LEBENDIGES LAND IN GEMEINSAMER HAND

740 Members
18 Farms
218 Hectares

English Website translation

14.07.2020
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What we do
How Kulturland works

The short explanatory video explains how the Kulturland cooperative works. Watch how farmer Bruno, the cooperative and the farm’s customers secure land together. The film also explains what effect long-term leases have on nature conservation and environmental protection and why Kulturland shareholders receive huge returns in terms of social and environmental capital but no financial dividends.

Explanatory Comic / https://youtu.be/TvLSmp4FwPU
2000 msq for everyone

Every German citizen, small or large, old or young, has on average 2,000 square metres of agricultural land available for his or her nutrition. This applies also to you, your children and each of your friends! Wouldn't it be nice to know what happens there - who cultivates the land and how it is treated?

Unfortunately, more and more agricultural land is being cultivated industrially with monoculture crops. The interactive website www.2000m².eu of the Future Foundation for Agriculture (Zukunftsstiftung Landwirtschaft) clearly shows how "my" land is being farmed today - and how it could be farmed better.

Subsidized crop cultivation for biogas leads to an enormous demand for corn and causes land and lease prices to rise. It is becoming increasingly difficult for regionally-embedded ecological farmers to secure their farmland. Intensive farms with mass livestock operations, biogas or large-scale monoculture cultivation can afford to pay more and therefore take over the land.

Moreover, since the financial crisis, arable land, grassland and forests have been regarded as safe-haven investments: more and more non-agricultural investors are pouring their money into land.
The Kulturland cooperative offers the opportunity to take real responsibility for your 2000 square meters - or less, or more.

A new “Commons”

If an ecological farmer wants to pay off the purchase of one hectare of land within one generation from the yields of the land, the land cannot cost more than about €8,000.

However, land prices in Western Germany and increasingly also in the Eastern German states are on average 2.5 to 3 times higher, because agricultural land is traded for financial investment.

We believe that the fertility of land should not be a financial investment with a corresponding return, but should be cared for and preserved for future generations. Therefore, we organize common land ownership: a "new common land" ("new commons").

We make the land available to farms on a long-term basis under favourable conditions. In this way, we support regionally-embedded ecological farms which do direct marketing or community supported farming (CSA), enable the public to visit the farm, carry out nature conservation measures, breed local varieties of plants and animals, integrate people in need or work with school children in an educational way.
Partnership with farmers

The Kulturland cooperative is a self-help organisation of ecological farmers and citizens that was developed in cooperation with farmers, growers’ associations and consultants. Inspiration also came from allied organisations in France, England and Belgium.

As a grassroots-oriented, socio-ecological project, we work together with local associations and foundations as well as nature conservation, consumer and church organisations.

We do not look to purchase land, but rather farmers come to us and ask for help in securing land or entire farms.

We are independent of banks, companies and associations. We see ourselves as a network organisation. Trust and transparency are important to us. We would like to meet all partners eye-to-eye with respect.
Our farms

The individual sites of all of our farms can be found here: https://www.kulturland.de/de/campaigns
About us

Our mission statement

- Our cooperative secures land for ecological farms and enables the strengthening of agriculture and human and ecological diversity.
- We are a reliable partner to secure land long-term for lively, regionally-embedded ecological farms, CSA farms and “start-up” farms.
- We promote and enable regional networks of relationships between our farms, partners and comrades. In this way, we create a basis for food sovereignty and regional food supply as a counter-model to the globalised agricultural market and its poor working conditions, overexploitation of humans and nature and only a few profiteers. These regional networks of relationships also make new models for agricultural assistance/participation and pensions for farmers possible, for example.
- Through our commitment, we enable many people to take responsibility for the 2000 square meters of arable land that are available to them for their nutrition. For people aiming to live sustainably and holistically, “taking care of their 2000 square meters” should become as self-evident as an account at a sustainability bank.
- This citizen “steward ownership” enables them to care for the soil as well as empowering and providing a training ground for civil society and grassroots, democratic decision-making processes.
- We see our work as a local response to our global crisis, the special handling of money and property as the beginning of a new social development towards new forms of “steward ownership”: commons as lively communities, where people jointly take responsibility for their lives, the soil, nature and the planet and experience self-determination.
- Last but not least, cultivated land makes “land reform” possible, because instead of increasingly feudal conditions, we make it possible for many people to jointly become land stewards.

Our history

The Kulturland eG came into being in the search for a solution, as 15 hectares of strategically important leased land of Heggelbach farm (Lake Constance region), cultivated over many years, were to be sold on short notice in 2012. This situation is by no means unique, as many farms find themselves faced with the question of how to secure leased land that is to be sold.

It became clear that a new type of ownership and participative financing model is dearly needed.

After the land was temporarily secured with the help of a bank loan, we first conducted a very thorough foundational study (download) in cooperation with the International Bio-Dynamic Association to tackle the question of a new type of ownership and financing model. In this study we examined the historic and current situation on the land market as well as experiences with different types of alternative land ownership (non-profit foundations, cooperatives, etc) that have emerged over the past 40 years. This resulted in the outline for a new, cross-farm ownership and financing structure for land purchase, which was founded in November 2013 as ”Kulturland eG” and entered into the register of cooperatives in August 2014.
The Kulturland cooperative supports regionally-embedded ecological farmers in securing their farmland long term. Customers, friends, supporters of a farm (the "community") as well as city dwellers and of course also "villagers" can invest money in the cooperative via cooperative shares. The Kulturland eG then buys the land together with the farms and makes the land available to the farmers indefinitely.

Members can also transfer their shares to a non-profit organisation or a cooperating foundation, which can then use them permanently to secure the land.

Members are kept informed about the development of the farm and can participate in the farm development within the framework of a regional group of the cooperative. The contribution of the farm (lease) is decoupled from the land price and is rather oriented towards ensuring the long-term guarantee of biodiversity and soil fertility.

