Establishment Loan

The Establishment Loan is a variant of the subordinated loan specifically targeted at ownership transfers in agriculture. The loan is subordinated to all other creditors and is always combined with EIFO's Growth Loan.

Examples of Financing Purposes

First-time buyers of an agricultural property for young farmers (up to 40 years old).	**Capital investments**, e.g., modernization or expansion of production facilities.	**Sustainability projects**, e.g., energy efficiency improvements, conversion to organic farming, or climate-friendly technologies.
Specific orders, e.g., delivery of crops to a food producer or biomass to an energy company.	**Digital solutions that support daily operations**, e.g., inventory management, machinery optimization, or feed planning.	**Working capital** to ensure liquidity in daily operations, e.g., for salaries, feed, fuel, or other operating expenses.

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Customer Characteristics

1. The target customer is primarily first-time agriculture buyers up to 40 years of age.
2. The agriculture must meet income and debt servicing capacity requirements.
3. The agriculture's equity must be of an appropriate size.
4. The loan must be part of a comprehensive solution with co-financing from a financial institution.

Terms and Conditions

Facility size
An Establishment Loan is always granted together with a Growth Loan. EIFO's total financing must amount to at least DKK 2 million, of which the Establishment Loan accounts for at least DKK 1 million and the Growth Loan for at least 20% (minimum DKK 500,000).

Co-financing
Minimum 50%.

Establishment fee
Fixed fee of DKK 40,000 + 0.5% of the loan's principal amount.

Interest
CIBOR3 plus individual rating (ranging from 5.4% to 8.8%).

Term
Typically 10 years, with an initial 3-year period of interest accrual and payment deferral.

Declarations and collateral
Withdrawal declaration with the ownership group and dividend restriction declaration. Third-party collateral is permitted. Agreement on duty to inform with the financial institution.

Credit assessment
Applications are processed individually. Processing time varies depending on the size and complexity of the case – reach out to us in good time.