paid to the Investment Manager.

“High Water Mark” means the highest Adjusted Ending PNAV at which a Performance Fee has been paid to the Investment Manager.

“Commencement Date” means the first Business Day immediately following the Listing Date (including such extended period(s) where applicable).

“Calculation Period” commences from a “Start Date” and ends on a “Calculation Date”.

“Start Date” means 1 July of each year except for the first Calculation Period which will start on the first Business Day immediately following the Listing Date (ie. Commencement Date).

“Calculation Date” means the 30 June of each year, except for the year in which the Company is wound up or the Investment Management Agreement is terminated, in which case the Calculation Date will be the last Business Day before the wind up of the Company or termination of the Investment Management Agreement (as applicable).

“Business Day” means a day on which banks are open in South Australia, excluding weekends and public holidays in South Australia.

Worked examples of the Performance Fee

The table below demonstrates worked examples of the potential Performance Fee payable to the Investment Manager based on a number of hypothetical scenarios and assuming the Opening PNAV is \$60 million.

	Adjusted Ending PNAV of \$65 million with no capital raisings and no distributions	Adjusted Ending PNAV of \$69 million with no capital raisings and no distributions	Adjusted Ending PNAV of \$100 million including \$20 million capital raise on the 1st of Jan but no distributions
Method of Calculation	$5\% \times ((\$65 \text{ m} - \$60 \text{ m} - \$0) - (8\% \times \$60 \text{ m}))$ = \$10,000	$5\% \times ((\$69 \text{ m} - \$60 \text{ m} - \$0) - (8\% \times \$60 \text{ m}))$ = \$120,000 PLUS $10\% \times ((\$69 \text{ m} - \$60 \text{ m} - \$0) - (12\% \times \$60 \text{ m}))$ = \$180,000	$5\% \times ((\$100 \text{ m} - \$60 \text{ m} - \$20 \text{ m}) - (8\% \times \$60 \text{ m}))$ = \$120,000 PLUS $10\% \times ((\$100 \text{ m} - \$60 \text{ m} - \$20 \text{ m}) - (12\% \times \$60 \text{ m}))$ = \$1,280,000
Performance Fee	\$10,000	\$300,000	\$1,400,000

4.5.3 Termination Fee

Unless the Investment Manager has a 10 year initial term because ASX provides a waiver, a termination fee is payable by the Company to the Investment Manager if the Investment Management Agreement is terminated by the Company within a Renewed Term. However, no termination fee is payable if the Company has terminated the Investment Management Agreement for default by the Investment Manager (being ‘for cause’ as set out in Section 4.8), or if the Investment Manager terminates the Investment Management Agreement.

The termination fee is equal to 5% of the PNAV of the Company as stated in the latest available Audited Accounts adjusted to reflect the value of assets as determined by independent valuation as at the date of the Audited Accounts, reduced by 1/60th for each calendar month elapsed between commencement of the Renewed Term and the date of termination.

A worked example of the termination fee is as follows, assuming the Investment Management Agreement is terminated after seven years (and not by the Company for cause):

PNAV	= \$150 million
Number of months elapsed after the commencement of the Renewed Term (5 years)	= 24
Termination fee	= 5% of \$150 million
	$\times (1 - \frac{24}{60})$
	= \$4,500,000

4.5.4 Expenses

The Company will be responsible for all costs and expenses incurred by the Investment Manager in providing services under this Investment Management Agreement, including the costs and expenses incurred in conducting due diligence on potential investments and other out of pocket expenses reasonably incurred by the Investment Manager which are directly attributable to the Company, including those incurred prior to the date of the Investment Management Agreement.

Upon Listing, the Investment Manager is entitled to the reimbursement of out-of-pocket expenses incurred in establishing the Company and preparing it for Listing. The Company is also responsible for the prompt reimbursement of the expenses incurred by the Investment Manager which are directly attributable to the Company from time to time, including those incurred for the purposes of communicating with Shareholders on behalf of the Company.

4.6 Other fees

The Company is also required to pay a commercial rate (at cost + 10%) to the Investment Manager for providing other services to the Company including administration support services, the costs of maintaining the Company’s investments, and the costs of investments, leases or divestments by the Company such as legal, leasing, consulting, transfer and registration fees, commissions, insurance costs, taxes and reasonable out-of-pocket expenses of the Investment Manager.

4.7 Indemnities and Insurance

The Investment Manager is responsible for effecting and maintaining professional indemnity insurance, fraud and other insurance as are reasonable having regard to the nature and extent of the Investment Manager's obligations under the Investment Management Agreement.

Provided that the Investment Manager has complied with the Investment Management Agreement and the Investment Guidelines, it will not be liable for any loss incurred by the Company in relation to the investment portfolio unless such loss arises from wilful default, negligence, fraud or bad faith of the Investment Manager. The Investment Manager is entitled to be indemnified by the Company in carrying out its obligations and performing its services under the Investment Management Agreement except where there is wilful default, negligence, fraud or bad faith of the Investment Manager. The Investment Manager may also be entitled to an advance from the Company of reasonable attorneys' fees and costs incurred in connection with the Investment Manager's defence of any action arising out of its conduct, where the Company receives advice from counsel that the Investment Manager is likely to be entitled to indemnification.

4.8 Termination

The Company may terminate the Investment Management Agreement 'for cause' at any time where the Investment Manager commits a material breach of any terms and conditions of the Investment Management Agreement, and, if remediable, fails to remedy such breach within 30 days or such other period agreed after receiving notice of such breach, enters into liquidation, enters into an arrangement with its creditors, makes any general assignment for the benefit of its creditors, has a receiver or similar officer appointed in respect of any material part of its assets or property, ceases or threatens to cease to carry on the whole or any substantial part of its business, or is deemed to be insolvent, or unable to pay its debts as they fall due, where it fails to maintain its necessary authorisations, licences or registrations to perform its duties, or where the Agreement is required to be terminated by law. The Company may also terminate the Investment Management Agreement after the Initial Term

with six months' notice where an ordinary resolution of the Shareholders is passed to the effect that the Agreement be terminated. No termination fee is payable by the Company where the Investment Agreement is terminated because of a material breach or an insolvency event occurs in respect of the Investment Manager.

The Investment Manager may terminate the Investment Management Agreement with six months written notice any time after the expiry of 10 years (with no Termination Fee payable by the Company). The Investment Manager may also terminate the agreement with one month's written notice to the Company where the Company commits a material and substantial breach of the Investment Management Agreement and the Company fails to remedy the breach within 30 days after receiving notice of such breach, or with immediate effect if the Company enters into liquidation, enters into an arrangement with its creditors, makes any general assignment for the benefit of its creditors, has a receiver or similar officer appointed in respect of any material part of its assets or property, ceases or threatens to cease to carry on the whole or any substantial part of its business, or is deemed to be insolvent or unable to pay its debts as they fall due. No termination fee is payable by the Company if the Investment Manager terminates the Investment Management Agreement under any of the above circumstances.

Immediately upon expiry of the notice period (if any), and termination of the Investment management Agreement, the Company:

- must not use the name of the Investment Manager or any derivatives of it and, unless an alternative Duxton entity is appointed in the Investment Manager's place, the Duxton brand, and must agree to the immediate change of name of the Company;
- unless an alternative Duxton entity is appointed in the Investment Manager's place, all contractual obligations with all associated and affiliated companies of the Investment Manager will be terminated; and
- the Investment Manager will owe no further obligations to the Company under the Investment Management Agreement.

Termination will be without prejudice to the completion of transactions already initiated by the Investment Manager and the Investment Manager is required to use its best efforts to oversee the settlement and delivery of all outstanding transactions at the time of such termination by either party.

4.9 Related Party Disclosure

Ed Peter, Company Chairman, controls the Investment Manager and is a shareholder and director of the Investment Manager's ultimate holding company Duxton Capital (Singapore) and, as such, may receive remuneration and/or other benefits from the Investment Manager for services provided to the Investment Manager.

Company Director, Stephen Duerden, is also a shareholder and director of the Investment Manager's parent company, Duxton Capital (Singapore), and, as such, may receive remuneration and/or other benefits from the Investment Manager for Services provided to the Investment Manager.

As a consequence, the Investment Manager and the Company are related parties as at the date of this Prospectus. Under the terms of the Investment Management Agreement, the Investment Manager is entitled to be paid certain fees by the Company, as well as cost reimbursements and indemnification.

Details of the fee's payable to the Investment Manager, cost reimbursements and indemnification are detailed in Sections 4.5, 4.6 and 4.7.

As shareholders of the Investment Manager, Ed and Stephen may receive a financial benefit from the Company as a result of payments by the Company to the Investment Manager. The precise dollar value of this financial benefit is presently unquantifiable as it is subject to a number of variables linked to the calculation of the Management Fee and Performance Fee (and any termination fee) payable to the Investment Manager under the terms of the Investment Management Agreement, as well as any cost reimbursements and indemnification.

The Investment Management Agreement is on arm's length commercial terms and was approved by the independent Directors of the Company. Neither Ed nor Stephen will receive directors' fees from the Company.

A subsidiary of the Investment Manager's parent company, Duxton Asset Management has an interest of 0.17% in GALOF. As such, Ed Peter and Stephen Duerden, as shareholders and directors of the Investment Manager's parent company may receive benefits from the GALOF shares held by Duxton Asset Management.

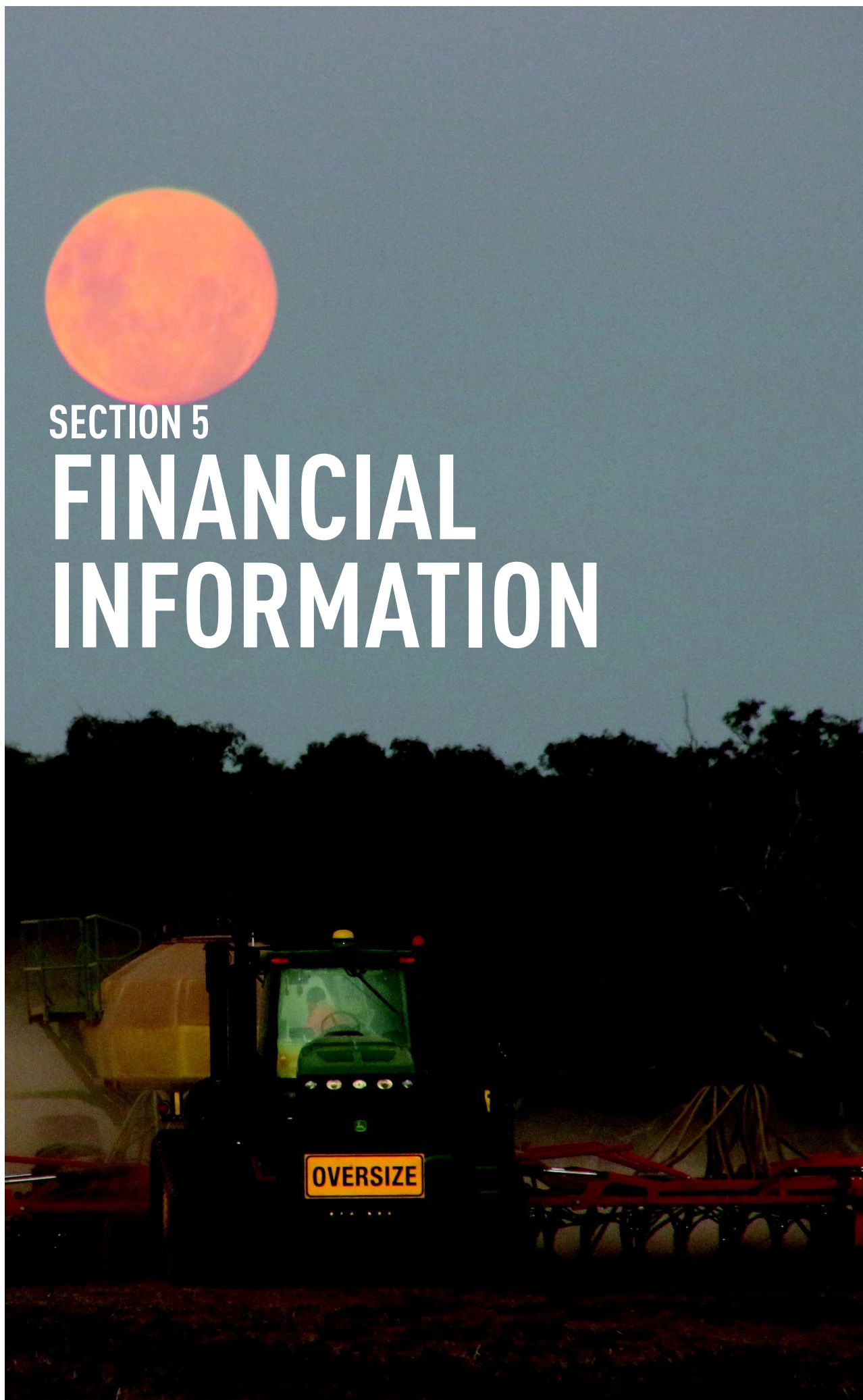
4.10 Investment Manager Conflict Management Policy

The Investment Manager must ensure that its internal documents, policies and procedures for managing conflicts address the types of interest that the Investment Manager reasonably expects could arise under the Investment Management Agreement. As such, the Investment Manager has adopted a conflict of interest policy. Under that policy, directors and employees of the Investment Manager must follow a process to identify, notify, assess and appropriately manage actual or potential conflicts of interest (including conflicts with the Investment Manager, its affiliates and other clients).

Under the Investment Manager's conflict management policy, approaches to conflicts of interest may include the Investment Manager implementing effective information barriers or declining to act on a transaction for one or more clients. A register of conflicts is maintained by the Investment Manager.

SECTION 5

FINANCIAL INFORMATION



5. Financial Information

5.1 Preparation of financial statements

This Section of the Prospectus contains the following historical and pro forma financial information of the Group:

- audited financial information for the three most recent financial years for the Company:
 - o statements of profit or loss and other comprehensive income showing major revenues and expense items, and profit or loss, including EBIT and net profit after tax;
 - o statements of financial positions showing the assets, liabilities and equity of the respective businesses at balance date; and
 - o statements of cash flows showing, at a minimum, operating and investing cash flows.
- historic pro-forma financial information of the consolidated group showing the effect of the offer and any acquisitions and divestments for the three most recent financial years including:
 - o statements of profit or loss and other comprehensive income showing major revenues and expense items, and profit or loss, including EBIT and net profit after tax;
 - o statements of financial positions showing the assets, liabilities and equity of the consolidated entity at balance date; and
 - o statements of cash flows showing, at a minimum, operating and investing cash flows.
- forecast financial information of the consolidated group for the 2018 financial year including:
 - o statement of profit or loss and other comprehensive income showing major revenues and expense items, and profit or loss, including EBIT and net profit after tax;
 - o statement of financial positions showing the assets, liabilities and equity of the respective at balance date; and
 - o statement of cash flows showing, at a minimum, operating and investing cash flows.

The financial information set out in this Section should be read in conjunction with the significant accounting policies in Section 11, and should also be considered in conjunction with the risk factors included in Section 7 and other information contained in the Prospectus.



The historical financial statements were audited by Boyce Assurance Services. The financial information including historic pro-forma and forecast information has been reviewed by Crowe Horwath in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information and ASAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a prospectus or other document, as stated in its Investigating Accountant's Report and ASAE 3420 set out in Section 10. You should note the scope and limitations of that report.

The Directors are responsible for the preparation and presentation of the financial information. The financial information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial position of the Company together with the pro forma and prospective financial position of the Company.

The financial information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The historical statements of financial position have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards as issued by the Australian Accounting Standards Board.

The pro forma statements of financial position for the Company have been prepared solely for inclusion in this Prospectus for the purpose of illustrating the effects of certain transactions that have occurred and are contemplated to occur as part of the Offer and are prepared on the basis of Minimum Subscriptions. These statements have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards.

5.2 Historical financial statements

Duxton Broadacre Farms Pty Ltd (formerly Merriment Rural Investments Pty Ltd)

ABN 45 129 249 243

Statements of Profit or Loss and Other Comprehensive Income	Audited 30-Jun-17 \$	Audited 30-Jun-16 \$	Audited 30-Jun-15 \$
Revenue	3,984,627	5,498,308	4,574,316
Other income	106,830	232,873	237,908
Cost of sales - livestock	(2,116,727)	(1,719,217)	(1,636,799)
Increase in biological assets - livestock	933,857	1,393,732	1,609,796
Administration expenses	(7,139)	(12,337)	(3,310)
Contracting Expenses	(731,610)	(690,792)	(555,734)
Cropping expenses	(658,494)	(950,812)	(784,949)
Employee costs	(1,000,798)	(852,596)	(762,538)
Depreciation & impairments/expense (reversal)	(596,909)	1,006,072	58,694
Doubtful debts reversal	-	32,710	20,314
Finance costs	(41,464)	(118,455)	(132,531)
Freight & cartage expenses	(137,685)	(247,036)	(178,013)
Fuel & oil	(261,798)	(485,385)	(459,833)
Livestock expenses	(171,554)	(171,561)	(130,088)
Marketing expenses	(157,827)	(185,341)	(153,693)
Professional fees	(57,650)	(57,530)	(62,255)
Repairs and maintenance expenses	(274,735)	(187,564)	(299,736)
Water and irrigation expenses	(326,972)	(348,183)	(364,989)
Other Expenses	(223,571)	(254,943)	(199,575)
(Loss)/Profit before income tax	(1,739,619)	1,881,943	776,983
Income tax benefit/(expense)	208,096	322,066	(2,801)
(Loss)/Profit for the year after income tax	(1,531,523)	2,204,009	774,182
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation increment/(decrement)	869,587	73,554	(9,337)
Income tax relating to revaluation	(260,957)	(22,066)	2,801
Total other comprehensive income/(loss) for the year	608,630	51,488	(6,536)
Total comprehensive income/(loss) for the year	(922,893)	2,255,497	767,646

Duxton Broadacre Farms Pty Ltd (formerly Merriment Rural Investments Pty Ltd)
ABN 45 129 249 243

	Audited 30-Jun-17 \$	Audited 30-Jun-16 \$	Audited 30-Jun-15 \$
Statements of Financial Position			
ASSETS			
<i>CURRENT ASSETS</i>			
Trade and other receivables	567,924	265,137	289,000
Inventories	624,797	334,158	240,879
Biological assets	2,196,160	2,514,398	2,783,325
Other Assets	33,544	37,461	22,416
Assets held for sale	-	3,402,500	-
TOTAL CURRENT ASSETS	3,422,425	6,553,654	3,335,620
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment	10,055,024	9,495,121	8,803,951
Intangible assets	3,223,825	2,617,550	5,349,550
Deferred tax assets	300,000	300,000	-
Financial assets	-	1,380	1,380
TOTAL NON-CURRENT ASSETS	13,578,849	12,414,051	14,154,881
TOTAL ASSETS	17,001,274	18,967,705	17,490,501
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Trade and other payables	606,390	438,630	356,038
Provisions	137,521	137,797	52,666
Financial liabilities	1,400,791	2,365,321	1,853,780
TOTAL CURRENT LIABILITIES	2,144,702	2,941,748	2,262,484
<i>NON-CURRENT LIABILITIES</i>			
Financial liabilities	239,089	371,240	1,783,205
Provisions	16,003	7,273	52,863
TOTAL NON-CURRENT LIABILITIES	255,092	378,513	1,836,068
TOTAL LIABILITIES	2,399,794	3,320,261	4,098,552
NET ASSETS	14,601,480	15,647,444	13,391,949
EQUITY			
Issued Capital	20,939,724	21,063,065	21,063,065
Reserves	876,374	267,474	215,987
Accumulated losses	(7,214,618)	(5,683,095)	(7,887,103)
TOTAL EQUITY	14,601,480	15,647,444	13,391,949

Duxton Broadacre Farms Pty Ltd (formerly Merriment Rural Investments Pty Ltd)
ABN 45 129 249 243

	Audited 30-Jun-17 \$	Audited 30-Jun-16 \$	Audited 30-Jun-15 \$
Statements of Cash Flows			
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Receipts from customers	3,827,860	5,781,655	4,829,283
Payments to suppliers and employees	(5,049,022)	(4,486,829)	(4,614,925)
Interest received	189	-	25
Interest paid	(41,464)	(118,456)	(132,531)
Net cash provided by (used in) operating activities	(1,262,437)	1,176,370	81,852
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Payment for property, plant and equipment	(416,392)	(407,856)	(654,832)
Payment for water licenses	(521,875)	-	-
Proceeds from sale of property, plant and equipment	15,273	131,910	150,387
Proceeds from sale of water licenses	3,394,454	-	-
Net cash provided by (used in) investing activities	2,471,460	(275,946)	(504,445)
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>			
Equity Raising Costs	(112,341)	-	-
Proceeds from borrowings	521,875	76,985	422,592
Repayment of borrowings	(1,618,557)	(977,409)	-
Net cash provided by (used in) financing activities	(1,209,023)	(900,424)	422,592
Net increase/(decrease) in cash and cash equivalents held	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of financial year	-	-	-

