General Terms and Conditions of TheCellar

1. Scope of the General Terms and Conditions (hereinafter referred to as "GTC")

1.1 Subject of the mobile app and web application

TheCellar Ltd, 71-75 Shelton Street, London, WC2H 9JQ, United Kingdom (referred to as " **TheCellar**" in these GTC) offers a technical platform facilitating the access, contribution and sell-off of fine wine holdings on behalf of its registered customers (referred to as “**Customers**”) via its application software for mobile phones and web-browsers (referred to as" **App**" in these GTC). The fine wine purchases (referred to as “**Collection**”) is managed in the form of an execution-only mandate by Cult Wines Limited, Clockwork Building 45 Beavor Lane London, W6 9AR, UK (referred to as "**Cult Wines**" in these GTC) in accordance with the principles set out in these GTC.

1.2 Exclusive provision via App / language

The functions and services offered in the App are provided exclusively via the electronic means of the App. The legally binding language of the App is English.

1.3 Validity of the terms and conditions

The functions and services of the App are to be used by the Customer in accordance with these GTC. These GTC apply to the entire business relationship between the Customer and TheCellar. The Customer explicitly acknowledges that he has taken notice of and understood the Risk Information provided by TheCellar.

The latest version of these GTC and the Risk Information can be found, viewed and downloaded on the website www.jointhecellar.com. When registering in the App, the Customer explicitly agrees to these GTC.

For the sake of simplicity, Customers in these GTC are uniformly written in the male form.

1.4 Safekeeping and license

The fine wine purchased by the Customer are kept in safe custody by TheCellar's appointed custodian.

Investing directly in wine through TheCellar is not regulated by the Financial Conduct Authority and is not covered by the Financial Services Compensation Scheme. Any potential investment in wine may go up or down in value. Therefore, the Customer accepts that investing in wine may expose him to a significant risk of losing some or all of the money invested.

2. Registration in the App

A prerequisite for the use of the functions and services of the App is a successful registration in the App. The App is aimed at people who are of legal age and have full legal capacity and act in their own name and as beneficial owners for their own account.

To register, the Customer needs personalized security features and authentication instruments in order to identify himself as a Customer in the App and to authorize individual orders. In addition to his personal data, the Customer stores his mobile phone number in the App as an identification code and defines a six-digit personal identification number (PIN). With the personal identification code and the PIN, the customer receives access to his holdings in the Collection respectively Virtual Wallet. The specified mobile phone number is queried and confirmed by an SMS OTP.

Depending on the holding amount in the Collection, further information such as professional background, tax domicile, proof of identity and source of wealth must be provided by the Customer.

When registering, personal data is collected from the Customer about first name, surname, and email address. In the "Profile" section there is an overview of the data stored by TheCellar (incl. for and on the behalf of any of its service providers, as applicable). This data can be updated by the Customer. As proof of a change in the residential address, the Customer sends a new address proof or comparable document to TheCellar via the agreed communication channels. Name changes must also be evidenced by the Customer.

Registering on the App gives the Customer the non-transferable right to use the services in accordance with these GTC. With the termination of the services, the right to use the App also ends.

TheCellar is entitled to reject any registration application in its own discretion.

3. Appointment of TheCellar

TheCellar is a technical platform enabling the Customer to access and manage his holdings in the Collection. To that end, TheCellar offers various technical services (referred to as the “TheCellar Services”) in relation to virtual wallet, payment and wine purchase facilitation as further described in these GTC.

As the facilitator acting for and on behalf of the Customer, and as the technical interface between the Customer and any service provider, the Customer explicitly appoints TheCellar, and TheCellar hereby accepts such appointment, to act in respect of and agrees that

- TheCellar is authorized, for its own purposes and on behalf of its service providers, to store the Customer’s personal data.
- TheCellar is authorized, for its own purposes and on behalf of its service providers, to identify the Customer’s identity under anti-money laundering law using a video identification process, an alternative digital identification process or a personal process.
- TheCellar is authorized on behalf of the Customer to keep an up-to-date unit registry reflecting the Customer’s fine wine holdings in the Collection.
- TheCellar is authorized to keep a virtual wallet on behalf of the Customer as per clause 5 below.
- TheCellar is entitled to process payment transactions of the Customer in connection with providing any of its services.
- TheCellar is entitled to debit fees incurred in connection with providing any of the services.
- TheCellar is entitled to hold a bulk account at any service provider on behalf of all its Customers to facilitate the payments process associated with the buy and sell of fine wine.
- TheCellar is authorized to execute the direct debit mandate and the courier power of attorney given by the Customer.

