

# Four Sons and a Farm

## How parents planned for their children's future

For Jim and Lois Smith (not their real names), farming is in their blood. As husband and wife, they inherited a love for working the land, a talent for growing crops and an 800-acre farm that included the old farmstead. But, they also inherited a very heavy debt load. In fact, the debt was so large the couple struggled to stay afloat.

Still in their 40s, Jim and Lois, who have four children, had some major decisions to make to secure their future as well as that of their children.

Their immediate concern was to do something about their home which was in need of significant repairs. Then they had to figure out how to expand their land base to support their farming aspirations as well as those of four sons who were keen to farm.

### To Buy or Lease Farmland?

Jim's father was what you would call "old school". He was proud of his land and held onto it no matter the costs. Having grown up with that mindset, Jim and Lois were conflicted. To stay in farming, they would have to grow their land base but for their peace of mind and their children's futures, they also had to reduce their debt.

The first thing they did was to sell a few hundred acres of their land. They used the cash to build a new home and to catch their breath: to think about how they would acquire more land. Although this sale freed up cash, it also had the effect of reducing their land base thereby reducing the efficiency of their farm business. It was during this time that they were introduced to Bonnefield, a farmland investment and property management firm that provides land lease financing to Canadian farm operators.

Within several months, Bonnefield had bought 500 of their acres and leased it back to them using Bonnefield's revolving lease structure. (The Smiths retained ownership of a significant portion of their land which included their home farm.) Next, Bonnefield and its team found them 2500 acres nearby which Bonnefield bought and leased to them to farm, also on a long-term basis.

The benefits to Jim and Lois were many.

#### Cash Flow

For the first time in at least two generations, the family has a healthy balance sheet. They paid down their debt and had cash to cover input costs and to buy some new machinery. Finally the cash flow is flowing!

#### Ability to Expand

With Bonnefield's revolving lease structure, Jim and Lois can look to the future with the knowledge that they will have long term, secure access to that land which they view on an "as-if-owned" basis. 2500 acres gives them the scale they need to grow their own operations as well as support their sons' farming ambitions. Continued growth and expansion with Bonnefield is on the horizon.



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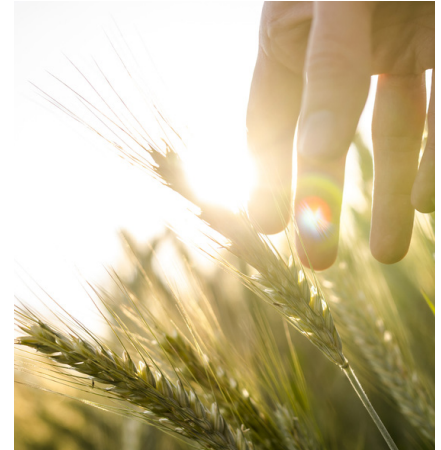
### Early Succession Planning

While still young, the Smiths are in a good place. By having scale without debt, they have secured their future in farming as well as the future of their children.

### Peace of Mind

Although an emotional journey, it was a relatively painless one and today the Smiths enjoy a freedom they didn't think possible a year ago.

Just a few months after meeting Bonnefield, the Smith family had more than tripled their farming area, reduced their debt, bought new machinery and are well on their way to continuing the family farming tradition.



**GOAL** Improve balance sheet, expand land base, plan for succession

**SOLUTION** Sale-leaseback of current and new land

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Bonnefield is Canada's foremost provider of land-lease financing for farmers, dedicated to preserving "farmland for farming" across Canada. Bonnefield and its farmland funds are 100% Canadian owned and controlled. Our goal is to protect the sustainability of farmland for farming while increasing its long-term value. We work with Canadian farm operators to help them diversify their assets and grow without debt while promoting good farming practices and wise business choices. We provide individuals and institutions with the means to invest in and hold farmland for long-term capital appreciation and income. Bonnefield is headquartered in Ottawa, Canada with offices in Toronto.

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