

Terms and Conditions of the Auction

A. Scope of Application / general

The P.S.I. Pferdesportorganisationsgesellschaft mbH, hereinafter referred to as P.S. I. or seller, 49170 Hagen a. T.W., Am Borgberg 3, Germany, is organizer of the auction and sells the horses under its own name and for the account of the exhibitors (commission business). These terms and conditions of the auction form the basis for the legal relations between P. S. I. and the purchaser. This auction is a public auction in the sense of section 474 (1) sentence 2 of the German Civil Code (BGB) at which horses are sold as used goods in the juristic sense. The regulations concerning the sale of customer goods (sections 474 ff. of the BGB) do not apply.

B. Auction / contract note

During the auction, the horse for sale will be shown under saddle or at hand. The bidding is to be done in Euro. At the beginning of each auctioning, the lowest bid is fixed by P.S.I. and the auctioneer. Overbids need to exceed the previous bid by at least 250,00 Euro, unless the auctioneer fixes a different overbid.

With the knockdown, a contractual relation between the purchaser and the P.S.I. is established according to these terms and conditions of the auction. The purchaser has to sign the contract note which shows the name of the purchaser, the sales object and its catalogue no. as well as the **price of adjudication (sales price)**.

Based on the knockdown, the purchaser shall pay the amount due which is calculated acc. to C.

Any doubts about the knockdown shall be expressed immediately. They shall be expressed not later than at the time of knockdown for the last horse of the auction. Subsequently, the **invalid** knockdown can be cancelled, and the bidding can be resumed and continued by a decision of P.S.I. This is also admissible if the contract note has already been signed. If the purchaser fails to sign the contract note, P.S.I.'s authorized representative can decide to auction the horse concerned again. In this case, the first purchaser is liable to P. S. I. for the lowest

C. Contract / commission charge / set-off exclusion

In addition to the purchase price, the purchaser shall pay 6% of the purchase price of each horse as commission charge. The amount invoiced is calculated as follows:

Knockdown price
+ 6% commission charge
= net price
+ 19% VAT pursuant to the VAT law (19%)
= **total price**

The total price must be paid immediately. Default in payment shall arise 14 days after conclusion of the contract, i.e. the knockdown. In individual cases, other arrangements can be made in writing with the auction manager. If payment is done by cheque, the purchaser will pay the expenses and interests accruing by cheque cashing. Cheques are only accepted in fulfilment. A setoff with counter-claims is excluded, unless such are uncontested and have been found to be final by a court. Insofar as the buyer is a merchant, they waive their rights arising from sections 273, 320 of the BGB.

D. Quality agreement

The horses provided for sale will be sold as seen and they boast the following agreed quality:

I. External quality characteristics

- Origin as stated in the catalogue. The origins stated in the catalogue are based upon the breeding certificates of origin which are handed over to the purchaser.
- Sex, color and year of birth as stated in the catalogue. Any pictures of the horses in the catalogue as well as the respective captions – classifying the relevant horse regarding their predominant talents, dressage / jumper /

event horse – do not constitute quality characteristics or guarantees in a legal sense but are merely founded on **non-binding** notifications of the exhibitors and on personal impressions gathered at the time when the catalogue was printed. The information in the catalogue does not constitute a firm commitment as to special abilities of the respective horse.

- All measures are approximate measures and will **neither give rise to any deficiency of the horses nor to any liability** in case of in compliance.
- P.S.I. reserves the right to correct catalogue information on horses to be auctioned. Such corrections will be made in writing at the place of the auction and orally by the auctioneer. Corrected information will replace the description in the catalogue.
- P.S.I. does not assume any warranty or guarantee for special properties or intended purposes of the horse.

II. State of health

1. Horses

The horses offered for sale have been clinically examined and x-rayed in preparation for the auction before their delivery. In the framework of the radiological examination x-rays of the following standard projections have been taken:

- both distal joints front legs (90°) and oxspring (0°);
- both distal joints hind legs (90°);
- both hocks (45° to 70°, 90° to 115°)

– **both stifle lateral view**

The findings of this clinical examination have been set out in a veterinary examination protocol taken by two veterinary horse specialists. This protocol as well as the x-rays are available for public inspection at the auctioneer's office. Both can be explained to the bidder by a veterinary surgeon of their choice or by the two auction veterinary surgeons. **It is advised to make use of that offer.** The result in the form of the objective diagnosis of the written examination report which exclusively relates to the clinical examination and is open for public inspection as well as the state of the horse as shown on the x-rays constitute the health of the horse and the purchaser is aware of the fact that x-rays only show standard projections which cannot include all radiological findings. Further veterinary evaluations beyond this are not subject to the

2. Licensed stallions

For the sale of licensed stallions, the sexual breeding quality is agreed besides the above quality agreement under D I. and II.

1. above, which shall include:
 - the perfect condition of the sexual organs established by palpation;
 - mating ability;
 - fertilization ability.

3. No other quality features

P.S.I. does not establish any further quality features of the horses regarding performance, health or other properties. Therefore, they are not the subject matter of the sales contract. Information of any type that is given, orally or in writing, does not constitute assurances, guarantees in a legal sense or quality agreements, but are given exclusively as non-binding information.

E. Forfeiture of reports of deficiencies

I. Horses

The purchaser shall forfeit their rights stemming from the absence of guaranteed qualities, unless they notify P.S.I., in writing, of such deficiency within 3 months after the day of the auction or send the written notification by registered mail, return requested, to P.S.I. The date of mailing is decisive for the observance of this time limit.

