

## **Conditions of Sale Tokaj Spring 2014 Tokaj Wine Auction**

1. The aim of the Confrérie de Tokaj ("Confrérie") is to promote the wines of the Tokaj Wine Region and to preserve and develop the traditions and wine culture of Tokaj. With this end in view, the Confrérie is organising the Great Tokaj Wine Auction within the Tokaj Spring event series.
2. Wines made by producers (winemakers) in the Tokaj Region will be offered at the auction. At the time of the auction, the auction lots are (i) "semi-finished wine" (wine maturing in the barrel/demijohn) or (ii) bottled and ready for sale, Protected Designation of Origin wine with all such licences and certificates as stipulated by Hungarian law, labelled and bottled.
  - Dry/semi-dry lots: the unit of lots offered at the Auction are one Gönci cask (136 litres), but the producer may release more than one Gönci cask for the Auction in which case the Producer may choose whether to release the wine as one lot / or as separate Auction lots / or as individual casks at the Great Tokaj Wine Auctions in 2014, and then in 2015 and 2016.
  - Sweet lots: the minimum quantity for a lot is half a Gönci cask (68 l) which does not exclude the possibility that the producer offer the Gönci cask (136 l) / or as separate lots of 68 litres / or as individual remaining lot of 68 litres or more at the Great Tokaj Wine Auctions in 2014, 2015 and 2016.
  - In the case of Eszencia the Auction lot is 10.125 l (27 x 0.375 l bottles).
3. If the auction buyer bids for a semi-finished auction lot, the sale contract represents the finished wine as Protected Designation of Origin, bottled and ready for sale, with all such licences and certificates as stipulated by Hungarian law, labelled and bottled; the auction buyer obtains the title to the finished wine lot.
4. The auction is organised by the Confrérie de Tokaj.
5. It is possible to bid in the auction in person, with an agent acting on the auction buyer's behalf, with an absentee bid, or by telephone. All participants must be registered to participate in the auction. Registration before the day of the Auction is recommended by sending an email to [info@tokajborlovagrend.hu](mailto:info@tokajborlovagrend.hu). It is also possible to register at the venue on the day of the auction from 10am to 2pm. Participation in the Auction is with the numbered bidding paddle that those registered will receive at the venue prior to the auction. A bidder shall receive only one bidding paddle but may bid for an unlimited number of lots. On receipt of the paddle bidders in the Auction declare in writing that they have understood these Conditions of Sale and they accept them fully.
6. Subject to a written request to this effect, the Confrérie shall execute absentee bids on behalf of auction buyers who are not present at the auction. Absentee bids may be submitted to [info@tokajborlovagrend.hu](mailto:info@tokajborlovagrend.hu) until 12 noon on 17th April 2014. The contract for absentee bids shall indicate the lot(s) the auction buyer wishes to bid for as well as a maximum limit for each lot. The Confrérie shall confirm by e-mail receipt of any absentee bids. In order that the absentee bid be accepted and valid, a deposit of 100 000 HUF or 340 € must be paid that, in the case of an unsuccessful bid, will be returned within 5 working days. If the absentee bid is successful, the Confrérie shall return the whole deposit when the full amount due for the sale has been cleared. In every other respect, the rules for bidding in person shall apply. If a third person places a higher absentee bid or an auction buyer places a higher offer for the same lot, then the absent auction buyer shall receive the deposit without deductions after the auction.
7. The Auction buyer should register intention to bid by telephone at the auction by 12 noon on 17th April 2014 to the [info@tokajborlovagrend.hu](mailto:info@tokajborlovagrend.hu) email address, noting the lot or lots for which they wish to bid. For telephone bidding a deposit of 100 000 HUF or 340 € must be paid that, in the case of an unsuccessful bid, will be returned in its entirety. Where a Telephone Bid is successful, the Confrérie shall repay the whole deposit to the buyer when the full amount due for the sale has been cleared. In every other respect, the rules for bidding in person shall apply. In other cases regulations applicable to auction buyers present at the auction shall apply. In the case of an unsuccessful bid the telephone bidder will receive the deposit without deductions within 5 working days after the auction. In the case of a telephone absentee bid, if the person called cannot be reached for any reason, the telephone bid will be regarded as a bid at the starting price. The Confrérie does not accept responsibility for any telecommunication problems that may arise.

