



From: Nicola Wealth Management
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Subject: **Introducing: NWM Farmland LP**

A core principle of NWM's wealth planning philosophy is to provide our clients with broadly diversified investment portfolios that go beyond the public markets. As such, NWM is pleased to introduce our new **NWM Farmland LP (NFLP)**.

The fund will invest in a diversified portfolio of farmland across Canada, including Alberta, Saskatchewan, Manitoba, and Ontario, through our partner *Bonnefield*.

Why Farmland?

- Canadian farmland is a secure asset that can be seen as an alternative to long-term bonds with inflation protection (similar to real return bonds). It is a steady, income producing real estate investment that can supplement the low-volatility fixed income portion of one's portfolio.
- It has proven to be an effective hedge against inflation (Statistics Canada, Libra Investment Management, Ibbotson Associates) and, as a private infrastructure investment, is not correlated to the volatility of public markets.
- Canadian farmland is well positioned to maintain and grow its dominance as a world food producer, due in part to a combination of changing environmental and weather patterns, as well as Canada's unprecedented access to fresh water.
- The Canadian farmland market itself is estimated to be between \$400 and \$600 billion, leaving a significant amount of room for growth.

Why Bonnefield?

- Bonnefield, our Canadian farmland partner since 2012, has been in operation since 2008 and now has assets under management of over \$400 million – the largest player in this market by far.
- Bonnefield purchases land from farmers and leases it back in return for rental income, which can be increased over time. They do not participate in farming operations and therefore do not take the business or commodity risk that can be associated with farming.



- Their assets are well-diversified within the industry, by geography, tenant, and type of crop. Bonnefield also owns site assets that are considered farmland infrastructure, including irrigation, drainage, and on-site crop storage systems.
- They take pride in being Canadian investors in Canadian farmland, maintain very low leverage, and have high standards for environmental best practices built into their contracts with the farmers who lease their land to ensure long-term sustainability.

The following is an overview of the new NWM Farmland LP:

- **Minimum investment:** \$25,000 (not eligible in registered accounts, including TFSAs).
- **Residency:** Investors must be a Canadian citizen or permanent Canadian resident and an accredited investor.
- **Distributions:** Distributions will be paid out at the end of the calendar year. Cash only; no DRIPs (Dividend Re-Investment Plans). Historically, farmland has provided income of between 2-4%.
- **Liquidity:**
 - No redemptions in the first three years.
 - 2% redemption penalty after three years. (This is to factor in the normal closing costs associated with selling farmland, and therefore provides an equitable model for both medium and long-term investors.)
 - One calendar quarter required for redemption notice.
 - **NOTE:** These terms are exclusive to NWM clients only, through NFLP.

The initial total investment for this new opportunity is limited to \$8 million and will be fulfilled on a first-come, first-served basis. However, this is expected to be an open-ended LP that will allow investors to participate periodically on an ongoing basis.

If you are interested in adding farmland as a supplement to your fixed income assets, please contact a member of your NWM Advisory Team.

Sincerely,

Nicola Wealth Management

NWM is registered as a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager with the required provincial securities' commissions. This investment is only available for sale to tax residents of Canada who are accredited investors. Please read the agreements and/or subscription documents for additional details and important disclosure information, including terms of redemption and limited liquidity. All investments contain risk and may gain or lose value. Please speak to your NWM advisor for advice based on your unique circumstances.