Wyalong Rural Investments Pty Ltd
ABN 19 129 291 694

Statements of Profit or Loss and Other Comprehensive Income	Audited 30-Jun-17 \$	Audited 30-Jun-16 \$	Audited 30-Jun-15 \$
Revenue	6,389,515	15,191,754	9,626,724
Movement in stock	(720,840)	895,743	(261,606)
Employee benefits expense	(510,949)	(516,268)	(530,602)
Depreciation and impairments	(1,281,456)	(84,312)	(185,936)
Reversal/(write down) of inventory to net realisable value	198,056	(198,056)	-
Direct crop expenses	(8,137,206)	(7,893,087)	(7,313,405)
Occupancy expenses	(801,141)	(670,869)	(663,720)
Management fees	(184,479)	(295,449)	(175,000)
Administration costs	(287,607)	(344,928)	(273,556)
Freight and cartage	(176,722)	(993,075)	(457,853)
Repairs and maintenance	(168,017)	(114,762)	(171,887)
Storage and handling	(46,102)	(192,886)	(86,224)
Other expenses	(241,886)	(302,671)	(472,399)
Finance costs	(397,342)	(478,286)	(491,558)
Gain/(loss) on sale of property, plant & equipment	121,513	(27,451)	(2,416)
Profit/(loss) before income tax	(6,244,663)	3,975,397	(1,459,438)
Income tax benefit/(expense)	1,873,809	1,633,007	21,682
(Loss)/Profit for the year after income tax	(4,370,854)	5,608,404	(1,437,756)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation increment	9,239,237	4,570,262	72,270
Income tax relating to revaluation	(2,771,771)	(1,371,078)	(21,682)
Total other comprehensive income for the year	6,467,466	3,199,184	50,588
Total comprehensive income/(loss) for the year	2,096,612	8,807,588	(1,387,168)

Wyalong Rural Investments Pty Ltd
ABN 19 129 291 694

	Audited 30-Jun-17 \$	Audited 30-Jun-16 \$	Audited 30-Jun-15 \$
Statements of Financial Position			
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	-	57	57
Trade and other receivables	220,755	282,725	472,123
Inventories	1,107,386	1,231,148	494,963
Financial Assets	521,875	-	-
Biological assets	4,177,657	6,017,909	5,369,088
Assets held for sale	40,960,157	-	-
TOTAL CURRENT ASSETS	46,987,830	7,531,839	6,336,231
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment	-	33,038,161	28,479,088
Deferred tax assets	-	542,866	280,938
Water Entitlement Asset	-	323,000	300,600
TOTAL NON-CURRENT ASSETS	-	33,904,027	29,060,626
TOTAL ASSETS	46,987,830	41,435,866	35,396,857
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Trade and other payables	3,205,102	404,033	623,960
Borrowings	8,515,002	1,397,812	1,589,963
Short Term Provisions	192,931	28,817	22,948
Deferred Tax Liability	355,504	-	-
TOTAL CURRENT LIABILITIES	12,268,539	1,830,662	2,236,871
<i>NON-CURRENT LIABILITIES</i>			
Borrowings	-	6,962,322	9,338,211
Provisions	-	20,203	6,684
TOTAL NON-CURRENT LIABILITIES	-	6,982,525	9,344,895
TOTAL LIABILITIES	12,268,539	8,813,187	11,581,766
NET ASSETS	34,719,291	32,622,679	23,815,091
EQUITY			
Issued capital	34,364,659	34,364,659	34,364,659
Reserves	10,086,944	3,619,479	420,295
Accumulated losses	(9,732,312)	(5,361,459)	(10,969,863)
TOTAL EQUITY	34,719,291	32,622,679	23,815,091

Wyalong Rural Investments Pty Ltd
ABN 19 129 291 694

	Audited 30-Jun-17 \$	Audited 30-Jun-16 \$	Audited 30-Jun-15 \$
Statements of Cash Flows			
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Receipts from customers	7,858,557	16,791,310	11,108,120
Payments to suppliers and employees	(7,585,700)	(13,628,609)	(12,091,559)
Interest received	3,830	5,621	4,276
Interest paid	(379,702)	(466,302)	(440,103)
Net cash provided by/(used in) operating activities	(103,015)	2,702,020	(1,419,266)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Proceeds from sale of plant and equipment	46,372	20,909	24,564
Purchase of plant and equipment	(87,541)	(142,610)	(38,645)
Payment for property and improvements	-	(1,272)	-
Net cash used in investing activities	(41,169)	(122,973)	(14,081)
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>			
Proceeds from borrowings	194,500	711,550	350,000
Repayment of borrowings	(105,177)	(3,135,920)	(228,783)
Net cash provided by/(used in) financing activities	89,323	(2,424,370)	121,217
Net increase/(decrease) in cash and cash equivalents held	(54,861)	154,677	(1,312,130)
Cash and cash equivalents at beginning of year	(1,038,752)	(1,193,429)	(156,459)
Cash and cash equivalents at end of financial year	(1,093,613)	(1,038,752)	(1,468,589)

Note to Cash Flow Statement: Wyalong Rural Investments has an overdraft facility which it has employed to meet working capital requirements. The cash shortfall at the end of each period is reflected in current financial liabilities.

5.3 Pro forma financial statements

The Pro-forma historic Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position and Statements of Cash Flows have been prepared to provide a historic illustration of the performance of the consolidated entity (excluding the recently acquired Yarranlea property).⁷⁰

These statements have been constructed on the basis of combining the operations, assets and liabilities of the Company and WRI, excluding the revenue, expenses, assets and liabilities which relate to WRI land which has not been acquired by the Company.

This area represents 26.72% of total WRI productive land and has been excluded via a pro-rata adjustment to affected accounts by using the following calculation:

MRI Statutory Account Balance + (WRI Statutory Account Balance x (1-excluded land area %))

Additionally, any related party transactions between the two entities have been excluded as well as the tax effect of any adjustments made.

⁷⁰ The Directors believe that the inclusion of Yarranlea in the historic pro forma accounts would be misleading as the Company did not manage the property and intends to change the operating model.

Duxton Broadacre Farms Limited (Consolidated)
ABN 45 129 249 243

Statements of Profit or Loss and Other Comprehensive Income	Pro-Forma Forecast Accounts		Pro-Forma Historic Accounts	
	Reviewed 30-Jun-18 \$	Reviewed 30-Jun-17 \$	Reviewed 30-Jun-16 \$	Reviewed 30-Jun-15 \$
Revenue	13,429,795	8,666,623	16,630,254	11,628,417
Other income	244,636	106,830	232,873	237,908
Cost of sales - livestock	(1,130,140)	(2,116,727)	(1,719,217)	(1,636,799)
Increase in biological assets - livestock	735,167	933,857	1,393,732	1,609,796
Movement in Stock	200,203	(528,204)	656,367	(191,695)
Administration expenses	(403,000)	(294,746)	(357,265)	(276,866)
Contracting Expenses	(914,088)	(731,610)	(690,792)	(555,734)
Cropping expenses	(5,544,364)	(6,883,603)	(6,882,565)	(6,299,847)
Employee costs	(1,325,758)	(1,511,747)	(1,368,864)	(1,293,140)
Depreciation Expense	(183,553)	(1,695,209)	(380,851)	(586,642)
Net Impairment Expense	-	(38,028)	1,157,483	459,400
Doubtful debts reversal	-	-	32,710	20,314
Finance costs	(483,438)	(421,755)	(576,671)	(607,664)
Freight & cartage expenses	(576,648)	(267,180)	(974,724)	(513,510)
Fuel & oil	(661,881)	(261,798)	(485,385)	(459,833)
Livestock expenses	(157,653)	(171,554)	(171,561)	(130,088)
Marketing expenses	(335,163)	(191,609)	(326,681)	(216,875)
Professional fees	(388,000)	(242,129)	(352,979)	(237,255)
Repairs and maintenance expenses	(445,000)	(442,752)	(302,326)	(471,623)
Water and irrigation expenses	(289,804)	(326,972)	(348,183)	(364,989)
Gain/(loss) on sale of property, plant & equipment	-	121,513	(27,451)	(2,416)
Other Expenses	(325,027)	(400,816)	(476,729)	(545,731)
Listing Expenses	(273,020)	-	-	-
Profit/(loss) before income tax	1,173,265	(6,697,616)	4,661,175	(434,872)
Income tax benefit/(expense)	(351,979)	2,081,905	1,955,073	18,881
Profit/(loss) for the year after tax	821,286	(4,615,711)	6,616,248	(415,991)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation increment	2,905,089	10,111,824	4,901,066	64,283
Income tax relating to revaluation	(871,527)	(3,033,628)	(1,470,319)	(19,286)
Total other comprehensive income for the year	2,033,562	7,078,196	3,430,747	44,997
Total comprehensive income for the year	2,854,847	2,462,485	10,046,995	(370,994)

Note to Profit and Loss Accounts: 1) In October 2017 Duxton Broadacre Farms acquired an additional property known as "Yarranlea." Due to the timing of this acquisition DBF will incur approximately \$501,840 of winter cropping costs while not receiving any winter cropping proceeds during the 2018 financial year. Revenue relating to these costs will be realised in the 2019 financial year. 2) During winter 2017, Central New South Wales experienced a significant frost event that impacted the Company's winter crop yields and FY18 financial performance. This has resulted in a downgrade of forecast EBIT of approximately \$0.6m. Frost events of this nature have occurred twice in the past two decades.

Duxton Broadacre Farms Limited (Consolidated)
ABN 45 129 249 243

	Pro-Forma Forecast Accounts		Pro-Forma Historic Accounts	
	Reviewed 30-Jun-18	Reviewed 30-Jun-17	Reviewed 30-Jun-16	Reviewed 30-Jun-15
	\$	\$	\$	\$
Statements of Financial Position				
ASSETS				
<i>CURRENT ASSETS</i>				
Cash and cash equivalents	1,115,558	-	57	57
Trade and other receivables	612,315	729,685	472,307	634,954
Inventories	825,000	1,732,183	1,236,297	603,569
Biological assets	7,374,922	6,373,817	6,924,095	6,717,591
Other Assets	-	33,544	37,461	22,416
Assets held for sale	-	-	3,402,500	-
TOTAL CURRENT ASSETS	9,927,795	8,869,229	12,072,718	7,978,587
<i>NON-CURRENT ASSETS</i>				
Property, plant and equipment	60,034,988	50,073,819	41,594,920	36,601,927
Intangible assets	4,062,575	3,223,825	2,940,550	5,650,150
Deferred tax assets	300,000	362,144	904,110	265,007
Financial assets	-	-	1,380	1,380
TOTAL NON-CURRENT ASSETS	64,397,563	53,659,788	45,440,960	42,518,464
TOTAL ASSETS	74,325,358	62,529,017	57,513,678	50,497,051
LIABILITIES				
<i>CURRENT LIABILITIES</i>				
Trade and other payables	612,360	3,811,492	734,690	872,025
Provisions	165,803	330,452	166,614	75,614
Financial liabilities	222,383	2,187,578	3,703,149	3,375,513
Deferred Tax Liability	1,223,506	-	-	-
TOTAL CURRENT LIABILITIES	2,224,052	6,329,522	4,604,453	4,323,152
<i>NON-CURRENT LIABILITIES</i>				
Financial liabilities	10,892,063	7,080,025	7,333,562	11,121,416
Provisions	33,884	16,003	27,476	59,547
TOTAL NON-CURRENT LIABILITIES	10,925,947	7,096,028	7,361,038	11,180,963
TOTAL LIABILITIES	13,149,999	13,425,550	11,965,491	15,504,115
NET ASSETS	61,175,360	49,103,467	45,548,187	34,992,936
EQUITY				
Issued Capital	64,658,756	46,141,983	46,265,324	46,265,324
Reserves	2,909,936	10,448,608	3,374,343	303,747
Accumulated losses	(6,393,333)	(7,487,124)	(4,091,480)	(11,576,135)
TOTAL EQUITY	61,175,359	49,103,467	45,548,187	34,992,936

Note to Balance Sheet: 1) Duxton Broadacre Farms currently possesses \$2.1m of deferred tax assets however for statutory purposes only \$300,000 has been recognised. The company is seeking an ATO private ruling prior to the 30th of June 2018 to determine whether the full extent of these deferred tax assets can be utilised. A favourable ruling will permit DBF to offset income tax expense with approximately \$2.1m of deferred tax assets.

Duxton Broadacre Farms Limited (Consolidated)
ABN 45 129 249 243

	Pro-Forma Forecast Accounts		Pro-Forma Historic Accounts	
	Reviewed 30-Jun-18	Reviewed 30-Jun-17	Reviewed 30-Jun-16	Reviewed 30-Jun-15
	\$	\$	\$	\$
Statements of Cash Flows				
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>				
Receipts from customers	14,973,019	9,586,315	18,085,696	12,968,896
Payments to suppliers and employees	(13,585,205)	(10,607,538)	(14,473,361)	(13,475,165)
Interest received	-	4,019	5,622	4,301
Interest paid	(483,438)	(438,217)	(604,827)	(589,059)
Net cash provided by/(used in) operating activities	904,376	(1,455,421)	3,013,130	(1,091,027)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>				
Payment for property, plant and equipment	(6,777,250)	(503,933)	(551,738)	(693,477)
Payment for water licenses	(838,750)	-	-	-
Proceeds from sale of property, plant and equipment	-	61,645	152,819	174,951
Proceeds from sale of water licenses	-	3,394,454	-	-
Net cash provided by/(used in) investing activities	(7,616,000)	2,952,166	(398,919)	(518,526)
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>				
Proceeds from Capital Raising	11,030,980	(112,341)	-	-
Proceeds from borrowings	9,463,074	186,153	758,676	760,046
Repayment of borrowings	(11,687,513)	(1,719,221)	(3,981,736)	(220,582)
Net cash provided by/(used in) financing activities	8,806,541	(1,645,409)	(3,223,060)	539,464
Net increase/(decrease) in cash and cash equivalents held	2,094,917	(148,663)	(608,850)	(1,070,089)
Cash and cash equivalents at beginning of year	(979,359)	(1,802,279)	(1,193,429)	(156,459)
Cash and cash equivalents at end of financial year	1,115,558	(1,950,942)	(1,802,279)	(1,226,548)

DBF Consolidated	Pro Forma Forecast Results	Pro Forma Historical Results		
	FY18	FY17	FY16	FY15
\$ million				
Revenue	13,674,431	8,773,453	16,863,127	11,866,325
EBITDA ⁷¹	1,840,255	(4,542,624)	4,461,214	300,034
EBIT ⁷²	1,656,702	(6,275,861)	5,237,846	172,792
NPAT ⁷³	821,285	(4,615,711)	6,616,248	(415,991)
Earnings per Share ⁷⁴	0.022	0.123	(0.177)	0.011

Investment metrics	Minimum Subscription	Maximum Subscription
EV ⁷⁵ / Forecast FY18 EBITDA	36.36x	36.36x
EV/ Forecast FY18 EBIT	40.39x	40.39x
Offer Price/ Forecast FY18 EPS	68.42x	68.42x

Key ratios	Minimum Subscription	Maximum Subscription
Total liabilities/total equity	0.19	0.16
Net debt ⁷⁶ /EBITDA	5.83x	0.39x
EBITDA/net interest expense ⁷⁷	3.81x	3.81x
EBIT/net interest expense	3.43x	3.43x
Current assets/current liabilities	4.31	10.34

FY17 Commentary

As shown on previous page, the Company had pro-forma total comprehensive income of \$2.46 million and an operating loss of \$4.65m in the financial year ended 30 June 2017. This loss is attributed to the western region of New South Wales experiencing one of its wettest periods on record. The region received rainfall in excess of 400% above the average rainfall. Inflows into the River Murray system for 2016 were approximately 14,500GL, compared to 3,100GL in 2015 and a long-term average of 9,100GL. This unique weather event caused extensive flooding and significantly impacted crop development. Given that the winter of 2016 was Australia's second wettest winter since recording began in 1900, with the four months from May to August being the wettest period in 116 years of records, the Company considers 2017 financial performance a poor indicator of future profitability.^{78 79}

FY18 Commentary

As a result of the strategy undertaken as part of the Company's business model as set out in Section 3.2, and under the assumption that the extreme weather event experienced in the previous cropping season was an anomaly, the Company is forecasting a net profit after tax of \$0.82 million in the financial year ending 30 June 2018.

While the Company expects to deliver profitable results for the year ended June 2018, a number of unique factors that are unlikely to inhibit future earnings impacted forecasted earnings:

- Yarranlea Acquisition

Due to the timing of the acquisition, the Company will incur approximately \$501,840 of winter cropping expenses while not receiving any winter cropping proceeds during the 2018 financial year from prior year harvests. Revenue relating to this expense will not be realised until the 2019 financial year.

- Listing & Restructure Costs

During the 2018 financial year the Company will incur costs relating to the Initial Public Offering and restructure that are not expected to be recurring costs. Listing costs are expected to range from \$1 million to \$1.5 million subject to the size of the raise. Some of these costs have been allocated to equity in the financial year ending 30 June 2018.

- Frost conditions

Central New South Wales experienced a significant frost event which impacted winter cropping yields. Management estimate this event will negatively impact FY18 EBIT by \$0.6m which has been included in the forecast. Frost events of this nature have occurred twice in the past two decades.

5.4 Summary of significant accounting policies

Application of the proposed accounting policies and notes to the accounts are set out in Section 11.

⁷¹ Earnings before interest, tax, depreciation and amortization expense. Net impairment expenses are also excluded from the calculation ⁷² Earning before interest and tax. Net impairment expenses are excluded from the calculation ⁷³ Net profit after tax ⁷⁴ Equals NPAT divided by the total number of Shares on issue on completion of the offer. ⁷⁵ Equals the company's market value calculated by multiplying total shares on issue at listing multiplied by the offer price plus net debt at listing ⁷⁶ The value of company's financial liabilities minus cash at listing ⁷⁷ The company's total forecast interest expense less forecast interest income for the 2018 financial year ⁷⁸ ABC, 2016 ⁷⁹ Murray Darling Basin Authority, 2016

SECTION 6

CBRE VALUATION



Summary Letter | PDS/IPO

Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871

CBRE Valuations Pty Limited
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2 March 2017

Mr Stephen Duerden
 Director
 Duxton Broadacre Farms Limited
 7 Pomona Road
 STIRLING SA 5152

Via Email: stephen.duerden@duxttonam.com

Dear Sir

Summary of Valuation Report**Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871****INSTRUCTIONS**

CBRE Valuations Pty Limited (“CBRE”) accepted instructions dated 28 February 2017 to prepare a Market Valuation for the interest in the property listed above. The Valuation is to be relied upon for Prospectus purposes only and is specifically addressed for use and reliance upon, by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards, having regard to ANZVGN 8 Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the Market Value of the aggregation which CBRE undertook as at 2 March 2017 on the following basis:

1. Market Value – As Is – Vacant Possession

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the Prospectus document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and, plus the report details our Critical Assumptions, General Assumptions, Disclaimers, Limitations, Qualifications and Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of our Valuation Report.

BRIEF DESCRIPTION OF THE PROPERTY

“Merriment Aggregation” is a large scale mixed farming aggregation situated in proximity to Forbes in the Central West region of New South Wales.

The aggregation comprises three non-contiguous holdings, which are known as “Walla Wallah”, “Cowaribin” and “Merriment”.

The aggregation currently supports a mixed irrigated and dryland cropping/grazing enterprise. The irrigated land primarily focuses on the production of cereal, canola, cotton and fodder crops. The grazing component supports a prime lamb and cattle grazing enterprise.

Summary Letter | PDS/IPO

Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871

“Merriment Aggregation” features a total area of approximately 2,934 hectares which includes 368 hectares developed to irrigated row cropping, 1,104 hectares of land developed to flood irrigation and 1,327 hectares of dryland cropping / grazing land. The balance of land, 135 hectares, is timbered grazing land and remnant vegetation.

The aggregation features access to three separate irrigation water sources being, Upper Lachlan Groundwater aquifer, Lachlan Regulated River and Jemalong Irrigation Limited. We do however note that some of the aggregation’s water entitlements are subject to a long term lease-back arrangement and are thus not included in this valuation – refer to critical assumptions.

Structures include a numerous dwellings, extensive rural shedding and grain storage facilities.

