

**Rules of the open auction for the sale of mainline diesel
locomotives of 2M62U, 2TE10U and 2TE10M series**

1. GENERAL AUCTION RULES

- 1.1. The rules of the auction (hereinafter referred to as the Rules) determine the procedure for organizing the open auction of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series (hereinafter referred to as the Property) of LDZ ritošā sastāva serviss SIA (hereinafter referred to as the Company or the Seller).
- 1.2. The auction is organized in accordance with the internal regulatory enactments of the Company.
- 1.3. The results of the auction are confirmed by the chairperson of the Board/member of the Board of the Company.
- 1.4. Persons (both physical and legal) who have applied for participation in the auction in accordance with the procedure and within the time limit specified in the Rules, meet the requirements set for bidders and have paid the auction security can participate in the auction. The Company guarantees that the submitted personal data will be summarized, processed and stored in accordance with the requirements of EU regulatory enactments regarding the protection of personal data.
- 1.5. The auction participant/bidder, who has bid the highest price in accordance with the Rules, acquires the right to conclude a Purchase Contract with the Company in accordance with the Rules.
- 1.6. The Purchase Contract is concluded for the respective lot of the auction Property, according to the Draft Purchase Contract attached in Annex 4 to the Rules.
- 1.7. The Company does not compensate the auction participants for the expenses and/or losses incurred by them in connection with the preparation and participation in the auction.

2. AUCTION PROCEDURE ORGANIZER

- 2.1. Auction organizer: LDZ ritošā sastāva serviss SIA, unified registration No. 40003788351, VAT registration No. LV40003788351, legal address: Turgeņeva iela 21, Riga, LV-1050, Latvia.
- 2.2. The auction is organized by the permanent movable property auction committee established by order No. RSS-1.4./51-2022 of 5 April 2022 (hereinafter referred to as the auction committee).
- 2.3. Contact persons:
 - 2.3.1. for correspondence with bidders/auction participants in solving organizational issues – chief purchasing specialist Egita Erdmane, tel. +371 27043826, e-mail address: egita.erdmane@ldz.lv or during her absence (from 01.09.2022 to 18.09.2022) – chief purchasing specialist Inta Pudule, tel. +371 20297185, e-mail address: inta.pudule@ldz.lv;
 - 2.3.2. for the technical condition of Property – Guntars Broders – Expert in technical support issues, mob. tel. +371 28231025, e-mail address: guntars.broders@ldz.lv.

3. TYPE OF AUCTION

- 3.1. The Company organizes the auction at the Company's office premises at room 209, 2nd floor, Turgeņeva iela 21, Riga, Latvia. The auction participant/bidder can participate in the auction both in person and online using the Microsoft Teams application.
- 3.2. The bidder submits an application (hereinafter referred to as Application) for participation in the auction to the Company by 4 October 2022 at 11:00 in accordance with the requirements specified in Clause 7 of the Rules.
- 3.3. Upon approval of the bidder's application to participate in the Auction, the participant of the auction will receive their user name, password and instructions for logging in to the auction online in the Microsoft Teams application (if applicable).
- 3.4. The auction Property is auctioned for each lot separately.
- 3.5. Type of auction – verbal auction with an ascending step.
- 3.6. An auction participant can apply for bidding on one or several auction lots.

4. AUCTION PROPERTY AND INSPECTION PROCEDURE

- 4.1. The auction Property is mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series owned by the Company:

No.	Series	Number	Year of manufacture	Term of service	Total mileage (km)
1.	2M62U	0070	1987	10.2022	2778563
2.	2M62U	0071	1988	12.2022	2778508
3.	2M62U	0087	1988	12.2024	3252896
4.	2M62U	0089	1988	08.2024	3209008
5.	2M62U	0113	1989	12.2019	2793308
6.	2M62U	0265	1990	06.2026	2282526
7.	2M62U	0268	1990	10.2025	2752181
8.	2M62U	0269	1990	02.2025	2725600
9.	2M62U	0291	1991	03.2022	2901521
10.	2TE10U	0188	1990	09.2021	3223852
11.	2TE10U	0216	1991	10.2021	3216099
12.	2TE10U	0221	1991	10.2021	3242766
13.	2TE10U	0223	1991	03.2024	3278668
14.	2TE10M	3421	1989	08.2024	3561345
15.	2TE10M	3422	1989	09.2024	3736264
16.	2TE10M	3423	1989	02.2020	3502552
17.	2TE10M	3424	1989	06.2024	3629683
18.	2TE10M	3425	1989	06.2024	3767256
19.	2TE10M	3450	1989	09.2024	3506395
20.	2TE10M	3451	1989	08.2029	3707720
21.	2TE10M	3452	1989	01.2024	3530633

4.2. The Property is located at Lokomotīvu iela 35, Rēzekne, Latvia. Inspection of the Property is possible in person and remotely, using a video call, by contacting in advance and agreeing on the inspection method and time with Guntars Broders – Expert in technical support issues, mob. tel. +371 28231025, e-mail address: guntars.broders@ldz.lv.