4. Appointment of Cult Wines

4.1. Cult Wines is duly appointed by the Customer, and Cult Wines hereby accepts such appointment, to act on the Customer’s behalf in respect of the selection, oversight, purchase, storage and insurance (together referred to as “Cult Wines Services”) of fine wine comprising the Collection.

4.2. Specifically, and in addition to the general obligations associated with its appointment, Cult Wines is responsible for the following:

a) Taxes, levies, duties and imposts, including VAT, which apply to the supply of the Collection or the performance of any Cult Wines Service:

- will be borne by Cult Wines, if the price at which Cult Wines supplies such Collection or service is expressed to be inclusive of the particular taxes, levies, duties and imposts.
- all fine wine will be delivered into a facility suitable for storage of the Collection as determined by and at the discretion of Cult Wines ("Storage Facility"). By default the storage account is set-up at LCB Melksham under the name of TheCellar. This will give TheCellar (and its Customers) title and ownership of the assets stored under the HMRC Reserve Customer code (which was provided to TheCellar upon opening of the storage account, and will be centrally stored).

b) Insurance:
- Cult Wines will take out and maintain a policy of insurance which covers the Collection for their declared replacement value against the risks of physical loss, destruction and damage, at all times from actual receipt of the Collection into the Storage Facility until they are sold in accordance with the liquidation procedures set out in clause 4.2.d).
- Such policy of insurance will be subject to maximum limits in the aggregate and for each loss or series of losses, and will be subject to exclusions, limitations and other terms as set out in the policy terms and conditions. Cult Wines will upon request promptly provide to the Customer a copy of the terms and conditions of the insurance policy taken out.

c) The liability of Cult Wines to the customer in respect of the Collection insured pursuant to clause 4.2.b) is limited to the proceeds actually recovered under such policies of insurance, less: any excess paid in respect of the claim; and any other costs (including, but not limited to, legal and administrative costs) incurred in making or pursuing such claim, and, in the case of a claim also involving property of a customer or customers of Cult Wines other than the Customer, will be the same proportion of the insurance proceeds recovered as the value of the property of the Customer which has been lost, destroyed or damaged bears to the value of all of other customers' property which has been lost, destroyed or damaged.

d) Liquidation Procedures: Cult Wines will value the Collection and arrange for its sale on the Customer's behalf. Cult Wines is accordingly authorised to do and undertake any acts it may consider necessary or desirable in order to facilitate such a sale, whether by auction, private bargain or otherwise. Cult Wines will try to sell the Collection at the best price obtainable within 98 days. Prior to the liquidation of the Collection, Cult Wines may, but is not obliged to consult with the Customer regarding a minimum or reserve price they will accept. Cult Wines does not charge fees or commissions for the sale of the Collection, however, expenses may be incurred if the Collection is sold through a third party such as an auction house. These expenses will be borne by the Customer.

4.3. The Customer acknowledges that the nature of the Collection is such that Cult Wines cannot and do not warrant:

- the quality, drinkability, fitness for use or purpose or freedom from defect or deterioration of the fine wines, either at the time of acquisition or at the time of liquidation or otherwise;
- or the market value or appreciation in value of the Collection.

4.4. Without limiting clause 4.3, and to the fullest extent permitted by law:

a) Cult Wines expressly excludes all warranties, conditions and representations, whether express or implied, and whether contained in statute or common law.

b) To the extent to which such warranties, conditions and representations cannot be excluded or restricted, these terms will be read subject to those warranties, conditions and representations.

c) Subject to clause 4.2.b., Cult Wine's liability is limited, at its option:

- in the case of the Collection – to replacing the Collection or re-supplying equivalent products, or paying to the customer the cost of such replacement or re-supply; and
- in the case of the Cult Wines Services – to supplying the services again or paying to the customer the cost of having the services supplied again.