A summary of the aggregation is provided below:

SUMMARY		
Property Name	Property Address	Area (ha)
"Walla Wallah"	1372 Lachlan Valley Way, Jemalong NSW	1,459.52
"Cowaribin"	Lachlan Valley Way, Warroo NSW	939.83
"Merriment"	346 Willawang Road, Warroo NSW	534.70
Total		2,934.05

MARKET MOVEMENT

The valuation, within the valuation report referred to above represents the value of the property as at the date of valuation only (2 March 2017). The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

CRITICAL ASSUMPTIONS AND RELIANCE ON INFORMATION PROVIDED

A summary of select Critical Assumptions noted in the full Valuation Report are noted as follows:

Title	The land is not subject to any encroachments or restrictions on title.
Identification	<p>All structures have been erected within the title boundaries of the site and there are no encroachments on or by the subject land.</p> <p>We note that in regard to rural properties, it is common for fencing to encroach either way between boundaries. Given that it is not practical to verify the status of boundaries due to the sheer size and scale of rural properties, we assume there to be no impact on productivity, marketability, or value.</p>
Roads	The aggregation is unaffected by any road alteration proposals.
Approvals/Permits	All Council approvals and permits have been obtained for the existing development.
Accuracy of Information	<p>In assessing this valuation, we have been provided with information by the reliant party.</p> <p>We advise that any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the valuation report is incorrect, it may have an impact on the valuation. The valuation is provided on the proviso that the reliant party accepts this risk.</p>
Land Class Apportionment	<p>In an effort to apportion the correct land classes across the aggregation, we have relied upon information provided by the Reliant Party in obtaining the appropriate areas. We have reconciled the areas provided by the Reliant Party via Google Earth Pro Mapping Software where possible.</p> <p>If any of the information is found to be incorrect, we reserve the right to review the valuation.</p>

Summary Letter | PDS/IPO

Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871

Water Access

We have been advised that the Jemalong Irrigation Limited surface water situated on the “Cowaribin” and “Merriment” properties and Lachlan Regulated River General Security irrigation water on “Walla Wallah” are currently subject to a sale and lease back agreement and as such are not to be included in this valuation.

We have therefore requested the reliant party to confirm legal access of surface water to these properties.

With respect to leased water held in Jemalong Irrigation Limited, we have requested confirmation as to whether the Water Share is separately leased to the Delivery Entitlement component of the Water Certificate. We have been advised by the reliant party that the irrigation water leases have been structured via Term Transfer thus allowing the properties to have legal access to water from Jemalong Irrigation Limited.

It is an express assumption that the abovementioned is true and correct, should this be found incorrect we reserve the right to review our report.

Water Lease

As previously mentioned, a portion of the aggregation’s water entitlements are subject to a long term lease-back arrangement and are not included in this valuation. These water entitlements are however utilised on the properties. A summary of these entitlements is provided below.

Certificate No / WAL	Property	Volume (ML)	Holding Ref	Category	Source
Certificate No. 421	“Merriment”	1,688	J25C	General Security	Jemalong Irrigation Limited
Certificate No. 422	“Cowaribin”	450	J24F	General Security	Jemalong Irrigation Limited
Certificate No. 423	“Cowaribin”	165	J24B	General Security	Jemalong Irrigation Limited
Certificate No. 424	“Cowaribin”	605	J24E	General Security	Jemalong Irrigation Limited
WAL1995	“Walla Wallah”	4,138	N/A	General Security	Lachlan Regulated River

Groundwater & Quality

We have been advised that the irrigation groundwater quality varies throughout the aggregation; however we have not sighted any water tests.

“Walla Wallah” has been advised as to having suitable groundwater quality for cropping irrigation purposes. It is an express assumption that the verbal advice given is correct. We do however recommend that the reliant party seek to confirm suitability by undertaking an appropriate water test prior to utilisation of this valuation for Public Offering purposes. Noting the aforementioned we have been provided with dated water tests which confirm the verbal advice received during inspection.

With respect to “Merriment”, we have been advised that the irrigation groundwater quality is poor and requires “shandying” with surface water prior to application. It is an express assumption that irrigation water has been appropriately “shandied” in the past and that the soil quality is unaffected. We do however recommend that the reliant party seek to verify this via undertaking appropriate soil tests prior to utilisation of this valuation for Public Offering purposes.

Market Movement

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular water entitlement). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

Summary Letter | PDS/IPO

Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871

We have relied upon information provided by Duxton Broadacre Farms Limited.

Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to market conditions.

In the current market, it is our view that a 6-12 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

REPORT CONTENT

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions; Use and Reliance; Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements. This is followed by a comprehensive Agriculture and Water Market Overview and details of the sales evidence regarded. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

VALUATION METHODOLOGY

In arriving at our opinion of market value in accordance with the instructions, we have placed primary emphasis on the Direct Comparison approach.

VALUATION SUMMARY

In accordance with the instructions, we summarise our valuation conclusions for the subject aggregation as at 2 March 2017 as follows:

1. Market Value “As Is” Vacant Possession

VALUATION SUMMARY	
Property Name	
“Walla Wallah”	\$7,000,000
“Cowaribin”	\$2,100,000
“Merriment”	\$2,000,000

“Walla Wallah”
\$7,000,000 (Seven Million Dollars), exclusive of GST.

“Cowaribin”
\$2,100,000 (Two Million, One Hundred Thousand Dollars), exclusive of GST.

“Merriment”
\$2,000,000 (Two Million Dollars), exclusive of GST.

CONSENT

CBRE provides its consent for the inclusion of this Summary Letter within the Prospectus for Duxton Broadacre Farms Limited subject to Duxton Broadacre Farms Limited making recipients of the Prospectus aware of the following liability disclaimers.

Summary Letter | PDS/IPO

Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871

LIABILITY DISCLAIMER

- (a) CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Duxton Broadacre Farms Limited.
- (b) CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Prospectus, other than in respect to this Summary Letter and the full Valuation Report.
- (c) The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- (d) CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- (e) References to the Aggregation’s value within this Summary Letter or the Prospectus have been extracted from CBRE’s Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations, qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Prospectus must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated 2 March 2017 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of the Full Valuation Report.
- (f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter and the Full Valuation Report.
- (g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.
- (h) CBRE charges a professional fee for producing valuation reports, and the fee paid by Duxton Broadacre Farms Limited for the Valuation Report and this Summary Letter was \$12,650 inclusive of GST.

Summary Letter | PDS/IPO

Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871

- (i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- (ii) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

Yours sincerely
CBRE Valuations Pty Limited



Tom Burchell
Certified Practising Valuer
Associate Director - Agribusiness
Valuation & Advisory Services



Ben Grice
Certified Practising Valuer
Valuer – Agribusiness
Valuation & Advisory Services



Tim McKinnon
Certified Practising Valuer
Senior Director - Agribusiness
Valuation & Advisory Services

Liability limited by a scheme approved under Professional Standards Legislation.

Summary Letter | PDS/IPO

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

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3 March 2017

Mr Stephen Duerden
 Director
 Duxton Broadacre Farms Limited
 7 Pomona Road
 STIRLING SA 5152

Via Email: stephen.duerden@duxtanam.com

Dear Sir

Summary of Valuation Report

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

INSTRUCTIONS

CBRE Valuations Pty Limited (“CBRE”) accepted instructions dated 28 February 2017 to prepare a Market Valuation for the interest in the property listed above. The Valuation is to be relied upon for Prospectus purposes only and is specifically addressed for use and reliance upon, by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards, having regard to ANZVGN 8 Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the Market Value of the holding which CBRE undertook as at 3 March 2017 on the following basis:

1. Market Value – As Is – Vacant Possession

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the Prospectus document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and the report details our Critical Assumptions, General Assumptions, Disclaimers, Limitations, Qualifications and Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of our Valuation Report.

Summary Letter | PDS/IPO

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

BRIEF DESCRIPTION OF THE PROPERTY

“Wyalong Aggregation” is a large scale dryland cropping holding situated in proximity to both West Wyalong and Forbes in the Central West region of New South Wales.

The holding comprises two separate aggregations, which are known as “Timberscombe Aggregation” and “Kentucky Aggregation”. Both aggregations include extensive frontage to the Newell Highway with “Timberscombe Aggregation” being situated in proximity to West Wyalong and “Kentucky Aggregation” being situated in proximity to Forbes.

“Wyalong Aggregation” currently supports a dryland cropping enterprise and includes a total land area of approximately 14,347 hectares across both “Timberscombe Aggregation” and “Kentucky Aggregation”.

“Timberscombe Aggregation” includes approximately 8,432 hectares of land with 7,850 hectares considered arable. The balance of land, approximately 582 hectares, comprises timbered grazing land and remnant vegetation. Structures include 3 habitable dwellings, extensive rural shedding and grain storage facilities.

“Kentucky Aggregation” includes approximately 5,914 hectares with 5,278 hectares considered arable. It is noted that approximately 367 hectares of the arable land is developed to flood irrigation, however is considered a dated configuration and is not currently in use. The balance of land, approximately 636 hectares, comprises timbered grazing land and remnant vegetation. Approximately 811 megalitres of Jemalong Irrigation Limited (General Security) surface water is included in the valuation. Structures include 2 habitable dwellings, extensive rural shedding and grain storage facilities.

A summary of the holding is provided below:

"Wyalong Aggregation"		
Property Name	Property Address	Area (ha)
"Timberscombe Aggregation"	Newell Highway, Back Creek NSW	8,432.26
"Kentucky Aggregation"	Bewleys Road, Wirrinya NSW	5,914.39
Total		14,346.65

MARKET MOVEMENT

The valuation within the valuation report, referred to above represents the value of the property as at the date of valuation only (3 March 2017). The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

CRITICAL ASSUMPTIONS AND RELIANCE ON INFORMATION PROVIDED

A summary of select Critical Assumptions noted in the full Valuation Report are noted as follows:

Title	The land is not subject to any encroachments or restrictions on title.
Identification	<p>All structures have been erected within the title boundaries of the site and there are no encroachments on or by the subject land.</p> <p>We note that in regard to rural properties, it is common for fencing to encroach either way between boundaries. Given that it is not practical to verify the status of boundaries due to the sheer size and scale of rural properties, we assume there to be no impact on productivity, marketability, or value.</p>
Roads	The aggregation is unaffected by any road alteration proposals.
Approvals/Permits	All Council approvals and permits have been obtained for the existing development.
Accuracy of Information	In assessing this valuation, we have been provided with information by the reliant party.

Summary Letter | PDS/IPO

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

We advise that any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the valuation report is incorrect, it may have an impact on the valuation. The valuation is provided on the proviso that the reliant party accepts this risk.

Land Class Apportionment In an effort to apportion the correct land classes across the aggregation, we have relied upon information provided by the reliant party in obtaining the appropriate areas. We have reconciled the areas provided by reliant party via Google Earth Pro Mapping Software where possible.

If any of the information is found to be incorrect, we reserve the right to review the valuation.

Water Access We note that the irrigation – flood land situated to the north on “Kentucky Aggregation” is currently not in use for irrigation (dryland cropping only) and is an outdated configuration. We have been advised that the Jemalong Irrigation Limited surface water can still be accessed on the property.

It is an express assumption that the abovementioned is true and correct, should this be found incorrect we reserve the right to review our report.

Water Licences We have been advised that approximately 811 megalitres of Jemalong Irrigation Limited (General Security) and 24 megalitres of Jemalong Irrigation Limited (Stock & Domestic) water is to be included in the valuation. We note that the licences were previously registered to Wyalong Rural Investments and have recently changed ownership to Merrimant Rural Investments Pty Ltd (related entity to the reliant party), however we have been advised to include same in the “Wyalong Aggregation” valuation.

We have not received copies of the associated licences for 90 megalitres of the 811 megalitres Jemalong Irrigation Limited - General Security on “Kentucky Aggregation”. We have been advised that this water is under the ownership of Merrimant Rural Investments Pty Ltd and to be included in this valuation. We have only been provided with an extract detailing the 90 megalitres of Jemalong Irrigation Limited - General Security water, which is summarised below:

30 megalitres of Jemalong Irrigation Limited – General Security via Holding Reference W1006.

35 megalitres of Jemalong Irrigation Limited – General Security via Holding Reference W1011.

25 megalitres of Jemalong Irrigation Limited – General Security via Holding Reference W1012.

It is an express assumption that the abovementioned water entitlements are to be included in the valuation, should this be found incorrect we reserve the right to review our report.

Market Movement This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular water entitlement). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

Summary Letter | PDS/IPO

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

We have relied upon information provided by Duxton Broadacre Farms Limited.

Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to market conditions.

In the current market, it is our view that a 6-12 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

REPORT CONTENT

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions; Use and Reliance; Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements. This is followed by a comprehensive Agriculture and Water Market Overview and details of the sales evidence regarded. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

VALUATION METHODOLOGY

In arriving at our opinion of market value in accordance with the instructions, we have placed primary emphasis on the Direct Comparison approach.

VALUATION SUMMARY

In accordance with the instructions, we summarise our valuation conclusions for the subject holding as at 3 March 2017 as follows:

1. Market Value “As Is” Vacant Possession

VALUATION RECONCILIATION

“Timberscombe Aggregation”	\$24,000,000
“Kentucky Aggregation”	\$15,800,000

“Timberscombe Aggregation”
\$24,000,000 (Twenty Four Million Dollars), exclusive of GST.

“Kentucky Aggregation”
\$15,800,000 (Fifteen Million, Eight Hundred Thousand Dollars), exclusive of GST.

CONSENT

CBRE provides its consent for the inclusion of this Summary Letter within the Prospectus Duxton Broadacre Farms Limited subject to Duxton Broadacre Farms Limited making recipients of the Prospectus aware of the following liability disclaimers.

Summary Letter | PDS/IPO

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

LIABILITY DISCLAIMER

- (a) CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Duxton Broadacre Farms Limited.
- (b) CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Prospectus, other than in respect to this Summary Letter and the full Valuation Report.
- (c) The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- (d) CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- (e) References to the Holding’s value within this Summary Letter or the Prospectus have been extracted from CBRE’s Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations, qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Prospectus must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated 3 March 2017 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of the Full Valuation Report.
- (f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter and the Full Valuation Report.
- (g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.
- (h) CBRE charges a professional fee for producing valuation reports, and the fee paid by Duxton Broadacre Farms Limited for the Valuation Report and this Summary Letter was \$19,250 inclusive of GST.

Summary Letter | PDS/IPO

Property – “Wyalong Aggregation” Various Addresses Via West Wyalong NSW 2671 & Forbes NSW 2871

- (i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- (ii) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

Yours sincerely
CBRE Valuations Pty Limited



Tom Burchell
Certified Practising Valuer
Associate Director - Agribusiness
Valuation & Advisory Services



Ben Grice
Certified Practising Valuer
Valuer – Agribusiness
Valuation & Advisory Services



Tim McKinnon
Certified Practising Valuer
Senior Director - Agribusiness
Valuation & Advisory Services

Liability limited by a scheme approved under Professional Standards Legislation.

Summary Letter | PDS/IPO

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

25 October 2017

CBRE Valuations Pty Limited
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Mr Stephen Duerden
 Director
 Duxton Broadacre Farms Limited
 7 Pomona Road
 STIRLING SA 5152

Via Email: stephen.duerden@duxtanam.com

Dear Sir

Summary of Valuation Report

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

INSTRUCTIONS

CBRE Valuations Pty Limited (“CBRE”) accepted instructions dated 20 October 2017 to prepare a Fair Value Valuation for the interest in the property listed above. The Valuation is to be relied upon for Prospectus purposes only and is specifically addressed for use and reliance upon, by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards, having regard to ANZVGN 8 Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the Fair Value of the holding which CBRE undertook as at 20 October 2017 on the following basis:

1. Fair Value

We have also had regard to the requirements of the Australian Accounting Standards Board. In particular, we have considered AASB13 Fair Value Measurement, which adopts the following definition of Fair Value:

“Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

The fair value of a non-financial asset is based on its highest and best use to market participants.

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the Prospectus document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and the report details our Critical Assumptions, General Assumptions, Disclaimers, Limitations, Qualifications and Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of our Valuation Report.

Summary Letter | PDS/IPO

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

BRIEF DESCRIPTION OF THE PROPERTY

“Yarranlea Farms” is a mixed irrigated and dryland cropping/grazing holding situated at Lake Cowal in the Central West region of New South Wales.

The property includes approximately 2,184 hectares of land with 350 hectares developed to irrigation – flood (row crop) and 1,604 hectares of dryland cropping / grazing land. The balance of land, approximately 230 hectares, comprises remnant vegetation and timbered grazing land.

The irrigation land is supported by access to approximately 1,342 megalitres of Jemalong Irrigation Limited General Security water.

Structures include a main dwelling & surrounds, dated cottage and rural infrastructure.

MARKET MOVEMENT

The valuation within the valuation report, referred to above represents the value of the property as at the date of valuation only (25 October 2017). The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

CRITICAL ASSUMPTIONS AND RELIANCE ON INFORMATION PROVIDED

A summary of select Critical Assumptions noted in the full Valuation Report are noted as follows:

Title	<ul style="list-style-type: none"> The land is not subject to any encroachments or restrictions on title.
Identification	<ul style="list-style-type: none"> All structures have been erected within the title boundaries of the site and there are no encroachments on or by the subject land. We note that in regard to rural properties, it is common for fencing to encroach either way between boundaries. Given that it is not practical to verify the status of boundaries due to the sheer size and scale of rural properties, we assume there to be no impact on productivity, marketability, or value.
Roads	<ul style="list-style-type: none"> The property is unaffected by any road alteration proposals.
Approvals/Permits	<ul style="list-style-type: none"> All Council approvals and permits have been obtained for the existing development.
Accuracy of Information	<ul style="list-style-type: none"> In assessing this valuation, we have been provided with information by the reliant party. We advise that any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the valuation report is incorrect, it may have an impact on the valuation. The valuation is provided on the proviso that the reliant party accepts this risk.
Land Class Apportionment	<ul style="list-style-type: none"> In an effort to apportion the correct land classes across the aggregation, we have relied upon information provided by the reliant party in obtaining the appropriate areas. We have reconciled the areas provided by reliant party via Google Earth Pro Mapping Software where possible. If any of the information is found to be incorrect, we reserve the right to review the valuation.
Market Movement	<ul style="list-style-type: none"> This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular water entitlement). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Summary Letter | PDS/IPO

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

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| Water Entitlements: | <ul style="list-style-type: none"> ▪ We have assumed that the water entitlements are utilised on the property and form part of the farm enterprise, notwithstanding that they are the personal property of the owner and are not part of the real property. In the event that the water entitlements do not form part of the farm enterprise, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation. |
| Irrigation Infrastructure: | <ul style="list-style-type: none"> ▪ Via information obtained and through our property inspection, we have been advised that the irrigation infrastructure is in adequate working order. Therefore for the purpose of this valuation we have assumed that all pumps and irrigation infrastructure are in sound working order. ▪ All irrigation equipment including irrigators and pumps are included in the valuation and capitalised into the associated land value. |
| Moora Plains Water Scheme | <ul style="list-style-type: none"> ▪ We have been advised that the property has access to Stock and Domestic water from the Moora Plains Water Scheme, which provides water to the property from a bore on a neighbouring farm. ▪ We have requested but not been provided with any further information. We reserve the right to review the valuation if any of the above is deemed incorrect. |
| Lease | <ul style="list-style-type: none"> ▪ We have been advised that portion of the property is currently leased to a local operator which is due to terminate on 31 December 2017. We have been advised to disregard the lease as part of our instructions. |
| Caveats | <ul style="list-style-type: none"> ▪ As at the search date, the following caveats are noted on Title: <ul style="list-style-type: none"> – Caveat by New South Wales Rural Assistance Authority via instrument number AD778333. – Caveat by New South Wales Rural Assistance Authority via instrument number AJ796494. – Caveat by New South Wales Rural Assistance Authority via instrument number AB794587 (caveat consented via instrument numbers AC249704 and AD484711). ▪ We understand that these caveats were all associated with the previous owner and as a result do not affect the current ownership. We have therefore disregarded these caveats for the purpose of this valuation. |

RECOMMENDATIONS

Prior to relying on the report, the Reliant Party is to obtain the following information/additional advice:

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| Moora Plains Water Scheme | <ul style="list-style-type: none"> ▪ We have not sighted a formal agreement for the Moora Plains Water Scheme allowing access to the property to legally be upheld. ▪ We recommend that such agreement be provided or if not in place created via an easement. |
|----------------------------------|--|

Summary Letter | PDS/IPO

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

We have relied upon information provided by Duxton Broadacre Farms Limited.

Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to market conditions.

In the current market, it is our view that a 3-6 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

REPORT CONTENT

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions; Use and Reliance; Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements. This is followed by a comprehensive Agriculture and Water Market Overview and details of the sales evidence regarded. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

VALUATION METHODOLOGY

In arriving at our opinion of market value in accordance with the instructions, we have placed primary emphasis on the Direct Comparison approach.

VALUATION SUMMARY

In accordance with the instructions, we summarise our valuation conclusions for the subject holding as at 25 October 2017 is as follows:

1. Fair Value

VALUATION RECONCILIATION	
"Yarranlea Farms"	\$7,435,000
ADOPT	\$7,435,000

"Yarranlea Farms"
\$7,435,000 (Seven Million, Four Hundred and Thirty Five Thousand Dollars), exclusive of GST.

CONSENT

CBRE provides its consent for the inclusion of this Summary Letter within the Prospectus Duxton Broadacre Farms Limited subject to Duxton Broadacre Farms Limited making recipients of the Prospectus aware of the following liability disclaimers.