**Annual Report (balance sheet)**
All of our annual reports can be found here:

https://www.kulturland.de/de/gruendung-und-jahresberichte
Team

Executive Board of Directors of the Kulturland eG

Dr. Titus Bahner

- born in 1960, grew up in Heidelberg, lives in Hitzacker on the Elbe
- Studied agriculture at the universities of Hohenheim, Corvallis/Oregon and Kiel
- Doctorate in economics (Dr.rer.pol.) at the University of Witten-Herdecke
- since 1996 independent consultant and project developer in rural areas in Northern Germany and other European countries
- 2008-2011 Coordination of the European network Forum Synergies for the exchange of practical experience in sustainable rural development
- further information and publications at www.lebendigesland.de

Stephan Illi

- born 1963, grew up in Kirchheim/Teck, lives in Prien am Chiemsee
- agricultural practical training and apprenticeship on 3 farms
- Studied agriculture at the GH Kassel, graduating as Diplom-Ingenieur
- 1993-2006 Managing Director Demeter Dairy Farmers’ Association, Seeon
- Producer consultant Demeter Bavaria, Kranzberg
- independent freelance consultant
- 2006-2013 Managing Director Demeter e.V, Darmstadt
- further information at www.stephanilli.de
Employees

Thomas Kliemt-Rippel

- born 1988, lives in Hitzacker
- Specialist for bio-dynamic agriculture (4-year vocational training in Switzerland)
- 2011-2013 Co-founder and Managing Director of Organic Standard (CO2 certificates for soil humus)
- Since 2013 independent consultant for strategy and process development, and implementation of projects in business and agriculture
- Since 2017 project development at the Kulturland cooperative
- Since 2018 co-founder of www.OpenCrowdInvest.org

Hans-Albrecht Wiehler

- born 1974, grew up in Lüneburg, lives in Hitzacker
- Study of forestry at the universities of Freiburg/Munich/Oxford
- MBA Sustainability Management at the Leuphana University Lüneburg
- Head of the Capital Office of the German Bioenergy Association, Climate Protection Manager for the Lüchow-Dannenberg District, Research Associate at the Wuppertal Institute
- since 2018 independent consultant for rural transformation, working for CoWorkLand eG (www.coworkland.de)
- Member of the Board Regional Movement Lower Saxony

Tanja Windeler (office assistant)

- born 1973, lives in Hitzacker on the Elbe
- Study of architecture at the FH Nienburg / Hannover
- 2000 - 2004 Enercon Aurich, wind farm planning
- 2010 - 2019 Employee in the project office cultural landscape
- since 2019 with the Kulturland eG
Project team members

Mona Knorr (campaigns)

- born 1982, lives in Dresden
- Study of Middle and Modern History and Political Science in Göttingen
- Activities in science and project management
- Employee of the city of Munich, consulting for cultural and creative professionals
- Freelance crowdfunding consultant and project coordinator, blogger
- further information under monaknorr.de

Crowdinvest Platform
The nonprofit IT collective Geeks4Change develops the Crowdinvest platform, on which the website of the Kulturland cooperative and individual campaigns are built. It also strategically supports some of the Crowdinvest campaigns.

Hannes Steinhilber, Merlin Axel Rutz, Andi Rüther, Rainer Halbmann

Supervisory Board

Matthias Zaiser (Chairman of the Supervisory Board)

- born 1968, raised in Nürtingen, lives in Hamburg
- Vocational training as a state certified farmer at Landbauschule Bodensee
- Studied economics at the University Witten/Herdecke
- since 2003 freelance consultant in Hamburg focusing on ecological farming and food production as well as social economy
- further infos at www.matthiaszaiser.de

Tobias Drechsel

- born 1984, lives in Berlin
- Study of physics at the TU Berlin
- Co-founder of CSA Basta in 2012/13 (as part of the customer group)
Friedemann Elsässer

- born 1968, lives in Esslingen/Neckar
- Study of law in Tübingen
- Trainee lawyer at the LG Tübingen
- 1999 Admitted to the bar at the LG Konstanz: among other things, advice and representation in the establishment and further development of the Neuwerk Cooperative www.neuwerk.org
- 2006 Admission to the Stuttgart District Court and Stuttgart Higher Regional Court: since then work in the law firm of Dr. Theo Sauer und Kollegen, which specialises in commercial and civil law, advising and representing small and medium-sized companies.

Maike Aselmeyer

- born 1975, lives in Freiburg i.Br.
- 2002-2005 apprenticeship and journeyman years on biodynamic farms
- Since 2005 managing an Alp farm in Graubünden / Switzerland during the summer
- 2007-2011 Study of psychology at the University of Freiburg, further training as systemic consultant and mediator
- Since 2013 freelance agricultural consultant and seminar leader
- Since 2016 cooperation with "Familie und Betrieb" St. Ulrich near Freiburg: extra-familial farm handover, generational conflicts, psychological difficulties and overwork on farms

Alexander Schwedeler

- born 1963, lives in Stuttgart
- 1999-2006 Development of the investment business of Triodos-Bank N.V., Zeist (Netherlands)
- various supervisory board activities in this context
- 2007-2013 Development and management of Triodos-Bank N.V. Germany, Frankfurt
• during this time, conception and foundation of the Triodos Organ.
  Growth Fund, a long-term oriented investment company for
  ecological medium-sized businesses
• Since 2014 freelance consultant for leadership, succession and
  organizational development (IMO Institute for Human and
  Organizational Development, and TheoryU), see

Thomas Schmid

• born 1956, lives in Heggelbach / Lake Constance
• Studied agriculture at the Nürtingen University of Applied Science
• 1986 Purchase of the Heggelbach farm with 45 ha of land, 
  foundation of the Hofgemeinschaft Heggelbach GbR with M. Reß
  and R. Raneburger; establishment of a farm cheese dairy and 
  conversion to a Demeter farm
• 2003-2009 four young partners join the farm community, 
  expansion of the farm size to 165 ha
• 2010 Purchase of 15 ha LN from the neighbour, development of 
  solution for future land purchase
• 2013-2019 Executive Board of Kulturland eG, June 2019 Change 
  the Supervisory Board

Partners

In our commitment to a new way of dealing with land, we see ourselves connected to many 
allies-in-spirit, at home and throughout Europe.

Here is a small collection of links to our most important cooperative partners!

Netzwerk Solidarische Landwirtschaft e.V.

Independent agriculture and joint production of food: the association 
supports farmers, gardeners and consumers in building up solidarity 
farming (Solawis). It offers detailed information, advice and
conferences to bring about a small-scale agricultural turnaround in many places in Germany.
www.solidarische-landwirtschaft.org
Stiftung Aktion Kulturland Hamburg

We share the same ideals as our 25-years-older namesake Stiftung Aktion Kulturland and complement each other in terms of organisational form, with us being a cooperative and them being a non-profit foundation. Together we work on the development of “Kulturland” farms as farms that provide comprehensive ecological, social and cultural services on the basis of agriculture in their region that benefit society at large.