4.5. Sub-contracting: Cult Wines may in its discretion sub-contract the performance of any part of its obligations under these GTC. Such sub-contracting will not reduce Cult Wines obligations nor liability under this GTC.

4.6. Deposits: The cash funds transferred to Cult Wines for the purpose of purchasing the Collection, are held in trust by Cult Wines with their bank account. Cult Wines agrees to keep TheCellar funds segregated from other funds held by it, and to use all reasonable care in safeguarding such funds in accordance with applicable laws.

5. Virtual Wallet and Linked Account

Upon successful registration, TheCellar opens a virtual wallet (referred to as "**Virtual Wallet**“) for the Customer on its technical platform to facilitate the associated payment processes, to process transactions within the App as well as to reflect the holdings of the Customer in the Collection.

To subscribe to plans with his Virtual Wallet, the Customer can transfer EUR or GBP or USD to the bank account indicated by TheCellar within the App. Alternatively, the Customer can use his credit or debit card, or any other purchase option offered by Stripe Payments UK Ltd., to add EUR or GBP or USD to his Virtual Wallet. To that end, TheCellar uses Stripe's infrastructure and payment platform integration.

In addition, the Customer can link a current or payment account in Europe with a bank of his choice (referred to as the "**Linked Account**"), so that money that the customer placed in the App are transferred from the Linked Account to the Virtual Wallet via SEPA direct debit from the bank in Europe and then used to purchase new holdings in the Collection. Any proceeds from the sale of Collection holdings are facilitated by the Virtual Wallet and then transferred to the Linked Account by SEPA transfer.

Funds that are reflected in the Virtual Wallet do not constitute a deposit. The balance in the Virtual Wallet does not earn any interest.

TheCellar is entitled to deny the opening of a Virtual Wallet or to link a Linked Account at any time and in its own discretion.

In the “Dashboard”, "Savings" and “Saving Assets” section of the App, Customers can find information about their allotments and holdings:
- Current composition of the Collection (e.g. name and reference of the wine)
- Current market price of the wine
- Overview of all purchases and sales of individual wines incl. trading information
- Overview of all contributions and selloffs orders
- Nominal and percentage returns including costs.

6. Contribution and sell-off orders

(1) Collection composition

Cult Wines is appointed to purchase the fine wine for the Collection. The selection, and changes thereto, are based on the execution-only mandate given to Cult Wines to compose a high return performing Collection, with a target investment horizon of 7 to 10 years for each of its holdings.

The Collection consists of investment grade wine from, typically, Bordeaux, Burgundy, Rhone and Champagne in France, Tuscany and Piedmont in Italy and the New World Napa Valley, Chile and Argentina. These wines must meet Cult Wine investment grade criteria and must be certified with full provenance.

The Collection itself is an open-end Collection. The tactical and strategic asset allocation is reviewed ongoingly by Cult Wines and accessible via the App.

(2) Diversification of the Collection holdings

The fine wines are selected according to several criteria: Brand, Producer History, Vintage Quality, Critic Score, Vintage Production, Supply (availability on the market), Historical price performance, Comparative price analysis, Market Trends, Drinking Window and Scheduled re-scores.

(3) Order placement and payment processing

The App offers two different ways of making purchases in the Collection: one-off contributions, or via a regular savings plan.

(A) One-time purchases

a) Placing an order

The Customer can make one-off purchases in the Collection. To do this, he sets the amount in the App and then confirms the placement to TheCellar to add the amount to the Collection according to the latest Collection unit value displayed in the App. The Customer hereby issues the instruction to transmit the order for further execution and purchase of the fine wine. Cult Wines will then execute the order and once it has been completed, the new holdings are posted to the Customer's Virtual Wallet.

An order from the Customer is only executed and TheCellar is only obliged to forward an order to Cult Wines when the required amount of money is available on the Virtual Wallet. A resulting delay between the Customer placing the order and the execution of the order can result in a lower market price for fine wine than the market price at the time the order was placed.

b) Payment processing

If the Customer has sufficient moneys in his Virtual Wallet, TheCellar will debit the Virtual Wallet and transfer the money to the bank account of Cult Wines who will use these funds to purchase the fine wine.