4.3. The Property is not encumbered with property rights or debts.

5. **CONDITIONAL PRICE OF THE PROPERTY, AUCTION SECURITY AND AUCTION STEP**

5.1. Conditional starting auction price of the property in the relevant lot:

Lot number	Lot composition	Starting price of the lot EUR (without VAT)
Lot No. 1	Diesel locomotive 2M62U-0070	119,370.00
Lot No. 2	Diesel locomotive 2M62U-0071	119,370.00
Lot No. 3	Diesel locomotive 2M62U-0087	153,410.00
Lot No. 4	Diesel locomotive 2M62U-0089	153,410.00
Lot No. 5	Diesel locomotive 2M62U-0113	119,370.00
Lot No. 6	Diesel locomotive 2M62U-0265	136,390.00
Lot No. 7	Diesel locomotive 2M62U-0268	119,370.00
Lot No. 8	Diesel locomotive 2M62U-0269	119,370.00
Lot No. 9	Diesel locomotive 2M62U-0291	119,370.00
Lot No. 10	Diesel locomotive 2TE10M-3421	222,985.00
Lot No. 11	Diesel locomotive 2TE10M-3422	222,985.00
Lot No. 12	Diesel locomotive 2TE10M-3423	222,985.00
Lot No. 13	Diesel locomotive 2TE10M-3424	222,985.00
Lot No. 14	Diesel locomotive 2TE10M-3425	222,985.00
Lot No. 15	Diesel locomotive 2TE10M-3450	222,985.00
Lot No. 16	Diesel locomotive 2TE10M-3451	236,095.00
Lot No. 17	Diesel locomotive 2TE10M-3452	222,985.00
Lot No. 18	Diesel locomotive 2TE10U-0188	209,760.00
Lot No. 19	Diesel locomotive 2TE10U-0216	209,760.00
Lot No. 20	Diesel locomotive 2TE10U-0221	209,760.00
Lot No. 21	Diesel locomotive 2TE10U-0223	222,985.00

5.2. The auction security (regardless of the lot specified in the application) is set at EUR 10,000.00 (ten thousand euros, 00 cents).

5.3. The starting price of the lot is set separately and the auction step for each lot is set at EUR 1,000.00 (one thousand euros, 00 cents).

- 5.4. The bidder pays the auction security specified in Clause 5.2 by 3 October 2022 (inclusive).
 - 5.5. The auction security is payable to LDZ ritošā sastāva serviss SIA, unified registration no. 40003788351, current account no.: LV26RIKO0000084909460, bank: Luminor Bank AS Latvijas filiāle, bank code: RIKOLV2X. Indicating in the purpose of payment: "Security for the open auction for the sale of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series". If the auction security is paid for another person, then in the purpose of payment, the name/name, surname and registration number/identity number of the person for whom the auction security is paid shall be additionally indicated.
 - 5.6. The auction security is considered submitted if the relevant amount of money has been credited to the current account specified in Clause 5.5 of the Rules and within the term specified in Clause 5.4. The date on which the funds have been credited to the current account specified in Clause 5.5 shall be considered the date of payment.
 - 5.7. For the bidder who has bid the highest purchase price, the paid auction security is included in the bid purchase price and remains at the Company's disposal until the purchase amount is paid.
 - 5.8. The auction security is refunded to the bidder/auction participant who is not the winner of the auction within 30 (thirty) calendar days after the announcement of the auction results and the conclusion of the Purchase Contract by transferring the paid auction security to the account specified in the auction application.
 - 5.9. The auction security is refunded to the bidder who has paid the auction security, but has not submitted an application for participation in the auction within 30 (thirty) calendar days after the day of its receipt, by transferring it back to the account specified in the payment order.
 - 5.10. The auction organizer has the right to keep the auction security in the cases referred to in Clause 9.9.
 - 5.11. Value added tax (hereinafter referred to as VAT) is calculated for the purchase price in accordance with the Value Added Tax Law of the Republic of Latvia in force.
 - 5.12. All expenses related to further transportation of the Property from the place of its transfer (Clause 4.2) and expenses related to the re-registration of the Property on the name of the Buyer, preparation of the necessary documents, etc. are covered by the Buyer.
6. ANNOUNCEMENT OF THE AUCTION AND ISSUE OF ITS RULES
- 6.1. The notice on the sale of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series in an open auction and the auction time is published on the websites of VAS Latvijas dzelzceļš and the Company: www.ldz.lv, www.rss.ldz.lv, <https://www.mercell.com/lv-lv/iepirkums/107628530/sia-ldz-ritosa-sastava-serviss-iepirkumi.aspx> and other websites.
 - 6.2. Place and time of the auction: 5 October 2022, at 11:00 at room 219, 2nd floor, Turgeņeva iela 21, Riga, LV-1050, Latvia. The participant of the auction/bidder participates in the auction in person or online using the Microsoft Teams application.
 - 6.3. Time of registration of bidders for the auction (in person or online): on 5 October 2022, from 10:45 to 10:55.
7. DRAWING UP AND SUBMITTING AN APPLICATION FOR PARTICIPATION IN THE AUCTION, WITHDRAWING THE APPLICATION
- 7.1. Bidders who are residents of the Republic of Latvia submit their application for participation in the auction by 4 October 2022 at 11:00, submitting the following documents:
 - 7.1.1. application for participation in the auction (Annex 1), hereinafter referred to as the Application, in the form of a paper document (signed by hand) can be submitted to the Company's address: 2nd floor, Turgeņeva iela 21, Riga, LV-1050, Latvia – in person or through a courier, or by sending a registered letter; or
 - 7.1.2. The application in the form of an electronic document (in the *.doc, *.xls or *.pdf file format) signed with a secure electronic signature can be submitted at: <https://www.mercell.com/lv-lv/iepirkums/107628530/sia-ldz-ritosa-sastava-serviss-iepirkumi.aspx> or by sending to the e-mail address: egita.erdmane@ldz.lv.
 - 7.1.3. The bidder attaches to the Application:
 - 7.1.3.1. a document certifying the signatory right of the person who signed the application (for example: a power of attorney issued by the bidder's legal representative or a copy of an identity document, etc.);
 - 7.1.3.2. confirmation of auction security (payment order) in accordance with Clauses 5.2 and 5.5 of the Rules;
 - 7.1.3.3. business partner identification form (in Annex 2);
 - 7.2. Bidders who are non-residents of the Republic of Latvia submit the Application (Annex 1) for participation in the auction by 4 October 2022 at 11:00, submitting the following documents:

- 7.2.1. The Application in the form of a paper document (signed by hand) can be submitted to the Company's address: 2nd floor, Turgeņeva iela 21, Riga, LV-1050, Latvia – in person or through a courier, or by sending a registered letter; or
- 7.2.2. The application in the form of an electronic document (in the *.doc, *.xls or *.pdf file format) signed with a secure electronic signature can be submitted at: <https://www.mercell.com/lv-lv/iepirkums/107628530/sia-ldz-ritosa-sastava-serviss-iepirkumi.aspx> or by sending to the e-mail address: egita.erdmane@ldz.lv.
- 7.2.3. The bidder attaches to the Application:
 - 7.2.3.1. a document certifying the signatory right of the person who signed the application (for example: a power of attorney issued by the bidder's legal representative, certificate of the commercial register or registration certificate, or a copy of an identity document, etc.);
 - 7.2.3.2. confirmation of auction security (payment order) in accordance with Clauses 5.2 and 5.5 of the Rules;
 - 7.2.3.3. business partner identification form (in Annex 2);
 - 7.2.3.4. (if applicable) the Articles of Association and/or the decision of the founder (shareholders/stockholders) on the appointment of members of the executive body of the legal person with separate rights of representation;
 - 7.2.3.5. a certificate issued by a competent institution, which certifies that insolvency proceedings of the bidder have not been announced, the bidder's economic activities have not been suspended or terminated or the bidder is not liquidated;
 - 7.2.3.6. a certificate issued by a competent institution, which certifies that the bidder, if it/he/she is registered in a foreign country or has his/her permanent place of residence in a foreign country, has no tax debts in the relevant foreign country, including debts of State social insurance mandatory contributions, which exceed 150 euros in total;
 - 7.2.3.7. a certificate issued by a competent institution, which indicates the information necessary for the check (name, surname, identity number/company registration number) about a bidder registered in a foreign country (including its member of the Board and member of the Council, the beneficial owner (or information that it is impossible to find out the beneficiary of the beneficial owner), the person entitled to represent or the procurator, or the person who is authorized to represent the bidder in activities related to a branch or a member of a partnership) for checking the restrictions set by the Law on International Sanctions and National Sanctions of the Republic of Latvia.
- 7.3. All documents can be submitted in Latvian, Russian or English. If the documents are in another language, a Latvian translation certified by the auction participant/bidder shall be attached to them.
- 7.4. The bidder has the right to withdraw the submitted application for participation in the auction in writing until the registration of the auction bidders. The withdrawal is unconditional and excludes the registration of the withdrawn application of the auction participant in the list of auction participants, as well as excludes its/his/her further participation in the auction.

8. CHECK AND EXCLUSION OF THE BIDDER

- 8.1. The auction committee excludes the bidder from further participation in the auction and does not conclude the Purchase Contract with the bidder who is subject to any of the following cases:
 - 8.1.1. the insolvency proceedings of the bidder have been announced, the bidder's economic activities have been suspended or the bidder is liquidated;
 - 8.1.2. it has been established that on the last day of the application submission term or on the day when a decision on the possible granting the right to conclude the Purchase Contract was made:
 - 8.1.2.1. the bidder has tax debts in Latvia or in the country where it is registered or where its permanent place of residence is (including debts of State social insurance mandatory contributions), which in total exceed 150 euros in any of the countries;
 - 8.1.2.2. international or national sanctions or sanctions imposed by a Member State of the European Union or the North Atlantic Treaty Organization affecting significant financial and capital market interests have been applied to the bidder.
- 8.2. When evaluating the Applications submitted by the auction participants, the auction committee checks whether design and content of the Application and the attached documents comply with the requirements of the Rules, whether the Application includes all documents (including the auction security) in accordance with the requirements of Clause 7 of the Rules and makes sure that the bidder is not subject to exclusion cases referred to in Clause 8.1 of the Rules.
- 8.3. The auction participants who have applied for the auction in accordance with the requirements of Clause 7 of these Rules are registered by the secretary of the auction committee in the auction participant registration list. Auction participants are not registered to participate in the auction if they have not submitted any of the documents specified in Clause 7 of these Rules. In this case, he/she/it is given a reasoned refusal.

- 8.4. A registration card is issued (or electronically sent to the e-mail address specified by the bidder) to the bidders who are allowed to participate in the auction.
- 8.5. The auction committee does not have the right to disclose any information about the participants registered for the auction until the start of the auction.
- 8.6. All auction participants have the same right to receive equally comprehensive information about the item of the auction.
- 8.7. By submitting an application for the auction, the bidder has already agreed to the starting price of the auction and starts bidding with a price that is higher than the starting price by the amount of the auction step.
- 8.8. If only one participant has applied for the auction in each lot or if one of all registered participants participates, then the item to be auctioned is sold to the only participant only if he/she/it has bid at least one step from the initially set starting price of the lot.
- 8.9. In the event that the date and time of the auction is changed, it is immediately notified on the websites referred to in Clause 6.1 of the Rules, as well as known and/or registered auction participants are notified in writing by sending information about the changes to the e-mail address specified in the Application.

