

Conditions of Sale Foal Auction July 7th 2018 in Hanover

The following terms and conditions are binding for all legal relationships between buyers, sellers and the Trakehner Gesellschaft mbH (= organizer), represented by its managing director Lars Gehrman:

1. Organizer. Public auction.

a) The auction is organized and conducted by the Trakehner Gesellschaft. The foals listed in the catalog are auctioned off in the name and on account of the stated sellers. The auction is run by an inaugurated auctioneer.

b) The auction is held as a public auction according to §§ 383 paragraph 1 and 474 paragraph 1 of the BGB at the Equestrian Stadium Hanover, Am Jagdstall 25 in 30179 Hanover. The auctioneer offers all horses and accepts all bids.

The auction is open to the public.

Contracts of sale are formed between the inaugurated auctioneer with his acceptance of a bid by a buyer, and the seller.

2. Presentation

a) All foals for sale will be presented at liberty prior to the auction.

b) During the auction, foals will be presented at liberty. The order of foals in the auction will be determined by the auction office.

3. Bidding

Prices will be called in Euro.

The minimum bid is 3,000.00 €.

Bidding increments have to be at least 100.00 €.

The auctioneer determines the increments of bidding and other deviating minimum bids.

4. Payment slip

After the knock down, the buyer is required to sign a payment slip, which lists the object of purchase, the catalog number, the knock down price and the name of the buyer.

In case the buyer does not sign the purchase slip, or he/she indicates after signing the document that he/she will not pay for the horse, the organizer, via the inaugurated auctioneer, has the right to return the horse to the auction lot. The first bidder is held liable for his refusal of acceptance of the purchase.

5. Validity of the bid

If any reasonable doubt about the validity of the bid arises, a claim as such has to be asserted immediately; at maximum no later than before the last horse is entered in the auction ring. Claims have to be addressed with the organizer's publicly inaugurated auctioneer as well as the auction conductor via its managing director. The auctioneer decides whether to annul the bid and place the horse back in the auction.

6. Billing

The billing is comprised of the knock down price during the auction, the individual V.A.T. as stated in the catalog for each seller (0%, 10.7% or 19%) = subtotal 1, sales price). The organizer further adds 6% plus V.A.T buyer's fee (= subtotal 2), V.A.T. and 1.19% insurance (incl. insurance tax).

Subtotals 1 and 2 result in the gross price. In addition, the organizer adds an insurance fee of 1.19% including 19% insurance tax (see section 12 of these conditions of sale) on the knock down price.

In summary, the billing total results from:

Knock down price (net price)

+ V.A.T. (depending on seller either 0%, 10.7% or 19%)

= **Subtotal 1 (sales price)**

+ 6% of net price buyer's fee

+19% V.A.T. on the buyer's fee (according to §§ 12, 2 UStG)

= **Subtotal 2**

Subtotal 1 + subtotal 2

= **Gross price**

+1.19% insurance (including 19% insurance tax) on the net price

= **Total billing amount**

The seller's payment request, which must be settled by the buyer, has been assigned to the organizer to be settled. The settlement of payment between the organizer and the seller has been agreed upon according to the auction terms.

The total billing amount is to be paid by the buyer via cash payment or check immediately after knock down is achieved at the organizer's sales office, or within 7 days of the auction via wire transfer to the account of organizer. Fees and interest associated with check payments are the responsibility of the buyer. If paid by check, the full purchase price is only then considered paid when the check is fully cleared.

Until the full outstanding billing amount has been settled with the organizer, the foal remains the property of the seller (according to § 449 BGB). The foal remains in custody of the seller until 6 months after birth.

The seller irrevocably cedes the right to sue regarding any assertion of the purchase price and any associated costs to the organizer.

7. Agreement on the legal and factual nature

The legal and factual nature of the foals is agreed upon by both seller and buyer and include the pedigree as outlined in the catalog, as well as statements regarding gender, color, date of birth and performance results, if applicable.