If the Customer has not sufficient moneys in his Virtual Wallet, TheCellar will instruct, on the basis of the Customer's authorization to the bank in Europe to collect the contribution amount from the Linked Account, the debit and transfer of the money to the Virtual Wallet (SEPA direct debit mandate). The customer is informed of the amounts withdrawn from the Linked Account. The amount transferred from the Virtual Wallet to the bank account of Cult Wines is used to purchase the fine wine.

c) Validity of the execution principles

Since the execution of the order is carried out by Cult Wines, and due to the fact that there is no high liquidity exchange market for fine wines, Cult Wines is authorized to make their own independent decision as to whether the fine wines are acquired from any exchange, seller or other trading venue.

d) Weekly order execution

Furthermore, TheCellar collects all Customers' orders and aggregates them with possible amounts of money to be contributed from the savings plan (see below under (2)) and forwards them collectively to Cult Wines, importantly considering these are segregated orders at original and should not be considered collective investment schemes. The customers' aggregated orders are executed each week on the first business day of that week (only insofar as this is a banking day on which the order can be forwarded to the bank of Cult Wines; otherwise the aggregated orders will be forwarded to the bank of Cult Wines on the next possible banking day). This can also result in a delay between the Customer placing the order and the execution of the order, which can result in fine wine having a worse price than the exchange price at the time the order was placed. In order to treat all Customers equally, TheCellar calculates and applies an average rate when allotting the purchased fine wine units to the Customers' Virtual Wallets.

e) OTP procedure option

For certain orders (e.g. orders above a certain amount or with a certain frequency or due to other circumstances at TheCellar's reasonable discretion), TheCellar can introduce a one-time-password (OTP) procedure in addition to the authorization by the identification code and the PIN when registering in the App. In this case, a binding order can only be placed by entering the relevant OTP.

f) Notification of non-execution of an order

If the execution conditions according to the preceding paragraphs are not given, TheCellar will not execute the order and inform the Customer of the non-execution and, as far as possible, of the reasons for it, as well as the options for remedying the reasons that led to the rejection.

g) Deadlines for placing orders

The cut-off time by when a contribution or sell-off order must be placed is set to 23:59pm CET on each Sunday, and transferred on the first business day of that week.

If an order is received after this cut-off time, the order is deemed to have been received for the following week's placement cycle.

A business day is every day on which banks in London are open for normal business dealings.

g) Revocation of a customer order

An order placed by the Customer in the App is binding once it has been confirmed in the App. Due to the weekly order execution, an order can be revoked by the customer towards TheCellar until the direct debit mandate is executed. The revocation can be made via the communication channels as per clause 7. The revocability of an order that is already transferred to the bank of Cult Wines is not possible.

(B) Savings purchase plans

A savings purchase plan can be set up in the App for automatic monthly purchases. The savings plan contains the Customer's order to regularly contribute the specified amounts for the purchase of the corresponding fine wines in accordance with the Collection. An order from the Customer for each individual contribution is then not necessary.

The paragraphs above under (A) apply accordingly.

(C) Redemptions & Withdrawals

Under the button “Redeem”, the Customer has the opportunity to order the sale of part or all of the holdings with TheCellar. As in the case of a contribution, and in the case an offsetting with a corresponding contribution order of other Customers is not possible, TheCellar forwards the redemption order to Cult Wines for further execution. The proceeds from the sale of the fine wine holdings are paid into to the Virtual Wallet.

Under the button "Withdrawal", the Customer has the opportunity to retrieve the money amounts held in his Virtual Wallet with TheCellar and get the instructed amount then transferred to the Linked Account by a SEPA transfer.

The paragraphs above under (A) apply accordingly.

7. Communication

The Customer agrees that information will be transmitted to him on a permanent data carrier other than paper, insofar as this is permitted by law. In particular, all information, documents, messages, contracts can be provided by sending it to the customer's email address. The Customer authorizes TheCellar to receive addressed declarations, messages and information from third parties as a messenger and to forward them to him.