9. AUCTION PROCEDURE

- 9.1. Auction Property is auctioned in 21 (twenty one) auction lots.
- 9.2. The auction is conducted by a person appointed by the auction committee – the auctioneer.
- 9.3. The auctioneer, upon opening the auction, must announce the starting price of each auction lot, as well as the amount by which the price is increased with each subsequent bid. The auction step in all lots is set at EUR 1000.00 (one thousand euros). Bidding is done one step at a time.
- 9.4. The auction participant has the right to propose to the auctioneer to increase the price of the auction lot simultaneously in the amount of several auction steps.
- 9.5. During the bidding process, the auction participants announce their card number, which indicates their acceptance of the offered price. The auctioneer repeats the number of the first bidder and the offered price. If none of the participants offers a higher price, then the auctioneer repeats the last highest auction price 3 (three) times and records it in the protocol. If several bidders bid the same price at the same time, then the first bidder is the participant who was first registered as a participant.
- 9.6. The auction participant, who has bid the last highest price, submits a written confirmation (presenting it in person or sending it signed with electronic signature to the e-mail address: egita.erdmane@ldz.lv, or in the Mercell electronic procurement system, or by clicking on the link: <https://www.mercell.com/lv-lv/iepirkums/107628530/sia-ldz-ritosa-sastava-serviss-iepirkumi.aspx>) of the bid price on the day of the auction, confirming the purchase of the auctioned Property (Annex 2).
- 9.7. Other auction participants submit a written confirmation of their highest bid price on the day of the auction in accordance with the procedure specified in Clause 9.6.
- 9.8. In the event that the auction participant who has bid the last highest price does not submit a written confirmation, it is considered that he/she/it has refused to purchase the bid Property. If the auction participant who has bid the last highest price refuses to give a confirmation to buy the bid Property, then the auction committee can decide that the Property is offered to the participant who had bid the second highest price and, if the second participant also refuses, then offer to buy Property for the participant who had bid the third highest price.
- 9.9. The auction security is not returned to the auction winner in the following cases:
 - 9.9.1. if the winner of the auction refuses to conclude the Property Purchase Contract after receiving the notification;
 - 9.9.2. if the only participant of the auction lot has registered for the relevant lot, but has not bid a single step;
 - 9.9.3. if the auction participant does not submit a written confirmation on the day of the auction in accordance with Clause 9.6 of the Rules.
- 9.10. The auction is considered not to have taken place if:
 - 9.10.1. no participant has applied or registered for the auction;
 - 9.10.2. none of the registered participants participated in the auction;
 - 9.10.3. none of the registered participants bid during the auction, or after bidding, no participant submitted a written confirmation of the bid price and the purchase of diesel locomotives to be sold.
- 9.11. The auction is recorded. The protocol is drawn up and signed in 1 (one) copy.
- 9.12. The protocol (including the protocol on the auction that did not take place) is submitted for approval at the meeting of the Board of the Company.
- 9.13. The auction procedure takes place in Latvian and/or Russian, and/or English.

10. APPROVAL OF AUCTION RESULTS AND PROCEDURE FOR CONCLUDING THE CONTRACT

- 10.1. Only after the approval of the auction protocol by the Board of the Company, the auction participant who bid the last highest price becomes the winner of the auction (hereinafter referred to as the Winner). The auction protocol approved by the Board of the Company serves as the basis for the preparation and signing of the Contract on the sale of Property to the Winner between the Company and the Winner (Draft Contract in Annex 4).
- 10.2. Until the auction results are approved, the Board of the Company has the right to make a decision to cancel the auction at any time.
- 10.3. The Contract is concluded within 10 (ten) working days after the approval of the auction protocol.

11. MEANS OF PAYMENT AND PAYMENT PROCEDURE

- 11.1. The means of payment is euro (EUR).
- 11.2. After signing the Contract, the Seller immediately, but no later than within 2 (two) working days, submits to the Winner/Buyer an invoice for the full (100%) amount of the purchase price of the Property, from which the paid auction security is deducted. The invoice must be paid by the Buyer no later than 10 (ten) calendar days from the day it is issued.
- 11.3. For late payment of the purchase price, the Seller is entitled to receive a contractual penalty from the Buyer in the amount of 0.5% (zero point five percent) of the unpaid amount for each day of delay, but no more than 10% (ten percent) of the purchase price without VAT.
- 11.4. If the full purchase price for the Property has not been paid within 30 (thirty) calendar days from the time of signing the Purchase Contract, the Seller has the right to unilaterally withdraw from the Purchase Contract and not to refund (to keep for itself) the auction security paid by the Buyer.
- 11.5. The Property is transferred to the Buyer only after payment of the full amount of the purchase price.
- 11.6. During the preparation of the final version of the Contract (depending on whether the Buyer is a resident or a non-resident of Latvia), certain provisions of the Draft Contract may be specified, except for: the essential components of the Contract, payment and termination deadlines, the applicable law and the disputes settlement procedure.

12. OTHER INFORMATION

- 12.1. After the purchase of diesel locomotives, the Seller offers to provide the following additional services by concluding a separate written agreement:
 - 12.1.1. Preparing the locomotive for transfer and drawing up the LU-25 deed;
 - 12.1.2. Extending the time of use of the locomotive;
 - 12.1.3. Repainting of locomotives according to the customer's colour standard;
 - 12.1.4. TR-1 (routine repair 1), TR-3 (routine repair 3), VR (medium repair) and GR (main repair) repairs, if the customer so wishes;
 - 12.1.5. Modernization of locomotives.

12.2. All annexes to the Rules are an integral part thereof.

- Annex 1 – Application for participation in the auction;
- Annex 2 – Bid price confirmation form;
- Annex 3 – Business partner identification form;
- Annex 4 – Draft Contract.

Chairperson of the permanent commission of the auction

K. Ozola

[must be written on the Bidder's company letterhead]

_____ 2022

No. _____

**APPLICATION FOR PARTICIPATION
IN THE OPEN AUCTION FOR THE SALE**
of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series

Bidder _____ (name, address, registration number, bank details)

applies for participation in the open auction for the sale of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series organized by LDZ ritošā sastāva serviss SIA _____ (please note how the participation in the auction will take place: **"in person"** or **"online using the Microsoft Teams application"**) _____ for the following lots:

Lot number	Lot composition	I APPLY FOR (please mark with an "X")
Lot No. 1	Diesel locomotive 2M62U-0070	
Lot No. 2	Diesel locomotive 2M62U-0071	
Lot No. 3	Diesel locomotive 2M62U-0087	
Lot No. 4	Diesel locomotive 2M62U-0089	
Lot No. 5	Diesel locomotive 2M62U-0113	
Lot No. 6	Diesel locomotive 2M62U-0265	
Lot No. 7	Diesel locomotive 2M62U-0268	
Lot No. 8	Diesel locomotive 2M62U-0269	
Lot No. 9	Diesel locomotive 2M62U-0291	
Lot No. 10	Diesel locomotive 2TE10M-3421	
Lot No. 11	Diesel locomotive 2TE10M-3422	
Lot No. 12	Diesel locomotive 2TE10M-3423	
Lot No. 13	Diesel locomotive 2TE10M-3424	
Lot No. 14	Diesel locomotive 2TE10M-3425	
Lot No. 15	Diesel locomotive 2TE10M-3450	
Lot No. 16	Diesel locomotive 2TE10M-3451	
Lot No. 17	Diesel locomotive 2TE10M-3452	
Lot No. 18	Diesel locomotive 2TE10U-0188	
Lot No. 19	Diesel locomotive 2TE10U-0216	
Lot No. 20	Diesel locomotive 2TE10U-0221	
Lot No. 21	Diesel locomotive 2TE10U-0223	

and certifies that:

- is familiar with the auction rules and has no claims against them;
- waives any of its/his/her contractual provisions;
- agrees to the provisions of the Draft Contract of LDZ ritošā sastāva serviss SIA, which is attached in Annex 4 to the auction rules;
- has inspected or familiarized it/him/herself with the Property to be sold at the auction and has no complaints;
- has not been found guilty of participation in a criminal organization, corruption, fraudulent activities in the financial field or money laundering by a court judgement, and no violations of professional activity have been detected in the last three years up to the date of submission of the application in accordance with the procedure established by law, as well as has not been declared insolvent, is not in the stage of liquidation proceedings, economic activities have not been suspended or terminated, and has no debt of taxes or State social insurance mandatory contributions;

- as of the date of submission of the auction application, there is no debtor debt towards LDZ ritošā sastāva serviss SIA;
- international or national sanctions or sanctions imposed by a Member State of the European Union or the North Atlantic Treaty Organization affecting significant financial and capital market interests have not been applied.

Preferred language of the auction: *(please mark with an "X")*

- Latvian;
- English;
- Russian.

Contact person's telephone number and e-mail _____.

Attached are documents on _____ (in figures and words) pages.

_____/_____

(signature)

(printed name)

“Rules of the open auction for the sale of mainline
diesel locomotives of 2M62U, 2TE10U and 2TE10M series”

[must be written on the Bidder's company letterhead]

_____ 2022

No. _____

**CONFIRMATION OF THE HIGHEST BID PRICE
IN THE AUCTION FOR THE SALE**
of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series

The bidder _____ (*name, address, registration number, bank details*) certifies the highest bid price at the auction for the sale of mainline diesel locomotives of 2M62U, 2TE10U and 2TE10M series organized by LDZ ritošā sastāva serviss SIA, which took place on ____ October 2022 at 11.00, at room 219, 2nd floor, Turgeņeva iela 21, Riga, LV-1050, Latvia and online in the Microsoft Teams application, in the following auction lot/-s:

Lot number	Lot composition	The highest bid price in EUR (without VAT)
Lot No. 1	Diesel locomotive 2M62U-0070	
Lot No. 2	Diesel locomotive 2M62U-0071	
Lot No. 3	Diesel locomotive 2M62U-0087	
Lot No. 4	Diesel locomotive 2M62U-0089	
Lot No. 5	Diesel locomotive 2M62U-0113	
Lot No. 6	Diesel locomotive 2M62U-0265	
Lot No. 7	Diesel locomotive 2M62U-0268	
Lot No. 8	Diesel locomotive 2M62U-0269	
Lot No. 9	Diesel locomotive 2M62U-0291	
Lot No. 10	Diesel locomotive 2TE10M-3421	
Lot No. 11	Diesel locomotive 2TE10M-3422	
Lot No. 12	Diesel locomotive 2TE10M-3423	
Lot No. 13	Diesel locomotive 2TE10M-3424	
Lot No. 14	Diesel locomotive 2TE10M-3425	
Lot No. 15	Diesel locomotive 2TE10M-3450	
Lot No. 16	Diesel locomotive 2TE10M-3451	
Lot No. 17	Diesel locomotive 2TE10M-3452	
Lot No. 18	Diesel locomotive 2TE10U-0188	
Lot No. 19	Diesel locomotive 2TE10U-0216	
Lot No. 20	Diesel locomotive 2TE10U-0221	
Lot No. 21	Diesel locomotive 2TE10U-0223	

_____/_____

(signature) (printed name)

Business partner identification form for persons

In accordance with the objectives of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing and the requirements for monitoring the transactions of the subjects of the said law (including credit institutions of the Republic of Latvia), in order to prevent possible risks related to the money laundering and terrorism and proliferation financing, LDZ ritošā sastāva serviss SIA asks you to provide the necessary information by filling in the following form:

1. Name of business partner:

2. Registration number/ analogous value:

3. Country of registration:

4. The Board: *(if applicable)*

Name, surname, identity number of the chairperson of the Board/member of the Board, if the person does not have the identity number, then an analogous value, for example, day, month, year of birth, citizenship (nationality)¹.

5. Council (if established): *(if applicable)*

Name, surname, identity number of the chairperson of the Council/member of the Council, if the person does not have the identity number, then an analogous value, for example, day, month, year of birth, citizenship (nationality)¹.

6. Beneficial owner/-s (PLG – Latvian abbreviation of *Patiesais labuma guvējs*)²:

In the sense of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, *the beneficial owner* is a natural person who is the owner of the legal person or who controls the customer, or on behalf, for the benefit, in the interest of whom business relationship is established or the transaction is carried out, and is at least:

- a) a natural person who, in the form of direct or indirect participation, owns more than 25% of the client company's share capital or the total number of voting shares;
- b) a natural person who directly or indirectly controls the operation of the company;

Name, surname, identity number (if the person does not have an identity number, then an analogous value, for example, date of birth, month, year), citizenship (nationality)¹, PLG directly or indirectly owns more than 25% of the capital shares/voting shares of the legal person's total number of shares.