Summary Letter | PDS/IPO

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

LIABILITY DISCLAIMER

- (a) CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Duxton Broadacre Farms Limited.
- (b) CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Prospectus, other than in respect to this Summary Letter and the full Valuation Report.
- (c) The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- (d) CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- (e) References to the Holding’s value within this Summary Letter or the Prospectus have been extracted from CBRE’s Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations, qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Prospectus must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated 25 October 2017 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of the Full Valuation Report.
- (f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter and the Full Valuation Report.
- (g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.
- (h) CBRE charges a professional fee for producing valuation reports, and the fee paid by Duxton Broadacre Farms Limited for the Valuation Report and this Summary Letter was \$19,250 inclusive of GST.

Summary Letter | PDS/IPO

Property – “Yarranlea Farms” 424 Warroo Road, Lake Cowal NSW 2671

- (i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- (ii) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

Yours sincerely
CBRE Valuations Pty Limited



Tom Burchell
Certified Practising Valuer
Director - Agribusiness
Valuation & Advisory Services



Tim McKinnon
Certified Practising Valuer
Senior Director - Agribusiness
Valuation & Advisory Services

Liability limited by a scheme approved under Professional Standards Legislation.

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SECTION 7

RISKS

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7. Risks An investment in the Company will be exposed to a number of risks

which may either individually, or in combination, materially and adversely affect the future operating and financial performance of the Company, its investment returns and the value of an investment in Shares.

Risks that the Directors believe are key risks are described in Section 7.1 below. The key risks are the risks that Management and the Directors focus on when managing the business of the Company and have the potential, if they occurred, to have a very significant effect on the financial position of the Company and the value of any investment in it. The other risks are regarded by the Directors as potentially having a significant effect, but may have a lower probability of occurring and are described in Section 7.2.

You should be aware that that this is not an exhaustive list of the risks associated with an investment in the Company and they should be considered in conjunction with the other information disclosed in this Prospectus. You should also note that whilst some of these risks can be mitigated by the use of appropriate safeguards and appropriate systems, the occurrence or consequences of some of the risks described in this Section of the Prospectus are partially or completely outside the control of the Company, its Directors and senior management. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements contained in this Prospectus will be realised or otherwise eventuate.

You should have regard to your own investment objectives and financial circumstances, and should consider seeking professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether or not to invest.

7.1 Key risks relating to the Company

There are a number of specific risks associated with the Company which may have a significant effect on the Company's financial position and the value of your investment in the Company. The key risks include:

7.1.1 Commodity Price Risk

Australian commodity prices are determined by supply and demand dynamics. For example, grain prices are determined by factors in the domestic and international grain markets, product type, seasonal factors, demand from grain processors and import quotas and/or tariffs. Changes in both global and domestic commodity pricing will affect the revenue earned by the Company. As such, any negative movement in commodity prices may have an adverse effect on the Company's revenue, ability to generate a profit and its ability to meet its obligations to stakeholders.



7.1.2 Adverse Weather Conditions Risk

Adverse weather conditions such as fires, frost, drought or flooding may, directly or indirectly, have a material and adverse effect on the operations of the Company and hence the Company's income available for distribution to Shareholders or the acquisition of new properties or value of its properties.

7.1.3 Input Cost Risk

Fertiliser, irrigation, fuel (diesel) and electricity represent significant input costs in the production of grains. If fertiliser, irrigation and/or energy prices were to rise, this may impact the Company's profitability.

7.1.4 Limited Liquidity Risk

Investments in agricultural land, as with other investments in land, are relatively illiquid. Such illiquidity may affect the Company's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, financial, real estate market or other conditions. For instance, the Company may be unable to liquidate its holdings in agricultural land or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets to ensure a sale.

7.1.5 Dependence on Key Management Risk

The Company's ability to provide returns on investment and achieve its investment objectives is dependent on the performance of the Company in the identification, acquisition and disposal of investments and the appointment and supervision

of suitable Farm Managers. The Board has absolute discretion over the management of the Company's investments.

The investment decisions made by the Investment Manager are key to achieving the investment objectives. Failure to develop and implement adequate strategies may adversely impact the performance of the Company.

In the event of the termination of the appointment of a Farm Manager or resignation by a Farm Manager, the Company will be required to find a successor Farm Manager. Any failure or delay of the Company to find a suitable successor Farm Manager may result in a loss of revenue from the operation of the business, increased operational expenses, and potentially the need to dispose of property.

The responsibility of the day-to-day farm management and operations of the Company depend substantially on its experienced, full-time, Farm Managers and key management team, and the ability to retain this staff. Without adequate management of the operations of the business and maintenance of the properties, the value of the properties might be adversely affected and this may result in a loss of income from the Properties which will adversely affect the distributions to Shareholders and could adversely affect the value of the properties. In the case that one or more of these key managers ceases their engagement with the Company, the Company may be adversely impacted. Similarly, termination of the engagement of the Investment Manager without a suitable replacement may adversely affect the Company's performance.

Failure by the Company or Farm Managers to manage investments effectively could have a material adverse effect on the Company's investments and, consequently, the returns generated by the Company.

7.1.6 Limited Operating History in Current Form Risk

The Company has recently acquired significant grain farm assets. The Company intends to employ farming methods which focus on broadacre, mixed farming practices through increasing its proportion of irrigated farmland compared to dryland farm properties. This strategy is intended to smooth volatility of revenue and help with the mitigation of agricultural risks, such as weather. Accordingly, the Company does not have an operating and trading history that fully reflects the nature of its new business. As such, future performance of the Company is anticipated to differ from the historic performance of the Company. There can be no assurance that the Company will achieve its investment objectives.

The Company's business model involves acquiring and operating diversified grain farms. The operation of the Company as a single corporate unit, is a new venture, and future acquisitions will require integration. As such, there are risks in investing in the Company which acquires new businesses.

7.1.7 Acquisition Risk

The success of the Company depends on its ability to identify and acquire suitable properties at a price that will allow a significant uplift in value once a Farm Manager is appointed to manage the property. While key managers have cultivated relationships with land agents and potential vendors, and while the data indicates that there are a number of suitable properties within the target region of the Company, there can be no guarantee that the Company will be able to make acquisitions or investments on favourable terms or within a desired time frame. The Company faces active competition in acquiring suitable properties.

Even if the Company were able to successfully acquire property, there is no assurance that Company will achieve its intended return on such acquisitions. There is also a risk that by entering the market the Company may cause an increase in sale prices, especially if the Company attempts to acquire a number of properties in a small area.

The Company's property selection process may not be successful and may not provide positive returns to Shareholders. Acquisitions may cause disruptions to the Company's operations and divert attention away from day-to-day operations of the business. Furthermore, the Company's business model is reliant upon generating a return for Shareholders through achieving scale and efficiencies through acquiring further farms. Unsuccessful acquisitions may impact the Company's business model and ability to generate positive returns.

7.1.8 Disease/Animal Health/Pest Risk

Australia's bio-security regulations and strict quarantine regimes are highly regarded. However, there is no guarantee that serious contagious diseases that affect global crops or livestock can be prevented from being introduced in Australia. Any significant disease that affects crops or livestock may have an adverse effect on production and hence the Company's ability to generate revenue.

Further, a significant pest outbreak (for example, a mice or locust plague) could adversely affect production, revenue and profitability.

7.1.9 Operations Risk

Activities of the Company may be affected by unforeseen operational failures and technical difficulties and breakdowns and repairs may be required to plant and equipment, resulting in significant delays. Industrial and environmental accidents, industrial disputes and force majeure events may also affect the Company's operations.

7.1.10 Lack of Diversification Risk

The Company will not be subject to any diversification requirements and portfolio diversification is at the sole discretion of the Board. The Company will invest in a limited number of properties and regions and will be exposed to broadacre related assets. To the extent the Company concentrates its investments in a particular property, region or sector, it will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular Property, region or sector. As a consequence, the aggregate return of investments may be adversely affected by the unfavourable performance of one or a small number of properties or regions in which the Company has invested.

7.1.11 Off-take Agreements and Sales Strategies Risk

The Company's revenue is significantly dependent on the commodity prices that the Company can receive from buyers/processors. If the Company is unable to renew off-take agreements on appropriate terms or adopts a strategy on the mix of contracts that proves unsuitable given market conditions, there is a risk that the Company may not be able to receive the income it currently does. If this was to occur, returns on investment may be adversely impacted.

7.1.12 Dependence on Commodity Buyers and Contractual Risk

The Company's success depends on the success of the buyers that the Company sells to. If, for example, a buyer could not meet its payment obligations under the Company's off-take agreement (for reasons of bankruptcy etc.), the Company's ability to generate its expected revenue may be compromised and hence impact its returns.

The Company also has a number of other contracts in place, including lease agreements and contracts with Farm Managers and suppliers. The ability of the Company to achieve its objectives will depend on the performance of the counterparties and their obligations under those contracts.

If a counterparty defaults in the performance of its obligations or wishes to enforce its rights, it may be necessary for the Company to seek or defend legal remedies including through a court action. Legal action can be costly and there can be no guarantee that a legal remedy would ultimately be granted to the Company on the appropriate terms (if at all).

7.1.13 Competition Risk

The Company competes with other grain companies. Some of these companies have greater financial and other resources than the Company and as a result may be in a better position to compete for future business opportunities. There is no assurance that the Company can compete effectively with these companies.

7.1.14 Dividend Payout Risk

The ability of the Company to pay dividends franked to the maximum extent possible depends on its profitability and tax situation. If the Company's revenue was adversely impacted by one or many of the factors outlined in this Section, its ability to pay a dividend would be affected.

7.1.15 Environmental Risks

The Company's operations will be subject to the environmental risks inherent in the grain industry. The Company is subject to environmental laws and regulations in connection with its operations. The Company will use its best endeavours to comply, in all material respects, with all applicable environmental laws and regulations. Nevertheless, there are certain risks inherent to its activities that could subject the Company to extensive liability. However, there can be no assurance that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition, and results of operations. Further, where the Company requires government regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies, this may from time to time affect timing and scope of work to be undertaken. Failure to obtain such approvals will prevent the Company from undertaking the desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business, or affect its operations in any area. Further, detailed environmental surveys may not have been undertaken prior to the Company's investments in agricultural land. There may be undiscovered soil or groundwater contamination or other environmental problems that could require investigation or remediation. If environmental claims or violations do arise, the Company could be required to conduct costly investigations or clean-ups. Environmental concerns could also cause a reduction in resale prices.

7.1.16 Climate Change Risk

Climate change can strongly impede the investment of the Company. Climate is one of the biggest risk factors impacting on agricultural, aquaculture and food production sectors' performance. Overall, climate change, including global warming and increased climate variability, could result in a variety of impacts on agriculture including productivity. Added heat stress, shifting monsoons, and drier soils may reduce productivity. All these could have significant effects on the global food supply and the operating capabilities of the Company. Consequently, the Company's income available for distribution to Shareholders, its acquisition strategy and the value of its Properties may be adversely affected.

7.1.17 Regulatory Risk

The value of the Company's investments in agricultural land may be adversely affected by any changes in relevant zoning or environmental laws. The value of the agricultural land may also be adversely affected by the imposition or increase of property taxes by governments. The value of the Company's investments may also be greatly diminished by the government's exercise of compulsory acquisition rights.

The value of the Company's assets and of an investment in the Company may be adversely affected by changes in government, government personnel or government policies, relating to any market in which the Company is operating, which may include, among other things, changes in policies relating to expropriation, nationalisation and confiscation of assets, and changes in legislation relating to foreign ownership, economic policy, taxation, employment, occupational health and safety, quarantine, customs, environmental law, investment regulations, securities regulations and foreign currency conversion or repatriation.

7.1.18 Health and Safety Risks

The Company's operations will expose its personnel and contractors to health and safety risks inherent in its activities. The Company will be subject to health and safety laws and regulations in connection with all its operations. The Company will also be relying on third party operators and the contractors to have in place a health and safety policy that complies in all material respects with applicable laws and regulations. However, there are certain risks inherent in the Company's activities that could subject the Company to extensive liability. There can be no assurance that new health and safety laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expense and undertake significant investments in that respect which could have a material adverse effect on the Company's business, financial conditions and results of operations.

7.1.19 Political and Economic Risks

The Company's investments may be affected by unquantifiable changes in economic conditions or in international political developments, changes to regulations affecting international trade in the agricultural commodities that the Company produces, changes in government policies, the imposition of restrictions on the transfer of capital or changes in regulatory, tax and legal requirements. Further, as the majority of the Company's products are exported via third parties, the potential effect of world events and other political and economic changes on domestic prices of the products is increased. This may impact the Company's ability to generate income.

7.1.20 Market Value Risk

Property valuations generally include a subjective determination of certain factors relating to the relevant properties, such as their location to infrastructure, physical condition etc. There can be no assurance that the assumptions relied on are accurate measures of the market. The market values of the Properties may therefore differ from the values of the Properties as determined by an independent valuer. The values of the Properties (as determined by an independent valuer) are not necessarily an indication of, and do not guarantee, a sale price at that value at present or in the future. The price at which the Company can sell a Property may be lower than its value as determined by an independent valuer or its purchase price at the time of acquisition by the Company.



7.1.21 Future Funding Requirements Risk

The Company intends to use the proceeds of the Offer to fund the activities as discussed in Section 9.4, and believes that those proceeds are adequate to fund those activities. However, additional funding may be required to fund future activities of the Company (which may be in the period following the two years post admission to the Official List). There is no guarantee that any additional funding required, whether debt, equity or otherwise, will be obtained or available on favourable terms, or at all. Any additional equity funding may be dilutive to shareholders. Any debt funding may need to be secured by the Company's assets, including the Property. If such funding is not obtained, the Company may be unable to proceed with certain activities it would like to pursue.

7.1.22 Debt Financing Risk

The Company may undertake borrowing and may also engage in investment strategies that constitute leverage should the Company consider this necessary or desirable. As a result, the Company is subject to risks associated with leverage, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing or its inability to comply with or maintain certain financial covenants or security ratios under such debt facilities. The Company is also exposed to fluctuations in interest rates in respect of the portion of any borrowings which are subject to floating interest rates, and any rise in the prevailing interest rates may increase the quantum of interest payable by the Company.

If the Company defaults under a borrowing facility, the lenders may be able to declare an event of default requiring the immediate repayment of the outstanding amount and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided. As a number of the Company's Properties are mortgaged, such property could be foreclosed by the lender or the lender could require a forced sale of the property and utilise the proceeds thereof to repay the principal and interest under the debt facility, which will result in a loss of income and asset value to the Company. If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds from other capital sources, the Company will not be able to pay distributions at expected levels to Shareholders or to repay all maturing debt and may be at risk of having to sell (or having a forced sale) of its Property. The Company may be subject to the risk that the terms of any refinancing undertaken will be less favourable than the terms of the original borrowings. The Company may also be subject to certain covenants that may limit or otherwise adversely affect its operations and its ability to make distributions to Shareholders. Such covenants may also restrict the Company's ability to undertake capital expenditure. The triggering of any of such covenants may have an adverse impact on the Company's financial condition, results of operations and ability to make distributions to Shareholders.

If prevailing interest rates rise, the interest expense relating to borrowing facilities would increase, thereby adversely affecting the Company's cash flow and the amount of funds available for distribution to the Shareholders.

7.1.23 Insurance Risk

Whilst the Company intends to maintain insurance with ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities conducted, there is no assurance that the Company will be able to obtain such insurance coverage at reasonable rates, or that any coverage will be adequate and available to cover any claims.

7.1.24 Conflicts of interest of, and relating party dealings involving, the Board, Management, and the Company Risk

The Directors are, or may act as, directors in other companies or otherwise be involved in other projects which have similar objectives or invest in similar projects (for example, funds or investment vehicles focusing on agriculture in and outside Australia) to the Company, and conflicts of interest may arise in allocating time and services among the Company and these other projects. Details of related party transactions are set out in Section 8.3 and the Directors and Management may enter into related party transactions in the future, each of which might affect the returns of the Company.

7.1.25 Legal Proceedings Risk

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus and other than as set out in Section 12, there are no material legal proceedings affecting the Company and the Directors are not aware of any material legal proceedings pending or threatened against or affecting the Company.

7.1.26 GALOF Risk

As set out in Section 9.6, it is anticipated that the Shares that are to be transferred from WRI and MIL to GALOF (GALOF Shares) will either be sold by GALOF or will be distributed to the ultimate underlying investors in the fund within three to six months of GALOF being transferred those Shares. With the exception of Shares held by the Vistra Trust (Singapore) Pte. Limited as trustee for IS & P Singapore Retirement Fund, Sub-Fund 261 and Duxton Asset Management, the GALOF Shares will not be subject to any restriction agreements and there is a risk that upon the Company being admitted to the Official List and the Shares being quoted, the holders of those Shares may sell all of those Shares on market which may affect the price of the Shares on market.

7.1.27 East Trigalana Bore Scheme Risk

WRI owned (and the Company now owns) a small parcel of land of 0.195 ha (Lot DP217896) which is located within the Weddin Shire, on the Newell Highway, on which the East Trigalana bore pump, storage tank and ancillary equipment were located (ET Bore Pump). Water from the bore is supplied to "Glenara", "Kentucky", and "Warangla East" where it is used to supplement domestic water requirements and provides water for spraying crops, to "Coles" where it is used for spraying.

WRI is a member of the East Trigalana Water Users Incorporated (Users Group) and under an agreement dated 29 March 2009, its share of the water supply is 35,000 litres, representing 16.87% of the water available.

In April 2010, permission was given by WRI to the Users Group to have temporary tenure over Lot DP217896 until formal terms were negotiated. The Users Group indicated their desire to have ownership of the land upon which the ET Bore Pump was located and also facilitate the creation of easements over the pipeline and infrastructure and on or around 17 September 2014, WRI resolved to sell that parcel of land to the Users Group.

Notwithstanding that resolution, WRI is unable to locate an executed contract for the sale and purchase of that parcel of land. As such, there is a risk that at some unknown time, the Users Group may seek to assert their ownership over that land which is now owned by the Company.

7.2 General Risks

In addition to the above key risks associated with the Company's proposed business strategy and operations, outlined below are risks which are regarded by the Directors as potentially having a significant effect, but may have a lower probability of occurring, or the general risks which are associated with an investment in the Company's shares.

7.2.1 Exchange Rate Risk

As an Australian entity, the Company will raise its capital and generate its revenue in Australian dollars. A significant quantity of the grain produced in Australia is sold in the world market and traded typically in US dollars. In addition, input costs such as chemical fertiliser and fuel are US dollar based. Consequently, the price received for the Company's grain sales in Australian dollars and the cost of key inputs is affected by movements in US and other trading partner exchange rates. These exchange rate fluctuations may have an indirect adverse impact on the Company.

7.2.2 Shares Investment and Liquidity Risk

There are risks associated with any share investment. The price at which the Shares trade may fluctuate in response to a number of factors beyond the Company's control and which are unrelated to the Company's financial performance.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. Factors include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation, interest rates and royalties, legislation and other policy changes. These factors may materially adversely affect the market price of the Shares of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company. The Shares carry no guarantee in respect of profitability, dividends, return on capital or the price at which they may trade. The Shares may trade at a price above or below the price at which they were acquired depending on a range of factors including the performance of the stock market generally, the

performance of the agricultural sector, local and global economic performance, market perceptions of the Company, the degree of success in the Company's endeavours and the financial performance of the Company. Further, there is no assurance of the price at which the Shares will trade or that there will be any buyers at all.

7.2.3 Economic Risk

Changes in both Australian and global economic conditions may adversely impact the financial performance of the Company. Factors such as inflation, interest rates, economic growth, supply and demand levels, and disruption may impact on future operations, operation costs and earnings of the Company.

7.2.4 Government Policy and Legislation Risk

Changes in government, monetary policies, taxation and other laws and actions can have a significant influence on the outlook for companies and returns to investors. Further, accounting standards and policies may change in the future especially in relation to the application of the International Financial Reporting Standards. Application of and changes to accounting standards and policies may have an adverse impact on the Company's future reported financial results

7.2.5 War and Terrorist Attacks Risk

The outbreak of war or occurrence of terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. Outbreak or material escalation of hostilities in any major countries in the world or any diplomatic, military, commercial or political establishment of any major countries in the world may affect the global economic and commercial environment. There could also be a resultant effect on the Company's operations, future revenues and operating costs, financial performance, Share price and the ability of the Company to raise any needed additional equity or debt funding.

7.2.6 Unforeseen Risks

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company and its operations, and on the valuation and performance of its shares.

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SECTION 8

KEY PEOPLE, INTERESTS AND BENEFITS

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8. Key people, interests and benefits

8.1 Board of Directors

The Directors bring to the Board a breadth of expertise and skills, including significant experience in identifying, investing in and managing agricultural assets, including broadacre farms.



Ed Peter, Chairman

Ed Peter, is the co-founder and Chairman of Duxton Asset Management. Prior to forming Duxton Asset Management in 2009, Ed was Head of Deutsche Asset Management Asia Pacific, Middle East & North Africa. He was also a member of the Deutsche Bank's Group Equity Operating Committee and Asset Management Operating Committee.