II. Licensed stallions

In consideration of the period for making a claim stipulated in paragraph I above, the purchaser forfeits their rights

stemming from deficient breeding ability (see paragraph D II 2) if they fail to notify P.S.I., in writing of

1. the imperfect condition of the genitals within a period of 8 weeks;
2. the deficient mating ability within a period of 6 months;
3. the deficient fertilization ability within a period of 9 months from the day of the auction or fail to send the written notification per registered mail, return requested, to P.S.I. within this period. The date of mailing is decisive for the observance of this time limit.

III. Restriction of the forfeiture

Such forfeiture does not apply if the seller has fraudulently concealed this deficiency.

IV. Arbitrator's finding

Should any dispute arise concerning the existence of a deficiency regarding the aforementioned physical breeding ability of the licensed stallions, the purchaser is required to apply for an expert opinion at the Tierärztliche Hochschule Hannover within a period of 2 weeks after the written complaint has been rejected. The parties shall unconditionally accept the judgement (arbitrator's finding) by this institute. However, the parties reserve the right of avoidance of the arbitrator's finding based on obvious mistakes. This request shall be sent per registered mail, return requested. The date of mailing is decisive for the observance of the time limit.

If the purchaser fails to observe this deadline, they forfeit the rights they may be entitled to because of the reported deficiency. The costs of the proceedings shall be borne by the seller if the complaint is declared justified, otherwise they shall be borne by the purchaser.

F. Delivery and transfer of risks and title

The purchaser resp. their authorized representatives are required to take possession of the horse immediately after signing the contract note. With the knockdown that substitutes the transfer of possession, the risk shall pass to the purchaser even if the horse remains in P.S.I.'s custody. The ownership of the horse only passes to the **purchaser** when the latter has paid the total amount, in full.

If the horse is left in P.S.I.'s custody **based on a specific agreement**, the purchaser is required to conclude a respective boarding agreement with P.S.I.

P.S.I. will organize the insurance and transport of the auctioned horses to the purchaser only after they have given written instruments and that shall be done at their expense and risk.

G. Extent of liability and warranty

I.

Liability is limited to the quality agreement made in paragraph D subject to the restriction that claims for the reduction of the purchase price are excluded.

P.S.I. will not be liable for the correctness and completeness of the findings and diagnoses made during the veterinary examination performed prior to the auction as defined in item D.II. 1.

II.

Claims for damages are limited to the reimbursement of the costs of transport from the auction stable to the stable of the purchaser within the Federal Republic of Germany, the usual boarding costs and the costs of the first veterinarian examination and the costs of the blacksmith.

III.

Further liability exceeding the aforementioned arrangement – even on conclusion of a boarding agreement – are hereby

excluded, unless the liability is based on

- culpable injury of life, body and health which arise from a negligent violation of duties by the user or any intentional or negligent violation of duties of a legal representative or vicarious agent of the user;
- deficiencies which were fraudulently concealed to P.S.I. or the non-existence of which was guaranteed;
- gross negligence of P.S.I., the legal representatives or vicarious agents of the P.S.I.;
- malicious practices.

In case of culpable breach of essential covenants (cardinal duties), P.S.I. shall also be liable for slight negligence, however, in this case limited to the reasonable foreseeable damage which is typical for the contract. All other claims for liability and damages, regardless of the legal reasons from which such are derived, shall be excluded, in particular the reimbursement of costs for training, provision of replacements and any other potential pecuniary damage.

Prior to the auction, interested parties are given sufficient time to see and try the offered horses. With the exception of the quality agreement in paragraph D, the horse will be sold as seen with any further liability and warranty being excluded. P.S.I. will not accept any type of warranty or guarantee for certain characteristics or intended use. In respect of the quality, the state described in paragraph D shall be deemed to be contractually agreed.

H. Limitation

In contrast to the statutory regulations of section 438 paragraph 1 no. 3 of the BGB, the warranty claims of the purchaser expire at the end of 12 months after the hand-over.

I. Statement of Consent to Data Privacy

The purchaser agrees that their name, address and their purchases will be stored and processed electronically by P.S.I. for the purpose of performing and managing the contractual relationship and for the purpose of giving information on future auctions and offers. However, they may revoke their consent to the collection and further use, at any time, by making a statement to P.S.I. with effect for the future.

J. Severability clause

If one or more of the above provisions should be or become invalid, as a whole or in part, the validity of the other provisions shall not be affected. Invalid provisions shall be replaced by provisions that will enable the economic success intended by the parties to be achieved in a legally effective and feasible manner.

K. Place of execution and jurisdiction

All rights and duties arising out of or in connection with the contractual relationship shall be governed by the substantive German law, namely the laws of the German Civil Code and the German Commercial Code. The applicability of the UN Convention on Contracts for the International Sale of Goods of April 11, 1980 (CISG) shall be excluded. If the customer is a merchant and if the business relation in dispute is to be attributed to the operation of their commercial trade, the place of jurisdiction shall be Osnabrück, Germany, where P.S.I. has its registered office. However, P.S.I. shall also be authorized to sue in courts at the purchaser's registered office.

L. Priority of the German version

These general terms and conditions are available in German and English. In case of any inconsistencies, the German version shall apply exclusively; for the interpretation of the English version, the interpretation of the German version shall be the authorized version.