Stiftung Aktion Kulturland supports such farms on the basis of donations (endowments, donations and public funding), and we support them with citizen capital. Titus Bahner, member of the board of directors, and Matthias Zaiser, member of the supervisory board, have been working for many years on the board of directors of the foundation Aktion Kulturland before the foundation of the Kulturland cooperative. The foundation owns 9 farms and more than 250 hectares of nature conservation land, with a focus on Schleswig-Holstein.

Netzwerk Flächensicherung

The country needs new farmers! Netzwerk Flächensicherung was founded in 2016 as an alliance of initiatives that secure land in Germany for more ecological, regional and rural management. We are united by the approach of placing the question of land ownership at the centre of our actions. By securing agricultural land, we help to ensure that land is permanently withdrawn from agro-industrial or speculative use. We make this land available to farms that share our goals and want to work with us to counter the increasing concentration of land ownership. The aim is to give agricultural entrepreneurs easier access to agricultural land.

We are a co-founding member of the network.

Netzwerk Access to Land

In the European network Access to Land, we exchange ideas with partner organisations, from whom we have also received important suggestions for founding Kulturland eG.
EU-Research-Project **RURALIZATION**

Since May 2019, we have been a partner in a European research project in which we are working to compile a comprehensive evaluation of European examples of successful rural development. The focus is on the role of versatile farms as a starting point for further activities that make villages and rural areas more attractive and thus counteract the trend towards urbanisation. The project will run until early 2023 and there is also a project summary in German:

**EU-Projekt RURALIZATION gestartet — Pressemeldung 03.07.2019**

**Bürger AG**

Together with Bürger AG für nachhaltiges Wirtschaften FrankfurtRheinMain as our cooperation partner in Southern and Central Hesse, we are jointly financing land for Hof Stedebach.

**Bündnis junge Landwirtschaft**

The young farmers’ organisation with its main focus in Brandenburg fights for better chances for agricultural business start-ups and the possibility of access to land within the framework of the BVVG's allocation practice in Eastern Germany, but also develops proposals for a different agricultural policy at EU level.

„**Wir haben es satt!**“

Farmers, conventional and organic, vegetable growing and animal husbandry; nature conservationists and animal welfare activists, development cooperation activists, unemployment initiatives and critical consumers; meat eaters, vegetarians and vegans, allied for a stop of industrial agriculture & food production and a promotion of farms!

**Rettet unsere Böden!**

International campaign 2015 for the Year of Soil
Turning your money into soil fertility

There are different avenues to support us and our work.

Cooperative shares

Cooperative shares of 500 € each can be acquired up to a value of 100,000 € (200 shares). With the approval of the supervisory board, larger amounts are also possible. In addition there is a voluntary entrance fee (suggestion of 5%), with which we cover our organisational costs. No interest is paid on shares in cooperatives.

Cooperative shares can be terminated annually at the end of the year after 5 years. We maintain a liquidity reserve for the payout of cancelled shares; the payout of shares above € 20,000 can also be suspended for up to three years in order to avoid having to sell land in a hurry. The same applies if the liquidity reserve is exhausted. Furthermore, shares can be transferred to another member at any time.

Investment / membership documents

All documents to become a member of Kulturland-Genossenschaft can be found here: https://www.kulturland.de/de/beitritt

Donations and endowments

The establishment of the Kulturland cooperative can also be supported by a donation (donation or endowment).

The eG itself is not non-profit. Therefore, we cooperate with local non-profit organisations and the Schweisfurth Foundation in Munich in order to permanently secure ecological areas. In this way, tax-deductible donations are possible, which we can use for the purchase of agricultural land within the framework of joint projects.

Cooperative shares can also be converted into a tax-deductible grant at a later date or in a will. The donation enables us to permanently secure land for regionally-embedded ecological farming ("land freeze").

If no donation receipt is required, you can also donate directly to the cooperative. These donations have a strong multiplier effect, because they supplement the funds available from entrance fees and leases for our basic structure, which are a limiting factor especially in the current construction period.

Additional information (German) on donations can be found here: https://www.kulturland.de/sites/default/files/2019-11/spendenmerkblatt.pdf
Risks

As a cooperative, Kulturland eG is not subject to the obligation to publish a prospectus in accordance with the German Investment Act. Therefore, please read the following notes on investment risks.

As with all entrepreneurial investments, there is also an economic risk when acquiring shares in cooperatives.

Fundamentally the business model of Kulturland eG is based on high security, as the cooperative aims at the complete coverage of the shares by fixed assets in the form of land. (In the start-up phase we are working for a limited time with operational losses. As of the end of 2019 the operational losses totalled 3% of our total balance sheet. Projections for 2020 show that we will be able to eliminate those losses and even build up a significant buffer through a generous donation.

However, there is a risk of devaluation of the investment if the regional land price level in the vicinity of the purchased land falls significantly for a longer period of time, so that the market value of the land - in the event of a sale - no longer covers the value of the cooperative shares. In this case, special write-offs to the land value may be necessary, which can be allocated to the shares by resolution of the General Meeting, so that the value of the shares is reduced.

This corresponds to the risk one would bear if one were to buy a plot of land or real estate oneself. A loss in value is possible in the event of a subsequent sale. Against this background, the cooperative takes care to buy land only at reasonable prices and regularly monitors the development of land prices on the basis of the standard regional land values.

If the value of the land increases, any profit from the sale is not distributed to the members according to the articles of association, but is invested in new land to support further farms.

According to the articles of incorporation, the members of the cooperative are only liable for losses of the cooperative up to the amount of their contribution. There is no obligation to make additional contributions.

Why no interest?

A versatile ecological farm can currently earn a maximum of 300-400 €/ha of return through food production per year. More than that would be at the expense of soil fertility. With current land prices of 30,000 €/ha on average in Germany, this corresponds to a return of about 1%. For the maintenance of the relationship with the farms and the ongoing operation of the cooperative, we expect 0.5 to 1% administrative costs. We ask farmers to cover only these administrative costs. Any more than that would be a strain on the farming operations. This is why we are convinced that it cannot be sustainable to ask the farmers to pay any financial returns to our shareholders.

