

AUCTION RULES

I.

GENERAL PROVISIONS

1. For the purposes of these Auction Rules, the auction house is European Arts Investments s. r. o. (the "Auction House"), organizing auctions in compliance with the laws of the Czech Republic.
2. The Auction House organizes auctions in which movable assets are sold that do not originate from criminal activities and are not subject to preemptive rights of cultural institutions of the state (such as the National Gallery, the National Museum, the National Technical Museum, the Museum of Decorative Arts, the Museum of Military History, etc.), based upon an auction (consignment) agreement made between the Seller and the Auction House. Items which have been declared cultural relics or for which the status of cultural relics is being sought are marked with the letter "P" in the catalogue and are subject to special rules as set out in ČNR Act No. 20/1987 Coll., on national heritage conservation, as amended.
3. The export of any items of cultural value is subject to special rules set out in Act No. 71/1994 Coll., on the sale and export of items of cultural value. "Items of cultural value", within the meaning of that law, are natural or human artifacts or sets thereof which are of significance to history, literature, art, or science and which satisfy the criteria set out in Annex No. 1 to the act. Such items may only be removed from the territory of the Czech Republic upon presentation of a certificate according to which they have not been declared a cultural relic nor do they form part of a greater whole which has been declared a cultural relic within the meaning of Act No. 20/1987 Coll., on national heritage conservation, as amended.

Bidders' Club

4. The Auction House organizes invitation-only auctions which may only be attended by members of the Bidders' Club ("BC Members"). The Auction House is itself a BC Member.
5. The Auction House will register private individuals or legal entities who seek membership as BC Members if they show that they are older than 18 years and enjoy full capacity or, as the case may be, are a legal entity established in the Czech Republic and represented, for the purposes of BC membership, by their statutory representative. As a part of the registration procedure, the Auction House may demand presentation of a valid ID card or passport and, in the case of legal entities, a current extract from the Commercial Register.
6. The decision on whether to register a prospective member in the Bidders' Club is at the discretion of the Auction House. There is no legal claim for membership in the Bidders' Club.
7. The Auction House may at its discretion offer individual BC Members (in particular long-term members) "VIP membership", which is associated with a number of benefits as set out further below in these Auction Rules.
8. If a BC Member violates the rules set out in this Auction Rules, the Auction House may cancel their membership. The infringing person will be notified of this decision in writing.
9. Registration in the BC implies that the BC Member gives consent to European Arts Investments s.r.o. for the collection, storage, and processing of personal data and sensitive data within the meaning of the Data Protection Act (Act No. 101/2000 Coll., as amended)

Auction Participants (Bidders)

10. Only BC Members may participate in the auction. Inebriated persons may not participate in the auction, and nor may persons who during the auction commit a gross breach of the principles of common decency, or persons whose legal capacity has been restricted by a court decision, or BC Members who failed to make payment of the security deposit (if required); a Successful Bidder -Buyer - who frustrated the previous auction of a given item at the same Auction House may not participate in the repeated auction of such item. Upon request by the Auction House (or by its authorized representative), auction participants must prove their identity by presenting their ID card or a valid passport or, as the case may be, prove their authority to act on behalf of the auction participant, have themselves entered in the list of auction participants, and accept their bidder's card (if any are dealt out); where a security deposit is being requested, the auction participants must moreover provide evidence that they paid the security deposit, in such manner as set out in the Auction Rules.

11. Auction participants may grant written power of attorney to have themselves represented at the auction by another BC Member; authorized clerks (prokuristy, in Czech) may also act on behalf of an auction participants. By granting such power of attorney, auction participants also authorize their authorized agent to represent them in a repeated auction (if the conditions for holding such repeated auction are met).

Seller

12. The Seller is the person who proposes that an auction take place. No auction may be performed unless the Seller has entered into a written auction agreement with the Auction House. This does not apply if the Auction House itself is the Seller.

Auctioneer

13. The Auctioneer is a natural person who is authorized to conduct the proceedings during the auction on behalf and for the account of the Auction House. The Auctioneer opens the auction, calls upon the participants to make their bids, and awards the item to the Successful Bidder.

II.

AUCTION

1. Auctions are invitation-only. Only BC Members may attend auctions, provided that they comply with the entrance fee requirement. Even if they pay the entrance fee, BC Members may not participate in the auction if they are inebriated or breach the principles of common decency (e.g. because of their dirty or otherwise indecent attire or because they behave in a manner which would clearly inconvenience the other bidders, etc.).
2. No later than one day before the auction takes place, the Auction House will exhibit the auctioned items at the venue specified in the auction catalogue, so as to allow for their inspection. This condition does not necessarily extend to items weighing more than 15 kg (in which case, photographs of the items may be put on display instead).
3. During the exhibition within the meaning of Article II.2 of these Auction Rules and during the auction itself, BC Members may not privately sell, exhibit, or exchange any exhibited or auctioned items, or capture a visual record of such items (e.g. by filming or photographing them). During the same period, all BC Members must observe all measures taken towards the protection of exhibited or auctioned items.

