

Keep Farmers Farming:

The Reality Behind Farmland Lease Models

For people outside agriculture, a farmer's decision to lease land can seem counterintuitive. Some common questions include: Does the farmer lose control of the operation? Does selling land to lease back mean giving up the land for good? And does institutional capital compete with farm families for farmland?

The reality is that properly structured, leasing (including a sale-leaseback) can be a powerful tool for keeping Canadian farmers farming, as well as increasing their ownership of land over time.

Leasing is Already Part of How Canadian Farms Operate

Canadian farmers have always been pragmatic business operators. Like owners of any growing business, they continuously make decisions about where to allocate capital, how to manage risk, and how to position their operations for long-term success.

Leasing land has long been a common tool farmers use to achieve those goals. A significant portion of Canadian farmers combine owned and leased land as part of their capital strategy, with approximately 40% of farmland in Canada operated under lease arrangements (typically informal agreements with neighbours who no longer farm the land).[1]

Farmers understand that it is expensive to own every acre they operate, especially given the scale required to optimize profits. Instead, they focus on farming the land base needed to run an efficient operation while deploying capital where it can generate the greatest return across their whole operation. For many producers, a dollar invested in equipment, technology, quota, working capital, or vertical integration may create more value than a dollar tied up in land ownership. That is where farmland leasing arrangements can play an important role.



Bonnefield Property, South Western Ontario



Bonnefield's Farmland Approach Provides an Alternative Source of Growth Capital

One of the greatest challenges facing Canadian agriculture today is access to capital. Primary producers face tight operating margins which makes it difficult to meaningfully build up equity to reinvest in growth in a timely manner. It is even more difficult for younger farmers starting in the industry. Bonnefield's farmland investment model was designed to address this challenge and offers two general lease approaches for farmers to consider:

Farmland Sale-Leaseback

A Bonnefield sale-leaseback involves a farmer selling some of his owned acreage (ideally no more than 50% of total farmed acres) and leasing it back from Bonnefield on a long-term basis. Typical uses of the capital that is freed up can be for investment in other parts of the business, acquisition of additional land, or cleaning up the balance sheet. This is also an option preferred by families looking to transition a member of the younger generation onto the farm while having capital to pay mom and dad or distribute to the other children who are not inheriting the land.

New Farmland Lease

Bonnefield also works with farmers who have an opportunity to acquire new land but are looking for a non-debt financing partner. In many cases, these farmers may already be leasing the land from a neighbour who has decided to sell. Since farmland may only come to market once in a generation, opportunities to expand do not always align with an operator's available capital. As such, Bonnefield can provide capital at that critical moment, enabling farmers access to the land, while preserving the opportunity for the farmer to ultimately own the land over time.

Whether a sale-leaseback or a new farmland lease, Bonnefield's approach may change who owns the land, but farmers still farm it. Bonnefield deliberately seeks to remain a minority part of an operator's land base creating alignment between Bonnefield and the operator. The farmer continues to make production and planting decisions and to run the business. What changes is simply the source of capital.

> "[Bonnefield] provides alternative financing compared to commercial banks, offering greater flexibility to businesses that own a large amount of land, but need access to capital. This model enhances Ontario food security by creating synergies between farming families and businesses that require capital…it allows both parties to benefit. This capital has been a vital tool in the success of our operation. Through a sale-leaseback arrangement covering nearly 2,000 acres, I was able to free up capital locked in land equity and reinvest it directly into our poultry operation, including the purchase of quota. Without Bonnefield, this would not have been possible."
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> **- Farm Partner, Southwest Ontario**



Why Farmers Choose Bonnefield

When considering working with Bonnefield, farmers are often looking at traditional debt financing or other forms of third-party investment and comparing which model best suits their needs. Transactions are regularly initiated by farm operators who approach Bonnefield as a capital partner.

Those who work with Bonnefield are looking for a long-term, patient, and flexible capital partner that understands agriculture but does not want to take control of their business or hold the land in perpetuity. They value that our leases are long-term, offering them secure access to the land. They also value that it is our intent to be transitionary capital with the ultimate goal of selling the land back to local farm operators over time.

Bonnefield Case Studies

Keeping critical acreage in the hands of the farmers who work it.

Preserving Farm Scale while Building a Path Back to Ownership

Operator: Two brothers farming land held by their family for generations, operating more than 5,000 acres.

The Challenge: A landlord decided to sell land the brothers had leased for over a decade. That land made up 20% of their operation.

Capital Constraint: The brothers were already buying their father out of the family business, so they didn't have the capital to buy the land being sold.

