

The auction for stallions is based on the following conditions of sale by the Süddeutsche Pferdezuchtverbände Vermarktungs GmbH for licensed/ non licensed stallions.

1. General Terms and Conditions

The Süddeutsche Pferdezuchtverbände Vermarktungs GmbH (SPV GmbH) is the organiser of the auction and, given that they are sold by auction, sells stallions which can be found in the catalogue. The sale takes place in the name of the owner. The auction is a public sales event as per Section 474 sub-section 1, sentence 1 of the "German Civil Code" (BGB), where the stallions offered for sale are legally considered as "used goods". The provisions for the sale of consumer goods do not apply.

2. Procedure of the auction

The stallions presented at auction are shown in hand as well as loose running and loose jumping. On the basis of these presentations the licensing commission decides which stallions are to be licensed. Licensed as well as non-licensed stallions will be sold. The auctioning off of the stallions takes place depending on whether the stallion has been licensed or not with a minimum auction sales price of 8.000€ for licensed and 5.000€ for non-licensed stallions.

Bids are accepted in 200€ steps as a minimum.

Doubts regarding the knockdown-price have to be announced immediately, the latest time this can be done is as the last horse is being auctioned off. Objections can be made official by the bidder, the auctioneer or the auction management only. The validity of the objection is decided upon by a commission consisting of a representative of the SPV GmbH and the auctioneer. If the buyer does not sign the purchase note, his obligations to pay and take delivery are unaffected. However, it is left to the discretion of the SPV GmbH to put the stallions up for auction again. The first purchaser is liable to the SPV GmbH and to the seller for a possible reduction in price.

3. Settlement and payment

Payment is due immediately with the acceptance of the bid. In addition to the purchase price the buyer has to pay a commission of 6%, an insurance rate of 1% and the value added tax (VAT) by law. The final price is calculated as follows:

Knock down price + exhibitor's sales tax rate
= subtotal 1
auction fee (6% of the knock down price) + 19% VAT
= subtotal 2

subtotal 1 + 2 = gross price + 2% insurance incl.
19% insurance tax
= final balance amount

The invoice has to be settled in the auctioneer's office in cash or by cheque. Foreign customers who do not pay in cash have to provide a security deposit that has to be accepted before they get the acceptance of the bid.

The horses remain property of the seller until full payment has been received. The SPV GmbH is entitled to accept a payment as well as to assert it in Court, if necessary.

4. Characteristics/ warranty

For the stallions sold by auction only the following conditions/ characteristics are stipulated by contract:

- 4.1 Pedigree, sex, colour, age, height (approximately) in accordance with the catalogue
- 4.2 For licensed stallions:
 - a) positive decision at the licensing
 - b) suitability to breed including
 - ability to cover the mare
 - ability to fertilize the mare including the necessary quality of semen, according to usual standards
- 4.3 For non-licensed stallions the suitability for breeding is not part of the stipulated characteristics
- 4.4 The health of the stallions meant for auction, is not part of the stipulated characteristics, apart from characteristics according to 4.1 and 4.2. Regarding the health of the stallion, veterinary inspection reports can be found in the veterinarians office at the place of auction. All stallions presented at auction are clinically inspected and x-rayed by a veterinarian previous to the transport to auction. X-Rays and clinical reports can be inspected by potential buyers, further any questions can be answered by the auction's veterinarian.

Neither the X-Rays nor the inspection reports or the information given by the auction's veterinarian are to be seen as quality features. The auction's veterinarian is not in any way bound by the organiser but is there purely for the purpose of

giving information of interest to the potential buyer. The latter is entitled to have a veterinarian of his trust review the veterinary documents.

The owner and the organiser shall not be liable for any defects regarding other characteristics than stipulated.

- 4.5 The owner is liable for the characteristics stipulated in 4.1 and 4.2. Any entitlement for price reduction is precluded.

In case of a valid withdrawal from contract the owner has the responsibility to take back the stallion and pay back the total amount.

In case of a reverse transaction any damage claims are precluded, especially the repayment of any livery bills, if these are dated in the time up to the validation of the reverse transaction or alternatively to a reasonable deadline set in writing, after the realisation of the damage, to the owner or the organiser.