Productive investments, e.g. in renewable energies, can generate good interest rates. This is not the case with agricultural land, due to excessive land prices. Instead, we must protect the soil from the effects of profit-oriented cultivation. In return, soil offers greater stability of value and security than interest-bearing investments.
Press archive

Our press archive can be found here: https://www.kulturland.de/de/pressearchiv

Academic studies about Kulturland

Several academic publications have been done on our work. These publications as well as other studies about the land market can be found here: https://www.kulturland.de/de/hintergruende-und-studien

Information for farmers

The Kulturland eG sees itself as an instrument for farms to secure land for the long-term. The prerequisite for this is that the farm operates ecologically and has a "social circle," i.e. people who want to support this farm, because they value the farm as a beautiful place, for its ecological management, its charisma, its activities beyond agriculture and its care of nature and landscape.

Without land there can be no agriculture. But soil is rapidly becoming more expensive, as farmers all around the world can attest. Many farmers operate on leased land and when the land is being sold underneath their feet, they can oftentimes not afford to secure it for themselves. So how can farmers afford to buy land when:

- the otherwise friendly landlord wants to sell, because she is getting old and needs cash?
- the landlord dies and the heirs want to make money from the land?
- additional farmland needs to be purchased?

At today's prices, on average € 30,000 per hectare in Germany, buying land cannot be paid from the yields of food production, which is about € 450 per hectare. The most a farmer could afford with a yield of € 450, if the farmer borrows money from the bank at 1-1.5% interest and wants to repay the loan in one generation (30 years), would be € 8,000 per hectare. At today's prices it would be ruinous for most farms to buy land.

Kulturland eG enables customers and supporters in the vicinity of the farm to pool their capital in order to buy the land and make it available to the farm permanently and at favourable conditions. We call this the commons 2.0 - land for ecological and regionally embedded farming is secured long term with the help of the community.
Similar forms of ownership for land were already developed in the 1970s and 1980s. Pioneers at that time were the "Agricultural Communities" and non-profit associations in biodynamic agriculture with the support of the GLS Bank. We see our work as a further development of these pioneers’ work.

In contrast to these “individual farm” solutions from the 1970s and 80s, the Kulturland eG is:
- a supra-regional structure that enables farms to secure their land
- a service provider: farmers do not need to worry about maintaining the association (legal entity holding the land), but can still maintain direct contact with “their” community and thus develop deep relationships
- a partner for farms of all legal forms (family farms in private ownership, farms with non-profit organisations, etc.)
- a flexible land owner: we secure individual areas (already leased or additionally purchased), but also take over entire farms in generational change
- not charitable: We purchase land not from donations, but from investments made in cooperative shares. This enables more people to get involved.

We chose the legal form of a cooperative because it is organised in a grassroots, democratic manner and is based on the basic idea of "helping people to help themselves". Cooperative members are at the same time owners and customers of the cooperative and therefore have full participation possibilities.

In most cases the cooperative does not buy the land itself, but rather we set up a separate legal entity (Kommanditgesellschaft) as the owner, in which the respective farmers are involved as the executive partner (Komplementär). The cooperative is the “investing” partner (Kommanditist), acting as a guardian organisation to ensure that the land is being farmed in an ecological and regionally-embedded fashion.
As long as the farm complies with these criteria, it may freely dispose of the land for an indefinite period of time. As the executive partner in the Kommanditgesellschaft, they are effectively the owners of the land and lease it to themselves. However, decisions can only be taken by consensus of both parties within the Kommanditgesellschaft.

For small land purchases or under special circumstances, we also acquire land directly as the cooperative and then lease the land out to the farm long-term.

**Valuable platform for CSAs**

Together with OpenCrowdInvest.org, we have created a platform (this website) for community-based financing of land purchases.

Each partner farm gets its own website, when desired with its own independent URL, like [www.Luzernehof.de](http://www.Luzernehof.de) of the CSA Luzernenhof. Farms are free to use this site to raise capital for their own investments in buildings and machinery, as well as to acquire new CSA members.

This platform has proven to be a very valuable tool for some farms. As part of our crowd-campaign, the CSA Luzernenhof was able to finance its housing and farm buildings entirely through low-cost direct loans from the community as well as attracting many additional members to the CSA.

**Taking over entire farms**
We are increasingly receiving enquiries from farmers whose children do not want to take over the farm, but who have a wish that the farm continues. They would like to hand over the farm to non-family successors. However, potential successors cannot simply buy the farm from them, as the price would simply be too expensive. However, the farmers who want to leave the farm cannot give the farm away as a gift either, because the agricultural pension is not sufficient for them to retire.

Since 2019, we have therefore been taking over entire farms in order to make them available to young, committed farmers, and in doing so we guarantee the departing farmers an appropriate pension. We work out the structure and details individually; the organisation chart shows a possible design.
Annex

Securing land with Kulturland eG - how does that work?

Does my farm fit in with Kulturland eG?
According to our statutes we support "regionally-embedded ecological farming", i.e. ecological farms that have a special relationship to their regional environment. This is recognisable, for example, by
☞ Opening of the farm to visitors, guided tours
☞ regional marketing of the products
☞ educational work e.g. with school classes
☞ Nature conservation and landscape management
☞ Conservation of ancient crop varieties and domestic animal breeds
☞ Work with persons with special needs (social farming)
☞ financial participation possibilities of the surrounding area, e.g. through loans or profit participation certificates.

There are no minimum requirements for meeting these criteria. Not all criteria must be fulfilled. However, we prefer to support companies that are intensively related to their region.

In principle the farm should be economically well positioned. We are happy to support farms that are also organised in a socially versatile way, e.g. as community supported farming (CSA), as farming communities or vocational training farms.

Procedure for securing land

1. if an area that you have already leased or other farm land in the vicinity of the farm is up for sale, contact the seller and first clarify the terms of the price and the timing of the sale. With this information you can either contact our office in Hitzacker or a contact person of the cooperative you know. In principle, we can already talk about a cooperation independently of a specific offer of land, so that we can then react quickly in case of an emergency.

2. in case of a positive assessment we ask you for a "farm fact sheet". We will send you a template (text document) with some questions, which you should fill in as much as possible. We will then clarify any remaining uncertainties by telephone.