The Customer can communicate with TheCellar either via email to the support@jointhecellar.com email address, or via the facebook messenger (Mon-Fri 9 am-5pm) accessible on TheCellar’s website.

For the avoidance of doubt, the fine wines are bought and sold exclusively via the App; Customers cannot instruct orders outside of the App.

8. Availability of the App

TheCellar will take all reasonable measures in the form of maintenance work and system updates to ensure that the App is functional, and the Customer has access to the App. Due to unforeseen technical problems or maintenance work, there may be short-term or long-term impairments in the use of the App. The Customer will be immediately informed of these events by TheCellar.

9. Plans, Fees, Reserves and Bonuses

The Customer has to select among three plans that are offered by TheCellar:

- The **Start Small** plan. This plan requires a minimum of €25.- contribution every month, and targets a net return of 3% per year.
- The **Grow Strong** plan. This plan requires a minimum of €100.- contribution every month, and targets a net return of 4% per year.
- The **Dream Big** plan. This plan requires a minimum of €250.- contribution every month, and targets a net return of 5% per year.

The plan purchase options utilized by TheCellar are subject to market risks, please see clause 12. Customers are advised to purchase only what they can afford to lose. The targeted net return assumes yearly returns compounded for the period listed. Projections generated regarding the likelihood of various outcomes are hypothetical in nature, provided for educational purposes only, do not reflect actual return results, are not individualized, are not intended to serve as the primary or sole basis for investment decisions, and are not guarantees of future results.

TheCellar charges no custody or account fees and no transaction fees from the Customer for the holding, purchase and sale of fine wine.

For each of the plans above the following mechanism applies:

a) TheCellar charges a 3% yearly platform fee on the Collection holdings to the Customers, on a monthly pro rata basis. These fees are deducted from the gross Collection value at the end of each financial year.

b) TheCellar calculates the net performance of the Collection value by deducting the fees under clause 9.a). from the gross Collection value. If this net Collection value is greater than the targeted yearly plan's net return, the resulting difference will be allocated as follows:

aa) 75% of such difference will be allocated to the so-called reserves. Such reserves will be invested into conservative uncorrelated assets and have the function to be used at the end of each financial year, if the net Collection value is below the yearly targeted net return of the plan for that financial year, to compensate such underperformance as much as advisable and within the sole discretion of the TheCellar. TheCellar will publish the amount of reserves accumulated for each year in its yearly financial statements.

bb) 25% of such difference will be allocated to the so-called bonuses. Such bonuses will be paid out to the Customer on top of the plan’s targeted yearly net return. These additional returns are credited to the Customer’s Savings latest three months after the end of each financial year.

10. Excluded benefits

(1) Exclusivity of the specified Collection

Only the fine wine comprising the Collection offered in the App can be purchased via TheCellar. Other fine wine investments or other financial instruments available on the market cannot be obtained from TheCellar.

(2) No so-called best-in-class approach with regard to fine wine

TheCellar does not guarantee that the fine wine comprised in the Collection are the best in their class (“Best in Class”). There is no obligation on the part of TheCellar to replace a fine wine with another fine wine in the Collection, even if such an exchange appears sensible according to objective standards (performance, costs, sustainability, etc.). In the event that one or more fine wines are removed from the Collection and replaced with new fine wine, the Customer will be informed.

(3) No promise of return

TheCellar cannot give the Customer any assurance that the Collection and the fine wine will generate the expected return in the future. The Customer alone bears the risk of a negative performance of the Collection.

(4) No investment advice

TheCellar does not provide investment advice. With offering a Collection, TheCellar does not want to be understood in the meaning that the Collection is a suitable investment for the Customer. Because in order to check the suitability of a Collection, TheCellar would have to request additional information from the Customer, which the App does not provide, such as his investment goals, knowledge and experience, financial circumstances and his willingness to take risks and his investment horizon. This information would be necessary so that TheCellar could assess whether the Collection selected by the Customer represents a suitable investment for the customer.

The Customer is advised to request professional investment advice for such a suitability test and to only carry out this suitability test himself if the Customer sees himself in a position to do so on the basis of his knowledge and experience with investments, securities, real estate or similar transactions.

