

Regulations of an oral auction

1. The Ministry of Foreign Affairs (hereinafter – the Seller) wishes to sell on an oral auction the real estate owned by the Republic of Estonia and held by the Ministry of Foreign Affairs at the address: the Republic of Latvia Riga, Vidus iela 2, (cadastral identification No. 01000110018, land plot area 1108 sq.m, the national real estate cadastre unit identification No. KV1131, hereinafter – the Real Estate). The Seller's title to the Real Estate is registered in the Riga City Land Registry Folio No.1741.
2. The auction shall be organized by the company registered in the Republic of Latvia, Latio LLC, registration No.41703000843, address Elizabetes street 21a, Riga, LV-1010, telephone: +371 67032300, e-mail: latio@latio.lv, hereinafter – the auction organizer.
3. The auction announcement shall be published in the official newspapers „Ametlikud Teadaanded” and „Latvijas Vēstnesis”, and the major real estate advertising portals in Latvia and Estonia at least 3 months prior to the deadline for application submission. The auction announcement shall specify:
 - 3.1. The address and essential information of the Real Estate;
 - 3.2. The address, e-mail address, telephone number and office hours of the auction organizer;
 - 3.3. The type, venue and time of the Real Estate auction;
 - 3.4. The starting price of the Real Estate auction, the increment of bid, and the amount of security deposit;
 - 3.5. Information concerning the accessibility of the auction regulations and how the Real Estate can be viewed;
 - 3.6. The place and deadline of registration of the bidders' applications;
4. Once the auction announcement is published, the prospective bidders can get familiar with the auction regulations and view the Real Estate being alienated at the time and place announced by the auction organizer.
5. Two draft versions of purchase agreement are attached hereto – the Real Estate purchase agreement draft for purchase of the Real Estate without bank loan (Annex 1), and the Real Estate purchase agreement draft for purchase of the Real Estate with bank loan (Annex 2).
6. The starting price of the Real Estate to be sold on the auction shall be fixed at **1 750 000 EUR**. The oral auction shall have ascending step, the outbidding amount (increment) shall be 10'000 EUR.
7. The auction security deposit is 5% of the auction starting price fixed in Clause 6.
8. A bidder can be any natural person or legal entity eligible to obtain title to real estate in the Republic of Latvia, including land, as well as municipality.
9. Once the auction announcement is published, the prospective bidders personally or authorized representatives thereof shall submit their applications including confirmation for participation in the auction under the present regulations meeting the deadline specified in the auction announcement.
10. The application shall be submitted in Latvian, Estonian or English and the same shall include the following data:
 - 10.1. name and family name, or company name of the bidder, identification number or registration number, and the postal address;
 - 10.2. confirmation of participation in the Real Estate auction under the regulations provided;
 - 10.3. payment order on auction security deposit payment shall be attached to the application;
 - 10.4. the signature of the bidder. When the application is submitted by a representative of a legal entity or a natural person – a power of attorney certifying representation right shall be attached. The power of attorney is not required if the application is submitted by a lawful representative of the legal entity on behalf thereof.

11. The auction organizer Latio LLC shall register the applications received timely.
12. The auction security deposit of 5% of the auction starting price fixed in Clause 6 shall be paid by the applicant before the submission of the application, to the current account of the Ministry of Finance of the Republic of Estonia, at Swedbank AS, account No. EE932200221023778606, reference no. 2800047423, the payment purpose: "Auction security deposit for Vidus iela 2, Riga". The payment order certifying the auction security deposit payment shall be submitted attached to the application for partition in the auction.
13. By paying the auction security deposit and by submitting the application, the participant certifies that they have read the auction regulations and accept them, they have viewed the Real Estate, the condition of the Real Estate is known to them and they have no claims toward the auction organizer and the seller regarding the Real Estate condition.
14. The auction shall be conducted by a person assigned by the auction organizer – the auctioneer.
15. A bidder shall show an identity document at the entrance into the auction hall, if required – also a power of attorney certifying bidder's representative right, and shall receive a number for participation in bidding.
16. Upon commencing the auction, the auctioneer announces the number of bidders. A bidder not having arrived on time shall be deemed not having participated in the bidding.
17. The auctioneer shall open the auction, and shall announce the starting price of the subject Real Estate, as well as the increment value raising the starting price with each subsequent bid.
18. The outbidding amount or increment is 10'000 EUR. The auctioneer shall not be entitled to change the price increment.
19. During bidding, the bidders raise their numbers. The auctioneer announces the bidder's number and the offered price. If none of the oral auction participants outbid the highest price, the auctioneer repeats the highest price three times and hits the gavel to fix the price. The last gavel hit replaces the auctioneer's announcement that the auction is closed.
20. In the event that just one bidder has applied for the auction, the Real Estate shall be sold to the only bidder at the auction starting price with at least one increment added as per Clause 6.
21. The identification/registration number of and the amount bid by the person who won an oral auction and the person who made the second best bid is announced by the person conducting the auction in the room in which the auction was held after the winner has been established.
22. Auction minutes shall be taken to record the auction process. The minutes shall reflect the progress of the auction and the last price offered by each bidder. Each bidder shall sign the auction minutes to certify that the price indicated therein corresponds to the last price offered by them.
23. If the bidder having won the Real Estate fails to sign the auction minutes, it shall be deemed that the winning bidder has rejected the Real Estate. According to the auction organizer's decision, such winning bidder shall be excluded from the bidders' list without refunding of the security deposit to them. In such event, the subsequent bidder having offered the second highest price shall be deemed the winner of the Real Estate.
24. A bidder is bound to the bid until the approval of the results of the auction. The person in whose favour the results of the auction are approved is bound to the bid until the execution of the agreement.
25. The Seller decides to approve or refuse to approve, including due to declaring the auction a failure, the results of an auction within 20 business days following announcement of the results of the auction.
26. The Seller is entitled to declare a public auction a failure and to refuse to approve the results of the auction if:

- 26.1. no one registers as a participant of the auction or none of the registered participants attended the oral auction;
 - 26.2. no bids, or no bids which met the requirements were submitted;
 - 26.3. the participants of the auction did not abide by the instructions of the person who conducted the auction or infringed the rules of procedure of the auction;
 - 26.4. it was revealed in the auction that the participants had colluded or engaged in concerted action, and this affected or may have significantly affected the results of the auction;
 - 26.5. in conducting the auction, the auction organizer infringed the rules of procedure of the auction;
 - 26.6. the procedure provided by legislation was infringed in the auction to such an extent that this affected the results of the auction;
 - 26.7. at least one of the participants who submitted a bid in an oral auction was not entitled to participate in the auction and the participation of that person or those persons significantly affected the results of the auction.
27. The decision approving the results of a public auction sets out the name of the winner of the auction and the amount bid by the winner, also the name of the person who made the second best bid, and the amount bid by that person.
 28. The paid auction security deposit of a person entitled to purchase the Real Estate, shall be deemed a partial payment of the purchase price.
 29. The auction security deposit shall be refunded to the rest of the auction participants within 10 (ten) working days as of announcement of the auction outcome. If it has not become clear, in whose favour the auction outcome shall be confirmed, the auction security deposit shall be refunded within 5 working days as of confirmation of the auction outcome or decision-making to not confirm thereof.
 30. If the auction outcome is not confirmed or it is acknowledged invalid due to the Seller's or the Auctioneer's reasons, the auction security deposit shall be refunded within 5 working days as of decision-making to not confirm the auction outcome or acknowledging it being invalid.
 31. The auction security deposit is not returned to a participant of a public auction whose actions resulted in the failure of the auction or a refusal to approve the results of the auction.
 32. If the results of the auction are declared invalid due to reasons dependent on the person entitled to acquire the Real Estate as a result of the auction, the auction security deposit is not returned to that person.
 33. The Real Estate purchase agreement shall be signed with the winning bidder of the auction. The agreement shall be signed by the Seller's authorized representative.
 34. The time-limit for the conclusion of the agreement is two months following approval of the results of the public auction. In cases where this is justified, the Seller may extend that timelimit.
 35. When the conclusion of the agreement is being evaded, the Seller may declare the results of the public auction invalid.
 36. If the winner of a public auction fails to conclude the agreement within the relevant time-limit, or fails to submit a guarantee to performing the agreement, the agreement may be concluded with the person who made the second best bid, provided the security deposit was set at least at five percent of the starting price for the bids. The arranging body sets a time-limit for concluding the agreement, which may be up to one month.
 37. The purchase agreement shall include:
 - 37.1. The names of the agreement parties, registration data, for a natural person – identification number or date of birth, also power of attorney is required;
 - 37.2. The object of the purchase agreement;
 - 37.3. The purchase price and the procedure for payment thereof;

- 37.4. The time of transfer of the title to the property and the acceptance procedure thereof;
 - 37.5. The security of the agreement fulfilment;
 - 37.6. The buyer's certification that they purchase the object in the condition as it is at the time of signing of the purchase agreement;
 - 37.7. The notary charges related to agreement signature and the stamp duties shall be paid by the buyer;
 - 37.8. Other terms as deemed necessary.
38. The winning bidder shall pay the purchase price that exceeds the amount of the auction security deposit prior to signing of the purchase agreement. The remaining purchase price of the Real Estate shall be paid under the provision of the Real Estate purchase agreement and escrow account agreement. The payments for the Real Estate shall be in euros.

Annex 1 – Purchase agreement without bank loan

Annex 2 - Purchase agreement with bank loan