

The Return for Solving Complexity:

Why the illiquidity premium in farmland and
LMM private equity persists

April 2026

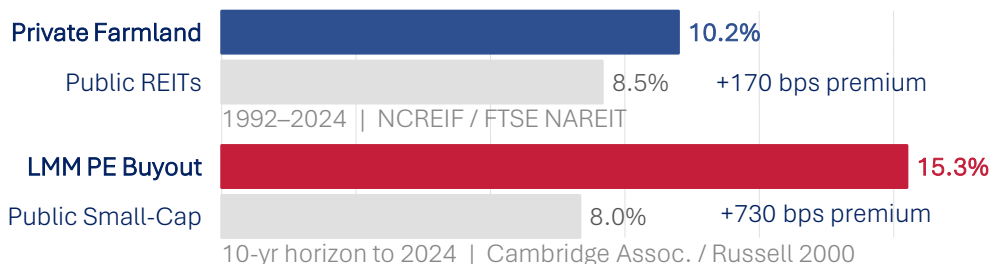
The Return for Solving Complexity

Why the illiquidity premium in farmland and LMM private equity persists

Private farmland and lower-middle-market PE have persistently outperformed their public equivalents — not despite their complexity, but because of it. The barriers that make these strategies operationally demanding are the same barriers that prevent the premium from being arbitrated away.

Annualized Returns vs. Public Equivalents

Long-term total returns



Lower Volatility, Higher Risk-Adjusted Returns

Asset Class	Volatility	Sharpe Ratio
Private Farmland	~6%	~1.2
Public REITs	~18%	~0.4
LMM PE Buyout	~12%	~0.9
Public Small-Cap	~20%	~0.3

Why the Premium Persists

Farmland

- No centralized marketplace; each parcel requires local expertise and due diligence
- Operational knowledge: soil quality, crop rotation, monitoring, tenant management
- Fragmented ownership across thousands of small parcels; deal sourcing is relationship-driven
- Succession-driven pipeline not accessible to passive capital
- Regulatory complexity: foreign ownership, varying provincial rules

LMM Private Equity

- Proprietary deal sourcing: no auction process; relationships with founders and advisors
- Operational improvement: hands-on value creation, not financial engineering alone
- Management transition: succession planning, professionalisation, talent upgrades
- Information asymmetry: limited financial reporting; no analyst coverage
- Complexity premium grows at smaller size: fewer bidders, more alpha

The illiquidity premium is not compensation for passive waiting — it is compensation for managing complexity. Strategies that combine operational expertise with patient capital in fragmented, relationship-driven markets earn persistent excess returns precisely because most allocators cannot or will not do the work.



Toronto Office:
TD Canada Trust Tower, 161 Bay St.
27th Floor, P.O. Box 508
Toronto, ON, M5J 2S1

Calgary Office:
Suite 300, 4954 Richard Road SW
Calgary, AB, T3E 6L1

Montreal Office:
3 Place Ville Marie, Suite 3190
Montreal, QC H3B 2E3
www.omnigenceam.com

DISCLAIMER

Our reports, including this paper, express our opinions which have been based, in part, upon generally available public information and research as well as upon inferences and deductions made through our due diligence, research and analytical process. The information contained in this paper includes information from, or data derived from, public third-party sources including industry publications, reports and research papers. Although this third-party information and data is believed to be reliable, neither Omnigence Asset Management nor its agents (collectively "Omnigence") have independently verified the accuracy, currency or completeness of any of the information and data contained in this paper which is derived from such third party sources and, therefore, there is no assurance or guarantee as to the accuracy or completeness of such included information and data. Omnigence and its agents hereby disclaim any liability whatsoever in respect of any third-party information or data, and the results derived from our utilization of that data in our analysis. While we have a good-faith belief in the accuracy of what we write, all such information is presented "as is," without warranty of any kind, whether express or implied. The use made of the information and conclusions set forth in this paper is solely at the risk of the user of this information. This paper is intended only as general information presented for the convenience of the reader and should not in any way be construed as investment or other advice whatsoever. Omnigence is not registered as an investment dealer or advisor in any jurisdiction and this report does not represent investment advice of any kind. The reader should seek the advice of relevant professionals (including a registered investment professional) before making any investment decisions. The opinions and views expressed in this paper are subject to change or modification without notice, and Omnigence does not undertake to update or supplement this or any other of its reports or papers as a result of a change in opinion stated herein or otherwise.