(5) Advice-free business without an adequacy test

The Collection offered in the App or the fine wine provided therein are conveyed to the Customer by TheCellar by way of advice-free business without carrying out an appropriateness test. The customer became aware of the App without any advice activities related to him and therefore purchases the fine wine on his own initiative. He instructs TheCellar to make use of the legal option not to check whether he has the necessary knowledge and experience to understand the functioning and the risks of wine investments. The customer declares that he has the necessary knowledge and experience or that he has obtained this himself by viewing the info documents, the markets and the cost information for fine wine investments.

(6) No asset management

TheCellar does not provide asset management for the Customer. The App does not authorize TheCellar to buy or sell fine wine or to make other dispositions about the Collection at its own discretion and without instructions from the Customer. TheCellar will also not exercise any rights of the Customer from the wine collection in his favour.

(7) No legal and tax advice

TheCellar does not provide legal or tax advice. It will not take into account any specific tax concerns of the Customer. The Customer is advised to consult a legal and tax advisor, if necessary, to examine the legal and tax implications of the investment.

11. Customer's duty to cooperate

(1) Exclusive access to the App

The Customer is obliged to establish the technical connection to the App exclusively via the access channel of the App provided.

(2) Confidentiality of the personalized security features

To prevent misuse by other people, the personalized security features (PIN and, if applicable, OTP) and authentication instruments (mobile phone) must be kept secret and kept safe from access by other people and only transmitted to TheCellar via the electronic access channels provided in the App. In particular, with regards to the personalized security features, the customer undertakes that

- these are not stored on other than the intended storage media and not entered outside the access channels of the App,
- third parties are not able to access it,
- spying during input is prevented and
- these are not used for more than one application.

(3) Use of secure hardware and software

The Customer must install the latest system security updates on the mobile devices, end devices and web browsers that he uses for the App, as well as use commercially available hardware.

(4) Verification of the order data

If an order is to be confirmed by the Customer, the Customer must check the information for correctness before confirming it and, in the event of discrepancies, cancel the order. The Customer must immediately inform TheCellar of irregularities and abnormalities in connection with the order.

(5) Changes to personal information

Changes to personal data such as name, address, email address, connection of his reference account and telephone number must be reported by the Customer immediately.

(6) Acknowledgment of the email messages

The messages sent to the email of the Customer by TheCellar are deemed to have been received at the end of the day on which they were sent.

(7) Lock notification

In the event that the Customer becomes aware of a loss, theft or improper use of a personalized security feature or an authentication instrument, the Customer must inform TheCellar of this immediately and, as applicable, notify the police.

(8) Usage block by TheCellar

a) Blocking of use at the request of the Customer

TheCellar blocks access to the App at the request of the Customer, in particular in the case of a blocking notification. The Customer can have a block of use initiated by him lifted by email or telephone after he has personally identified himself.

b) Usage block at the instigation of TheCellar

TheCellar is entitled to block the Customer's access to the App at its own discretion in the following cases:

- if there is a risk of any of the circumstances of a loss, theft or improper use of a personalized security feature or an authentication instrument;
- if TheCellar is entitled to terminate the contract with the Customer for an important reason.

TheCellar will inform the Customer by phone or email, stating the relevant reasons, if possible before, but no later than immediately after the block.

(9) Checking the accuracy of information

The Customer must immediately check all communications and information from TheCellar for correctness and completeness and raise any objections immediately.

12. Risk information

Every investment is fraught with opportunities and risks. Therefore, with below risk information TheCellar would like to give the Customer an understanding of the risks of wine investments and related services. The value of the fine wine purchased is subject to fluctuations on the market. The price of the fine wine can rise or fall; in the most extreme case, the invested amount can be completely lost.

(1) General investment risks

Economic risk:

Economies do not develop evenly but are subject to cyclical fluctuations with phases of upswing and downturn, high phases and low phases. These cycles can last for several years or even decades and have an impact on the performance of investments. In phases of downturn, the value of the investment can be negatively affected. If the Customer does not take into account the economic development or does not take it into account correctly and thereby makes or holds an investment at an unfavourable time, there is a risk of price losses.