3. we arrange a visit to the farm to get to know you and the farm personally. Afterwards, we will decide whether we want to start a cooperation. For land purchases over 200,000 € we have to obtain the approval of the supervisory board.

4. following this decision, we will conclude a cooperation agreement (Memorandum of Understanding) with you, in which the mutual expectations are clarified, e.g. regarding the amount
of the lease / farm contribution, cost sharing and measures to attract cooperative members. The normal lease is 200-400 €/ha for arable land. From 2020/2021 we intend to change the lease to a "solidarity farm contribution", which is determined in a bidding process by the farms on the basis of a budget proposal (similar to how CSAs raise their operating capital every year from the community). The "lease agreements" will then be renamed "usage agreements". From the lease or the farm contribution we finance the ongoing basic operations of our cooperative structure (audit and office costs, personnel costs for area and member administration, farm support).

5. now it's time to acquire citizen investors. We develop informational material about the farm and make it available to you together with further information about Kulturland eG. The upcoming land purchase will be presented as a new project on our website and via Facebook. You organise the distribution of the information within your social circle. Other possibilities include press releases, information stands at the farm or city festivals or an evening event at the farm or in the nearby city. At this event, interested people receive all the necessary information and documents to participate in the cooperative and thus enable them to purchase land.

6. about 1/3 of the purchase price should be committed in this way before the purchase in the form of cooperative shares. To finance the amount not yet committed, we will use our own funds, which we receive from supporters as contributions or as surplus funds from other projects.

7. in order to prepare the purchase of land, we usually establish a "Kulturland Hof XY KG" with you, which is provided with capital by us, acts as buyer and is legally allowed to purchase land. We have compiled more details about the structure of this KG (limited partnership) in a separate FAQ (below). The contract to the seller of the land remains in your hands. You conclude the notarised purchase contract with the seller in the name of the KG as its executive partner. The management board subsequently approves the concluded purchase contract.

8. we conclude the lease agreement / usage contract. The land-use agreement grants you the right to use the land indefinitely and cannot be terminated as long as the farm remains regionally embedded and cultivates ecologically. If the conditions are undermined, however, the land lease can be terminated on short notice. You can find more details in the information sheet on the KG agreement.

9. With your support, we will raise the remaining outstanding capital in the months following the land acquisition. The risk that the land purchase cannot be fully financed from your social circle is borne by the cooperative; we will not consider reselling the land under any circumstances. If necessary, we can also finance a smaller part of the purchase price in the long term from non-project-related funds.

If a seller urgently wishes to sell, we can deviate from this procedure in individual cases and conclude the purchase agreement before sufficient participation commitments have been received. The process from initial contact to the notarisation of the purchase agreement including the formation of a limited partnership can then be completed within four weeks. Experience shows that the seller's willingness to make a decision is more of a limiting factor.
Cooperation agreement and cost sharing

In the cooperation agreement, we set out the essential elements in writing:
- The Kulturland eG provides the capital for the land purchase in full
- You (the farm) help us to recruit cooperative members; for this we agree on concrete activities
- You keep us informed about the development of the farm from time to time (see next section)
- You contribute to a small extent to the initial set-up costs for the land purchase.

The cooperation agreement is legally not a contract, but a declaration of intent. It serves to avoid misunderstandings.

The management costs for the purchase of new land on our side are mainly financed from the one-off contribution (entrance fee, recommended rate 5%), which the members pay when they purchase cooperative shares. Real estate transfer tax and ancillary purchase costs are capitalised as part of the purchase price and can therefore be financed from eG shares.

However, the entrance fee and the farm fees are not sufficient to cover the organisational costs of the land purchases on our side. Therefore we ask you to:
- a one-off contribution to the costs of setting up the eG; the reference value is € 2,000
- Purchase of one or more eG-shares; this is also necessary according to the statutes, as we can only make land available to members
- in the case of a KG foundation: Covering the costs of forming the KG and easement order (according to object value, approx. 300 to 800 €).

Except for the eG shares taken over, all these payments are tax-deductible business expenses. (In contrast, the acquisition of privately owned land must be paid for out of taxed money).

Open farm - regular information

With the conclusion of the cooperation agreement, your long-term cooperation with the Kulturland begins. More precisely, you enter into a long-term relationship with the circle of people who support the farm in the context of the purchase of land.

The members who have supported the land purchase should in principle (of course only with your consent) have the opportunity to visit the farm so that they can experience for themselves what their investment makes possible. This can be, for example, a regular tour of the farm, a farm festival or an open day, or a visitation possibility after making an appointment by telephone.

At least once a year we would also like to receive written information about current developments on the farm. If you publish a newsletter or run an up-to-date website, we can use this information. Otherwise, a small annual report with photos written by the farm would be very valuable.
The main purpose of the information is to keep the connection of your supporters to the farm alive by giving them regular insights into farm life, unless they come as customers for shopping themselves. In this way we motivate the supporters to keep their cooperative shares in the long term and to refrain from terminating them, which of course they are free to do. This contact with the members can of course also be the basis for further engagement.

We also want to be informed about the development of the farm in order to be able to offer support in time if necessary, if economic problems or personnel difficulties arise, because the farms, as our cooperation partners, are the lightning bearers for the cooperative.

Apart from this requirement to keep the cooperative informed, the cooperative and its members have no say whatsoever in the farm and its operations. Further cooperation or support can develop with individual people from the surrounding area, but this is an individual matter for the people involved.

Risk of land sale

The members of the Kulturland cooperative have an annual right of termination of their shares after the first five years during which they cannot terminate the shares. The cooperative maintains a liquidity reserve of 10% of the land value for the payment of terminated shares. In addition, new members are continuously recruited in order to maintain liquidity and ensure that no land has to be sold to pay out leaving members.

Nevertheless, it cannot be ruled out in principle that a wave of terminations, however motivated, will draw more capital from the cooperative than can be compensated for by new members. The cooperative will then have to sell land. In this case, the payment of terminated shares to cooperative members can be delayed for up to three years, after which, however, payment must be made.

In such a case and on the condition that you continue regionally-embedded ecological farming, you are therefore granted a right of first refusal on the purchase of the land at book value (the price we originally paid back when we bought the land - no interest or other costs are added). In the event of a land sale you are free to exercise this right of first refusal yourself or a third party designated by you. This ensures that you are no longer affected by increases in land prices that occur after the date of purchase of the land.

