Roc Partners

Investing in Food Security: Australian Agriculture as a Strategic Partner

The acceleration of global food insecurity has transformed agricultural investment from an opportunistic asset class into a strategic imperative for institutional capital. With the UN projecting that 828 million people faced acute food insecurity in 2023, while climate volatility and geopolitical tensions continue disrupting traditional supply chains, the fundamental architecture of global food systems requires urgent recalibration. There are regions where this is becoming a fundamental challenge. The Middle East, for example, is importing over 60% of its food requirements while confronting water scarcity, demographic pressure, and supply chain vulnerability that threaten long-term food access. Australia and New Zealand emerge as critical partners in addressing this crisis, offering not only agricultural products but strategic food security infrastructure through their combined exportable surplus of over 85% of production. For institutions in countries where food insecurity is becoming prevalent, the opportunity extends beyond traditional procurement to encompass upstream integration through asset-backed investments that provide exposure to essential food production capacity while generating attractive returns in an era where food security increasingly determines national resilience.

1. Global Food Crisis Dynamics Create Strategic Investment Imperatives

Structural Supply-Demand Imbalances Drive Scarcity

The Food and Agriculture Organization (FAO) projects a 70% increase in food demand by 2050, yet arable land expansion remains severely limited. These structural imbalances create permanent scarcity conditions that transcend cyclical market dynamics, establishing food security as a geopolitical priority requiring strategic capital allocation.

Supply Chain Fragility Exposes Systemic Vulnerabilities

Recent global disruptions have revealed the extreme fragility of interconnected food systems. The Ukraine conflict eliminated 30% of global wheat exports overnight, while pandemic-related logistics failures demonstrated how single-point dependencies can cascade into regional food crises. Port congestion, fertilizer shortages, and energy price volatility continue disrupting agricultural supply chains, forcing nations to reconsider their food security strategies. The shift from just-in-time procurement to strategic stockpiling and upstream integration represents a fundamental transformation in how institutions approach food security planning.

Import Dependency Intensifies Strategic Risk

There are countries where structural food deficit continues expanding as demographic growth outpaces domestic agricultural capacity. For example, in the Middle East the Gulf Cooperation Council (GCC) imports 85% of its food requirements, while broader Middle Eastern nations rely on external suppliers for 70% of grain consumption and 62% of protein needs. Water scarcity limits local production expansion, while urbanization reduces available agricultural land. This growing import dependency creates strategic vulnerability that traditional procurement contracts cannot address, requiring direct investment in global food production assets to secure long-term supply access.

2. Australia-New Zealand Food Production Infrastructure as Strategic Assets

Exportable Surplus Capacity Addresses Global Deficit

Australia and New Zealand collectively represent one of the world's largest exportable food surplus regions, with Australia exporting 70% of agricultural production and New Zealand exporting 85-90% of dairy and meat output. This surplus is not temporary excess but structural capacity supported by favourable climate, established infrastructure, and proven logistics networks. The scale of exportable surplus, over 45 million tons of grain and 4.2 million tons of meat annually, provides meaningful capacity to address regional food security requirements while maintaining domestic supply stability.

Climate Resilience Ensures Production Continuity

Australian and New Zealand agricultural systems have evolved through decades of climate variability, developing resilience mechanisms that ensure production continuity despite weather volatility. Diversified growing regions, drought-resistant crop varieties, and sophisticated water management systems provide production stability that many traditional agricultural regions lack. This climate adaptation capability becomes increasingly valuable as global weather patterns destabilize, offering investors exposure to agricultural assets with proven resilience against climate-related production disruptions.

Political Stability Provides Investment Security

Both nations maintain stable democratic institutions, transparent regulatory frameworks, and strong rule of law that protect foreign investment. Unlike agricultural investments in regions with political volatility or regulatory uncertainty, Australia and New Zealand offer institutional investors secure access to food production assets without expropriation risk or policy volatility. This political stability enables long-term capital deployment with confidence in asset security and operational continuity.

