How does private equity in agribusiness work?

Private equity firm sets up fund and invites investors to participate. Firm typically puts in 3% of initial capital, the investors the rest.

**Who gets what?**

- **PE FIRM**
  - Share of profits: 20%
  - Initial share of capital

- **INVESTORS**
  - Share of profits: 80%
  - Initial share of capital
  - Any hidden fees
  - Management fees: 2% per year

Fund invests in a range of companies for ten years and pulls out after 10 years. The fund distributes the money after selling or listing the companies. In agricultural investing, the average rate of return is 14%.

Fictitious example for illustrative purposes. More info: https://grain.org/e/6533