Ed joined Deutsche Bank in 1999 as Head of Equities and Branch Manager of DB Switzerland. In March 2001, Ed moved to Hong Kong with Deutsche Bank and was appointed Head of Global Equities for Asia and Australia, becoming responsible for all of Global Emerging Markets Equities in the beginning of 2003. In November 2004, Ed became Head of Asian and Emerging Market Equities for the new Global Markets Division.

Ed holds a Bachelor's Degree in English Literature from Carleton College in Northfield, Minnesota. Ed's first foray into agricultural investing was in 1999 and he remains passionately interested in agriculture today. He is on the University of Adelaide's Agribusiness advisory board, the University of Adelaide's Wine Advisory board, and the board of Wine Australia.

Ed is appointed to the Board of the Company as a representative of the Investment Manager. Ed intends to pass the Chairman position on after one year to Independent Director and Deputy Chairman Mark Harvey.



Stephen Duerden, Director

Stephen Duerden is currently the CEO (Australia) of Duxton Capital (Australia). Stephen has over 26 years' experience in investment management and joined Duxton in May 2009. Prior to this, Stephen was the COO and Director for both the Complex Assets Investments Team and the Singapore operation of Deutsche Bank Asset Management Asia. Prior to this, Stephen worked with Deutsche in Australia where he was a member of the Australian Executive Committee responsible for the management of the Australian business, with assets under management of approximately A\$20 billion, and a member of the Private Equity Investment Committee overseeing the management of over \$2.5 billion in Private Equity and Infrastructure assets.

Stephen has had exposure to a broad range of financial products and services during his career. He has been involved in direct property development and management, the listing and administration of REITS, as well as the operation and investment of more traditional asset portfolios. Stephen is currently a Director and Investment Committee member of a number of investment funds managed by the Duxton Group as well as holding board positions on a number of direct agricultural businesses in Australia.

Stephen holds a Bachelor of Commerce in Accounting Finance and Systems with merit from the University of NSW Australia and a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australasia. Stephen is a Fellow of the Financial Services Institute of Australasia and a Certified Practicing Accountant.



Tony Hamilton, Managing Director

Tony Hamilton has been engaged in grain farming since 1982. He started in family broadacre farming before working in rural financial and agricultural management as a consultant. In 1990 he became Managing Director of Warili Farming Pty Ltd and has been Managing Director of Merriment Rural Investments Pty Ltd since 2011.

Tony is a graduate of the Australian Institute of Company Directors, was a Nuffield Scholar in 2003 and holds a PhD in Agronomy and Plant physiology and a B.Sc.Agr (Hons) from the University of Sydney. Tony is also a Non-executive Director of AgriFutures Australia (formally Rural Industries Research and Development Corporation) and a Northern Panel Committee Member of the Grains Research and Development Corporation.



Mark Harvey, Independent Director and Deputy Chairman

Mark Harvey has more than 35 years of experience in agriculture and agribusiness. He started his agribusiness journey managing a 10,000 acre family farm producing seed, grain crops, wool, lamb and beef, from 1976 until 1991.

He was one of the founders of Paramount Seeds which specialised in research, development and marketing of new field crops until sold to Elders Ltd in 1996. While with Elders, Mr Harvey was manager of their national and international seed business from 1996 until 2001. In 2002, he was a founding partner of Seed Genetics International which is currently a leading researcher, producer and marketer of genetics and seed worldwide from Australia.

In April 2013, he was elected a director of S&W Seed Co, a NASDAQ listed company based in Sacramento California which is a leading US genetics and specialty seed company. On December 9, 2014, Mr Harvey was elected Chairman of the Board of Directors of S&W Seed Company, a position he still holds.

Mr Harvey holds seed and agricultural research, production, milling and marketing assets in California, Idaho, Wisconsin and South Australia. He sits on the University of Adelaide, Waite Institute Advisory Board and is involved in various community activities. Mr Harvey has been married to Helen Harvey for 35 years and they have 3 daughters together. Mr Harvey was educated at Cunderdin Agricultural College in Western Australia.

It is intended that Mark Harvey will take on the role of Chairman from Ed Peter after one year.



Wade Dabinett, Independent Director

Wade Dabinett has over 13 years of experience in the Australian grain industry, encompasses grain trading, storage, handling and production. Part of a farming business at Parilla in the Southern Mallee of SA owned by his family which is a mix of grain, potatoes, sheep and cattle on both dryland and irrigated farming land. Wade is also the current Chairman of Grain Producers SA elected at the 2016 AGM which is the state's peak industry body representing the states 3,000 grain growers.

He is also the Chair of GPSA's sub-committees for Transport & Supply Chain, Agricultural Security & Priority and also a member of the Audit & Finance Committee. Wade is also a councillor representing Grains on Primary Producers SA and a member of the National Policy Council for Grain Producers Australia. He was also appointed in 2015 to the ABC Advisory Committee representing Rural and Regional Australia and reporting to the board on programming and content.



Donald Stephens, Company Secretary

Donald Stephens is a Chartered Accountant and corporate adviser with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd, a firm of Chartered Accountants.

Donald holds a number of positions as a public company director and company secretary. Donald also provides corporate advisory services to a wide range of organisations.

8.2 Independence

Mark Harvey and Wade Dabinett are independent. Ed Peter and Stephen Duerden have interests in, and may represent, the Investment Manager and are therefore unlikely to be independent. It is intended that Mark Harvey, Wade Dabinett, Ed Peter and Stephen Duerden will be non-executive directors. From time to time, at the request and approval of the Board, Directors may provide consulting services above their normal duties as a Director.

8.3 Related Party Disclosure

The Company is not aware of any related party transactions requiring disclosure in the Prospectus other than those set out below:

- the Company has entered into a contract with Duxton Water for the long term lease back of water in respect of the water entitlements it initially sold to Duxton Water. Duxton Water is a related party of the Company as it is managed by the Duxton Group, the majority of which is owned by Directors Mr Ed Peter and Mr Stephen Duerden. Duxton Water will receive a financial benefit from the Company in relation to the lease back by the Company. Please see Section 12.4.2 for further detail. The Water Rights Sales Agreement and Lease between the Company and Duxton Water is on arm's length commercial terms and was approved on 25 July 2016.
- Ed Peter's wife is the beneficiary of a trust which is a shareholder in GALOF, the ultimate holding company of the Company as at the date of the issue of this Prospectus. The relevant trust holds 13.70% of the total issued share capital of GALOF. GALOF is a closed ended investment company with a diversified portfolio of agricultural investments in Australia, Africa and South America. Through his wife's interest in GALOF, Ed Peter may receive an indirect financial benefit from the Company through GALOF, and Mr Peter's wife may hold Shares in the Company through in specie distributions of Shares held by WRI and MIL at first instance to GALOF and then through in specie distributions of Shares to be held by GALOF, or be entitled to the proceeds of any sale of those shares.
- a subsidiary of the Investment Manager's parent company, Duxton Asset Management, has an interest of 0.17% in GALOF. As such, Ed Peter and Stephen Duerden, as shareholders and directors of the Investment Manager's parent company may receive benefits from the GALOF shares held by Duxton Asset Management.
- Tony Hamilton, Managing Director, has a personal interest in the 1,100 hectares of land in the Merriment module that is leased by the Company from Katherine Anne Hamilton and AJ & KA Hamilton Pty Ltd (ACN 169 798 141), representing interests of Tony and his family. As such, Tony may benefit from lease payments paid by the Company. This lease will expire on or before 31 December 2017 and will not be renewed.

- The Directors have indicated an intention to subscribe for Shares under this Prospectus as set out in section 8.4.2.3 on the same terms and condition of this Offer.
- the proposed issue of Shares as remuneration for Directors' fees to Mark Harvey and Wade Dabinett (being Company Directors and are therefore related parties of the Company) set out in Section 8.4.2.1 and Section 8.4.2.3, which will require shareholder approval. If the Share issue is not approved by shareholders, they will be remunerated in cash.
- the Company has entered into a deed with each Director. Under these deeds, the Company has agreed to provide to each Director access to the books and records of the Company while they are a Director and for a period of seven years from when they cease to be a Director and the Company has also agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as Director. Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under these deeds, the Company has agreed to obtain and maintain such insurance during each Director's period of office and for the period of seven years after the Director ceases to be a Director.
- the Company has entered into various employment contracts with executives and other senior management, further details of which are set out in Section 8.4.2.

8.4 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- firm in which any of the above persons listed above is a partner is employed;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer, holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

Set out below are the amounts that anyone has paid or agreed to pay, and the nature and value of any benefit anyone has given or agreed to give, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, or any promoter of the Company.

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8.4.1 Interests of advisers

The Company has engaged the following professional advisers:

- Taylor Collison Limited has acted as Lead Manager to the Offer. The Company has paid or agreed to pay Taylor Collison Limited a fee equal to 1.0% of the total proceeds raised under the Offer for its role in managing the Offer. In addition, the Company will pay the Lead Manager:
 - a spread fee of \$150 per name capped at 300 names (minimum investment of \$2,250 per name); plus
 - a selling fee payable on a sliding scale detailed as follows:
 - on a raising of up to \$12 million - 4% on funds raised from institutional and retail investors, excluding the \$2,250 to arrive at the \$150 fee per name.
 - on a raising of greater than \$12 million but not exceeding \$22 million – 3.5% on funds raised from institutional and retail investors above \$12 million plus the amount calculated above for a raising of up to \$12 million.
 - on a raising of greater than \$22 million – a further 3.0% on the additional funds raised from institutional and retail investors.
- Piper Alderman has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, \$125,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts have been paid to Piper Alderman on other matters beyond the scope of the Prospectus engagement and additional amounts may be paid to Piper Alderman in accordance with its normal time-based charges.
- Crowe Howarth has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to financial due diligence enquiries. The Company has paid, or agreed to pay, approximately \$80,000 (excluding disbursements and GST) for the above services up until the date of this Prospectus.
- CBRE Valuations Pty Limited has acted as valuer of the properties and has prepared the valuations included in Section 6. The Company has paid, or agreed to pay, approximately \$51,150 (inclusive of and GST) for the above services up until the date of this Prospectus.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 9.4.

8.4.2 Director interests & remuneration

8.4.2.1 Directors

Under the Constitution, the Shareholders decide the total amount paid to all non-executive Directors as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company in the general meeting. This amount has been set in the Constitution at \$300,000, with any increases to be approved by the Company's Shareholders. The Board has reviewed similar sized companies and negotiated remuneration packages commensurate with the operational requirements and complexity of the Company at this time, and the skills and value-add of each of the Directors. For the financial year ending 30 June 2018, it is expected that the fees payable to the current Directors will not exceed \$100,000 in aggregate. No annual directors' fees have been agreed to be paid by the Company to the Duxton Group Directors, Ed Peter and Stephen Duerden or to the Managing Director, Tony Hamilton.

Directors' fees of \$35,000 are to be paid to each of the independent Directors, including Statutory Superannuation Entitlements. Independent Directors will be paid in Shares for each of the first three years of their term, to be issued one day after the Company's AGM for each of the first three years at the listing price of \$1.50. Shareholder approval at the AGM will be required for the issue of Shares. If the issue of Shares is not approved, the Independent Directors will be remunerated in cash at the amount of \$35,000 per annum. The remuneration of Directors must not include a commission on, or a percentage of profits or income. Superannuation payments are included in these amounts. In addition Directors are also entitled to be reimbursed for reasonable travel and other expenses incurred in attending to the affairs of the Company.

Ed Peter and Stephen Duerden are also directors of another ASX listed company:

- Duxton Water Limited (ACN: 611 976 517).

The Directors also hold directorships or other board positions in various unlisted public companies, proprietary companies, trusts, and foundations.

As at the date of this Prospectus, the Directors have an interest in the following Shares:

- Ed Peter - Ed Peter's wife is the beneficiary of a trust which is a shareholder in GALOF. The relevant trust holds approximately 13.70% of the total issued share capital of GALOF. Through his wife's interest in GALOF, Ed Peter may receive an indirect financial benefit from the Company through GALOF, and Mr Peter's wife may hold shares in the Company through in specie distributions of Shares held by WRI and MIL at first instance to GALOF and then through in specie distributions of Shares to be held by GALOF, or be entitled to the proceeds of any sale of those shares.
- Ed Peter and Stephen Duerden – a subsidiary of the Investment Manager's parent company, Duxton Asset Management, has an interest of 0.17% in GALOF. As such, Ed Peter and Stephen Duerden, as shareholders and directors of the Investment Manager's parent company may receive benefits from the GALOF shares held by Duxton Asset Management.

8.4.2.2 Managing Director

Anthony (Tony) Hamilton is the Managing Director of the Company and the Company has entered into an employment contract with Tony Hamilton to document his employment with the Company. The term of this agreement ends on 30 June 2020 unless terminated earlier, or extended by agreement with the Company.

Tony will receive an annual total fixed remuneration of \$260,900 (inclusive of superannuation). Tony is also eligible for a short term incentive bonus payable at the end of each financial year, equivalent to 10% of the amount calculated in accordance with a formula substantially similar to the formula used to calculate the Performance Fee (as set out in Section 4.5) payable by the Company to the Investment Manager for that financial year.

The bonus is subject to a high water mark, which means that it will not be paid unless the Adjusted Ending PNAV (as defined in Section 4.5) exceeds the highest Adjusted Ending PNAV (as defined in Section 4.5) at which a bonus has ever been paid to Tony. If Tony does not qualify for such bonus, the Company may grant a discretionary bonus based on Tony's performance, taking into account certain factors in respect of the Company's performance or underperformance. Tony is entitled to be reimbursed for all out-of-pocket expenses which are reasonably incurred in the performance of his duties.

Tony may terminate his employment contract by giving 3 months' notice in writing. The Company may terminate for any reason by giving 3 months' notice in writing or by making a payment in lieu of notice or immediately without notice if Tony commits any act of dishonesty, fraud, wilful disobedience, misconduct or breach of duty, or seriously or persistently neglects their obligations, materially breaches the employment contract, breaches any confidentiality obligations, is declared bankrupt, is of unsound mind or liable to be dealt with under any law relating to mental health, or is convicted of an indictable criminal offence.

8.4.2.3 Directors' shareholding

Directors are not required under the Constitution to hold any Shares. On Completion, the number of Shares held by Directors are expected to be as follows:

Director	Shares
Ed Peter	100,000
Stephen Duerden	10,000
Tony Hamilton	6,350
Mark Harvey	66,350
Wade Dabinett	10,000
Total	192,700

Directors (and their controlled entities) are entitled to participate in the Offer of Shares. Assuming they do, the relevant interests of the Directors will change (and the extent of the change will depend on the number of Shares acquired).

Final Directors' shareholdings will be notified to the ASX on Listing. Directors may hold their interests in the Shares shown above directly, or indirectly through holdings by companies or trusts.

8.4.2.4 Other information

Directors may also be reimbursed for reasonable travel and other expenses incurred in attending to the Company's affairs. Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

8.4.3 Management's interests & remuneration

8.4.3.1 Managing Director

See Section 8.4.2.2

8.4.3.2 Other employees

Each other employee of the Company is employed under an individual employment agreement. These establish total compensation including a base salary, superannuation contribution, notice and termination provisions, intellectual property ownership and assignment conditions, confidentiality provisions, and leave entitlements, as a minimum, as per the National Employment Standards.

Either the Company or the executive may terminate the relevant employee's employment by providing at least the required notice in writing as per the National Employment Standards before the proposed date of termination and otherwise in accordance with the relevant employment contract.

8.4.3.3 Duxton Capital (Australia) and its related parties

The Investment Manager and its related parties have indicated an intention to subscribe for 100,000 Shares under this Prospectus.

8.4.3.4 Share issue as a result of the restructure

As part of the restructure undertaken prior to the date of this Prospectus, the Company undertook a share split in which every one issued Share was split into 3.131 Shares. As a result of the share split, 9,150,261 Shares were held by MIL, the sole shareholder of the Company at that stage.

Separately, in exchange for the land, motor vehicles, water licenses and plant and equipment sold to the Company, WRI was paid a mixed consideration of cash and Shares. Under this sales agreement, WRI was issued with 20,313,420 Shares.

8.4.4 Corporate governance

This Section explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Group. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting business with these objectives, the Board is concerned to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practices adopted by the Company are summarised below. In addition, many governance elements are contained in the Constitution. Details of the Company's key policies and practise and the charters for the Board and each of its committees are available on the following pages.

However, under ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. The Board does not anticipate that it will depart from the recommendations of the ASX Corporate Governance Council; however, it may do so in the future if it considers that such departure would be reasonable.

8.4.5 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board. The charter addresses the following matters and responsibilities of the Board:

- board composition, oversight of the Company, its corporate governance, management and the Investment Manager;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- approving and formulating Company strategy and policy including providing input into corporate strategy and performance objectives developed by the Investment Manager;
- approval and oversight of the acquisition strategy developed by the Investment Manager, and monitoring the integration of any new properties and the progress of the Investment Manager in respect of major capital expenditure, capital management, acquisitions and sale;
- monitoring industry developments relevant to the Company and its business;
- approving and monitoring financial and other reporting and developing suitable key performance measures of financial performance for the Company; and
- reporting to shareholders and ensuring that all regulatory requirements are met.

8.4.6 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. Standing committees established by the Board are the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

8.4.7 Audit and Risk Management Committee

Under its charter, to the extent practicable given the size and composition of the Board, the Committee will have at least three members, all of whom should be non-executive Directors and (to the extent there are sufficient independent Directors) a majority of whom are independent Directors.

Currently Wade Dabinett (Chairman), Stephen Duerden, Tony Hamilton and Mark Harvey are members of this committee.

The primary role of this committee includes:

- overseeing the process of financial reporting, internal control, financial and non-financial risk management and compliance and external audit;
- monitoring the Company's compliance with laws and regulations and its own policies;
- encouraging effective relationships with, and communication between, the Board, Management and the Company's external auditor; and
- evaluating the adequacy of processes and controls established to identify and manage areas of potential risk.

8.4.8 Nomination and Remuneration Committee

Under its charter, to the extent practicable given the size and composition of the Board, the Committee will have at least three members, all of whom should be non-executive Directors and (to the extent there are sufficient independent Directors) a majority of whom are independent Directors.

Currently Mark Harvey (Chairman), Wade Dabinett and Ed Peter are members of this Committee.

The main functions of the committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity, expertise and commitment to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the Company:

- has coherent remuneration policies and practices which enable the Group to attract and retain Directors and executives who will create value for Shareholders, including succession planning for the Board and executives;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of the Company, the performance of the executives and the general remuneration environment;
- has policies to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet the Company's needs.

8.4.9 Risk Management Policy

The identification and proper management of the Company's risk are important priorities of the Board. The Company has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to the Company's operations, and the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risk.

The Board is responsible for overseeing and approving risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit Committee or a separate risk committee in the future. The Board will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations. The Board has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

8.4.10 Diversity Policy

The Company values a strong and diverse workforce and is committed to developing measurable objectives to achieve diversity and inclusion in its workplace. The Company has implemented a Diversity Policy which is overseen by the Nomination and Remuneration Committee and which aligns the Group's management systems with the commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board. In its annual report, the Company will disclose the measurable objectives for achieving diversity and progress towards the policy's goals, and will also disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

8.4.11 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct, to be followed by all employees and officers and the Investment Manager. The key aspects of this code are to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image within the community;
- use the Company resources and property properly; and
- make Directors and employees aware of the consequences if they breach the Code of Conduct.

8.4.12 Continuous Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under ASX Listing Rules and the Corporations Act. The Company has adopted a policy to take effect from listing on ASX which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

Under the policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and continuous disclosure announcements will be made available on the Company's website at www.duxtonbroadacre.com.

8.4.13 Related Party Transaction Policy

The Company has adopted a Related Party Transaction Policy which will apply to the Company and its Directors, officers, and the directors, officers and employees of the Investment Manager. The policy is intended to provide guidance on recognising and reporting related party transactions to assist compliance with the Corporations Act and ASX Listing Rule requirements. The policy provides a brief outline of the regulatory framework, gives guidance on how to identify a related party, a relevant financial benefit, arms length transactions and outlines a reporting process for suspected related party transactions to the Company Secretary. It also provides a protocol for assisting in determining those transactions that require shareholder approval.

8.4.14 Privacy Policy

The Company has adopted a Privacy Policy. The policy outlines how the Company collects, discloses, uses and stores personal information and explains the rights people who interact with the Company (including its Shareholders, customers, suppliers, contractors and employees) have to access and correct their personal information and how to make a complaint about handling of personal information. The policy is intended to be consistent with, and assist in implementation of, the Company's obligations under the Australian Privacy Principles contained in the Privacy Act 1988 (Cth).