Further than the agreed upon characteristics, the sale of the stallion takes place with exclusion of any damage claims to the owner and the organiser.

- 4.6 Possible material defects expire after three months from acceptance of the bid. Excepted from this are quality defects regarding the breeding ability of the licensed stallion. In that case it is as follows:

If there are any claims regarding the ability to cover and/ or fertilize or to the quality of the semen these have to be made official immediately or at the latest until the 31st of July of the year of the auction. These claims expire with the 30th of April of the following year. The claim notice has to be in writing and is to be addressed to the organiser, the Süddeutsche Pferdezuchtverbände Vermarktungs GmbH.

In the case that a claim is not acknowledged by the owner or the organiser, the head of the Academic Surgical Clinic Munich, department - gynaecology/ andrology, Veterinärstraße 13, 80539 Munich or his proxy will decide whether there is a defect justified for claim or not. If the defect is justified the owner will be liable for the costs, otherwise the buyer.

- 4.7 Excluded from all limitations of liability is the owner's and/ or organiser's liability in case of fraud, furthermore the liability for bodily harm caused through negligent behaviour of the owner and/ or organiser and caused intentionally or through negligent behaviour by a legal representative or a vicarious agents of the owner (and/ or organiser?). Additionally excluded is a possible

liability of the owner and/ or organiser for other damages caused through grossly negligent behaviour of the owner and/ or organiser or caused intentionally or through grossly negligent behaviour by their legal representative or vicarious agents.

5. Transfer of Risk

With the acceptance of the bid the risk is transferred to the buyer, even if the horse is still in the care of the seller or the organiser. The purchased horses must be collected at the latest on the day following the auction. From that time onwards the arising costs are to be paid by the buyer.

No horse may be removed from the premises until the final payment has been settled. Purchased horses are categorically only given to the buyer if paid for in cash or with a cheque endorsed by the bank. If a horse has been sold on account and the seller does not agree to hand over the horse to the buyer, the seller will take the horse back to his own stable with all the arising costs and risks borne by the buyer until the price has been received in full by the Süddeutsche Pferdezuchtverbände Vermarktungs GmbH who will then immediately inform the seller. The horse may only be removed from the premises with an exit voucher issued by the auction office.

6. Severability clause

Should one of the conditions of sale be invalid, the validity of all other conditions will not be affected. The invalid condition will be replaced with a valid condition as close in contents to the invalid condition as possible.

The agency based business transaction

The sign agreement for sale is an important document. Please take it to our auction office. The purchaser's settlement for the agency based business transaction will be issued as follows:

The exhibitors sales tax rate gets added to the knock-down price. This individual tax rate:

- commercial or farmer opting to tax = 19%
- flat tax farmer = 10,7%
- hobby breeder/private = 0%
- commercial seller from the European Union
= individual tax rate of the corresponding country

will be published in the catalogue with the pedigree of horse. The purchasers settlement will be issued as follows:

Exhibitor's sale tax rate	hobby/privat 0%	flat tax farmer 10,7%	commercial 19%
Knock-down price plus exhibitor's sales tax	10.000,00 € – €	10.000,00 € 1.070,00 €	10.000,00 € 1.900,00 €
Subtotal 1	10.000,00 €	11.070,00 €	11.900,00 €
auction fee	600,00 €	600,00 €	600,00 €
Vermarktungs GmbH zzgl. 19% VAT	114,00 €	114,00 €	114,00 €
Subtotal 2	10.714,00 €	11.784,00 €	12.614,00 €
Insurance 2% from subtotal 2 inkl. 19% Insurance VAT	214,28 €	117,84 €	252,28 € 23,97 €
Final balance amount	10.928,28 €	12.019,68	12.866,28 €

Informations for clients from other countries

For foreign clients the billed sales tax rate from farmers using a flat tax (10,7%) cannot be refunded in Germany, as the tax from the exhibitor does not get paid to the tax authorities. Upon presentation of the required documents, exemption from sales tax may be granted to calculate the auction fee. There will be no changes with exemption from sales tax if the exhibitor is a commercial farmer (19%) or opting to tax (19%). Furthermore, you have to arrange export details and make transport decisions as soon as possible after the purchase.

More questions? Please contact our auction office