

Canadian investor buys Highland's local land

A Canadian farmland investor has purchased the 6,500-acre Highland Companies land holdings in, principally, Melancthon Township with the avowed intention of preserving it for farming operations.

Bonnefield Financial of Ottawa announced Tuesday that it had secured Canadian investor commitments of \$100-million for an investment partnership, Bonnefield Canadian Farmland LP III, and had used a portion of that for the Highland purchase.

In a phone interview Tuesday, Bonnefield president Tom Eisenhower didn't disclose the purchase price. However, it is reliably known that Highland had paid \$8,000 an acre for the property five or six years ago, and it is believed that current values would have appreciated by at least 50% and more since then.

In Melancthon and Mulmur, there remains a virtually unlimited aggregate resource beneath the 'better than Class 1' soil that's largely devoted to potato cultivation, which probably enhances the overall value.

But Mr. Eisenhower said Bonnefield was not interested in other than the farmland. 'All we based our investment on is the farmland value,' he said.

The transaction doesn't mean that Highland will be going away any time soon. It will remain as the farm operator at least for this season on a leaseback arrangement but its future plans couldn't immediately be learned. 'You would have to ask them. But I can't imagine Highland wanting (to continue farming the land).'

If that is the case, Mr. Eisenhower said Bonnefield is 'hoping to replace that company with permanent tenants.'

The purchase of land for its farming value and the leaseback of the property to local farmers might seem to be unusual but it is a growing trend, and there are concerns about the risk of foreign ownership, according to the Globe & Mail back in 2010.

Bonnefield, however, has been purchasing farmland since 2008 or earlier. Mr. Eisenhower said the company holds 35,000 acres, mostly on the Prairie, and it is being farmed by local farmers on leaseback.

In an interview with the Globe & Mail on 'food crisis and the global land grab,' Mr. Eisenhower on Nov. 24, 2010, 'it looks like there is a general concern about 'corporate' farms and 'foreigner's buying up farmland.'

'Let me begin by saying clearly, we at Bonnefield do not advocate foreign ownership of Canadian farmland. Our programs are intended for Canadian farmers who need to raise capital and reduce debt to expand their operations.

'We believe Canadian farmers should farm Canadian farmland and that Canadian farmland should be owned by Canadians,' he told The Globe.

In Tuesday's interview, he said Bonnefield has only two criteria for its leaseback arrangements: first, that the farmer pays his rent; and, secondly, that the farmer takes care of the quality of the land. The second criterion would include proper crop rotation, he said, and would generally maintain the property value.

'Our goal is to protect the integrity of farmland for farmers while increasing its long-term value for investors,' Bonnefield says on its website.

'We do not operate farms, rather we work with farm operators to help them grow, reduce debt and diversify their assets while promoting good farming practices and wise business choices.

'We provide individuals, family offices and institutional investors with opportunities to invest in Canadian farmland for long-term

capital appreciation and income.?

Perhaps because of the Highland background of seeking a quarry permit for almost a third of its holdings, Mr. Eisenhower acknowledged that there would be skeptics.

Among the skeptics one might have expected that North Dufferin Agriculture and Community Taskforce would be foremost.

However, NDACT spokesman Carl Cosack said Wednesday that Bonnefield is most welcome to the community. NDACT's current activity is its 'food and water first' campaign, and the Bonnefield vision and mission of 'farmland for farming' appears to support that campaign.

'Maybe we could make them partners,' said Mr. Cosack. In any event, he said it is going to be refreshing to have new owners who are likely to be available for discussions.

'In all this time,' said Mr. Cosack, 'Highland has never once met with NDACT.'

At The Highland Companies, local executive John Scherer could not be reached for comment. He is quoted in a Bonnefield news release as saying, 'We are pleased to close this transaction with Bonnefield and believe it represents a good outcome for all parties.'

By Wes Keller