Bonnefield's Solution: Bonnefield bought ten quarters of land, and the brothers bought two quarters outright.

Flexible Structure: Bonnefield sized its share of the deal to match the acreage the brothers could buy themselves.

Long-Term Partnership: A buyback agreement lets the brothers buy back additional quarters every other year. They have the right to buy, but not the obligation.

Outcome: The brothers kept the land in their operation, maintained their scale, and are on track to regain ownership.

Farmers often tell us they choose Bonnefield because:

- They want to retain operational control of their farm rather than work with a joint venture or equity investor that will dictate how they farm.
- They want to expand their operation without taking on excessive debt.
- They want to improve liquidity and working capital.
- They are planning a succession or generational transition.
- They want to reinvest capital into higher-return opportunities within the business.
- They are looking to improve their current cash flow profile.
- They are at risk of losing access to land leased from a neighbour but are not in a position to purchase it themselves.
- They want an option that allows them access to land without the cost of buying/holding it in order to maximize profitability and build up equity to purchase the land in the future.
- They value a structure that allows them to buy land and build up their asset base over time in small transactions, rather than requiring a large one-time buyout of a joint-venture partner.
- They value working with an agriculture-focused partner that takes a long-term view.



Helping a Young Farmer Scale for the Future

Operator: A young farm operator who came to Bonnefield with a potato contract in hand, but no land to grow on.

The Challenge: After his landowner passed away, the estate put the land he had leased for several years up for sale. The acreage was essential to his operation.

Capital Constraint: He had the right of first refusal, but buying the land outright wasn't feasible. Potato production requires steep upfront costs for storage, equipment, and land.

Bonnefield's Solution: Bonnefield purchased the land and assumed the lease the farmer had with the previous landowner.

Flexible Structure: The lease takeover allowed him to maintain efficient scale and keep growing his business.

Long-Term Partnership: More than a land lease, the partnership is a commitment to his long-term success, growing from 187 acres in his first deal to over 1,600 acres by 2025.

Outcome: Since the original sale-leaseback, the farmer has secured new potato contracts, expanded his production rights, and continues to scale with confidence.

Transitional capital that protects scale today and builds a path to ownership over time.

Farmland Lease Investments Create Flexibility for Farmers

Operators who evaluate working with a farmland investment manager must consider key features of the specific model against other alternatives. There are obvious features such as cash flow considerations, operating independence, and buyback agreements. Less obvious, however, can be considerations about what happens when investors look to create liquidity. This is where the lease model can truly shine compared to other options such as a joint venture or operating partnership.

Unlike most commercial real estate, farmland is highly divisible. Farmers can buy, sell, lease, or reacquire small, individual parcels over time as their business needs evolve. A sale-leaseback allows farmers to unlock capital today while retaining operational control of the land. As cash flow grows, debt is reduced, or as the next generation enters the business, farmers may choose to gradually repurchase land over time.

A land lease keeps operating decisions with the farmer, separate from land ownership, and as such can be easier to unwind without placing significant financial burden on the operator, versus having to unwind a joint operating venture.

The proof is in the results. Since 2016, Bonnefield has sold nearly $350 million of farmland, with more than 90% of those acres sold to local farmers over an average hold period of approximately eight years.[2]



> "We initially sold a piece of our home farm during a period of transition. The capital provided by [Bonnefield] allowed us to grow our business that years down the road we were in a position where we could afford to purchase [our home farm] back. Because of Bonnefield's interest in continuing to grow and support farmers in [New Brunswick] we came up with a plan with them to purchase back that section of the home farms and also complete another sale leaseback [with Bonnefield] on other quality land we owned in the surrounding area."
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> **– Farm Partner, New Brunswick**

Farmland Investors and Farmers Succeed Together

The question is not whether farmers should lease land. It is whether they have access to long-term, aligned partners who understand the realities of agriculture.

At Bonnefield, we believe farmland ownership and farm success should go hand in hand. Our partnerships are designed to help farm families stay financially strong enough to keep farming for generations, not to move land away from them. The sale-leaseback model is designed to align investors seeking stable, long-term exposure to agriculture with farmers seeking patient, flexible growth capital.

Both share a common objective: keeping Canadian farmland productive and keeping farmers farming.

Footnotes:

1. Statistics Canada. Table 32-10-0228-01 Land tenure, Census of Agriculture historical data.
2. Data as at October 30, 2026. Includes realized dispositions across all Bonnefield farmland funds pursuing a consistent core farmland investment strategy: Evergreen LP, LP III, LP IV, and LP V. Excludes eight intra-fund transactions totaling ~$84 million, as these assets continue to be actively managed by Bonnefield.

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