Flavorite glasshouses

3. Asset-Backed Agriculture Investment Model Delivers Strategic Value

Direct Asset Control Secures Supply Chain Access

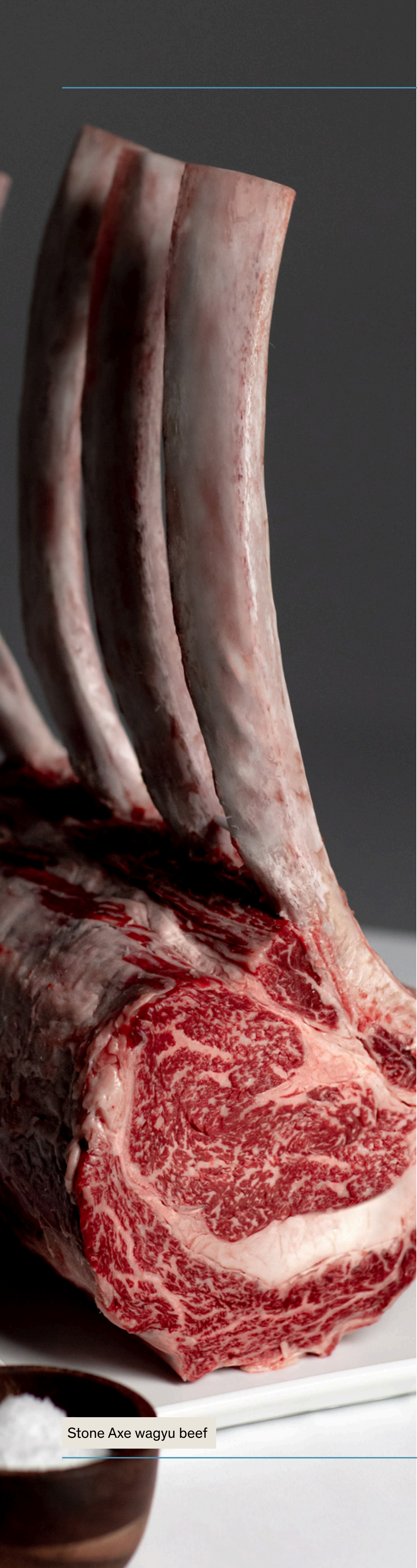
Ownership of agricultural assets, including farmland, processing facilities, and water rights, provides direct control over food production capacity rather than reliance on third-party suppliers. This ownership model enables investors to secure long-term access to food production while capturing value across multiple stages of the agricultural value chain. Asset-backed investments also provide inflation hedging and capital appreciation potential that commodity contracts or procurement agreements cannot deliver, creating dual benefits of strategic access and financial returns.

Institutional Scale Platforms Enable Meaningful Exposure

The corporatisation of Australian and New Zealand agriculture creates investment opportunities of institutional scale, with professional management platforms overseeing hundreds of millions in agricultural assets. These consolidated platforms provide diversified exposure across multiple crops, regions, and production systems that would be difficult for individual investors to assemble independently. The institutional scale also enables implementation of advanced agricultural technologies and sustainable practices that enhance both productivity and ESG compliance.

Operational Expertise Reduces Execution Risk

Strategic partnerships with established agricultural operators provide immediate access to local expertise, regulatory knowledge, and operational capability essential for successful agricultural investment. This partnership approach reduces execution risk while accelerating deployment of capital into productive assets. The operational expertise also enables knowledge transfer that can inform domestic agricultural initiatives, creating additional value beyond direct investment returns.



Stone Axe wagyu beef

4. Strategic Food Categories Address Critical Security Requirements

Protein Security Through Integrated Livestock Operations

Red meat and poultry production represent critical protein security infrastructure, with regions like the South East Asia demand continuing to grow despite local production constraints. Vertically integrated livestock operations, from breeding through processing, ensure consistent supply while capturing value across the entire production chain. The scale achievable through professional management, exemplified by our Stone Axe Wagyu investment, managing over 50,000 head of cattle or our Pace Farm investment, producing 26 million eggs weekly, demonstrates the meaningful food security impact possible through strategic investment in established protein production platforms.