8.4.15 Securities Trading Policy

The Company has adopted a Securities Trading Policy which will apply to the Company and its Directors, officers, senior executives, employees, contractors and their connected persons (including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly). The policy is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information which could materially affect the value of securities. Subject to certain exceptions, including exceptional financial circumstances, the policy defines certain 'prohibited periods' during which trading in Shares by the Company's Directors, officers, senior executives, employees, contractors and their connected persons is prohibited.

8.4.16 Communication with Shareholders

The Company's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of the Company, and the Company has adopted a Shareholders Communication Policy. In addition to the Company's continuous disclosure obligations, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time and the Company will communicate this information regularly to Shareholders and other stakeholders through a range of forums and publications. All ASX announcements made to the market, including annual, half yearly and quarterly reports as required by the ASX Listing Rules, will be made available to all Shareholders and posted on the Company's website at www.duxtonbroadacre.com as soon as practicable following their release by ASX. The full text of all notices of meetings and explanatory material, the Company's annual report and copies of all investor presentations made to analysts and media briefings will be posted on the Company's website. The website will also contain a facility for the Shareholders to direct queries to the Company.

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SECTION 9

DETAILS OF THE OFFER

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9. Details of the offer

9.1 Introduction

This Prospectus relates to an initial public offering of Shares by the Company. The Company will issue 8,000,000 up to 14,666,667 Shares at an Offer Price of \$1.50 per Share, raising gross proceeds of \$12 million up to \$22 million.

On Completion of the Offer, 29,463,681 Shares will be held by Existing Shareholders. The total number of Shares on issue at the Completion of this Offer at Maximum Subscription will be 44,130,348 and all Shares will rank equally with each other.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

9.2 Terms and conditions of the Offer

Topic	Summary												
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.13.												
What is the Offer period?	The key dates, including details of the Offer Period relating to each component of the Offer, are set out below:												
	<table> <tr> <td>Prospectus Date – Lodgement of Prospectus with ASIC</td><td>10 November 2017</td></tr> <tr> <td>Opening Date for Applications (9.00am ACDT)</td><td>13 November 2017</td></tr> <tr> <td>Closing Date for Applications (5.00pm ACDT)</td><td>22 December 2017</td></tr> <tr> <td>Issue and allotment of Shares</td><td>3 January 2018</td></tr> <tr> <td>Expected despatch of holding statements</td><td>10 January 2018</td></tr> <tr> <td>Expected date of quotation of Shares on the ASX</td><td>17 January 2018</td></tr> </table>	Prospectus Date – Lodgement of Prospectus with ASIC	10 November 2017	Opening Date for Applications (9.00am ACDT)	13 November 2017	Closing Date for Applications (5.00pm ACDT)	22 December 2017	Issue and allotment of Shares	3 January 2018	Expected despatch of holding statements	10 January 2018	Expected date of quotation of Shares on the ASX	17 January 2018
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Expected despatch of holding statements	10 January 2018												
Expected date of quotation of Shares on the ASX	17 January 2018												
	As the times and dates may change at any time without notice to you, you are encouraged to lodge your Application as soon as possible (noting that Applications received during the Exposure Period will not be accepted or processed until the Exposure Period has expired, with no preference given to persons who lodge their Application Forms during the Exposure Period.												

Topic	Summary
What happens if the minimum Subscription is not received?	The Minimum Subscription for the Offer to proceed is \$12 million. If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus, the Company will repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus to allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest. In accordance with the Corporations Act, no Shares will be allotted by the Company until the Minimum Subscription has been reached.
Who is eligible to apply?	You may apply under the Offer if you have a registered address in Australia or New Zealand, or if you fit within the eligibility criteria outlined for the Relevant Jurisdictions as set out in Section 12.8, and are not a resident of the United States.
What are the cash proceeds to be raised?	\$12 million up to \$22 million is expected to be raised under the Offer.
Is the Offer underwritten?	No.
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Offer is \$2,250 (1,500 Shares) and there is no maximum value of Shares that may be applied for under the Offer, but Applications may be scaled back at the discretion of the Company and the Lead Manager.
What is the allocation policy?	<p>Allotment of Shares will be made as soon as practicable after the Closing Date. The allocation of Shares will be determined by the Company in consultation with the Lead Manager in their absolute discretion. The Company reserves the right to allot Shares in full for any Application or to allot any lesser number or to decline any Application received. If you intend to invest, the Directors urge you to make your Application as soon as practicable after the Opening Date to reduce the risk of having your Application scaled down or completely rejected (noting that applications received during the Exposure Period will not be accepted or processed until the Exposure Period has expired, with no preference given to those who lodge their Application Forms during the Exposure Period).</p> <p>Where the number of Shares allotted is less than the number applied for, the surplus Application Money will be returned by cheque within 14 days after the Closing Date. Where no allotment is made, the amount tendered on application with the relevant Application Form will be returned in full by cheque within 14 days after the Closing Date. Interest will not be paid on monies refunded.</p>
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be despatched by post on or about 10 January 2018.</p> <p>Refunds to Applicants under the Offer who make an Application and are scaled back will be made as soon as possible following Completion.</p>
Will the Shares be quoted?	The Company intends to apply to ASX for admission to the official list of the ASX and quotation of Shares on the ASX (which is expected to be under the code "DBF" for Shares within 7 days of the date of this Prospectus for quotation of the Shares.

Topic	Summary
Will the Shares be quoted? (cont.)	<p>Completion of the Offer is conditional on ASX approving this application. If application for quotation is not made within 7 days after the date of this Prospectus, approval is not given for the Company to be admitted to the Official List, or permission for quotation of the Shares is not granted by ASX within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act. No Shares will be issued unless and until ASX grants approval on conditions acceptable to the Directors for the Company to be admitted to the Official List.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about 17 January 2018.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement.</p>
Are there any restriction arrangements?	The voluntary restriction arrangements are described in Section 9.6.
Are there any tax considerations?	The tax consequences will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. A general overview of tax consequences is outlined in Section 12.6 of this Prospectus.
Is there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See Section 12.4.4.1 for details of various fees payable by the Company to the Lead Manager and by the Lead Manager to brokers.</p>

9.3 Structure of the Offer

If you wish to make an Application for Shares under the Offer, you must complete and lodge the Application Form attached to, or accompanying, this Prospectus in its printed copy form, or included in or accompanied by the complete and unaltered copy of this Prospectus, in its electronic form which must be downloaded in its entirety from www.duxtonbroadacre.com. Shares to which the electronic Prospectus relates will only be issued on receipt of a printed copy of the electronic Application Form together with a printed copy of the Prospectus. Detailed instructions on completing the Application Form can be found on the Application Form.

Your Application Monies and completed Applications to participate in the Offer must be received by the Share Registry prior to 5.00pm (ACDT) on the Closing Date. The Directors reserve the right to allocate you any lesser number of Shares than those for which you apply. Where the number of Shares you are allotted is fewer than the number applied for, surplus Application Monies will be refunded to you without interest. A binding contract to issue Shares will only be formed at the time Shares are allotted to you.

9.4 Purpose of the Offer and Use of Funds

The purpose of the Offer is to raise funds for purchase of additional broadacre farms to complement the existing investment portfolio, to reduce existing debt, to pay the costs of the Offer and to add to working capital. The Company will actively acquire farms which it believes give scope to improve operational efficiencies, farm yields and returns and which meet the Company's criteria and investment objectives. The Company also intends to diversify the geography of its portfolio and acquire land outside of New South Wales. Prior to any acquisitions, debt will be paid down to reduce interest payment obligations, while still leaving the debt facility in place to facilitate acquisitions.

Assuming Maximum Subscription of the Offer, the proposed use of funds raised under the Offer is as follows:

The use of proceeds listed below is an estimate only, based on financial modelling prepared by the Company.

The Directors consider that the amount sought to be raised by this Offer will provide sufficient working capital to achieve the objectives of the Company following its listing on the ASX as set out in this Prospectus. You should be aware that the Company may use and expend its cash reserves more quickly than contemplated. Budgets are dependent on results and may change. Further, the timing of the implementation of the activities, such as purchase of broadacre farms is dependent on availability of farms and other factors including quality, price and location. Therefore, the Company's actual allocation and use of funds may change.

	Minimum Subscription	Maximum Subscription
Total funds raised from IPO	\$12 million	\$22 million
<i>Anticipated use of funds</i>		
Cost of the Offer	\$1 million	\$1.5 million
Property Acquisition	\$8 million	\$8 million
Repayment of Debt*	\$3 million	\$3 million
Cash Reserve for Strategic Acquisitions	\$0 million	\$9.5 million

*Repayment of debt initially used to finance the acquisition of the Yarranlea property.

The Company intends to deploy all equity capital raised prior to the conclusion of 2018, by way of farm acquisition, debt reduction, or a combination in a manner that best advances the strategic interests of the Company as determined by the Board.

9.4.1 Expenses of the Offer

The estimated expenses of the Offer (net GST), at the Minimum and Maximum Subscription, are set out in the table below.

	Min	Max
Lead Manager Fee	585,000	985,000
Legal Fees	150,000	150,000
Independent Expert Fee	129,500	129,500
ASX/ASIC Fees	127,320	127,320
Other	54,700	54,700
Total	1,046,520	1,446,520

The Company will be required to reimburse the Investment Manager for all expenses paid on its behalf, to the extent that the Investment Manager pays some or all of the above expenses on behalf of the Company, once the Shares have been issued pursuant to the Offer.

9.5 Capital Structure Pre and Post Offer

The details of the Company's capital structure immediately prior to and on Completion of the Offer assuming Minimum Subscription and Maximum Subscription are set out in the table below. The Company has agreed to issue the 29,463,681 Vendor Shares to the Vendor Shareholders prior to close of the Offer.

Based on the below figures, the Company's free float at the time of Listing will be equal to or greater than 20%.

At Minimum and Maximum Subscription, the Vendor Shareholders will retain a controlling interest in the Company.

Shares

Entity	Shares held pre-Offer	Ownership at pre-Offer	Shares held at Minimum Subscription post-Offer	Ownership at Minimum Subscription post-Offer	Shares held at Maximum Subscription post-Offer	Ownership at Maximum Subscription post-Offer
WRI	20,313,420	68.94%	20,313,420	54.22%	20,313,420	46.03%
MIL	9,150,261	31.06%	9,150,261	24.42%	9,150,261	20.73%
New Shareholders	0	0.00%	8,000,000	21.36%	14,666,667	33.24%
Total	29,463,681	100.00%	37,463,681	100.00%	44,130,348	100.00%



9.6 Restriction arrangements

The Company has obtained that the broadacre farms are assets which have a readily ascertainable value, and as a result ASX is not expected to apply mandatory restriction arrangements to any Shares.

Provided no ASX mandatory restriction arrangement is applied by ASX, the Vistra Trust (Singapore) Pte. Limited as trustee for IS & P Singapore Retirement Fund, Sub-Fund 261 and Duxton Asset Management as Vendor Shareholders will enter into a voluntary restriction agreement with the Company in relation to its Vendor Shares when those Vendor Shares are issued. As part of those agreements in the event that those entities receive cash from GALOF rather than an in specie distribution to them of Shares then they will undertake to use that cash to buy Shares on market, with the restriction agreement then applying to those Shares.

The restriction period is for the period commencing on the date of issue of those Vendor Shares and ending one year from the date of quotation of the Shares on the ASX for the respective Shares held.

The remaining of the Vendor Shares held will not be subject to voluntary restriction.

The Vendor Shares subject to restriction agreement may not be sold, transferred or encumbered without the consent of the Company during the voluntary restriction period, other than to allow the Vendors to accept a takeover bid or participate in a scheme of arrangement under the Corporations Act. As a result, the Company will have a relevant interest in those Shares, which will arise prior to close of the Offer and before the Company is admitted to Official List.

The voluntary restriction of certain Vendor Shares may limit the ability of the relevant Vendor Shareholder to participate in any further capital raisings undertaken by the Company, during the restriction period.

The beneficial owner of WRI and MIL is GALOF. It is anticipated that 20,313,420 Shares that were issued to WRI and 9,150,261 Shares that were issued to MIL, will be transferred to GALOF via an in specie transfer. Except as indicated above in relation to the interests of the Vistra Trust (Singapore) Pte. Limited as trustee for IS & P Singapore Retirement Fund, Sub-Fund 261 and Duxton Asset Management these Shares are not subject to voluntary restriction, and it is anticipated that those Shares that are transferred to GALOF will either be sold by GALOF or be further distributed to the ultimate underlying investors in the fund within three to six months of the transfer.

9.7 How to apply

You can make an Application for Shares by completing the Application Form attached to a printed copy of this Prospectus, or included in or accompanied by the completed and unaltered copy of this Prospectus. If you wish to participate in the Offer, you should complete the Application Form in accordance with the instructions set out on the reverse of the Application Form and as set out below. Additional copies of the Prospectus and Application Form can be obtained from the Company or downloaded from the Company's website at www.duxtonbroadacre.com. Additionally, on request, the Company will send a printed copy of the Prospectus and Application Form free of charge during the period for which the Offer is open. Application Forms must not be circulated to prospective Applicants unless accompanied by a copy of the Prospectus.

Your Application must be for a minimum of 1,500 Shares (\$2,250) and thereafter in multiples of 350 Shares (\$525).

Your Application Form must be accompanied by a cheque for the full amount of your Application. Cheques are to be drawn in Australian dollars and made payable to "Duxton Broadacre Farms Ltd – Share Offer" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. All Applications and cheques should be sent in time, so that they are received by the Company no later than 5.00pm (ACDT) on the Closing Date (subject to the Directors exercising their right to close the Offer earlier or to extend the date without notice). A completed and lodged Application Form together with payment constitutes a binding Application for the number of Shares specified in the Application Form.

The Company reserves the right to reject your Application or to allocate you fewer Shares than the number you applied for.

If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, Computershare may still accept your Application, or may reject your Application, in which case, Application Money held in respect of the Shares that have not been issued will be returned to you as soon as practicable and without interest.

The Company's decision as to whether to accept your Application or how to construe, amend or complete it shall be final, but you will not be treated as having offered to purchase more Shares than indicated by the amount of the cheque for the Application Monies.

The Company will hold all Application Money received on trust on behalf of the Applicants in a separate bank account until the Shares are issued or the Application Money is returned to Applicants (in the event that the Minimum Subscription is not met, ASX approval is not granted, or Applicants withdraw their Application on the issuance of a supplementary or replacement prospectus). In accordance with the Corporations Act, no Shares will be allotted by the Company until the Minimum Subscription has been reached.

9.8 When to apply

You may lodge your Application at any time after the issue of this Prospectus. However, as set out in the Prospectus, applications received during the Exposure Period will not be processed until after the expiry of that period, with no preference given to persons who lodge their Application Forms during the Exposure Period.

The Offer will remain open until 5:00pm (ACDT) on 22 December 2017, unless the Company elects to close the Offer earlier or extend the Offer, in each case without prior notice.

Early lodgement of your Application is recommended as the Offer may be closed early.

9.9 Discretion regarding the Offer

The Company may withdraw the Offer at any time before Completion. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Lead Manager and the Company also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate to any Applicant or bidder fewer Shares than applied or bid for.

9.10 Allotments and issue

Allotment of Shares will be made as soon as practicable after the Closing Date. The Directors, in consultation with the Lead Manager will allocate the Shares across Applicants as they determine in their discretion, including where the Directors receive Applications for more than the Maximum Subscription.

The Company, in consultation with the Lead Manager, reserves the right to allot Shares in full for any Application or to allot any lesser number or to reject any Application received. The Directors urge those wanting to invest to make their Applications as soon as practicable after the Opening Date to reduce the risk of having their Applications scaled down or completely rejected (noting that Applications received during the Exposure Period will not be accepted or processed until the Exposure Period has expired, with no preference given to persons who lodge their Applications Forms during the Exposure Period).

Where the number of Shares allotted is less than the number applied for, the surplus Application Money will be returned by cheque within 14 days after the Closing Date. Where no allotment is made, the amount tendered on application with the relevant Application Form will be returned in full by cheque within 14 days after the Closing Date. Interest will not be paid on monies refunded.

The issue of Shares is subject to Applications for the Minimum Subscription being received within 4 months of the date of this Prospectus, and the application for the quotation of the Shares being accepted by ASX within 3 months after the date of this Prospectus or such longer period as is permitted by the Corporations Act. No Shares will be issued until these conditions are fulfilled. If the conditions outlined above are not fulfilled, the Company will refund all Application Money received as soon as practicable, without interest.

9.11 CHESS and Issuer sponsored holdings

The Company will apply to participate in CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become CHESS-approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS will be registered on the electronic CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates for the Shares will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

9.12 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

The rights and liabilities attaching to the ownership of the Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law. The Company has adopted a constitution of a kind usually adopted by an ASX listed company, a copy of which can be obtained through ASIC.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

The Shares to be issued pursuant to this Prospectus will rank equally with all of the other Shares that have been issued as at the date of this Prospectus.

Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share held by the Shareholder. This is subject to any rights or restrictions attached to any Shares. A Shareholder is not entitled to vote on a resolution if under the Corporations Act or the Listing Rules, the Shareholder must not vote or abstain from voting or his, her or its vote must be disregarded. This may be the case, for example, where the Listing Rules require the Company to disregard the Shareholder's vote, or there is a breach of the Listing Rules or of a restriction agreement. The Shareholder is not entitled to any votes in respect of the Shares while that breach continues.

Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which at the date of this Prospectus is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act.

Dividends

The Board may by resolution either:

- declare a Dividend and fix the amount, the time for and method of payment; or
- determine a Dividend or interim Dividend is payable and fix the amount, the time for and method of payment.

If Dividends are payable, each Shareholder is entitled to the full Dividend on the Shares. The Directors may deduct from any Dividend payable to or for a Shareholder any money presently payable by the Shareholder to the Company in respect of any Shares held by the Shareholder. If Shares are classified as restricted securities in relation to which there is a breach of the Listing Rules or of a restriction agreement, the Shareholder will not be entitled to receive any Dividends in respect of the restricted securities while that breach continues. The Directors are not anticipating paying Dividends until March 2019. For further information in respect of the Company's proposed Dividend policy, see Section 3.3.

Capitalising profits and conversion of Shares

Subject to the Constitution and the Listing Rules, the Directors may capitalise any profits and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled in a distribution by Dividend. The Company in a general meeting may convert its Shares into a larger or smaller number of Shares by resolution.

Transfer of Shares

Subject to the Constitution, Shares are freely transferable and may be transferred by a proper transfer effected in accordance with the ASX Listing Rules or the ASX Settlement Operating Rules. Subject to compliance with the ASX Listing Rules and the ASX Settlement Operating Rules, Shares may be transferred by a written instrument of transfer in any usual form or by any other form approved by the Directors. Subject to the CHESS Rules, the transferor is deemed to remain the holder of the Shares until the name of the transferee is entered into the Company's register of members.

The Board may, in its absolute discretion, refuse to register a transfer of Shares in any of the circumstances permitted by the ASX Listing Rules. The Board must refuse to register a transfer of Shares when required to do so by the Listing Rules.

Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules, and the Constitution, the Directors may issue and allot, or dispose, of Shares on terms determined from time to time by the Directors at an issue price that the Directors determine from time to time and to Shareholders whether in proportion to their existing shareholdings or otherwise, or to such other persons as the Directors may determine from time to time. The Directors' power under the Constitution includes the power to acquire Shares and issue and allot Shares: with any preferential, deferred or special rights, privileges or conditions; with any restrictions in regard to dividend, voting, return of capital or otherwise; which are liable to be redeemed or converted; or which are bonus Shares for whose issue no consideration is payable to the Company.

Winding up

Subject to any special rights or restrictions attached to Shares, if on a winding up there are enough assets to repay all capital to Shareholders, all capital must be repaid to the Shareholders and any surplus must be distributed among the Shareholders in proportion to the number of fully paid Shares held by them (and for this purpose a partly paid Share is treated as a fraction of a Share equal to the proportion which the amount paid bears to the total issue price of the Share) before the winding up began. If on a winding up there are not enough assets to repay all capital to Shareholders, the available assets must be distributed among the Shareholders in proportion to the numbers of Shares held by them irrespective of the amounts paid on their respective Shares (and for this purpose a partly paid Share is treated as a fraction of a Share equal to the proportion which the amount paid bears to the total issue price of the Share) before the winding up began (without the necessity of a call up). Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets, and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but the liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability. At the commencement of the winding up, restricted securities (if Shares), which are subject to restrictions under any restriction agreement entered into by the Company, rank on a return of capital behind all other Shares of the Company.

Non-marketable parcels

Where the Company complies with the relevant procedure outlined in the Constitution, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buy-backs

Subject to the Constitution, the Corporations Act and the ASX Listing Rules, the Company issues or otherwise disposes of Shares on such terms and conditions as it decides and may buy Shares on terms and at times determined by the Board.

Variation of class rights

As at the date of the Offer, the Company's only class of shares on issue will be ordinary shares. The rights attached to any class of Shares may be varied in accordance with the Corporations Act, may by special resolution of the Company, and with the consent in writing of the holders of at least 75% of the issued Shares of the class or the sanction of a special resolution passed at a meeting of the holders of the issued Shares of that class.

