

# Finding Balance at the Crossroads



**Bonnefield**

FARMLAND *for* FARMING

## How One Farmer Expanded his Land Base to Secure his Retirement and Succession Plans

### The Start

Sitting in his office on his farm, Joe\* talks about the changes that have occurred since the days when his great-grandfather ran the farm: the advances in farm machinery, the use of smart phones, working in an office, and of course, the size of today's farms. Whereas his great grandfather worked 75 acres (100 acres if you included the wood ground) Joe farms 3,000 acres.

Joe notes the changes but not with regret or even nostalgia. He's not afraid of change. In his mind, if there is a better way to do something, he will.

Such was the case several years ago when he wanted to expand his operations. With two sons studying agriculture at university, both of whom are pursuing a career on the family farm, Joe knew that he would have to expand to reach a scale that would support all of them.

An ideal plot of land became available for sale nearby but according to Joe, after crunching the numbers, he knew it was going to be hard for him to buy it.

### To Buy or Lease Farmland?

"I just couldn't make the numbers work," said Joe. "Although farming has been in my family for generations and is a way of life, it's also a business. For me it's about the balance sheet and cash. To acquire that land, I would have had to take on too much debt and then spend the next 10 years paying it off. In the end the boys wouldn't have been able to afford it anyway, so what would I have gained? Nothing!"

Instead, Joe approached Bonnefield who bought the land and leased it back to him on a long-term basis.

"What I especially like about Bonnefield is the long-term leases. In the past I've thought about leasing land from others, but for me,

there's no security in that. I could have the land all lined up ready for the crop and then the owners come in and sell the land."

His decision to work with Bonnefield wasn't endorsed by all. "Lots of growers think you have to own it all. That might work for them, but it wasn't working for me and my balance sheet," said Joe.

Today, Joe's a happy guy. He is farming at the scale he wants and with a healthy balance sheet. He also is content in his knowledge that he is well set up for retirement and to transition the farm to his sons one day. Joe is even talking about doubling his farm. Should the right land become available he would absolutely work with Bonnefield again.

**Joe expanded his operations  
without taking on more debt.**

\*not his real name

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## The benefits to Joe include:



### Healthy Balance Sheet

Joe's goal was to expand his farming operations to support his sons' ambitions without creating havoc with his balance sheet. Through Bonnefield's sale leaseback program, he was able to expand his operations by 800 acres without taking on more debt.



### Succession Planning

By expanding his land base, Joe could help his sons enter the business and take over the family farm without saddling himself (or them) with unmanageable debt.



### Peace of Mind

With retirement on the horizon, Joe knows his financial future is secure and his sons are set up for success.

**Farming: a lifestyle  
and a business.**