

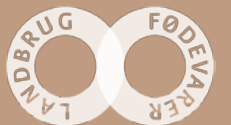
Ägarskifte i ett tufft dansk klimat

Ägarskifte i företaget

5. februar 2019 i Alnarp

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SEGES



Agenda

- Danish agriculture before and after 2008
- The land legislation ("Landbrugsloven") before and after 2008
- The situation today
- The solutions today
- The future

Operation profit

1995-99	500.000 DKK
2004	670.000
2008	- 600.000
2012	800.000
2017	950.000

Investment

1995-99	7,2 mia. DKK
2004	8,6
2007	14,4
2012	7,8
2017	7,5

Agricultural land prices

1998	70.000 DKK per hectar
2003	115.000
2008	260.000
2013	150.000
2018	150.000

Total debt

1995-99	124,5 mia. DKK
2003	186,7
2007	265,3
2012	335,1
2017	325,6

Debtpercent

1995-99	61,6
2003	62,4
2007	52,0
2012	57,0
2017	57,6

Equity

1995-99	116,8 mia. DKK
2003	143,2
2007	261,8
2012	186,2
2017	176,3

Land legislation ("Landbrugsloven") 2004-2010

- Obligation to reside (live) on a farm (8 years) - "Bopælspligt"
- Obligation to run the farm (8 years) - "Krav om egen drift"
- Agricultural education - "UddannelseskraV"
- Distance between more properties (10 km) – "Afstandskrav"
- Maximum of ownership – 4 farms/400 ha
- Farmers with animal production should own a part of the land to spread manure
- Companies could become owner if
 - An educated farmer should be owner of at least 10% of the shares and the majority of the votes, and he should personally fulfil the conditions for buying - "Landmand i selskabet"
 - Other shareholders should be family members to the "Landmand"

Land legislation 2010-2015

- Obligation to reside (live) on a farm, and this obligation could be fulfilled by a tenant
- Other demands were cancelled (education, distance, maximum ownership etc.)
- Companies could become owner, if
 - A person had a deciding authority in the company – typically the majority of the votes
 - The person should personally fulfill the obligations for buying
 - No rules for other shareholders – could be investors, foreigners, insurance companies

Land legislation 2015-

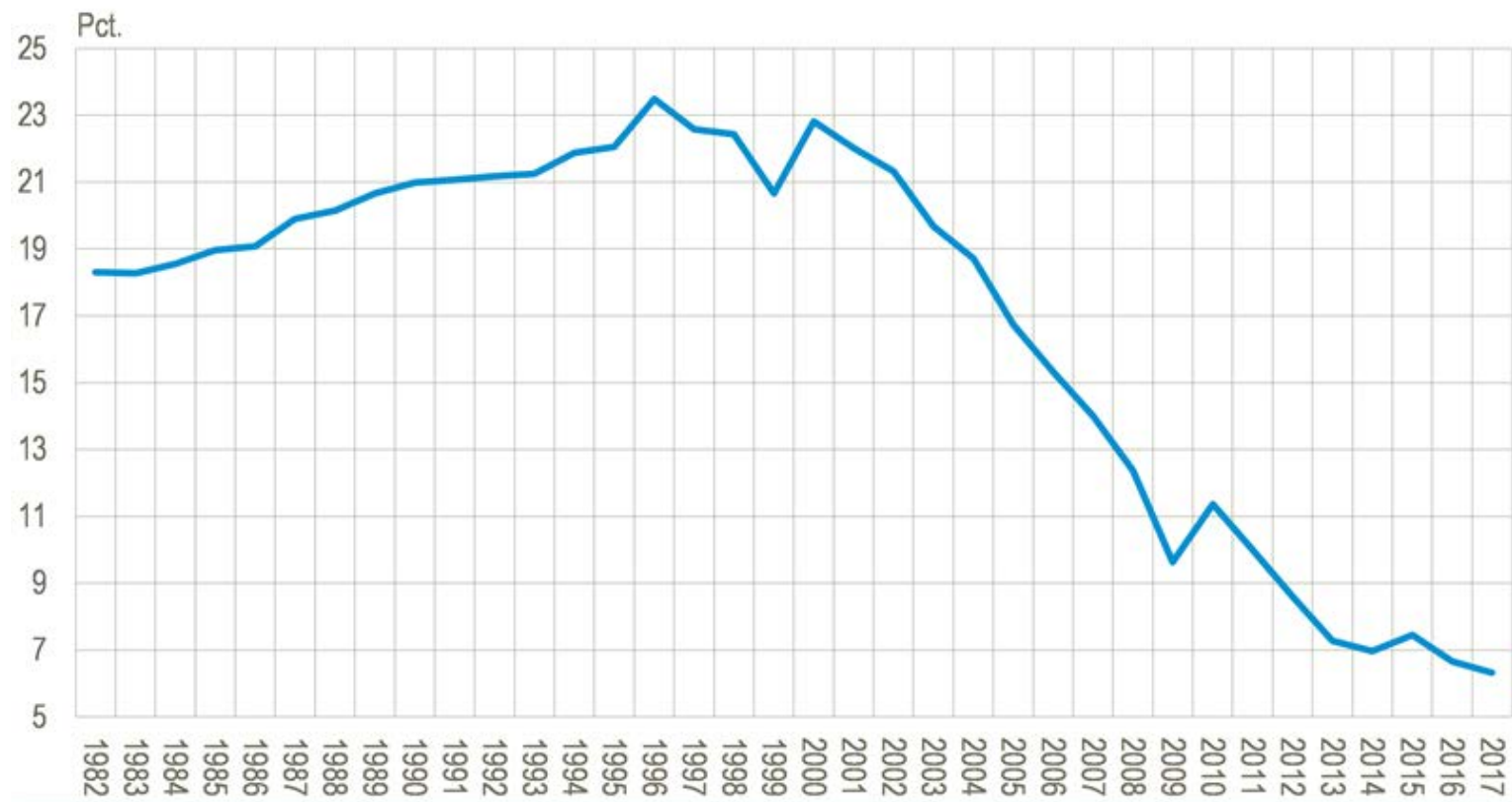
- Obligation to reside on a farm – can be fulfilled by a tenant
- A various type of companies can buy if
 - The company fulfill the obligation, that a person reside on one of its farms
- No demands for "deciding authority"
- Everybody can be shareholders in a company, that owns a farm

