



DZP

more than law

Legal alert | Agricultural System Act | 02.2016

Dear Sir/Madam,

In the second week of January this year, the Polish government published a bill that will revolutionise the principles of trading in agricultural properties. The proposed changes take effect on 30 April 2016. They will also, or indeed mainly, concern private trade in farmland and shares in companies.

Special attention should be paid to the planned changes concerning:

- **possibility of acquiring agricultural properties** (except for those situated in areas designated for non-agricultural purposes in local master plans) – generally, only individual farmers will be able to acquire them, and other entities will need the consent of the Agricultural Property Agency
- **possibility of freely disposing of own agricultural properties** – generally, only individual farmers will be able to acquire them
- **possibility of freely disposing of shares in companies that own agricultural properties** – the Agricultural Property Agency will have the right of first refusal to such shares
- **requirement to run a farm personally for ten years after the agricultural property is acquired** – this requirement may be lifted by the court in extraordinary circumstances; if the requirement is not met, the court will hold that the property has been acquired by the Agricultural Property Agency at a price set by a property appraiser.

The proposed changes, apart from interfering in trade in farmland, will also affect the possibility of restructuring capital structures if any member company thereof owns agricultural properties – generally, whenever title to shares in such company is transferred, the Agricultural Property Agency will have the right to acquire the shares (by way of a unilateral statement) at a price set by a property appraiser.

In addition, the proposed law provides for some other changes that may be important for entities that own or intend to acquire agricultural properties (e.g. change of partner in a partnership that owns an agricultural property or new requirements for the intended creation of a farm).

In view of the information above, we recommend that a review be carried out of existing capital structures to adapt them to the new regulations.

We trust that this information will be of help.

Yours faithfully,

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