In addition, a photograph of the foal may be included in the catalog. These photos **are not** part of the agreement on the legal and factual nature of the foal. These **are not** declarations of intent, **but rather** declarations of knowledge in terms of subjective opinion. No stipulation regarding specific abilities of the animals is made.

Prior to arrival at the auction place, the sellers had their foals evaluated in a clinical exam.

A protocol evaluating the obtained results has been prepared by the examining veterinary on account of the seller. This health report is available to all interested potential buyers and their veterinary consultants. The objective data/findings of the health report are considered as part of the legal and factual nature.

Any further comments regarding classifications, prognosis or evaluations in the health report are not part of the legal and factual nature. They are regarded as subjective opinion only.

The organizer informs that potential buyers can arrange for further veterinary exams that exceed the above mentioned protocols prior to the auction. Such extra exams are billed entirely to the prospective buyer and have to be coordinated with the auction organizer and arranged with the owner of the horse.

Any other properties and conditions of the horse that are not explicitly made public in the auction office by veterinary protocols are considered imponderable, ambiguous, and potentially fraught with risk.

8. Used goods

All foals offered in the auction are considered used goods with regards to their training to lead, load and travel. They are further marked by microchips and/or brands, have been examined by a veterinarian, and have been trimmed by a farrier. Any other use, e.g. by participation at foal shows or competitions are outlined in the auction catalog.

9. Non-warranty clause/liability disclaimer/limitation period

a) The exhibitor is liable under consideration of the agreement on the legal and factual nature outlined in chapter 7 according to the law with the following limitation:

- aa) If any warranty claims exist, the exhibitor has the right to provide additional delivery. Should this be unacceptable or impossible, he has the right to provide rectification of defects.
- bb) An entitlement to abatement is excluded.
- cc) Entitlements to damages are limited to the following claims: transportation cost from the exhibitor to the buyer within Germany, usual board and feed costs, costs for necessary veterinary examination and care.
- dd) All warranty claims fall under the statute of limitations
 - two years after transfer of risk, if the seller/exhibitor is a trader under §14 BGB and the buyer is a consumer under §13 BGB
 - one year after transfer of risk in all other cases.

b) The buyer is required to file any potential claims in written form, addressing the Trakehner Gesellschaft mbH, Rendsburger Straße 178a, 24537 Neumünster, represented by the director, Lars Gehrman. Regarding statutory rights of the buyer, the exhibitor has agreed to an assumption of debt with the organizer according to § 415 BGB. The internal execution of said warranty claims between the organizer and the exhibitor will be conducted according to the agreed upon terms of participation in the auction. The buyer, by participating in the auction, explicitly agrees with the assumption of debt by the organizer.

c) Excluded from all liability limitation outlined in chapter 9 are:

- Claims of damages of the buyer resulting from injury of life, body or health, caused by grossly negligent action of the organizer or deliberate or grossly negligent action of a legal representative or auxiliary person of the exhibitor or organizer
- Furthermore, all damages caused by grossly negligent action of the exhibitor or organizer, or a legal representative or auxiliary person of the exhibitor or organizer.

10. Acceptance of the foal and transfer of risk

a) The buyer is required to pick up the foal 6 months after its birth at the seller's location. Until that time point, the seller carries all risk as well as all costs for farrier and veterinarian. After the end of the 6 month timeframe, all costs and the risk/danger are transferred to the buyer.

An earlier acceptance and pickup is possible as long as the buyer agrees. In that case, this new time point marks transfer of costs, risk/danger.