The situation today – average age of farmers

2003	51
2007	54
2013	55
2017	57

Age

Andel af landmænd under 40 år



The situation today – how many properties af sold?

2005	6.400
2007	5.600
2012	3.400
2017	4.300

The situation today – bankruptcies

2016	200
2017	130
2018	178

Demands from the banks

- Mortgage loan (realkreditlån) – typical 60-70 % of the value
- The rest was earlier financed by banks – few demands
- After 2008 it has been very difficult to get the banks to finance
 - Some banks do not want to finance agriculture
 - Demands for higher equity and self-financing
 - Demands for higher security
- Necessary to find other ways to finance

Eksternal investors

Ownership together with farmers

- Investor is main shareholder in a company, that buys a farm
- Other shares are owned by farmers, who runs the farm

Total ownership

- Investor is the only shareholder in a company, that buys a farm
- The farm is rented out to a farmer (the former owner)
- The tenant has a option to buy the farm after 3-8 years

”AP-model”

- Was introduced before the change of ”Landbrugsloven”
- AP Pension is a pension fund
- AP has established a company with 600 mio. DKK
- The company buys a farm, that is rented out to a farmer
- The tenant owns animals and machinery
- The tenant has an option to buy the farm after 8-10 years

Seller financing

Change of ownership

- The seller finance by lending money to the buyer ("sælgerpantebrev")

Sliding change of ownership

- The change happens over a period of 3-8 years
- The seller is more og less activ in this period

Tenancy

- Instead of selling, the seller rent the farm out to a tenant
- An alternativ, when the tenant can't finance a buy, or when a owner can't afford to sell
- The tenant gets a option to buy the farm or to renew the agreement
- The owner gets the opportunity to stay on the farm

”Dansk Landbrugs Kapital”

- A fund to help with investments in the Danish agriculture
- A collaboration between 4 pension funds and the State
- Started out with 1 mia. DKK (500 mio. DKK from the State)
- Provides loans to ”effective” farmers with high debt
- Interest – 10 % (high costs)

What will happen in the future?

The Pessimist

- The danish farms will be owned by rich (foreign) investors
- No farmers can afford to buy land
- No animal production

The Optimist

- An opportunity for young farmers to own together with investors
- An opportunity for owners to sell without high loss
- The "new" owners brings new inspiration