However, if the book value as stated in the balance sheet has fallen below the productive value of the land (as stated above, this would be around 8,000 € per hectare on average) as a result of severe currency devaluation (economic crisis à la 1920s), the actual productive value of the land is the lower limit for the purchase price in order to protect the cooperative members from a complete loss of assets.

This right of first refusal can also be written into the land registry by a notary person, making it legally binding. You will have to cover the notary and court costs (depending on the value of the property approx. 1,000-3,000 €).
In the case of a necessary sale of land, the cooperative first decides which area from the entire pool is to be sold, and in doing so also orients itself towards the possibility of socially acceptable takeover solutions on the farms concerned. In particular, you should consider acquisition by the leaseholder or by a non-profit association.

If these possibilities are exhausted, a sale on the free market will also be considered. In such a case the leaseholders are protected by law to maintain their lease according to the established terms.

A new form of ownership

In cooperation with the Kulturland eG the secured land is made available to you in perpetuity at a very low lease. This right to the land cannot be revoked under any circumstances, as long as you maintain farming the land ecologically and regionally-integrated. But in terms of how you use the land, you are completely free.

What you gain is that you are now part of an active community, a group of people who are interested in your farm and are of the ecological and social impact of your farm.

Partnering with Kulturland eG means maintaining long-term relationships with your social circle as well as your soils, plants and animals. We see this as a step towards a new form of land-stewardship, where the purview over the land lies with the farmer, but the transfer of the land to the "best steward" is the responsibility of the social circle around the farm. Access to the land is guaranteed as long as it is farmed in the interests of the community. However, the sale, inheritance and speculation of the land is prohibited.

If all land were to be handled in this way, the land would no longer be a tradeable commodity and would therefore have no purchase price. The problem of high land prices would be solved.
FAQ about "Boden KG" of Kulturland eG

For the purchase of land, we establish a separate legal entity with you, the "Kulturland your farm KG" (e.g. Kulturland Luzernenhof KG). The KG then establishes a land-use agreement (lease agreement) for the purchased land with your farm.

Why a separate legal entity?

Although cooperatives have proven to be the most stable legal form in Germany over the last 150 years, it was important to us that there is no concentration of ownership in the hands of the cooperative, because even in a cooperative many things can change over the course of a generation. It is important to us that the soil remains secured for eco-social cultivation across generations and never becomes a tradable commodity.

In addition, according to the German Land Transfer Law, only active farmers may buy agricultural land. This "right to buy land" is implemented through a right of first refusal. If the buyer is not an active farmer, an active farmer can enter into the purchase contract. For the reasons mentioned above, Kulturland eG itself is not looking to practice agriculture itself and thus does not seek to receive the official "right to buy land".

We solve this problem by establishing a company with you in the run-up to the land purchase, which is "controlled" by you and is therefore legally regarded as an “active farmer“ and thus allowed to conclude the purchase. The Land KG becomes the owner of the land in the land registry. As the managing partner of the Land KG, you are thus assured rights to the land on par with outright ownership of the secured land, regardless of how the cooperative develops.

How is this company structured?

Historically the Kommanditgesellschaft (limited liability partnership) developed in the commercial field: one business person gives money to another business person so that the latter can run his business. He does this in the form of a share, so that he participates in the profit (and loss) of the business. The managing businessman is the "executive partner" (fully liable), the financier the "investing partner" (limited liability).

In our case, you are the executive partner who can manage the land. We are the investing partner who brings in the necessary financial means for the land purchase through a shareholding. The full capital for the land purchase comes from the Kulturland eG. As the executive partner you are not putting in any capital into the KG. This is somewhat unusual for a KG, but possible. It ensures a simple and clear structure.

The liability amount to be entered in the commercial register is limited to 5,000 €. This reduces notary and court costs. Since the KG does not conduct any further business, it does not need a higher liability capital. The ownership of the Land KG is limited to the land used by you.

As more land is purchased for other farms in your area, with your consent we may choose to use the existing Land KG to also purchase the land for the other farm. This would not only save costs but also create a closer regional bond.
What are the costs of formation and accounting costs of the KG and who bears them?

The Land KG is designed as an asset-managing, non-commercially active personal company. It has income exclusively from the lease you pay and is therefore exempt from trade tax and IHK-membership. It prepares a balance sheet which is part of the consolidated balance sheet of Kulturland eG.

Kulturland eG (as a rule) holds 100% of the capital and is therefore entitled to all profits and losses of the company. The company is founded by signing the articles of association and registering the company in the commercial register. A notary appointment is required for the registration, but not for the conclusion of the articles of association. The formation costs are in the lower three-figure range. In contrast to e.g. land transfer tax, the KG formation costs cannot be capitalised in the balance sheet as part of the land purchase price and must therefore be paid from surplus capital. We ask you to bear these costs when we purchase the land.

What rights does Kulturland eG have in this company?

As the executive partner you basically determine the fate of the company. In fact, however, not a lot of activity happens within the KG. Rather, it should be a stable and calm basis for the ownership of land. The management of the land is not carried out within the KG, but on the basis of the land use agreement (lease contract), which the KG concludes with you.

Resolutions of the KG must be passed unanimously by both you and the Kulturland eG (as stipulated in § 5 Paragraph 6 of our constitution). Decisions on important issues can therefore only be made by mutual agreement. This applies, for example, to amendments to the land use agreement itself as well as to "extraordinary transactions" according to § 4 Paragraph 3, i.e. purchase/sale of real estate, conclusion of lease agreements and the taking out of loans by the company.

However, Kulturland eG is entitled to a special right: if the agreed upon terms of the land use agreement (ecological and regionally-embedded farming) are not met, Kulturland eG can terminate the lease agreement bypassing the executive partner (§ 4 Paragraph 4 of our constitution). This is necessary because otherwise the farmer could switch to conventional farming, for example. He could block a termination of the lease by the KG because of the unanimity rule. The Kulturland eG could then only withdraw from the situation by terminating its share in the company. However, we would like to ensure the long-term ecological cultivation of the land acquired with our help.

What is the connection between the KG articles of incorporation and the land use agreement (lease agreement)?

The two contracts together form a whole. The KG articles of incorporation regulate the ownership, the land use agreement and the management of the KG as such.