Inflation risk:

Inflation risk is the risk that currency devaluation will lead to a reduction in real assets and income. If inflation is greater than the return on an investment, the result is a loss of purchasing power. In this case, one speaks of negative real interest, which means a loss in real income.

Country, transfer, payment transaction risk:

If the debtor is resident abroad, despite his ability and willingness to pay, there may be a delay or failure of payments if the foreign state influences capital movements or the transferability of its currency. The background could be economic or political instability. This country or transfer risk can lead to a financial disadvantage for the Customer.

Currency risk:

In the case of investments in a foreign currency, the real return on the investment may differ from the nominal return on the investment. If exchange rates develop unfavourably, this change in exchange rate alone can lead to a financial disadvantage for the Customer. If the foreign currency depreciates against the Customer's currency, the exchange rate may cause a depreciation on repayment.

Volatility:

The prices of investments show fluctuations over time. The volatility describes the extent of these fluctuations. The higher the volatility of an investment, the stronger the price swings up and down. Accordingly, investing in capital investments with a higher volatility is riskier because it is associated with a higher risk of loss.

Liquidity risk:

The market value of investments is subject to fluctuations. A certain period of time may elapse between the order to buy/sell an asset and its execution. This period depends on how liquid the market is. For liquid investments, there is usually a sufficient number of buyers and sellers to ensure continuous and smooth trading. In the case of illiquid investments or in market phases in which there is insufficient liquidity, however, there is no guarantee that an investment can be sold at short notice and at low price discounts. This can lead to asset losses if, for example, an investment can only be sold with price losses.

Risk of loan-financed security purchases:

If capital investments are financed by borrowing or if additional loans are taken out for the investment by borrowing on the securities, this leads to a leverage effect of the capital employed. This can significantly increase the risk for the Customer. If the value of the capital investment falls, the loan may have to be repaid with additional funds and the Customer is forced to sell the capital investments. In the case of lent investments, if the value of the investment falls, the lender may demand additional collateral and, in the event of non-fulfilment, demand the loan amount back.

Tax risks:

Income from investments is subject to tax for the Customer. Taxes and duties reduce the investor's actual return. A change in the tax framework for investment income can lead to a higher tax and contribution burden. In addition, investments abroad may be subject to double taxation. Tax policy can have a positive or negative effect on price developments on the capital markets as a whole.

Cost risk:

Costs have a significant impact on the return because the costs have to be covered before a profit can be made. Banks, financial service providers and fund providers charge management fees, commissions and other costs for their services. In addition to the price of the capital investment, various costs, such as transaction costs or commissions, are incurred when buying and selling them. In addition, follow-up costs, such as deposit costs, must also be taken into account. Great care must therefore be taken with the costs of an investment.

(2) Special Risks of investing in fine wine

Issuing costs:

When investing in fine wine, front-end loads and internal administration and management costs may apply. It should be noted: The amount of the initial charge and administration and management costs can vary. Ongoing administration and management costs add up over a longer holding period. With a short holding period, on the other hand, purchasing fine wine with a high initial charge can be more expensive. The subscription fee and administration costs may not be incurred if the underlying wine are purchased directly, or not in the same amount.

Risk of falling unit prices:

Declines in the price of the fine wine contained in the Collection are reflected in the unit price of the Collection.

Risk concentration:

The more a Collection is specialized, for example in a certain region, the more pronounced the return and risk profile. On the one hand, this means higher price opportunities, on the other hand, it is associated with a higher risk and higher volatility.

Risk of misinterpretation of performance statistics:

Performance statistics are used to compare the management success of fine wine investments. However, they require interpretation and are only conditionally suited to reflect the investment success for the Customer. For example, a front-end load is often not taken into account. For a future-related investment decision, past-related performance information does not provide reliable assistance.

Risk of transfer/termination of special assets:

Under certain conditions, the Collection's special performing fine wine assets can be transferred to another buyer. In this case, the continuation of the remaining Collection may only be possible at worse conditions and there is a risk that the Customer will lose profits.

(3) Special Risks in the Processing of Wine Orders

Price risk:

The relevant fine wine exchange price may change disadvantageously between the time the order is placed and the execution on the fine wine exchange. Even if orders on the fine wine exchange are generally executed quickly and reliably, delays cannot be completely ruled out.