Proceedings

4. Whoever proves their membership in the Bidders' Club is entitled to pick up a bidder's card; the Auction House may make this conditional upon payment of a collateral. The collateral will be returned upon return of the bidder's card, which must be done no later than one hour from the moment in which the auctioned item was awarded to the bidder (or in which the last auctioned item was put on the auction block). Refund of the collateral is not possible if the bidder's card is returned only later. If one holds no bidder's card, one must not bid; this does not apply to the Auction House bidding for someone else.
5. The Auction House holds the auction by means of its staff or by means of authorized agents, who must announce each item (or self-contained set of items), state its catalogue number and the minimum bid, and the stipulated minimum increment. The Auctioneer must also disclose the fact that a given item is a cultural relic. Seller has the right to establish the Reserva (the lowest selling price). This Reserva must be treated by agreement between seller and Auction house. If the Reserva is not reached in the auction, the item is not sold and it is published in auction results.

Minimum Bid

6. As a rule, the minimum bid is $\frac{2}{3}$ of the estimated or appraised value of the given item:
 - a) rounded to the nearest CZK 50, if it is less than CZK 1000;
 - b) rounded to the nearest CZK 100, if it is more than CZK 1000 but less than CZK 10 000;
 - c) rounded to the nearest CZK 500, if it is more than CZK 10 000 but less than CZK 30 000;
 - d) rounded to the nearest CZK 1 000, if it is more than CZK 30 000 but less than CZK 100 000;
 - e) rounded to the nearest CZK 5 000, if it is more than CZK 100 000.

The minimum bid is the amount for which the item is announced for the first time in the auction.

Increments

7. The Auctioneer sees to it that each item is being announced with its serial number. After the item has been announced, bidders may make their bids by raising their bidder's card. A bid is deemed made if a participant in the auction visibly raises the bidder's card they hold in their hand. The auction takes place if and as long as bids are made. The increment is:
 1. CZK 500 if the momentary auction price is less than CZK 20 000;
 2. CZK 1 000 if the momentary auction price is at least CZK 20 000 but less than CZK 50 000;
 3. CZK 2 000 if the momentary auction price is at least CZK 50 000 but less than CZK 100 000;
 4. CZK 10 000 if the momentary auction price is at least CZK 100 000 but less than CZK 500 000;
 5. CZK 20.000 if the momentary auction price is at least CZK 500 000 but less than CZK 1 000 000;
 6. CZK 50 000 if the momentary auction price is CZK 1 000 000 but less than CZK 5 000 000; 7. CZK 100 000 if the momentary auction price is CZK 5 000 000 or more; whereas the "momentary auction price" is the amount at which an item is called at any given moment as increasing bids are being made.
8. If the minimum bid was not made, the Auctioneer shall close the auction. The auction of an item ends when it is being awarded to a bidder.
9. If no minimum bid was made, or if the minimum bid was not made for the auctioned item that comes last in the order in which the items are put on the auction block, the Auctioneer shall close the auction. Otherwise, the Auctioneer closes the auction upon awarding the auctioned item that comes last to the Successful Bidder.
10. The final record of the course of the auction lists the prices attained by the highest bid within the auction for individual auctioned items; it may also show auctioned items with respect to which the ownership title did not pass to the Successful Bidder after the item was awarded to them.
11. The entire auction proceedings are being captured in an audio recording.

III.

SUCCESSFUL BIDDER (BUYER)

1. If after two calls ("going once, going twice"), no further bids are made, the Auctioneer shall once more announce the latest bid (i.e., the price attained after the last increment - the hammer price), and upon the third call award the item to the auction participant who made the highest bid. Auction participants are bound by the bids which they make.
2. The Successful Bidder is that auction participant to whom the auctioned item was awarded; the decision on any disputes in this respect lies exclusively with the Auction House. As of the moment in which the item has been awarded, the Successful Bidder becomes obliged to pay the hammer price (i.e., the price for the auctioned item in the amount of the highest bid), increased by the auction fee incl. VAT.
3. The ownership title to the auctioned item only passes unto the Successful Bidder upon full payment of the hammer price plus auction fee incl. VAT.
4. The Successful Bidder becomes entitled to demand that the auctioned item be handed over to them after the ownership title has passed in accordance with these Auction Rules and after the total amount owed to the Auction House in connection with the auction and under these Auction Rules has been discharged. For the purposes of these Auction Rules, the "total amount owed" is understood to mean, aside from the hammer price and the auction fee incl. VAT, storage fees and other fees charged in accordance with these Auction Rules.

Terms of Payment

5. The auction may be held with intermissions. Once the auction has ended, the Successful Bidder, if they bid in person, must pay the hammer price, plus the auction fee incl. VAT, in cash, by card, or - subject to an understanding with the Auction House - by other means of payment, and must do so during the nearest intermission or promptly after the last item has been awarded. The Auction House may grant the Successful Bidder a supplementary period of 5 (five) working days during which to pay the hammer price and the auction fee incl. VAT (or, as the case may be, a portion thereof), provided that the Successful Bidder acknowledges their debt in the relevant amount vis-a-vis the Auction House; in such a case, the Auction House will communicate all additional terms of payment to the Successful Bidder. If the hammer price plus auction fee incl. VAT is not paid within the stipulated time period then the purchase agreement is deemed rescinded, in which case the Successful Bidder must pay the auction fee incl. VAT to the Auction House, plus any and all damage and expenses associated with the frustration of the auction's purpose. Items for which the purchase price was

not paid may be auctioned off again in a repeated auction (without prejudice to the owners' rights). No reductions of the hammer price or the auction fee are possible after the fact.

6. Any security deposit which the Successful Bidder paid counts against the hammer price.
7. If a BC Member fails to pay the hammer price and the auction fee incl. VAT in such manner and within such time period as set out above, the Auction House may take the BC Member to court in order to collect the payment of the auction fee incl. VAT and compensation for any and all damage and associated expenses which the Auction House and the owner of the item incurred in connection with the frustration of the purpose of the auction.
8. Auction house does not accept payments by any payment cards.

Hammer Price

9. The hammer price is the price attained upon the purchase of the item (i.e., the value of the bid to which the item was awarded); this hammer price constitutes the purchase price within the meaning of the Civil Code (Act No. 89/2012 Coll.). On top of the hammer price, the Successful bidder must pay the Auction House commission in the amount of 24% of this hammer price: the auction fee. This auction fee includes VAT in the statutory amount.
10. If the item is an item of cultural value, the Auction House shall issue a certificate within the meaning of Act No. 71/1994 Coll., as amended.
11. Any objections against being awarded a given item must be raised by the Successful Bidder promptly and at the auction hall, in a visible or audible manner. Later objections will be disregarded. Complaints regarding items that were bought at the auction hall will not be accepted; the description of items on display is limited to their external qualities (perceptible by the senses), but contains no representation as to their origin.
12. The Successful bidder shall confirm receipt of the auctioned item in writing, in a handover protocol that is to be signed by the Successful bidder and by the Auction House.
13. All expenses in connection with the handover and acceptance of the auctioned item are borne by the Successful bidder.
14. The risk of damage to the auctioned item passes unto the Successful bidder along with the ownership title (cf. Art. III.3 of these Auction Rules).

Participation by Power of Attorney

1. Auction participants may bid for any item included in the auction even without being personally present at the auction hall, based on written power of attorney granted to the Auction House (in the wording set out in Schedule 1 or 2 to these Auction Rules), either following the procedure described in paragraph (16) of this Article or following the procedure described in paragraph (17) of this Article.
2. Auction participants may bid for any item included in the auction via telephone, whereas they must for this purpose grant power of attorney to the Auction House (in the wording set out in Schedule 1 to these Auction Rules) and in such PoA specify their phone number; the Auction House will contact them prior to the opening of the auction for the item which the auction participant seeks. By communicating their phone number, the auction participant accepts complete liability for the correctness and accessibility of that number. The auction participant undertakes to give binding, clear, and transparent instructions to the Auction House (or its authorized staff member) after the floor has been opened for bids, so as to instruct the Auction House how it ought to proceed during the auction, including (but not limited to) the amount for which the auction participant is prepared to purchase the item specified in the PoA. Also, by granting power of attorney the auction participant expressly consents to the fact that the phone conversation may be recorded, whereas the Auction House is obliged to archive and use the recorded conversation solely for the purpose of resolving potential disputes with the auction participant; beyond that, the Auction House must not make the recording accessible to any third party.
3. Auction participants may bid for any item included in the auction by setting a maximum bid ("limit price"), whereas they must for this purpose grant power of attorney to the Auction House (in the wording set out in Schedule 2 to these Auction Rules) and in such PoA specify the final hammer price up to which they are willing to increase individual bids for the item they seek. No bids will be made for this auction participant above the stipulated maximum bid. The auction participant may enquire about the results of the auction via phone or e-mail. Once the item has been awarded to the auction participant within the limits of the stipulated maximum bid, the auction participant is considered the Successful Bidder, with all rights and obligations which this entails. If an auction participant successfully bids for an item which they seek following the procedure set out in this paragraph, the Auction House will send them an invoice including the terms of payment for the hammer price plus auction fee and VAT.

IV.
OPTIONAL SERVICES

1. We do not ensure the transport of items bought in an auction. If such items are not picked up within 5 (five) working days from the payment of all amounts as anticipated by Article III.4 of these Rules, the Auction House may charge an amount of CZK 100 for each calendar day of safekeeping.
2. The Successful Bidder and the Auction House may agree on the terms of delivery of the auctioned item to a destination abroad, for additional consideration. However, the Auction House assumes no liability for the non-issuance of a permanent export license under the applicable provisions of statutory law.

V.
VIP MEMBERSHIP

1. VIP Members of the Bidders' Club have their permanent bidder's card and do not have to register for each individual auction.
2. The Auction House grants an extended payment period for payment of the hammer price and auction fee incl. VAT (pursuant to Article III.5 of these Auction Rules) to VIP Members of the Bidders' Club who successfully bid for an auctioned item. The Auction House will send an invoice containing the terms of payment for the hammer price plus auction fee incl. VAT to an e-mail address of the VIP Member's choice.
3. The Auction House may decide to grant additional benefits to VIP Members of the Bidders' Club.

VI.
FINAL PROVISIONS

1. All items are put on the auction block irrespective of defects or faults, or of an inaccurate or incomplete description. The illustration in the catalogue merely serves to identify the given item. Auction participants have the opportunity to familiarize themselves with the condition of each item prior to the auction; it is their sole and exclusive responsibility and right to decide whether the item corresponds to the given description, and whether they wish to bid for the item.
2. Neither the Auction House nor its individual staff members or authorized agents are liable for inaccurate or incomplete descriptions of auctioned items, and none of them provides any of the bidders with any warranty whatsoever on auctioned items; any explicit or tacitly implied warranties are hereby ruled out. All items are being auctioned off as artwork, and any defects they may have are already reflected in the hammer price; this is being confirmed as fact without any reservation by the Successful Bidder when they make the bid by which they are subsequently awarded the given item. Given the character and nature of the auctioned items (artwork), the Successful Bidder is waiving its rights from defective performances within the meaning of Sec. 1916 of the Civil Code (Act No. 89/2012 Coll.) when they make the bid by which they are subsequently awarded the given item.
3. The Successful Bidder undertakes to reexamine the purchased item within 30 days from the day on which the auction was held. If the Successful Bidder presents the Auction House within those 30 days with a written expert opinion (specifying the auction number of the given item and the date of the auction) according to which the bought item is a forgery, and if the Successful Bidder at the same time returns the item in the same condition in which it was at the time of the auction, and provided further that the item is confirmed to be defective or forged, then the Auction House shall withdraw from the auction sale of the given item and repay any amounts previously paid for the item. The right to bring such a complaint lies solely and exclusively with the successful bidder, and is limited by the amount of the hammer price. Later complaints will be disregarded.
4. Any and all statements and representations in the auction catalogue concerning authorship, attributed qualities, authenticity, origin, date, age, provenience, condition, minimum bid, or estimated amount of the successful bid are strictly an expression of the opinions of the Auction House. The Auction House reserves the right to consult experts or official institutions of any kind which it considers adequate and competent so as to form its own opinion, and to follow their advice. In matters of this kind, all stakeholders must let themselves be guided by their own opinion, and neither the Auction House nor its staff can be held liable for the correctness of such opinions.
5. Notices of any kind made by the Auction House towards BC Members or the Seller shall primarily be sent to the e-mail address of the BC Member's or Seller's choice; if no e-mail address was given, then notices will be sent via regular mail, though delivery by other demonstrable means into the hands of the addressee is also permissible. Notices of any kind are deemed delivered on the fifth day from the day on which they were dispatched. Money shall be paid in cash or sent via money order into the payee's hands, via transfer from a bank account or other form of cashless transfer; money may also be delivered by other demonstrable means into the hands of the addressee. In the case of cashless transfer, any

amount is deemed transferred as of the moment on which it is charged against the payer's account, on the condition that it is subsequently credited to the payee's account. The Auction House may allow payment by card, subject to the terms set out in these Auction Rules.

6. If the auction catalogue contains auction rules which apply to the specific auction, then their provisions shall enjoy priority over the provisions of the present Auction Rules to the extent that they modify or suspend individual provisions hereof. For the rest, all auctions are governed by these Auction Rules.

These Auction Rules have been drawn up pursuant to, and are governed by, Czech law. Any and all transactions addressed by, or arising from, these Auction Rules, and all other pertinent circumstances, are governed by Czech law.

Made in Prague on 23th February 2017
Albert Trnka, director

