

# BUYOUTS

---

## Area One Farms targets traditional fund, permanent-capital pool in fundraising

May 9, 2018 By [Eamon Murphy](#)

- Shared-value joint-venture model with farmers
- Fund IV target C\$250 mln from Canada institutions
- Fund V open to individuals, seeks C\$50 mln-C\$100 mln



Toronto private equity firm **Area One Farms** is raising two funds to expand its business of partnering with Canadian farmers, President and CEO **Joelle Faulkner** told *Buyouts*.

Area One Farms Fund IV is targeting C\$250 million (US\$194.4 million) from institutions, with room to raise around C\$100 million more.

A cornerstone commitment of C\$100 million has been secured from a Canadian institution. The fund has a 10-year term.

Fund V is aimed at Canadian individuals and structured as a permanent-capital vehicle, with liquidity options starting in year five.

It will seek C\$50 million to C\$100 million to invest in Manitoba and Saskatchewan, where laws limit the ability of institutions to purchase farmland. Faulkner hopes to hold first closes in the summer and to wrap up fundraising by year's end.

Area One [closed its third fund](#) in August 2017 with C\$130 million, exceeding its target by 30 percent.

The firm's first two funds were small proofs of concept for the partnership structure, Faulkner said. "Fund III was proof of concept of our ability to invest a more substantial

amount of money.”

Funds I and II are exceeding the targeted 12 percent net IRR, she said, while the third fund is ahead of expectations in its initial land-improvement phase.

“We do a lot of land improvement” to increase productivity — clearing brush, adding drainage and irrigation, Faulkner said. The land will be used to grow annual crops, primarily wheat, canola, soybeans, quinoa, peas and lentils.

Area One’s shared-value model involves partnering with operators in 10-year joint ventures.

The firm puts up most of the equity to buy acreage and invests in equipment, land improvement and research. Farmers share in the earnings and can buy the expanded property in the 10th year.

The idea is to help farmers expand or keep their operations in the family, Faulkner explained.

“Either you’re retiring and you have no kids interested [in farming], in which case you want to sell,” she said. “Or you’re retiring and you have three kids interested, so you have to triple the farm size, and you need so much capital.”

Because Area One’s partners earn income and appreciation on the part of the property they don’t own, “unless they could do it really, truly on their own, they’re better off with us than any other method.”

Faulkner comes from a family of dairy farmers in London, Ontario, and co-founded Area One with her brother, **Benji Faulkner**.

“Our network and reputation as cattle traders is what allowed us to start this business,” she said.

“Really dealing with farmers well — thoughtfully, with respect, profitably — has created a brand where farmers trust us. It’s so unusual; nobody can trust anybody anymore. And farmers really trust nobody.”

Area One is advised by an investment committee consisting of former **Borealis Capital** Managing Partner **Derrick Rolfe**, former **Davies LLP** Partner **Edward Hannah**, and veteran Manitoba farmer **Owen McAuley**.

**Action Item:** Contact Joelle Faulkner at [GP@areaonefarms.ca](mailto:GP@areaonefarms.ca) or [Joelle@areaonefarms.ca](mailto:Joelle@areaonefarms.ca).

*Photo of Joelle Faulkner courtesy of Area One Farms*

**FUNDRAISERS:** Don't miss Emerging Manager Connect West 2018 in San Francisco on May 1! **[CLICK FOR DETAILS!](#)**

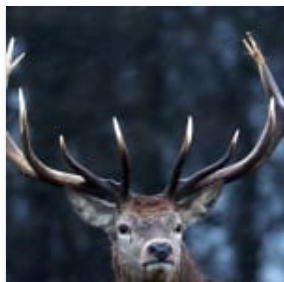
### RELATED STORIES



Linden Capital Fund IV raises \$1.5 bln



W Capital targets \$750 mln for fourth fund



Deerpath targets \$500 mln-plus for senior secured loan fund



Edison Partners targets \$300 mln for ninth fund

### OTHER COOL STUFF ON PE HUB



Lightyear puts Alegeus on the auction block



QIC makes two senior leadership appointments



Private Equity Jobs of the Week: Carlyle Group, Goldman Sachs, GCM Grosvenor are hiring



PE HUB First Read

Powered by

© 2006-2018 Buyouts Insider / Argosy Group LLC Copyright (c) Buyouts Insider/Argosy Group LLC. Reproduction in any form is prohibited without written consent by Buyouts Insider/Argosy Group LLC.