Course suspension:

In special situations, the fine wine exchange can temporarily suspend price fixing in order to prevent sharp price fluctuations. In this case, a buy or sell order will not be executed on a domestic fine wine exchange and will expire. The respective customs apply at a foreign exchange.

13. Liability

(1) General liability regulation

TheCellar will carry out the tasks assigned to it with the care of a prudent businessman. It is only liable for actions and omissions in connection with this contract for intent and gross negligence, unless there are essential contractual obligations that endanger the achievement of the purpose of the contract or the fulfillment of which enables the proper execution of the contract and on compliance with which the Customer as contractual partner may regularly trust. In the event of a breach of such cardinal obligations, liability is limited to foreseeable damage that is typical for the contract. In the event of injury to life, body and health, liability remains in accordance with the general legal regulations.

(2) Liability from the execution of an order

TheCellar fulfils an order from the Customer by forwarding it to Cult Wines (forwarded order). TheCellar's liability is limited to the careful selection and instruction of Cult Wines.

(3) Business or technical disruption

TheCellar is not liable for damage caused by force majeure, riot, war or natural events or other events for which it is not responsible (for example, strike, lockout, traffic disruption, orders from high authorities at home or abroad). TheCellar will not be liable for any loss or damage caused by a virus, or other technological attacks or harmful material that may infect your computer equipment, computer programmes, data or other proprietary material related to your use of TheCellar Services.

(4) Contributory negligence

If the Customer has contributed to the occurrence of damage through culpable behavior (for example by breaching his obligations to cooperate), the principles of contributory negligence determine the extent to which the Customer has to bear the damage.

14. Term and termination

(1) Ordinary right of termination by the Customer

The Customer can terminate the business relationship with TheCellar at any time in writing or by email.

(2) Ordinary right of termination by TheCellar

TheCellar can terminate the business relationship with a period of three months in writing or by e-mail. If the Customer objects to a change to these GTC or the list of prices / services in good time, the notice period is 1 month. In this case, the notice period begins with the receipt of the Customer's objection to TheCellar.

(3) Termination for good cause

The right of both parties to extraordinary termination without the obligation to observe a notice period remains unaffected.

(4) Pending transactions

After a notice of termination or any other end of the business relationship, pending transactions will be settled.

(5) Customer death

In the event of the Customer's death, the business relationship with the Customer automatically expires. Pending transactions will be processed by TheCellar as soon as possible at the time of knowledge of the death.

15. Cancellation information

(1) Right of withdrawal

You can revoke your contract declaration within 14 days without giving reasons by means of a clear declaration. The timely dispatch of the cancellation is sufficient to meet the cancellation deadline if the declaration is made and sent to e-mail support@jointhecellar.com.

(2) Consequences of cancellation

In the case of an effective cancellation, the mutually received services are to be returned. The Customer is obliged to pay compensation for the service provided up to the point of revocation. Obligations to reimburse payments must be fulfilled within 30 days. The period begins for the Customer when he sends the declaration of cancellation, for TheCellar with its receipt.

(3) Special instructions

If the Customer withdraws from this contract, the Customer is also no longer bound by a contract related to this contract if the related contract relates to a service that is provided by TheCellar or a third party on the basis of an agreement between TheCellar and the third party.

16. Final provisions

(1) Ineffective or impracticable provision

Should a provision of this contract be wholly or partially void or unenforceable, the validity of the remaining provisions will not be affected.

(2) Necessary changes to the GTC

Should, in particular, due to regulatory requirements, a change in the legal situation, the highest court rulings or market conditions, the need to change or supplement the terms and conditions arise, TheCellar can change or add to these contractual conditions and notify the customer in writing or by email. Editorial updates of the terms and conditions are also possible. The changes are considered approved if the Customer fails to do so in writing or by email to service@TheCellar.app stating the objection. The Customer must send the objection to TheCellar within one month of notification of the change.

(3) No verbal agreements

Oral side agreements were not made.

(4) Dispute settlement body

This Agreement is governed by English laws. The exclusive place of jurisdiction for all legal proceedings is London, UK. Mandatory places of jurisdiction prescribed by law remain reserved.