

Omnigence eyes global farmland in latest evergreen push

The Canadian firm is eyeing global capital and assets in South America and Europe for flagship fund

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Omnigence Asset Management, a multi-strategy manager focused on private equity and farmland, is expanding its international reach, With Intelligence has learned.

The firm, based in Calgary, has long focused on Canadian row crops with its long-running farmland fund, Veripath Farmland Partners. But is now looking to expand into South America and Europe, according to sources familiar with the matter.

The firm is adding an international mandate to its nearly 20-year evergreen farmland vehicle, accepting capital from global investors and investing globally.

The C\$550m (\$396m) fund has 140,000 acres in its portfolio, spread between the provinces of Alberta (35% of portfolio), Saskatchewan (59%), Manitoba (5%) and Ontario (1%).

The buy-and-rent fund has recorded a net IRR of about 11.5% since 2008.

Fund terms include a 1.75% management fee, 19% performance fee and 7% hurdle.

The firm is eyeing three or four states in the US that will allow foreign capital and have suitable prices. Other markets of interest could include Mexico, Uruguay and the Czech Republic, as well as others in South America and Eastern European.

However, though the firm doesn't operate its farms, political risk is a significant screen for Omnigence and would prevent investments in certain markets such as Brazil and Chile.

The firm is looking to add new growing seasons — including flipped seasons in the Southern Hemisphere — to its portfolio along with different crops and currency exposures.

A potential portfolio distribution could see 80% exposure to its core holdings in the US and Canada and 20% to diversifying non-core holdings in South America.

Most of Veripath Farmland Partner's holdings consist of assets producing canola, wheat, durum, grass/hay, mustard and red lentils.

Omnigence only began using leverage in the last five years, meaning the lion's share of that return track record is unloaded.

The firm is led by directors Stephen Johnston, Matt Barr, Barclay Laughland, Kerri Furlong, Carmon Blacklock and Chad Dundas. They are joined by director of capital markets Jonathan Planté and managing directors Harvey Schott and Jeff Block.

Increasing interest in low volatility

Compared to other private market sectors, farmland has significantly lower volatility and lower institutional penetration.

According to UBS, institutional managers account for approximately 0.8% of investable farmland in the US, compared to about 12% for commercial real estate.

“With a market value estimated at over \$2.2tn and more than 2m farms across the US, farmland represents a large and relatively underexplored asset class,” according to UBS.

Omnigence's strategy shift comes as the firm sees an uptick in interest toward the asset class, especially as liquidity concerns continue to hit traditional private equity strategies, according to sources familiar with the firm's thinking.

The growing interest from investors gives the firm an opportunity to expand its addressable market — a key reason behind the expansion into global markets.

Omnigence declined to comment.

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