Since the farmer "controls" the KG and the KG - with the consent of Kulturland eG - issues the land use agreement, the farmer leases the land to himself, so to speak. He signs the land use agreement
as lessee and lessor at the same time. Kulturland eG as the investing partner declares its agreement underneath.

The land use agreement stipulated that the farmer pays a lease (100 € per hectare and year) as well as a voluntary amount to Kulturland eG to cover its administrative costs. The voluntary contribution will be jointly determined by all of the farms in a so-called “bidding round” (starting in 2021) on the basis of a budget proposal by Kulturland eG.

The duration of the land use agreement is indefinite (forever). Legally speaking, according to BGB § 594 the contract can be terminated with a two-year period of notice. In connection with the KG articles of incorporation, however, it is effectively indefinite in duration, because the KG as lessor will not terminate the contract - this would have to be decided by the farmer as executive partner himself - only the farmer himself can terminate the land use agreement. Access to the land is therefore guaranteed as long as the KG exists, which is designed to be permanent. However, there are two exceptions to this rule:
☞ Non-compliance with the terms of the land use agreement (ecological, regionally-integrated farming)
☞ threatening insolvency of Kulturland eG

What happens if the farmer does not comply with the terms of the land use agreement?

The terms of the land use (lease) agreement are formulated in § 4 are:
☞ maintenance of ecological farming in accordance with EU standards
☞ management of nature conservation areas to a certain minimum extent
☞ annual implementation of at least two of six possible activities for regional integration (open farm, regional marketing, educational work, preservation of local breeds of animals and varieties of plants, cultural events, work with special needs persons).

These criteria ensure that the land is farmed in a ”regionally integrated ecological” fashion. This is the promise we make to our members. Therefore these conditions must be contractually agreed upon and we must have the possibility to transfer the land to another farmer if the conditions are not met. This is done in three steps:
☞ Termination of the lease agreement on the basis of § 4 Paragraph 4 of the articles of incorporation of the KG
☞ Exclusion of the executive partner from the KG on the basis of § 8 Paragraph 2 of the articles of incorporation
☞ Admission of a new executive partner to the KG in accordance with § 9 Paragraph 4 of the articles of incorporation.

In such a scenario, the KG will continue to operate with another farmer. If we cannot find one, the legal entity is dissolved and the land must be sold.

The Kulturland eG must first send a reminder that the terms of the land use agreement are not being met. If they are still not complied with in the following year, termination is possible at the end of that lease year.
What happens if insolvency of Kulturland eG is imminent?

If we are threatened with insolvency and can only avert insolvency by selling land, we can terminate the KG (§ 7 Paragraph 2). In contrast to the termination of the lease agreement, in this case we withdraw from the company. This means that according to § 10 the company must pay out the withdrawing investing partner. It can do this, for example, by finding a new investing partner to make a corresponding contribution, or by dissolving and selling the land.

In this situation, the farmer has the option of transferring the land into his ownership or finding another buyer. If it is ensured that the land will continue to be farmed in a "regionally integrated and ecological" fashion, then the price at which the land can be bought by the farmer is the book value according to § 10 Paragraph 2 of the articles of incorporation, i.e. the purchase price of the land back when it was originally purchased. (In the event of hyperinflation à la 1920s with monetary devaluation, however, we reserve the right to charge at least the productive value of the land, which would be around € 8,000 today, as stipulated above).

This means in plain language: whoever buys land with us is no longer affected by any market price increases on the land with regard to the land purchased with us. If the farmer so wishes, these terms can also be written into the land registry by a notary person. In this case the farmer bears the notary costs.

How does the land get out of the KG?

Our aim is to secure land for regionally integrated ecological farming as permanently as possible - in cooperation with you as the farmer. As long as everything is going well, the land should therefore remain in the KG. In the event of a change of farmer or a generational change, a new managing partner simply enters the company by resolution of both parties; nothing has to be rewritten in the land registry.

If one day things do not go well, the KG offers flexible possibilities to deal with land ownership. The investing partner (Kulturland eG) can also be replaced, or other investing partners can be brought on board. For this purpose, the partnership agreement must be amended by mutual consent. The land can thus be transferred de facto to other (co-)investors without having to change the land registry owner, which is the KG. As long as the changing investor holds less than 95% of the capital, no new land transfer tax is due. (This law might change in the future).

Of course, the land (or part of it) can also be sold on the land market. In this case the Kulturland eG is entitled to a possible capital gain (§ 6 Paragraph 2). In the case of a loss, Kulturland eG bears these costs alone. According to the articles of incorporation, a capital gain is not distributed to members of Kulturland eG, but reinvested in land purchases for other regionally integrated ecological farms.

Is there a possibility to transfer the land into private ownership at a later date?

No. We would like to develop joint land ownership and thus give consumers, citizens and supporters a binding stake in farms. In this way they can also establish a long-term connection with the farms.
However, in the case of plots of land close to farms, it is conceivable that an area would be better suited to private ownership, e.g. to erect buildings there. In such a case we can agree on a later transfer into private ownership. The takeover price would then be the current market price of the area or part of an area, as determined by an expert.
Succession of the farm and pension scheme with Kulturland eG

For farmers who want to retire and their own children do not want to take over the farm, but they have the wish that the farm continue, extra-familial farm succession is the way to go. Suitable and qualified young farmers are given the opportunity to enter farming without having inherited a farm. They can take over a farm with a long history and continue developing that farm instead of the farm becoming one of the many farms ceasing to exist every day.

Apart from the social questions connected with farm succession - the "chemistry" between the departing farmer and the young farmer(s) taking over must be right - there are also economic and legal questions. In particular, the young farmers usually do not have the capital to buy the farm with buildings, land and inventory from the retiring farmer. The Kulturland eG can provide support at this point and take over the role of the long-term, fiduciary owner for the farm.

Role of Kulturland eG

The sale of a farm is always composed of three components: land, building and inventory (the latter two usually requiring additional investment). Our primary focus is on the first of these three - securing the land as a new commons for future generations and for regionally integrated ecological cultivation. Cooperative members enable this by providing interest-free and long-term capital without expecting financial returns.

Buildings and inventory, on the other hand, are not in the same way commons. On the one hand they are subject to wear and tear, but on the other hand they can generate a certain financial return and should therefore be financed by the farm entrants through other means (equity capital, bank loans, private loans, profit-sharing rights etc.).