Dividend reinvestment plan

The Directors may establish a plan under which Shareholders may elect to reinvest cash dividends paid or payable by the Company, by acquiring by way of issue or transfer (or both) Shares. The Directors have no current intention to establish a dividend reinvestment plan.

Directors – appointment and rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum number of Directors is 10 or such lesser number as determined by the Board in accordance with the Corporations Act. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the managing director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or three years, whichever is longer. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. Subject to the Listing Rules, in the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to a deliberative vote.

Directors – remuneration

The Directors, other than an executive Director, will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum per annum for fees for non-Executive Directors is \$300,000 with the initial remuneration of these Directors set out in Section 8.4.2. Any change to that maximum aggregate sum needs to be approved by Shareholders. Independent Directors will be paid in Shares for the first three years, with one third to be issued one day after the Company's AGM. Shares will be issued to the Independent Directors at the listing price of \$1.50 per Share. Pursuant to the Constitution, non-executive Directors may also be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Indemnities

The Company, to the extent permitted by law, indemnifies every person who is or has been a director or secretary of the Company against any liability incurred by that person as an officer of the Company (including liabilities incurred by the officer as a director or secretary of a subsidiary of the Company where the Company requested the officer to accept that appointment), and reasonable legal costs incurred or allegedly incurred by that person as an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment). The Company, to the extent permitted by law, may advance to an officer an amount which it might otherwise be liable to pay to the officer in respect of legal costs under the terms of the indemnity outlined above. The Company may enter into a deed with any officer of the Company to give effect to those matters outline in this paragraph.

The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director.

Amendment

The Constitution may be amended only by special resolution passed by at least three-quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

For personal use only

SECTION 10

**INVESTIGATING
ACCOUNTANT'S
REPORT**

For personal use only





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06 November 2017

The Directors
 Duxton Broadacre Farms Limited
 FORBES NSW 2871

Dear Directors

Independent Limited Assurance Report on Duxton Broadacre Farms Limited's Compilation of Pro Forma Historical and Forecast Financial Information for the Prospectus

We have been engaged by Duxton Broadacre Farms Limited ("**Duxton Broadacre Farms**" or "**the Company**") to prepare an Independent Limited Assurance Report ("**the Report**") on the pro forma historical financial information and forecast financial information of the Company for inclusion in the Prospectus (the "**Prospectus**") to be dated on or about 10 November 2017 relating to the proposed share issue ("**the Offer**").

The applicable criteria on which the Directors of Duxton Broadacre Farms ("**the Directors**") have compiled the pro forma financial information is described in Section 5 of the Prospectus and is in accordance with the recognition and measurement requirements of Australian Accounting Standards and Interpretations (issued by the Australian Accounting Standards Board) and the Corporations Act, as appropriate for for-profit orientated entities, and as modified for inclusion in the Prospectus, including the abbreviation of disclosures.

Expressions and terms defined in the Prospectus have the same meaning in this Report, unless otherwise stated.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("**AFSL**") under the Corporations Act 2001. Crowe Horwath Corporate Finance (Aust) Ltd ("**Crowe Horwath**") holds the appropriate AFSL. We have attached at Annexure 1 a Financial Services Guide.

Scope

The Company has requested Crowe Horwath to prepare this Report covering the following information included in the Prospectus:

Pro Forma Historical Financial Information

The historical financial information, as set out in the Prospectus comprises:

- The pro forma historical statements of profit or loss and other comprehensive income of Duxton Broadacre Farms for the years ended 30 June 2017, 30 June 2016 and 30 June 2015.

Crowe Horwath Corporate Finance (Aust) Ltd is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity.



- The pro forma historical statements of financial position of Duxton Broadacre Farms as at 30 June 2017, 30 June 2016 and 30 June 2015 for the 'consolidated entity'; and
- The pro forma historical statements of cash flows of Duxton Broadacre Farms for the years ended 30 June 2017, 30 June 2016 and 30 June 2015.

(hereafter the "**Pro Forma Historical Financial Information**").

Forecast Financial Information

The forecast financial information, as set out in the Prospectus comprises:

- The forecast consolidated income statements and cash flows statements for the financial year ending 30 June 2018; and
- The forecast balance sheet at 30 June 2018

(hereafter the "**Forecast Financial Information**").

(together the "**Financial Information**")

There are no actual historical consolidated financial statements of the pro forma Duxton Broadacre Farms. The Pro Forma Historical Financial Information presented in the Prospectus reflects a pro forma consolidation prepared from the statutory financial statements of the Company as outlined in the Prospectus.

The Pro Forma Historical Consolidated statements of financial position as at 30 June 2017, 30 June 2016 and 30 June 2015 also assume completion of the proposed transactions outlined in **Section 9** of the Prospectus which includes the Offer (the "**Pro Forma Transactions**") as though they had occurred on that date.

The Pro Forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Directors' Responsibility

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions set out in **Section 5** of the Prospectus and the basis of preparation of the Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Financial Information that are free from material misstatement.



Our Responsibility

Our responsibility is to express a conclusion on whether anything has come to our attention that the Pro Forma Historical Information and the Forecast Financial Information has not been properly compiled, in all material respects, by the Directors on the basis of the applicable criteria, as described in section 5 of the Prospectus.

We have conducted our engagement in accordance with ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently do not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Financial Information.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

Conclusions

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that the Pro Forma Historical Financial Information and the Forecast Financial Information of the Company is not compiled, in all material respects, in accordance with the stated basis of preparation, as described in section **Section 5** of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to **Section 5** of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

Crowe Horwath has consented to the inclusion of the Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Crowe Horwath is limited to the inclusion of this Report in the Prospectus. Crowe Horwath makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.



Independence or Disclosure of Interest

Crowe Horwath does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Crowe Horwath will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

CROWE HORWATH CORPORATE FINANCE (AUST) LTD

A rectangular stamp with a black border containing the handwritten text "Crowe Horwath ." in a cursive script.



Annexure 1 – Financial services guide

Date of issue: 10 August 2016

General advice – Investigate Accountant's Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- how we and our associates are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Introduction

Crowe Horwath Corporate Finance (Aust) Ltd, ABN 95 001 508 363 has been engaged to issue general financial product advice in the form of an Investigating Accountant's Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Crowe Horwath Corporate Finance (Aust) Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

Crowe Horwath Corporate Finance (Aust) Ltd is wholly owned by Crowe Horwath Australasia Ltd and operates as part of the business advisory and professional accounting practice of Crowe Horwath. Crowe Horwath Australasia Ltd is owned by Findex Australia Pty Ltd.

General Financial Product Advice

In the Investigating Accountant's Report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

1. Provide financial product advice for the following classes of financial products:
 - a. derivatives; and
 - b. securities.
2. Deal in a financial product by:
 - a. issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - i. derivatives; and
 - ii. securities.



Investigating Accountant's Reports

We provide financial product advice by issuing an Investigating Accountant's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly but you will be provided with a copy of the Report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Crowe Horwath Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Crowe Horwath Corporate Finance (Aust) Ltd paid to produce an Investigating Accountant's Report?

We will charge a fee for providing this Investigating Accountant's Report. This fee will be paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Crowe Horwath Corporate Finance (Aust) Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Crowe Horwath Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your Investigating Accountant's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Investigating Accountant's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Investigating Accountant's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps:

Contact us and tell us about your complaint.



If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (02) 9262 2155, or put your complaint in writing and send it to us at:

The Complaints Officer
Crowe Horwath Corporate Finance (Aust) Ltd
Level 15, 1 O'Connell St
SYDNEY NSW 2000

If you still do not get a satisfactory outcome you can contact the Financial Ombudsman Service (FOS) of which Crowe Horwath is a member. FOS can be contacted on 1800 367 287 or you can write to them at GPO Box 3, Melbourne, Victoria 3001.

ASIC has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Crowe Horwath Corporate Finance (Aust) Ltd provides, please contact our office on (02) 9262 2155.



SECTION 11

**SIGNIFICANT
ACCOUNTING
POLICIES**

11. Significant Accounting Policies

A summary of significant accounting policies that have been adopted in the preparation of the unaudited pro forma statements of financial position

set out in Section 5 or that will be adopted and applied in preparation of the financial statements of the Company for the period ended 31 December 2017 and subsequent periods is set out as follows:

(a) Basis of Preparation

The pro-forma financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these pro-forma financial statements are presented below and have been consistently applied unless stated otherwise.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro forma statements of financial position have been prepared on the basis of assumptions outlined in Section 5.3.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured at the fair value of the consideration received or receivable after taking into account discounts and rebates.

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).



(c) Finance and Borrowing Costs

Finance costs directly attributed to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other finance costs are recognised as an expense in the period in which they are incurred.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Grain stocks are valued at harvest either at their current market value or contracted value if the company has previously entered into a sale contract for part or all of the grain harvested. These stocks are tested for impairment at balance date each year. Where there is no available market data of similar grain at date of harvest, the valuation is determined based on the earliest practicable time when such data is available and may include values agreed in sales contracts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, and bank overdrafts. Bank overdrafts are also part of cash equivalents for the purpose of the statement cash flows and are presented within current liabilities in the statement of financial position.

(g) Trade and Other Receivables

Receivables are recognised and carried at original amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified. Amounts are generally received within 30 days of being recorded as receivables.

(h) Biological Assets

In accordance with AASB141, livestock have been recognised at net market value, however, growing crops have been recorded at cost in the pro-forma financial statements because of the immature stage of growth at listing date.

(i) Property, Plant and Equipment**(i) General Information**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

(ii) Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on annual valuations, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Revaluations of land and buildings:

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit and loss, in which case the increment is recognised in profit and loss. Any revaluation decrement is recognised in profit and loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(iii) Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment for losses.

(iv) Plant and Equipment – Carrying Amount

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(v) Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use.

(vi) Depreciation Rates

The depreciation rates used for each class of depreciable assets are:

Fixed asset class	Depreciation Rate
Buildings	1 - 2.5%
<i>Plant and Equipment</i>	8-40%
Motor Vehicles	18.75 – 25%
Office Equipment & Furniture	10 – 50%
Improvements	2.5 – 20%
Low Value Asset Pool	37.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation is calculated from the acquisition date.

(vii) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is first applied against any previous revaluation of that asset and where the revaluation reserve has been fully utilised the balance is expensed to the income statement.

(j) Financial Instruments

(i) Recognition

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

(iii) Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(iv) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(v) Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

Impairment losses are recognised in the income statement.

(k) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(n) Intangibles**(i) Water entitlements**

Permanent water rights and entitlements are recorded at fair value. Such rights have an indefinite life, and are not depreciated and are revalued through reserves.

(o) Employee Benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made in respect of services provided by employees up to the reporting date.

(p) Wheat, Canola, Cotton and Rapeseed Futures and Options

In order to minimise possible adverse effects of the movements in grain and seed prices, the Company may enter into futures and options contracts. Where a purchase or sale is specifically hedged, realised gains and losses on the hedging transaction are treated as deferred costs or revenues until the terms of delivery of the physical sales contract has been satisfied, when they are brought to account.

The value of these contracts plus any related delivery costs are then compared to value at balance date with any material gains or losses being recorded as a derivative asset/liability with the movement through the statement of profit or loss.

(q) Share Capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

(r) Acquisition of Businesses

The acquisition method of accounting as per AASB 3 has been employed to account for the combination of Wyalong Rural Investments with Duxton Broadacre Farms Pty Ltd.

The consideration transferred for the acquisition of Wyalong Rural Investments comprises the fair value of assets transferred, less liabilities incurred and equity interests issued by the group.

Identifiable assets acquired and any liabilities and contingent liabilities assumed have been measured initially at their fair value at the acquisition date.

SECTION 12

**ADDITIONAL
INFORMATION**

12. Additional information

12.1 Registration

The Company was registered in New South Wales, Australia on 16 January 2008, and subsequently converted to a public company on 1 September 2017.

12.2 Balance Date

The balance date of the Company is 30 June.

12.3 Tax status

The Company will be taxed as an Australian tax resident public company for the purpose of Australian income tax law. The taxation obligations and the effects of participating in the Offer can vary depending on your circumstances, the particular circumstances relating to your holdings of securities and the taxation laws applicable if you are a resident of a different jurisdiction.

If you are in doubt as to your taxation position, you should seek professional advice. It is solely your responsibility to inform yourself of your taxation position resulting from participation in the Offer.

12.4 Summary of material contracts/arrangements

12.4.1 Forward Contracts

The Company has a number of material contracts for the forward sale of grain and cotton for 2018 and 2019. All contracts are at arm's length on market terms and none of the buyers are related parties.

12.4.2 Water Rights Sales Agreement and Water Lease with Duxton Water Limited

The Company entered into a Water Rights Sale Agreement with Duxton Water on 25 July 2016 for the sale of 6,798ML of water entitlements in Lachlan Zone 1 (Water Entitlements). The Company obtained an independent valuation of those Water Entitlements from CBRE as at 30 June 2016, valuing those Water Entitlements at \$3,399,000.

At settlement of the Water Rights Sale Agreement, the Company entered into a water lease with Duxton Water under which the Water Entitlements are leased back to the Company. The key commercial terms and conditions of the contracts are set out adjacent.

Water Entitlement Zone	Lachlan General Security Zone 1
Water Entitlements Sale Amount (ML)	6,798
Sale Price (\$)	\$3,399,000
Consideration	Cash
Water Entitlements Leased (ML)	6,798
Lease (\$)	\$3,399,000
Lease Commencement Date	30 September 2016
Lease Initial Term Expiry Date	30 June 2023
Rent	\$186,945 per annum (\$46,956.25) payable quarterly subject to an adjustments for any reduction in volume due to change in water regulations or applicable law
Option to Extend Lease	Yes
Option Term	5 years
Market Rent upon Exercise of Option	5.50% of current market or [the current market rent determined by the lessor]
Option to Purchase	Yes
Option to Purchase Price	Current market value as agreed or as determined by independent valuation
First Right of Refusal	Yes

Key Lease Terms

Summaries of the other material terms of the lease are set out as follows.

Rent – The rent is payable quarterly regardless of whether or not the Company actually takes or uses any water available to it under a Water Entitlement or Water allocation, or whether there is any actual water allocation at all.

Outgoings and costs – The Company is also required to pay all outgoing, duty, and related costs associated with the ownership, registration or revocation of any term transfer of the Water Entitlement or water allocations or taking water under the water allocation by the Company, and all of Duxton Water's legal costs, reasonable administration costs and other costs on a full indemnity basis for default by the Company, any application for consent required, any proposed assignment or dealing of the lease, and any surrender or termination of the lease prior to its expiry date.

Laws – The Company must comply with all applicable laws and the requirements of relevant water authorities during the lease, and must not do anything that could cause or permit a Water Entitlement to be adversely affected.

Assignment or disposal – The Company is not entitled to assign or otherwise dispose of its interest in the lease or the Water Entitlements without Duxton Water's consent, but the Company may assign or otherwise dispose of its annual water allocation to which it is entitled. The Company must also not allow any change in its controlling ownership without Duxton Water's consent.

Encumbrance – The Company is not entitled to mortgage or otherwise encumber its interest under the lease or the Water Entitlements without the consent of Duxton Water. Duxton Water cannot unreasonably withhold its consent where an agreement is entered on reasonably satisfactory terms and conditions to Duxton Water.

Indemnity – The Company indemnifies Duxton Water for any liability arising from any act, neglect, default or omission of the Company (or any other person) in taking or using the water under the Water entitlements other than those claims which arise as a result of a breach, or the negligence of Duxton Water, its employees, agents or contractors.

Termination – If an event of default occurs in respect of the Company, such as rent remaining unpaid for a period of more than 14 days, Duxton Water may terminate the lease if the Company does not remedy the event of default (if capable of remedy) within 30 days' notice from Duxton Water, take back the Water Entitlements and recover any loss from the lessee. If Duxton Water terminates the lease as a result of a breach by the Company of a fundamental and essential condition, the Company is required to pay the difference between all rent and other money payable by the Company for the balance of the term had the lease not be terminated and any amount which Duxton Water receives or reasonably anticipates will be received for the balance of the term from other lessees of the Water Entitlements.

Option to extend term – The Company has an option to extend the initial term for a further period (as set out in the above table) at the rent (as set out in the above table).

Option to purchase – The Company also has an option to purchase the Water Entitlements at the expiry of the lease (whether that is at the expiry of the initial term if the option is not exercised, or at the expiry of the extended term). The purchase price payable by the lessee is to be the current market value of the Water entitlements, as agreed between the parties, or as determined by an independent valuer on a dollars per megalitre basis. The Water Entitlements are otherwise to be purchased by the Company on substantially the same terms and conditions as the Water Rights Sale Agreement with Duxton Water.

Assignment – Duxton Water may assign its rights and obligations under the lease to any person at any time.

First right of refusal – If the Company has not exercised its option to extend the lease or its option to purchase the Water Entitlements and Duxton Water wishes to sell or lease the Water Entitlements to any other person, it must not sell or lease or agree to sell or lease the Water Entitlements unless it first offers the Water Entitlements to the Company for sale or lease as a first right of refusal on no less favourable terms as to payment for a period of at least 14 days, if the Company has rejected an option to extend the term, or rejected an option to purchase the Water Entitlements, or Duxton Water sells the Water Entitlements by public auctions after notifying the Company of the time and location of the public auction.

12.4.3 Debt Facility

The Company currently has a debt facility with Westpac Banking Corporation ABN 33 007 457 141. The core features of this facility are set out in Section 3.2.3.

Please see Section 3.2.3 and 4.4.2 for more information on the security given by the Company to secure the facility and the Company's intentions in respect of borrowings.

12.4.4 Lead Management Agreement

The Company has entered into a Lead Management Agreement with the Lead Managers with respect to the Offer.

The Company and the Lead Manager entered into a Lead Management Agreement dated 7 November 2017 (Lead Management Agreement). Under that agreement the Company appointed the Lead Manager exclusively to arrange the Offer and to lead manage and act as book runner for the Offer.

12.4.4.1 Fees and Expenses

The Company has agreed to pay the Lead Manager (exclusive of GST):

- a management fee of 1.0% of the total gross amount raised under the Offer
- a spread fee of \$150 per name capped at 300 names (minimum investment of \$2,250 per name); plus
- a selling fee payable on a sliding scale detailed as follows:
 - o on a raising of up to \$12 million - 4.0% on funds raised from institutional and retail investors, excluding the \$2,250 to arrive at the \$150 fee per name.
 - o on a raising of greater than \$12 million but not exceeding \$22 million - 3.5% on funds raised from institutional and retail investors above \$10 million plus the amount calculated above for a raising of up to \$12 million.
 - o on a raising of greater than \$22 million - a further 3.0% on the additional funds raised from institutional and retail investors.

In the event that the IPO does not proceed because of a trade sale which completes within 12 months of termination of the Lead Management Agreement, the Company must pay a break fee of 1% of the enterprise value for the trade sale (exclusive of GST) on the day of settlement.

For personal use only

The Company must also pay or reimburse the Lead Manager for all costs, charges and expenses incurred in connection with the Lead Management Agreement, this Prospectus and the Offer, including reasonable legal fees (up to a maximum of \$15,000 without prior consent of the Company) and marketing, travel, accommodation and other similar expenses and costs (up to a maximum of \$1,000 per month without prior consent). The Company must pay or provide reimbursement for these costs, charges and expenses even if the Company does not proceed with the IPO. The Company will also pay all costs and expenses in relation to Completion of the Offer, including any such costs payable by the Lead Manager to ASX or ASX Settlement.

The Lead Manager is solely responsible for paying all fees payable to co-managers or brokers appointed in relation to the Offer. The Company is not responsible in any way for those costs.

12.4.4.2 Undertakings, representation and indemnities

The Company has given the Lead Manager usual representations and warranties including in respect of the provision of information, the allotment or issue of securities, acquisition or divestment and change of the nature of its business, and indemnities for liability incurred, including in relation to its compliance with the Corporations Act and ASX Listing Rules, and in relation to the Prospectus and the Offer, including where the Prospectus contains any false, misleading or deceptive statements.

The Company cannot alter its capital structure, or acquire or divest any material assets, or change the nature of its business, in any manner without the prior consent of the Lead Manager from the date of commencement of the Lead Management Agreement and within the period of 180 days after the Shares are issued pursuant to the Offer, except for the issue of Shares under the Offer, or issue of securities under any share option plan of the Company.

12.4.4.3 Conditions of appointment

The Lead Manager's appointment is conditional on:

- a due diligence program having been designed and implemented by the Company's legal advisers to the satisfaction of the Lead Manager;
- the preparation of an acceptable prospectus in relation to the proposed IPO, including appropriate expert reports as required or deemed desirable, satisfactory to the Lead Manager;
- general market conditions being conducive to the IPO;
- there not being any material adverse change to the Company's prospects during the course of the appointment;
- receipt of sign-offs in relation to due diligence in terms satisfactory to the Lead Manager from the Company's legal advisers;
- escrow arrangements to be approved by the Lead Manager; and
- the Company activating a buyback program immediately after listing at a price equating to the IPO issue price plus 1% for a period of 2 months.

