Velocity agri-capital raises $150 Million to back Canadian agri-food expansion in Southeast Asia

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New growth-equity fund targets $500 million to finance about a dozen Canadian agriculture and food companies seeking to diversify beyond the US market

A new growth-equity fund is targeting $500 million to help Canadian agriculture and food companies expand into Southeast Asia, with Farm Credit Canada committing $150 million as the lead investor.

Velocity Agri-Capital has secured the initial commitment as it seeks to close the remaining $350 million from Canadian and international investors. The fund will focus on middle-market companies across the agriculture and food value chain, with plans to invest in about 12 businesses through initial cheques of at least $25 million each.

Its investment mandate spans emerging and established segments of the food economy, including vertical farming, aquaculture, food processing and packaging. The strategy is designed to provide growth capital to companies moving beyond domestic markets and build commercial links between Canadian businesses and Southeast Asian markets. The fund will also consider investments in Southeast Asian companies establishing operations in Canada, provided those businesses contribute to domestic job creation.

Closing the agri-food growth capital gap

Velocity Agri-Capital is positioning itself around a financing gap between early-stage venture capital and larger institutional capital. The fund will focus on companies that have moved beyond the start-up phase but require substantial capital to expand production, develop new markets and build international operations.

The strategy comes against a broader push to increase the economic value captured within Canada's agriculture and food system. Canada has historically been a major exporter of agricultural commodities and ingredients, while a larger share of processing and manufacturing value is captured further along the supply chain.

Greater investment in domestic food processing could create additional value before products enter international markets, while giving Canadian companies greater control over branded and processed food exports. Farm Credit Canada estimated in a June report that stronger growth in Canada's food and beverage manufacturing sector could add C$40 billion to the country's GDP over the next decade and create 217,000 jobs, assuming annual sector growth of 3 per cent. The report identified investment, infrastructure, skills and trade as key requirements for achieving that expansion.

Southeast Asia becomes the growth market

Velocity's geographic strategy reflects the growing importance of Southeast Asia as a destination for food, agriculture and technology companies seeking new markets. The fund plans to maintain a presence in the region to support portfolio companies with market entry, commercial relationships and local business development. Its investment thesis is built around the region's large consumer base, rising food-security requirements and existing trade links with Canada.

Southeast Asia offers an alternative growth pathway at a time when businesses and policymakers are looking to diversify export markets and reduce exposure to the US. The fund's approach extends beyond traditional commodity exports, focusing instead on companies capable of exporting higher-value products, technologies and processing capabilities.

From commodities to higher-value agriculture

The launch comes as Canada looks to strengthen domestic investment across its agriculture and food economy and capture more value within the country. Velocity Agri-Capital will operate independently of District Ventures Capital, an earlier-stage venture capital fund focused primarily on consumer businesses across food, beverage, health and wellness and beauty.

The new vehicle represents a later-stage investment model, with substantially larger individual commitments aimed at businesses with established operations and ambitions for international expansion. Its $500 million target therefore places the focus not simply on financing Canadian agriculture, but on building companies that can compete across international food and agriculture markets while creating additional economic activity at home.