Controlled Environment Agriculture Overcomes Climate Constraints

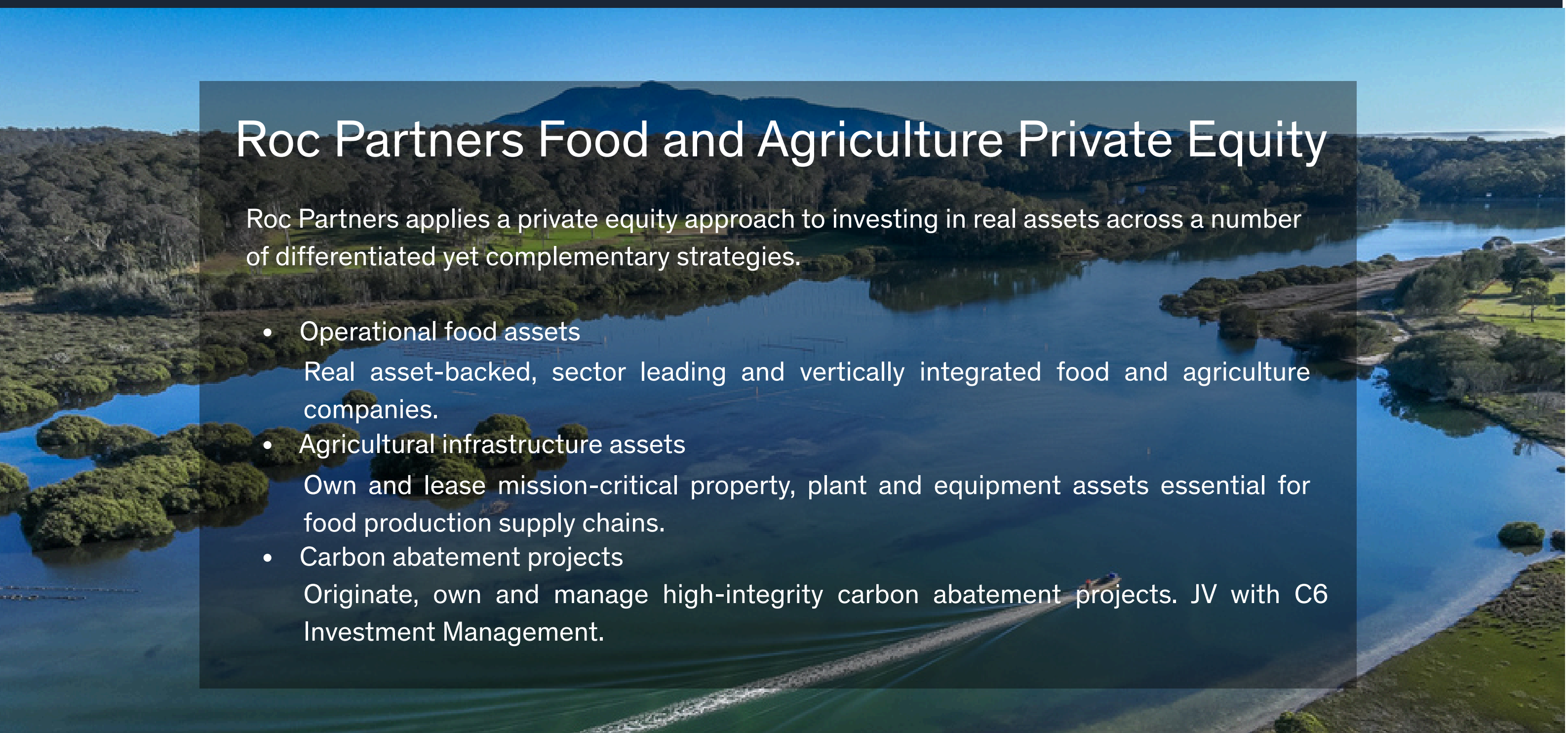
Climate-controlled production systems demonstrate how technology can overcome environmental limitations while achieving remarkable resource efficiency. Protected cropping models, like our Flavorite glasshouse investment, provide year-round production capability with 10 times greater water efficiency than traditional field farming, directly addressing resource scarcity challenges common across arid regions. The technology transfer potential makes these investments valuable beyond their direct production output, providing operational models applicable to domestic and international food security initiatives.

Water-Efficient Production Systems Address Scarcity Challenges

Australian agricultural innovations in water management, from precision irrigation to hydroponic systems, demonstrate how food production can be maintained despite water scarcity. These efficiency improvements provide operational models directly relevant to water-constrained regions while effectively outsourcing water-intensive production to areas with better water availability. Investment in water-efficient agricultural operations provides strategic access to food production capacity without exacerbating domestic water constraints.

Conclusion

The global food security crisis requires institutional investors to move beyond traditional asset allocation toward strategic integration into essential food production infrastructure. Australia and New Zealand offer a unique combination of exportable surplus capacity, climate resilience, and political stability that directly addresses global food security imperatives while providing attractive investment returns. Through strategic asset-backed investments, institutions operating in regions experiencing rising food insecurity can secure exposure to critical food production capacity while participating in the transformation of global agricultural systems. The convergence of structural food scarcity, climate volatility, and institutional capital creates a compelling opportunity for those positioned to act strategically. In an era where food security increasingly determines national resilience, securing upstream agricultural assets represents not merely sound investment strategy, but essential preparation for a world where access to food production capacity will determine competitive advantage.



Roc Partners Food and Agriculture Private Equity

Roc Partners applies a private equity approach to investing in real assets across a number of differentiated yet complementary strategies.

- Operational food assets
  Real asset-backed, sector leading and vertically integrated food and agriculture companies.
- Agricultural infrastructure assets
  Own and lease mission-critical property, plant and equipment assets essential for food production supply chains.
- Carbon abatement projects
  Originate, own and manage high-integrity carbon abatement projects. JV with C6 Investment Management.

Contact

investorrelations@rocp.com
+61 1800 407 517
rocp.com