12.4.5 Warili lease

The Company leases 1,100 hectares of land in Merriment from Katherine Anne Hamilton and AJ & KA Hamilton Pty Ltd (ACN 169 798 141), representing interests of Tony Hamilton and his family. This lease will expire on or before 31 December 2017 and will not be renewed.

12.4.6 Investment Management Agreement

Please refer to Section 4.

12.4.7 Managing Director Contract

Please refer to Section 8.4.2.1 and 8.4.2.2.

12.5 Legal proceedings

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved.

12.6 Taxation considerations

The information outlined in this Section is simply of a general nature and does not purport to constitute legal or tax advice. Investors should be aware that due to the complexity of taxation laws the interpretation of such laws may be subject to change during the period of investment in the Company. Information pertaining to the taxation of Australian tax residents holding Shares in the Company is based on current tax law and Australian Taxation Office Rulings at the time this Prospectus was issued.

Since investors are able to acquire and dispose of Shares in the Company at different points in time a risk exists that the respective liabilities will be different for each investor. Investors should also note that this Prospectus is unable to address every taxation issue that could be of relevance to a particular Shareholder.

As the taxation circumstances of each investor may be different, Shareholders must not rely on the information provided in this summary. Prospective investors must obtain independent professional taxation advice on the implications applicable to their situation. The information in this Section is not, nor is it intended to be, a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We strongly recommend you seek independent tax advice that takes into account your own personal circumstances.

12.6.1 Introduction

The tax implications provided below only relate to Australian Shareholders who hold their Shares on capital account. Different tax implications apply to non-resident Shareholders or Shareholders who hold their Shares on revenue account.

12.6.2 Tax File Numbers and Australian Business Numbers

Shareholders are under no compulsory obligation to quote their Tax File Number, Australian Business Number or any exemption details. If Shareholders elect not to disclose this information the Company is required by law to deduct tax from any distributions at the maximum personal rate (including the Medicare levy). The collection of Tax File Numbers is permissible under taxation and privacy legislation.

The comments in this Section are general in nature on the basis that the tax implications for each Shareholder may vary depending on their particular circumstances. Accordingly, it is recommended that each Shareholder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section are based on the Income Tax Assessment Act 1936, and the Income Tax Assessment Act 1997, A New Tax System (Goods and Services Tax) Act 1999 and the relevant stamp duties legislation as at the date of this Prospectus.

This Section provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. It is strongly recommended you should seek independent tax advice.

12.6.3 Stamp duty

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

12.6.4 Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate which is currently 30% for businesses with an aggregate turnover of more than \$2,000,000.

The Company will maintain a franking account and may declare franked dividends to Shareholders.

12.6.5 Income tax position of Australian resident Shareholders

A general outline of the tax implications associated with the Offer for Australian resident Shareholders who hold their Shares on capital account is set out below.

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12.6.5.1 Issue of Shares

The Offer comprises the issue of Shares in the Company.

The issue of Shares involves the acquisition of CGT assets, but should not give rise to a taxing event at the time of issue for Shareholders.

Fees incurred for brokerage, and other incidental acquisition costs borne by investors, will be included in the tax cost base of the relevant Shares. Accordingly, these expenses will be included in the tax cost base of those Shares and will decrease (or increase) any subsequent gain (or loss) realised for capital gains tax purposes upon the event of any disposal of those Shares at a later date.

12.6.5.2 Disposal of Shares

The disposal of Shares will be a taxing event for Shareholders. Shareholders should derive a taxable capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Shares. Likewise, Shareholders should generally incur a capital loss where the reduced cost base of the Shares exceeds the capital proceeds.

Generally, the capital proceeds that are received as a result of the disposal of the Shares will be equal to the consideration received on disposal. The cost base of the Shares will generally be equal to the amount paid in respect of the acquisition of the Shares plus any incidental costs of acquisition or disposal.

Provided Shareholders (other than corporate Shareholders) have held their Shares for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal.

Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

12.6.5.3 Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate.

If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30% for companies with an annual turnover of \$2,000,000).

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a refundable tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability.

The income tax rate for complying superannuation funds in accumulation phase is 15%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and therefore exempt from income tax.

12.6.6 Part IVA

The potential impact of Australia's anti-avoidance tax laws upon Shareholders should be discussed with a taxation professional. Part IVA may be relevant to any taxation benefit received through a scheme whereby any party to the scheme has become involved with the dominant purpose of allowing a taxpayer to receive a tax benefit in connection with the scheme.

12.6.7 Goods and Services Tax

GST should not be payable in regard to the acquisition, disposal, acquisition, redemption or any distributions paid resulting from the ownership of Shares. GST may be included in fees charged to you in respect of acquisition or disposal of your Shares. Shareholders should seek independent professional taxation advice regarding the applicability and availability of input tax credits resulting from GST payments.

12.7 Consents to be named and disclaimers of responsibility

Each of the parties referred to below (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has caused, or authorised the issue of the Prospectus, or has made, or purports to make, any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below. Any third parties named in this Prospectus, and not specifically referred to above as having given their consent, have not consented to the inclusion of their names in this Prospectus, or to any statement attributed to them, or statement upon which a statement has been based. The Directors assume responsibility for the references to those entities and statements which include those references.

12.7.1 Taylor Collison Limited

Taylor Collison Limited has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in the Prospectus as Lead Manager to the Company in the form and context in which they appear in this Prospectus.

12.7.2 Piper Alderman

Piper Alderman has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Australian Legal Adviser to the Company in the form and context in which it is so named.

12.7.3 Crowe Horwath Corporate Finance (Aust) Ltd

Crowe Horwath Corporate Finance (Aust) Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and content in which it is named and to the inclusion in this Prospectus of its Independent Limited Assurance Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they appear in this Prospectus.

12.7.4 Computershare Investor Services Pty Limited

Computershare Investor Services Pty Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry to the Company in the form and context in which it is so named.

12.7.5 Duxton Capital (Australia) Pty Ltd

Duxton Capital (Australia) has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Investment Manager to the Company in the form and context in which it is so named.

12.7.6 Management of Duxton Capital (Australia)

The members of the management team of Duxton Capital (Australia) named in this Prospectus have given and have not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus in the form and context in which they are so named.

12.7.7 Farm Management of Duxton Broadacre Farm Limited

The members of the management team of Duxton Broadacre Farm named in this Prospectus have given and have not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus in the form and context in which they are so named.

12.7.8 CBRE Valuations Pty Limited

CBRE Valuations Pty Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is so named.

12.8 International Offer Restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. Shares may not be offered or sold in any country outside Australia or New Zealand except in the Relevant Jurisdictions to the extent permitted below.

Singapore

WARNING:

The Company is not authorized under section 286 of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA") or recognized under section 287 of the SFA by the Monetary Authority of Singapore (the "MAS") and the Shares are not allowed to be offered to the retail public.

This Prospectus is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. You should consider carefully whether an investment in the Company is suitable for you.

As this Prospectus has not been registered with the MAS, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an accredited investor, and in accordance with the conditions specified in section 305 of the SFA, (ii) to an institutional investor pursuant to section 304 of the SFA, or (iii) in accordance with the conditions of any other applicable provisions of the SFA, as the same may be amended from time to time. Shares subscribed or purchased pursuant to sections 304 or 305 of the SFA may only be transferred in accordance with the provisions of sections 304A and 305A of the SFA respectively.

Where the Shares are acquired under section 305 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Shares under section 305 except:

- (1) to an institutional investor or to a relevant person as defined in section 305(5) or arising from an offer under section 275(1a) of the SFA;
- (2) where no consideration is given for the transfer; or
- (3) where the transfer is by operation of law.

Where the Shares are acquired under section 305 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor, the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that trust has acquired the Shares under section 305 except:

- (1) to an institutional investor or to a relevant person as defined in section 305(5) of the SFA or arising from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than SGD200,000 (or its equivalent in a foreign currency) (or such other amount as may be prescribed under the SFA) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
- (2) where no consideration is given for the transfer; or
- (3) where the transfer is by operation of law.

By accepting receipt of this Prospectus, a person in Singapore represents and warrants that he is entitled to receive such document in accordance with the restrictions set forth above and agrees to be bound by the limitations contained herein.

Hong Kong*WARNING:*

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Shares have not been, and will not be, offered or sold in Hong Kong, by means of this or any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong); and no advertisement, invitation or document relating to the Shares, whether in Hong Kong or elsewhere, that is directed at, or the contents of which are or are likely to be accessed or read by, the public in Hong Kong has been or will be issued, or in the possession of any person for the purposes of issue, other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance, or as otherwise may be permitted under the laws of Hong Kong.

12.8.1 New Zealand*WARNING:*

This Offer to New Zealand investors is a regulated offer made under the mutual recognition provisions in Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 (NZ) and Part 9 of the Financial Markets Conduct Regulations 2014 (NZ).

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Cth) and the regulations made under that Act set out how the Offer must be made.

There are differences in how securities and financial products are regulated under Australian law.

For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

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12.9 ASIC modifications

The Company has not sought any ASIC modifications or relief in connection with this Prospectus, but has relied on ASIC Corporations (Consents to Statements) Instrument 2016/72, which provides relief from the consent requirements for certain statements, including:

- (a) statements made by government officials; and
- (b) statements already published in books, journals or comparable publications;

Accordingly the Company has not sought consents for statements in this Prospectus that come within this Instrument.

12.10 Contract summaries

Summaries of contracts set out in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

12.11 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

12.12 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in New South Wales and each Applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales.

12.13 Statement of Directors

The issue of this Prospectus has been authorised by each Director and this Prospectus has been signed by the Chairman on behalf of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to lodgement of this Prospectus and issue of this Prospectus and has not withdrawn that consent.

The Directors report that, in their opinion, since the date of the financial information set out in Section 5 of this Prospectus, there have not been any circumstances that have materially affected or will materially affect the value of the assets and liabilities of the Company except as disclosed in the Prospectus. The Directors state that:

- they have made all enquiries that were reasonable in the circumstances and after doing so and on that basis, have reasonable grounds to believe that statements made by the Directors in this Prospectus are not misleading or deceptive;
- in respect of any statements made in this Prospectus by persons other than the Directors, the Directors have made enquiries that were reasonable in the circumstances and after doing so and on that basis, have reasonable grounds to believe that the persons making the statement or statements are reliable and competent to make such statements, that those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent at the date of lodgement of this Prospectus with ASIC; and
- this Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisers.

Dated: 10 November

Signed on behalf of the Company by



Ed Peter
Chairman

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SECTION 13

GLOSSARY



13. Glossary

TERM

\$ or A\$ or AUD	Australian dollars
ABN	Australian Business Number
ACDT	Australian Central Daylight Time
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application Monies or Application Amount	The amount accompanying an Application Form submitted by an investor
ASEAN FTA	FTA in respect of ASEAN countries
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX
ASX Settlement Operating Rules	The rules of ASX Settlement and Transfer Corporation Pty Ltd
ATO	Australian Tax Office
Audited Accounts	The Company's audited accounts
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Board or Board of Directors	The board of directors of the Company
CEO	Chief executive officer
Chairman	Chairman of the Board of Directors
CHESS	Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act
Closing Date	The date by which Applications must be lodged for the Offer, being 22 December 2017. This date may be varied by the Company and the Lead Manager, without prior notice
Company	Duxton Broadacre Farms Limited [ACN 129 249 243]
Completion	The completion of the Offer, by the date upon which Shares are issued to successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 [Cth]
Corporate Directory	The Corporate Directory at the back of this Prospectus
Director	A member of the Board
Duxton Asset Management	Duxton Asset Management Pte Ltd (a company incorporated in Singapore)

TERM

Duxton Capital (Australia)	Duxton Capital (Australia) Pty Ltd (ACN 164 225 647) AFSL 450218, the Investment Manager
Duxton Capital (Singapore)	Duxton Capital Pte Ltd (a company incorporated in Singapore)
Duxton Group	Duxton Capital (Singapore) and its subsidiaries, which includes Duxton Asset Management and the Investment Manager
Duxton Water	Duxton Water Limited (ACN: 611 976 517)
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per Share
Existing Shareholders	The Shareholders of the Company as at the Prospectus Date
Farm Managers	Managers, appointed by the Company, responsible for the day-to-day operations of current and future farm modules
Financial Information	Has the same meaning given to that term in Section 5.
FTAs	Free trade agreements
FY14	Financial year ended 30 June 2014
FY15	Financial year ended 30 June 2015
FY16	Financial year ended 30 June 2016
FY17	Financial year ending 30 June 2017
GALOF	Global Agricultural Land and Opportunities Fund
GAV	Gross Asset Value
GL	Gigalitres; 1,000,000,000
GST	Goods and services or similar tax imposed in Australia
Historical Financial Information	The financial information described as Historical Financial Information in Section 5
HIN	Holder Identification Number
Investigating Accountant	Crowe Horwath Corporate Finance (Aust) Ltd (ACN 006 466 351)
Investment Guidelines	Guidelines defined in Section 4
Investment Management Services	Services provided by the Investment Manager to the Company, as defined in the Investment Management Agreement
Investment Manager	Duxton Capital (Australia) Pty Ltd
IPO	Initial public offering
Lead Manager	Taylor Collison Limited (ACN 008 172 450)
Listing Date	The date on which the Company is admitted to the Official List of ASX and quotation of the Shares commences
Management Fee	The management fee payable to the Investment Manager under the Investment Management Agreement
Market Capitalisation	Total market value of the Company on ASX on the listing date
Maximum Subscription	The maximum subscription amount being sought by the Company under the Offer, being \$22,000,000
MIL	Merriment Investment Limited (a company incorporated in the Cayman Islands)
ML	Megalitres; 1,000,000 litres

TERM

Minimum Subscription	The minimum subscription amount being sought by the Company under the Offer, being \$12,000,000
Mt	Megatonnes; 1,000,000 tonnes.
NPAT	Net profit after tax
NSW	New South Wales, Australia
OECD	Organisation for Economic Cooperation and Development
Offer	The Offer under this Prospectus of Shares for issue by the Company
Offer Period	The period from the date on which the Offer opens on 11 November 2017 until the Closing Date
Offer Price	\$1.50 per Share
Official List	The official list of the ASX
Performance Fee	The performance fee payable to the Investment Manager under the Investment Management Agreement.
PNAV	Portfolio Net Asset Value
Properties	The properties of the Company described in Sections 3 and 6.
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus is lodged with ASIC, being 10 November 2017
Relevant Jurisdiction	Hong Kong, and Singapore
Share	A fully paid ordinary share in the capital of the Company
Share Registry	Computershare Investor Services Pty Limited (ACN 078 279 277)
Shareholder	A holder of Shares
SRN	Securityholder Reference Number
TFN	Tax File Number
US\$ or USD	United States dollar
USDA	United States Department of Agriculture
Vendor Shareholder	WRI and MIL
Vendor Shares	The Shares to be issued to the Vendor Shareholders prior to Completion of the Offer
WRI	Wyalong Rural Investments (ACN 129 291 694)
WTO	World Trade Organisation

SECTION 14

CORPORATE DIRECTORY

14. Corporate Directory

Company	Duxton Broadacre Farms Limited 7 Pomona Road Stirling SA 5152
Company Secretary	Donald Stephens
Lead Manager	Taylor Collison Limited Level 16, 211 Victoria Square Adelaide SA 5000
Australian Legal Adviser	Piper Alderman Level 16, 70 Franklin Street Adelaide SA 5000
Investigating Accountant	Crowe Horwath Corporate Finance (Aust) Ltd Level 15 1 O'Connell Street Sydney NSW 2000
Auditor	Deloitte Australia 11 Waymouth Street Adelaide SA 5000
Share Registry	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street Adelaide SA 5000
Duxton Broadacre Farms Limited Offer Information Line	Number: 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) Hours of operation: 9.00am to 5.00pm ACDT, Monday to Friday (Business Days only)

How to complete this form

A**Shares applied for**

Enter the number of Shares you wish to apply for. The application must be for a minimum of 1,500 Shares (\$2,250). Applications for greater than 1,500 Shares must be in multiples of 350 Shares (\$525).

B**Application Monies**

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price per Share.

C**Applicant Name(s)**

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D**Postal Address**

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E**Contact Details**

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F**CHES**

The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G**Payment**

Make your cheque, money order or bank draft payable to '**Duxton Broadacre Farms Limited - Share Offer**' in Australian currency and cross it '**Not Negotiable**'. Your cheque, money order or bank draft must be drawn on an Australian Bank. Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented any may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. Receipt for payment will not be forwarded.**

Before completing the Application Form the applicant(s) should read this Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in Duxton Broadacre Farms Limited is upon and subject to the terms of the Prospectus and the Constitution of Duxton Broadacre Farms Limited, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm ACDT on 22 December 2017. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Duxton Broadacre Farms Limited

C/- Computershare Investor Services Pty Limited

GPO Box 1326

ADELAIDE SA 5001

Neither CIS nor Duxton Broadacre Farms Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your application, please contact the Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

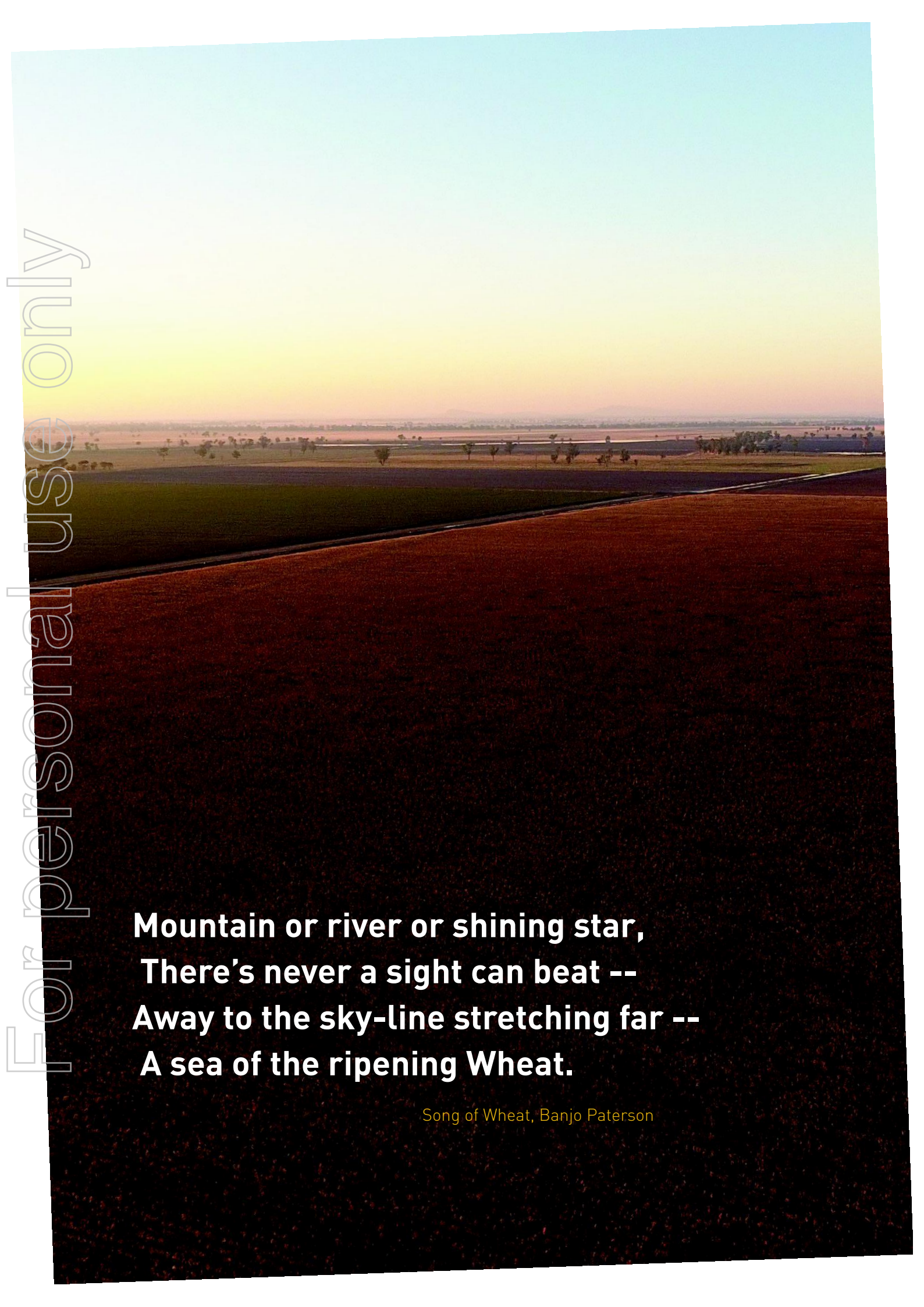
Privacy Statement

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund



**Mountain or river or shining star,
There's never a sight can beat --
Away to the sky-line stretching far --
A sea of the ripening Wheat.**

Song of Wheat, Banjo Paterson

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