I/we certify that by all possible means of investigation it has been concluded that it is not possible to identify any natural person – the PLG in the sense of Section 1, Paragraph 5 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing – as well as doubts have been ruled out that the person has the PLG.

The PLG cannot be ascertained because the business partner is:

- a derived public person;

- a direct management authority or intermediate management authority;
 - a capital company controlled by the State or local government;
 - a merchant whose shares are included in the regulated market.
-
-

7. By signing this identification form, the Business Partner confirms that all the information provided and filled in the identification form is true and complete.

8. By signing this identification form, the Business Partner confirms that, if the information specified in the form changes, it will inform LDZ ritošā sastāva serviss SIA by sending the current information to the legal address of LDZ ritošā sastāva serviss SIA: Turgeņeva iela 21, Rīga, LV-1050, Latvia, or e-mail: ldz_rss@ldz.lv.

Legal representative (specify the person's status – member of the Board, procurator, authorized person, other): *(if applicable)* _____

Name, surname: _____

Signature³: _____

Date: _____

¹ The personal data referred to in this clause are processed by LDZ ritošā sastāva serviss SIA based on Regulation (EU) 2016/679 of the European Parliament and of the Council (27 April 2016) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereinafter referred to as the GDPR):

1) on the basis of Article 6, Clause 1 (b) of the GDPR – for the initiation of contractual relations and ensuring the performance of the Contract at the request of the data subject (Contracting Party), and

2) on the basis of Article 6, Clause 1 (c) of the GDPR in order to fulfil the legal obligation applicable to the controller (LDZ ritošā sastāva serviss SIA) to check its business partners, in accordance with the requirements of the Law on International Sanctions and National Sanctions of the Republic of Latvia and the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;

3) on the basis of Article 6, Clause 1 (e) of the GDPR in order to fulfil the task performed in the public interest – to prevent terrorism and limit the risk of fraud.

² In the sense of Section 1, Clause 5) of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

³ or electronic signature.

CONTRACT No. RSS-_____

Riga

_____ 2022

LDZ ritošā sastāva serviss limited liability company, unified registration number 40003788351, legal address: Turgeņeva iela 21, Riga, LV-1050, hereinafter referred to as the Seller, represented by _____ on the basis of _____, on the one part, and

_____, hereinafter referred to as the Buyer, on the other part, both jointly/separately also referred to as the Parties/Party, in good faith, without fraud, wrong belief and duress, conclude this purchase contract, binding on the successors of the rights and obligations of the Parties.

1. SUBJECT MATTER OF THE CONTRACT

- 1.1. The Seller sells and transfers to the Buyer, but the Buyer buys and accepts from the Seller the following movable property belonging to the Seller: _____, hereinafter referred to as the Property, which it has bid for in the _____ 2022 auction organized by the Seller.
- 1.2. Brief description of the Property: Diesel locomotive/-s with the following technical characteristics:

Series	
Number	
SAP number	
Year of manufacture	
Total mileage (km)	

- 1.1. The Buyer has checked and evaluated the technical and visual condition of the Property as satisfactory, he/she/it has no claims against it.
- 1.2. Place of transfer of the Property: Lokomotīvu iela 35, Rēzekne, Latvia.
- 1.3. The Parties confirm that they are aware of the value of the Property and refuse to file claims against each other in order to cancel the Contract or change the value of the goods due to excessive losses.

2. PURCHASE PRICE AND PAYMENT TERMS

- 2.1. In accordance with the procedures specified in the Contract, the Seller sells and transfers to the Buyer, but the Buyer buys and accepts the Property from the Seller at the price determined in accordance with the _____ 2022 auction organized by the Seller in the amount of EUR _____ (____ euros, 00 cents) plus value added tax (+21% in the amount of EUR _____) (hereinafter referred to as VAT).
- 2.2. According to the auction results, the auction security paid by the Buyer remains at the Seller's disposal until the full purchase price is received.
- 2.3. After both Parties have signed the Contract, the Seller immediately, but no later than within 2 (two) working days, submits to the Buyer an invoice for the full (100%) amount of the purchase price of the Property (Clause 2.1), from which the auction security paid is deducted. The invoice must be paid by the Buyer no later than 10 (ten) calendar days from the day it is issued. The purchase price is considered received on the day it is received in the bank account specified by the Seller.
- 2.4. If the payment term specified in Clause 2.3 of the Contract is not observed, the Seller has the right to calculate a contractual penalty to the Buyer in the amount of 0.5% (zero point five percent) of the amount not paid on time for each day of delay, but no more than 10% (ten percent) of the amount not paid on time, excluding VAT.
- 2.5. Ownership rights to the Property are transferred to the Buyer after full payment of the amount and VAT specified in Clause 2.1.
- 2.6. Payment of the contractual penalty does not release the Buyer from the obligation to cover losses and fulfil the Contract.
- 2.7. If the amount specified in Clause 2.1 has not been paid within 30 (thirty) calendar days from the date of entry into force of this Contract, the Seller has the right to unilaterally withdraw from the Contract and the

amount of the auction security of EUR 10,000 (ten thousand euros) paid by the Buyer remains the property of the Seller.

- 2.8. The Buyer organizes and covers all expenses related to the preparation of the Property for transportation and transportation from the place of transfer of the Property to the place indicated by the Buyer.
- 2.9. Applies to a non-resident Buyer – the Seller refunds to the Buyer (non-resident) the VAT paid within 5 (five) working days from the day when a document confirming the removal of the Property from the territory of the Republic of Latvia is presented to the Seller.