8. The Confrérie de Tokaj will publish a catalogue prior to the auction that contains a description of the producers/winemakers of the auction lots as well as a description of the wine lots. The estimate (range) of the value of the lot will be noted in the catalogue.

9. The starting price will be announced by the auctioneer on the day of the auction. The prices given in the catalogue are gross prices in Hungarian forints (HUF). The starting price is also a gross price. The Confrérie reserves the right not to offer, at its discretion, lots featured in the catalogue in the auction.

10. The auction shall be organised according to the estimate. The auctioneer, with the assistance of several well-respected experts, shall announce the reserve price after a short presentation of the auction lot. The auctioneer shall announce the absentee bids received, the auction buyers shall place their bids by raising their bidding paddle. If more than one bid is made for the starting price, the auctioneer shall advance the price in increments until one bidder remains and the sale is made with the fall of the hammer. The title of the lot passes to the auction buyer who places the highest bid. The auction shall continue until there are no further bids. If there are no further bids placed, the auctioneer shall state the highest bid offered three times and that the person offering the most has bought the given lot.

11. The auction buyer (who is present) with the highest bid shall sign the purchase declaration contract at the auction. The contract states the name, quantity and hammer price of the auction lot purchased by the bidder. The auction buyer shall, at the latest the week following the auction, that is 3<sup>rd</sup> May 2014, conclude the contract with the producer, in the case of a finished wine or, in the case of an as-yet unfinished wine, or conclude the contract of agency purchase agreement that details the conditions of cooperation between the producer and the buyer. The buyer at auction shall transfer directly to the producer money due for the lot within 5 working days of signing the contract. Such transfer shall be made against an invoice where the lot is bottled wine, or a prepayment invoice where it is a semi-finished lot. The contract to be concluded between the producer and the buyer are available on the Confrérie website at [www.tokajborlovagrend.hu](http://www.tokajborlovagrend.hu).

12. In the unexpected event that in spite of a successful bid the contract specified under clause 11 herein is not concluded for any reason attributable to the buyer or the buyer defaults on payment of the sale price due, the contract of sale shall not be valid. The buyer shall lose any deposit paid and shall be required to compensate the producer for any losses incurred due to the buyer's breaking commitment to the sale.

13. If there is no bid placed, the starting price shall not be reduced at the auction. After the auction of the last lot, the opportunity arises for auction buyers to request the return of one or more unsold lots, and for a new bidding of such reoffered lot to begin in accordance with these Conditions of Sale.

14. The sale price is the result of the public bids by auction buyers. The Confrérie does not bear any responsibility for the sale price.

15. A record of the auction shall be made that includes (i) the venue and time of the auction, (ii) the names of the representatives organising the auction, (iii) data pertaining to the auctioned wines, the starting price and the hammer price, (iv) the name and address of the auction buyer offering the highest bid (the buyer) and, in the case of a legal entity, appropriate identification details.

16. Only persons over the age of 18 may bid at the auction. All forms of collusion and attempts to persuade a third party to bid a price that significantly exceeds the realistic market price, and to thus wrong the third party, are prohibited.

17. Any issues not covered herein shall be governed by the Civil Code. In case of dispute the parties shall submit to the jurisdiction of the Borsod-Abaúj-Zemplén County Court.

18. These Conditions of Sale have been prepared in two languages: Hungarian and English. In case of dispute the Hungarian version shall prevail.

19. In all cases these Conditions of Sale shall be governed by the laws of Hungary.