In the case of buildings, we can secure a permanent connection with the land by means of a heritable building right and enable the new farmers to become the owners of the buildings at very favourable conditions; more on this below.

In the case of the inventory, the farm entrants must find an agreement with the retiring farmer.

The agricultural land is secured by Kulturland eG through purchase. Land transfer tax is incurred in this case. As a rule, the land is bought by "Kulturland Your Farm KG" (hereinafter referred to as "KG"). The Kulturland eG provides 100% of the capital for the KG (as the investing party). In some cases Kulturland eG purchases the land outright, as long as the agricultural authority agrees to this.

Old-age pension for retiring farmers via life annuity

Since the retiring farmer will not be receiving any income through a lease when the land is transferred to Kulturland eG, the question of an adequate old-age pension arises. If the farm is to be maintained as a whole, the partial sale of land to finance the pension cannot be an option.
Within our farm-transition framework, we can agree with the retiring farmers on a purchase price that consists of two components. First is a sum that is paid out immediately so that the retiring farmer can finance a house outside the farm and potentially compensate heirs. Second is a payment as a life annuity (pension). The retiring farmer receives a monthly pension until the end of his life, which is adjusted annually to inflation. In the case of a couple, after the death of one of the partners, the remaining partner receives e.g. 60% of the pension until the end of his or her life.

The life annuity is secured by the land itself, i.e. in the worst case, the transferred land can still be sold to ensure payment of the annuity. But before this happens, Kulturland eG as an umbrella organisation is responsible with its entire operating capital for the regular payment of the annuity.

From the point of view of Kulturland eG, we are flexible to decide how high the actual price of the land is at the time of the purchase. In terms of the life annuity pension the tax office calculates a capitalised value on the basis of the expected life expectancy; this is of course an average value. We are able to “bear the risk” of the farmer turning 120 years old - and would be happy to see this happen.

**Partial donation to the Klee Foundation**

When a farm is sold “at market price” high income taxes for the farmer are oftentimes due. However, retiring farmers often do not need the full market value of the land for their old-age pension; they can "donate" the land in return for an appropriate pension in order to secure the land permanently for ecological farming and to enable the maintenance of the farm within the framework of an extra-family farm succession. In this case, however, the tax office would then levy gift tax on the value of the land given as a gift.

For this scenario we have set up the Klee Foundation within Kulturland eG as a non-profit, dependent foundation (unselbständige Stiftung). The foundation’s management bodies are identical to the Kulturland bodies, with the exception of an additional advisory board made up of retired farmers who act as a guardian to ensure the foundation's long-term commitment to the preservation of the farms that have made donations.

The Kulturland eG assumes the task of ensuring the best possible cultivation of the land on behalf of the foundation. The foundation guarantees, as the asset holder, the permanent dedication to regionally integrated ecological farming.

Legally, the donation to the Foundation is made either by dividing up the land: part of it is sold to the KG, part is donated to the Klee Foundation. Due to the charitable nature of the Foundation, donation taxes on the value of the land do not have to be paid. The Klee-Stiftung in turn becomes an investing partner in the KG and puts the land into the KG and in return receives part of the income from the lease in order to realise its charitable aims. The land thus remains undivided and inseparable.

Alternatively, the KG and the Klee Foundation can acquire the land as equal partners, in which case a share quota is agreed upon ("joint ownership"), e.g. 30% KG, 70% Klee Foundation. A purchase price is only agreed for the ownership share of the KG. The Foundation then transfers its share of ownership to the KG, which again becomes the sole owner of the land, and in return receives a share of the lease income.
The Klee Foundation uses the income from the lease to finance education and nature conservation activities on the farms.

Handling of Buildings

The part of the land where the residential house and farm buildings stand is the heart of the farm. Therefore it would be obvious to transfer the buildings together with the land into the commons framework we have set up. However, experience has shown that buildings need constant care and the Kulturland cooperative, which operates nationwide, does not want to be involved in the ownership of the buildings.

However, in connection with the transfer of land, we can offer farm successors a discount on the purchase price of the buildings. This is how the model works:

- The entire farm (land and farm buildings) is acquired by the KG and the Klee Foundation.
- A heritable building right is established on the land on which the residential and farm buildings stand. This land is transferred to a separate land registry page.
- The new farm entrants acquire the residential and farm buildings at a discounted price. They may buy the buildings as private property or set up their own legal entity as the owner of the buildings.
- By way of the heritable building right on the land, the residential and farm buildings are contractually tied to the rest of the agricultural land. This means that if the farmers, who are the owners of the buildings, decide to stop farming, the Kulturland eG has a right to purchase the buildings outright and force the owners to leave in order to make the buildings available to new farmers. The same applies if the Kulturland eG terminates the lease agreement for the land if the farmers do not adhere to the requirements stipulated in the land use agreement. Kulturland will compensate the leaving farmers for the buildings at market value as determined by an independent auditor.
- When the new farmers get old and retire themselves and sell the buildings, they are allowed to charge no more than market value for the buildings as determined by an independent auditor. This provision is necessary, because the land of the farm is made available to new farmers basically for free, so the retiring farmers could price this gift into the sale price of the buildings and thus extract disproportionate personal profits from the sale of the buildings. A contractual provision precludes this scenario.
- In return for these conditions, the purchase price for the buildings is not based on the market value, rather the buildings are sold to the new farmers at a price much below market value. For example around € 750-1,000 per square meter for the residential buildings and the farm buildings at a discounted rate or even for free. For example, a farm with depreciated farm buildings and a 120 m² finished residential building could be acquired for less than € 120,000. A bank loan of this amount can easily be paid off within 30 years.

The reduced price on the buildings is made possible by the fact that the retiring farmer receives his retirement pension from the transfer of the land to the Kulturland eG. He is therefore not obliged to sell the farm buildings at market value.

The farm successors as new owners are free to decide what they do with the buildings and how they operate the farm. They may demolish, extend or construct new buildings without consulting
Kulturland eG. It is in their own interest to have an efficient and economically sound structural development, as they have to negotiate with their next successors to take over the farm for sale.

By investing in the buildings the new farmers can also build up capital which will constitute a part of their pension when they sell them to their successors. Against this background, they have an incentive to invest in and maintain the buildings.