3. LEGAL RELATIONS (TRANSFER OF THE PROPERTY AND RESPONSIBILITY)

- 3.1. After the Contract enters into force and the full amount of the purchase price is received in the Seller's bank account, the Property together with the technical documentation is transferred to the Buyer within 20 (twenty) calendar days with a delivery note and a deed of acceptance and transfer signed on the part of the Seller by _____, telephone +371 _____, e-mail: _____, and on the part of the Buyer by _____, telephone +371 _____, e-mail: _____.
- 3.2. Upon signing the delivery note and the deed of acceptance and transfer (Clause 3.1), the Buyer is obliged to present to the Seller a contract with the commercial company that organizes the removal of the Property from the Seller's territory and/or the territory of the Republic of Latvia.
- 3.3. The Buyer (a resident of the Republic of Latvia) is obliged to remove the Property from the Seller's territory within 20 (twenty) working days from the day of signing the delivery note and the deed of acceptance and transfer referred to in Clause 3.1.
- 3.4. The Buyer (a non-resident of the Republic of Latvia) is obliged to remove the Property from the Seller's territory within 20 (twenty) working days from the day of signing the delivery note and the deed of acceptance and transfer referred to in Clause 3.1 and to remove the Property from the territory of the Republic of Latvia within 30 (thirty) working days.
- 3.5. If the Buyer does not remove the Property from the Seller's territory within the period referred to in Clause 3.3 or 3.4, then the Property is considered to have been turned in for storage with the Seller and starting from the next day of delay, the Buyer undertakes to pay the Seller EUR 120 (one hundred and twenty euros) and additional VAT per day for the storage of the Property.
- 3.6. If the Buyer does not export the Property within the period specified in Clause 3.4 and the delay exceeds 30 (thirty) working days, the Seller has the right to unilaterally refuse to fulfil this Contract and to deduct a penalty in the amount of EUR 10,000 (ten thousand euros) from the sums paid by the Buyer, as well as to cover all the Seller's expenses related to the holding of the auction, termination of the Contract and storage of the Property.
- 3.7. The Buyer acquires ownership rights to the Property after full payment of the purchase price.
- 3.8. The Seller guarantees that the Property is not encumbered with debts, disputed, arrested, pledged, leased to third parties or otherwise encumbered.

4. CONFIDENTIALITY

- 4.1. The terms of the Contract, as well as information which is related to the cooperation of the Parties or which has come to the disposal of the Parties as a result of the performance of the Contract, shall be considered a trade secret of the Parties and shall not be disclosed to third parties during the term of the Contract and thereafter without the prior written consent of the other Party. This obligation does not apply to information that is publicly available and information that shall be disclosed to the relevant State institutions in accordance with the regulatory enactments in force, if it is provided to these institutions.
- 4.2. The Party undertakes to use the received information containing a trade secret of the other Party only for the purpose specified in Clause 1.1 of the Contract, respecting the commercial interests of the Parties and this obligation of confidentiality.

5. PERSONAL DATA PROTECTION

- 5.1. The Parties confirm that they are informed that the personal data submitted by one Party, if necessary for the performance of the Contract, may be processed only in accordance with the subject matter of the Contract, in the scope specified in the Contract, for the term of the Contract and only in accordance with the requirements of the legal enactments in force.
- 5.2. The Parties ensure that the employees specified in this Contract as contact persons are informed about the right to transfer contact information related to them within the framework of employment legal relations and to ensure the performance of their duties, as well as about the rights of employees as data subjects in accordance with the legal and regulatory enactments in force in the field of personal data protection.

- 5.3. The Parties undertake to ensure a level of protection for the personal data submitted by the other Party in accordance with the legal enactments in force.
- 5.4. The Parties undertake not to pass on the personal data submitted by the other Party to third parties. If, according to the legal enactments in force, the Parties may have such an obligation, they shall inform the other Party before transferring personal data, unless it is prohibited by the legal enactments in force.
- 5.5. Each of the Parties is independently responsible to the Data Subject for non-compliance with the rules for the protection and processing of personal data, and if the Party's responsibility is established, the Party must satisfy the Data Subject's claims in connection with the personal data breach and its prevention, as well as pay the administrative fines related to the personal data breach and reimburse the sums of damages awarded by the court judgement.
- 5.6. The Parties undertake to destroy the personal data provided by the other Party as soon as the need to process them ceases.

6. BUSINESS ETHICS

- 6.1. By signing the Contract, the Buyer certifies that he/she/it has familiarized him/her/itself with the basic principles of business ethics of business partners of the Latvijas dzelzceļš Group published on the website of the Latvijas dzelzceļš Group www.ldz.lv (hereinafter referred to as the *Basic Principles*), complies with them and undertakes to strictly observe them in the future and ensure that they are also observed by its employees and subcontractors involved in the performance of the Contract.
- 6.2. The Buyer is obliged to immediately inform the Seller if a situation has been identified where any of the *Basic Principles* has been violated, as well as to inform about the measures taken to resolve the situation and prevent its recurrence in the future. In the event that such information is not provided, but the Seller becomes aware that the Buyer has violated any of the *Basic Principles*, further cooperation will be evaluated in accordance with the procedure and scope established by the law of the Republic of Latvia.
- 6.3. If, as part of the performance of the Contract, information comes to the Buyer's disposal or reasonable suspicion arises that an employee of the Seller's company personally or through an intermediary requests, receives, offers any kind of tangible assets, property or other benefits to any persons with the intention of obtaining certain illegal decisions, obtaining illegal benefits or advantages or achieving the other selfish goal in the personal interests of the Seller or any other persons, the Buyer is obliged to immediately inform the Security Service of the controlling company of the Latvijas dzelzceļš Group, using the reporting options on the Group's website www.ldz.lv. The notification must include information, facts or materials that reliably indicate the said activities or provide reasonable grounds to suspect such activities. Latvijas dzelzceļš guarantees that the information will be comprehensively and objectively evaluated and that no unjustified negative consequences or actions will be directed against the whistleblower, as well as the company he/she represents and its other employees.

