COSME Support for Danish Young Farmers

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Structural Challenge: Average Age of Danish Farmers is Rising

Number of farms in Denmark

Proportion of Danish farmers age 65+ and below 35
Young Farmers Lack Access to (Quasi)Equity
Farm Acquisition Loans

Target group
- First time buyers of farm property and production

Loan features
- Supplementing bank and mortgage institution loans
- Non-dilutive subordinated debt status
- Counts as equity in banks’ borrower ratings
- Funding for investments exceeding 85 % of total asset value
- Interest rate typically 2-3 %-points higher than bank senior debt
Key Component in Total Financing Solution for Young Farmers

- **Equity**
  - + Farm Acquisition Loan* = total equity

- **Vaekstfonden Growth Loans**** + Bank financing

- **Mortgage credit**

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*Farm Acquisition Loans for farmers* is to be considered as subordinated debt

**Growth Loans** are to be considered as ordinary debt financing
Investment Criteria

First time buyers with:

- Adequate experience and training
- Comprehensive business plan
- Budget forecasts demonstrating sufficient debt service capacity
- Personal equity to invest
- Complete financing solution
COSME Augments Total Funding Capacity for New Farms

- COSME agreement signed by European Investment Fund and Vaekstfonden as part of European Fund for Strategic Investments (EFSI).
- Enabling Vaekstfonden to provide **EUR 24m** in loans for new, independent Danish farmers over three year period
- Around 75 new farms expected to receive funding under Farm Acquisition Loan Program
New Initiative For Danish Farms:
Danish Agri Fund

VAEKSTFONDEN (EUR 67M)
PENSION FUNDS AND OTHER INVESTORS (EUR +67M)

Investment return
Capital commitment

DANISH AGRI FUND
(EUR 134M -269M)

Subordinated loan
Performance based return
Subordinated loan
Performance based return
Contact

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