

# Growing Into Succession

## How One Farmer Positioned His Business for the Next Generation



**Bonnefield**

FARMLAND *for* FARMING

### The Start

For more than three generations, John\* and his family have been farming in Ontario. They own and operate 1,200 acres and in recent years have diversified their crop mix. With a son who recently graduated from agricultural college and several other children who wanted to join the family farm business, they wanted to farm more land but lacked access to capital to buy the additional land they needed.

Like many operators who farm at a large scale, they were already carrying a significant debt load and didn't have a desire to take on more. They didn't want to lose any control of their operations either, which can happen with some business partners. So, the family partnered with Bonnefield on its land lease financing option for Canadian farm operators.

### The Agreement

In a modified sale-leaseback agreement, Bonnefield bought 500 acres of land from John and leased it back to him using Bonnefield's revolving lease structure. John chose to prepay all 10 years of his lease with Bonnefield using some of the proceeds from the sale of the land, thereby eliminating any cash drain from periodic rental payments on his farmland.

As part of the agreement with Bonnefield, John agreed to adhere to Bonnefield's Standards of Care, a set of sustainable best

practices that help to maintain the integrity of the land. For John and his family who are responsible and progressive farmers, the Standards of Care were already aligned with their approach to sustainable farming.

This agreement with John and his family is just one example of how Bonnefield partners with progressive, growth-oriented Canadian farmers to provide farmland lease solutions that help them grow, reduce debt and finance retirement and succession.

**John's business will not have a cash flow drain from annual rental payments for 10 years.**

\*not his real name

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## The benefits to John include:



Cash Flow

With the sale of land, his balance sheet is healthy – cash is flowing – and he has a peace of mind he hasn't experienced in years. By choosing to prepay his lease with some of the proceeds from the sale of his land, John's business will not have a cash flow drain from annual rental payments for 10 years.



Buyer's advantage

By having cash in hand from the sale-leaseback with Bonnefield, John will be able to move quickly to purchase additional property when it becomes available. With that additional land he will continue to increase the scale of his farming operations and achieve the efficiencies he needs to continue to improve his profitability.



Long-term security

The revolving "as-if-owned" lease gives John confidence to plan for the future and to make appropriate investments to accommodate a future generation and his strategic plans.

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