If the buyer is late regarding the pickup of the foal, he/she is required to carry all boarding costs as well as costs associated with veterinary and farrier work, etc. If this case arises, the buyer signs a contract with the commission agent/exhibitor of the foal for board (under the exhibitor's terms). Board payments are to be transferred to the exhibitor directly.

b) The risk of a random deterioration or demise of the acquired foal is transferred to the buyer 6 months after its birth.

c) At the time of transfer of risk (no later than 6 months after date of birth), a clinical exam will be conducted on behalf of the seller, who is responsible for all associated costs. All results of this clinical exam will be made available as a veterinary certificate. Acceptability has to be documented in a clinical certificate. In case of reasonable doubt regarding the result of the clinical exam, one of the four following veterinary hospitals has to be authorized on behalf of the buyer to examine the health status to determine acceptability of the foal. All associated costs are the responsibility of the buyer. The result of this exam is generally binding for all parties. The following veterinary hospitals are appointed as leading experts:

Equine Hospital Bargteheide, Alte Landstraße 104, 22941 Bargteheide

Prof. Dr. Walter Brehm, University of Leipzig Faculty of Veterinary Medicine, Dept. of Surgery, An den Tierkliniken 21, 04103 Leipzig

Equine Hospital, Kiebitzpohl 35, 48291 Telgte

Equine Hospital, Dr. Große-Lembeck, Vaterstettener Weg 6, 85599 Parsdorf

11. Insurance

With the knock down (final bid), all horses are insured by the Vereinigte Tierversicherungen (VTV) for a maximum of 25,000 Euro against death due to disease or accident as well as loss of use for riding purposes due to disease or accident, theft, robbery and death or euthanasia due to fire, lightning or transport-related damages resulting from the first transport from the auction venue to the first buyer's stable. Compensation is set at 80%. Insurance coverage covers the first eight (8) weeks after the auction, and at least until the foal has reached full six months of age. The buyer has the opportunity to extend this insurance on his own account and payment within the timeframe mentioned above. Under these circumstances, no new veterinary protocol or waiting period is necessary. Information is available from the VTV chief agency, Alexander Kuschel, phone: +49 (0)4324/882390. Mr. Kuschel is available during the auction at 0171/7784147.

12. Inclusion of the auction conditions

The conditions of sale are printed in all auction catalogs. They are also available from the auction office, where they are posted publicly. A note announcing the public display is placed on the auction grounds.

13. V.A.T after export

As soon as the auction horse has been exported from the Federal Republic of Germany, the bill will be exempt from taxation as long as all requirements for tax exemption according to § 4 No. 1 Value Added Tax Act (UStG, current version) are met. To this end, the Trakehner Gesellschaft mbH requires all necessary certificates (especially the certificate of export, VAT identification number) to be presented.

As far as the auction horse is not exported right after the sale or remains in Germany for further training (§ 7 UStG), the buyer has the burden of proof for a later envisioned tax

exemption. The buyer is further responsible to cover all costs associated with proof of tax exemption and billed by the Trakehner Gesellschaft mbH.

Of note, the tax exemption for export and intra-Community trade is not applicable to farmers that are taxed under §24 UStG, paragraph 1, sec 2.

The Trakehner Gesellschaft mbH reserves the right to refund the billed V.A.T. only after the IRS has verified the tax exemption.

14. Application of law

For this auction and all potential out of court and legal measures regarding the terms and conditions of the contract of sale or this auction, German formal law (ZPO of GVG) and German material law (BGB and HGB) applies.

15. Place of fulfillment and jurisdiction

For all services rendered within the framework of the contracts, and disputes between the buyer and the organizer, the place of performance is Neumünster.

If the buyer is a merchant, the place of fulfillment is Neumünster. Place of jurisdiction is also Neumünster.

The agreement about the place of fulfillment and jurisdiction is applicable as long as the buyer is no merchant, a corporate body under public law or otherwise an entity/customer incorporated under German public law or a specialized agency subject to German public law as well as when the buyer has no inland place of jurisdiction.

If any or several of the conditions listed above should become void, this will not affect any other conditions.

16. Superiority of the German version

Conditions of sale are available in German and English language. In case of discrepancy, only the German version is binding. When interpreting, the German version is the authoritative version.