7. FORCE MAJEURE CIRCUMSTANCES

- 7.1. In the event that one of the Parties cannot fully or partially fulfil its obligations under this Contract due to the following circumstances – fire, natural disaster, war, blockades, ban on exporting or importing goods and similar circumstances, the Parties must extend the deadlines for the fulfilment of the contractual obligations by the duration of these circumstances, respectively.
- 7.2. If the force majeure circumstances referred to in Clause 7.1 of the Contract last for more than a month, each Party has the right to refuse further performance of the contractual obligations.
- 7.3. The Party for whom the fulfilment of the contractual obligations has become impossible must notify the other Party in writing of the beginning of the above-mentioned circumstances, submitting relevant evidence, and their end no later than within 5 (five) working days.

8. DISPUTES SETTLEMENT PROCEDURE

- 8.1. All disagreements related to this Contract are settled by negotiation between the Parties.
- 8.2. Each Party has the right to send a claim to the other Party in writing in accordance with the procedure specified in Clause 10.4. The claim must be justified and documented. The Parties agree that claims will be considered within 10 (ten) days from the time of their receipt.
- 8.3. The obligations of the Parties arising from this Contract are negotiable according to the regulatory enactments of the Republic of Latvia.
- 8.4. If the Parties cannot come to an agreement within 1 (one) month from the time the dispute arose, the disputes shall be resolved in the court of general jurisdiction of the Republic of Latvia.

9. TERM AND TERMINATION OF THE CONTRACT

- 9.1. The Contract enters into force on the day of its mutual signing and remains in force until the obligations of the Parties have been fulfilled in full.
- 9.2. The Contract can be terminated by mutual written agreement of both Parties.
- 9.3. The Seller has the right to unilaterally terminate the Contract in any of the following cases:
 - 9.3.1. if the Buyer has not complied with the deadline for payment of the Property specified in Clause 2.3;
 - 9.3.2. if the Buyer has become a tax debtor or its insolvency proceedings have been announced, its economic activities have been suspended or terminated or its liquidation proceedings have been initiated;
 - 9.3.3. if the Contract cannot be performed because international or national sanctions or sanctions imposed by a Member State of the European Union or the North Atlantic Treaty Organization affecting significant financial and capital market interests have been applied to the Buyer during the performance of the Contract.
- 9.4. If the Contract is terminated in accordance with the provisions of Clause 9.3, the Seller sends a written notification to the Buyer in accordance with the procedure specified in Clause 10.4. In the case specified in Clause 9.3.1, the Contract is considered terminated within the term specified by the Seller, which cannot be shorter than 5 (five) working days from the day of sending the letter, but in the cases specified in Clauses 9.3.2 and 9.3.3, the Contract is terminated immediately.

10. OTHER PROVISIONS

- 10.1. Any amendments and additions to the Contract shall be made in writing and shall be added to this Contract as an integral part thereof after signature.
- 10.2. The Buyer is not entitled to fully or partially transfer the rights and obligations specified in this Contract to third parties without the written consent of the Seller.
- 10.3. If one Party to the Contract changes its legal status, location, bank details, etc., then this Party shall immediately notify the other Party with a letter signed by a person who has the right to represent the relevant Party.
- 10.4. The Parties agree that any notification, request or other information and communication to be submitted or requested or permitted under this Contract shall be submitted in writing and shall be deemed submitted if it:
 - 10.4.1. has been submitted personally or has been delivered by a courier or delivery service provider – on the day of actual delivery, as evidenced by the other Party's confirmation of receipt of the document;
 - 10.4.2. has been sent by registered post to the address of the other Party specified in the details of the Contract – on the seventh day after the date indicated in the stamp of the postal authority for accepting the registered post for sending;
 - 10.4.3. has been sent by e-mail to the e-mail address of the other Party specified in the details of the Contract – on the second working day.
- 10.5. In the cases referred to in Clause 10.4 of the Contract, if the documents are submitted in accordance with the above on a day that is not a working day or after normal working hours, they are considered to have been received on the next working day. A working day in the sense of this Contract is a day from Monday to Friday, except in the event that the relevant day is a holiday or a public holiday in accordance with the regulatory enactments of the Republic of Latvia.
- 10.6. Reorganization of the Parties or change of their managers cannot be grounds for suspension or termination of the Contract. In any event and in the case that either Party is reorganized or liquidated, the Contract shall remain in effect and its terms shall be binding on the Party's successor.
- 10.7. Matters not stipulated in this Contract are resolved by the Parties in accordance with the regulatory enactments in force in the Republic of Latvia.
- 10.8. The Contract is drawn up in Latvian, in two copies, one copy for each Party, both of which have the same legal force. /The Contract is drawn up in Latvian in the form of an electronic document, signed together with the annex/-es with a secure electronic signature containing a time stamp. Date of signature of the Contract is date of last attached secure electronic signature and its time stamp.
- 10.9. The Contract has the following annexes on the day of its signing: _____.

11. DETAILS AND SIGNATURES OF THE PARTIES

- 11.1. **The Seller:** LDZ ritošā sastāva serviss SIA, unified registration number 40003788351, legal address: Turgeņeva iela 21, Rīga, LV-1050, Latvia, current account: LV26RIK0000084909460, bank code: RIKOLV2X, bank: Luminor Bank AS Latvijas filiāle, tel.: +371 67232853; e-mail: ldz_rss@ldz.lv.
- 11.2. **The Buyer:** _____, unified registration number _____, legal address: _____, current account: _____, tel. _____, e-mail: _____.

On behalf of the Seller:

Date:

On behalf of the Buyer:

Date: