

FENCES SALES CONDITIONS

(In case of dispute, only the french version of the sales conditions is applicable)

FIRST -

The sales being public, admittance to the sales complex is free of charge. Viewing and inspection of horses can be dangerous, any person attending the sales will do so at his own risk and must comply with the safety regulations established by the FENCES Sales management. The owner-vendors of the horses and sales management will not be liable in case of an accident occurring to a visitor.

Vendors and Buyers are deemed to be acquainted with and to accept these Sales Conditions with no reservations. They apply to all transactions made at Sales organized by FENCES.

SECOND. - Public Auction Sales

In accordance with the law, Public Auction Sales are conducted by licensed Auctioneers appointed by Fences Société de Ventes Volontaires.

FENCES acts as the organizer of the sale and common agent for both the vendor and the buyer and provides technical and material assistance to the Auctioneers conducting the Sale.

These Sales conditions apply in all their particulars so long as they are not contrary to those announced prior to the Sale by the auctionneers and so recorded.

Agence FENCES and the Auctioneers accept no liability to Vendors or Buyers. More generally, Agence FENCES and the Auctioneers are liable in no way to buyers and vendors or to any third party for breach of these Sales Conditions.

THIRD. - Bidding

Payment in full for any lot purchased is immediately due.

Agence FENCES and the Auctioneers reserve the right to reject any bids made by individuals whose credit worthiness is not notorious. Such as for instance, any Bidder having an unpaid account with Agence FENCES.

In accordance with the law, bidding will be conducted excluding taxes and in euros; conversion into foreign currencies is only provided for information.

Should two or more Bidders make equivalent bids on the same horse at the same time, either spoken or by sign, and claim the horse at the same time at the fall of the hammer, the afore mentioned horse will be immediately reoffered for bidding opening at the last bid to have been taken and bidding open to everyone present. The horse will be knocked down to the highest and last bidder.

FOURTH. - Unacceptable Bid or 'Folle enchère'

Agence FENCES will have the right to re-sell any animal whose Buyer fails to make settlement for his purchase or to sign the acknowledgement of

Purchase, the same day (or the day after) after the last Lot of the day.

In the case FENCES considers the Buyer to not offer sufficient guaranties for the payment of his purchase, Fences is then authorized, should immediate payment not be made, to re-sell the Lot in the same Sales session under the procedure known as 'folle enchère' or unacceptable bid, after the last Lot of the day (or the day after), with no prior recourse to law, this sale is made at the sole risk of the defaulting Buyer whom will then become liable for the full amount of the sales tax applicable to the first sale as well as the 'folle enchère' or unacceptable bid sale to the vendor. In which case Agence FENCES, will only be liable to pay the vendor the amount realized from the second sale (folle enchère or unacceptable bid).

In case of a second sale by unacceptable bid or 'folle enchère' , unless Agence FENCES receives different instructions from the vendor, which will be given to the Auctioneer before the sale, the original Estimated Value will remain the same.

In the same conditions, if immediately after the fall of the Hammer, the Buyer is not found to sign the acknowledgement of Purchase, the horse will be re-sold during the same Sales session. In this case, Agence FENCES will accept no liability towards the vendor or the defaulting Bidder.

FIFTH. - Information to be supplied by the Seller

The seller agrees that his name or the name of the company that is the primary owner of his horse appears in the sales catalogue as owner or presenter of his horse.

It is vendor's responsibility to provide in writing prior to the Sale all declarations or information they wish to be made public. Agence FENCES and the Auctioneers are only answerable for the consistency of statements made by the vendor with those made to the public, but in no way for the accuracy or sincerity of the Seller's statement namely concerning description of the horses, their pedigree, place of birth, markings, earnings, future engagements, hidden defects under guarantee, applicability of VAT, etc... The seller is therefore responsible for reporting in writing before the sale, any error or omission in the catalogue so that an appropriate announcement can be made to the Public from the rostrum and therefore recorded.

Any Seller who does not provide Agence FENCES with a written correction of the information in the catalogue, regarding horses consigned by him, before the sale, shall be deemed to have verified such information and its accuracy shall therefore be his sole and entire responsibility.

The seller expressly permits Agence FENCES to use and particularly upload on the website www.fences.fr the horse images during the selections as well as the X-rays images and the count of their interpretation.

SIXTH. - Veterinary examination

Each horse has been examined by a veterinarian appointed by FENCES within 220 days preceding the date of the sale. X-rays of the fore feet are available for the buyers at the Sale Office and on the website www.fences.fr (See annexes). Agence FENCES will mandate a veterinarian to check that the official description of the animal conforms and of a clinical exam. In case of an inquiry, a vendor will have to agree to a blood test. He will, if asked to do so by the buyer will cross-examine the horse immediately, without FENCES being liable in case of mistake or wrong diagnosis.

SEVENTH. - Withdrawal

By registering his horse for sale, the seller undertakes not to sell it before the sale for which it was selected and to present it for sale at the time specified in registration form.

Only a health problem, supported by a veterinary certificate establishing the absolute impossibility to participate in the sale may justify its absence.

Failing this, the seller will be liable to Agence FENCES with a penalty equal to 20% excluding taxes of the estimated value of the horse indicated on his commitment form with a minimum of 5 000 euros (excluding VAT).

EIGHTH. - Certificates

The horses belonging to the Vendor must be accompanied by valid documents such as: a Stud-Book Certificate and Registration Card, a valid Passport and a Covering Certificate up to date mandatory vaccination for In Foal Mares.

These documents must be given by the Vendor to Agence FENCES before the sale. If the documents are not submitted in good time, the Vendor may be held responsible, without prejudicing the rights of Agence FENCES to refuse to put the animal up for auction.

Deposit and withdrawal of horses will only be possible when Agence FENCES is given all documents concerning all the horses in the Sale.

Deposit and withdrawal of documents will always occur in the Sales Office. Payment to the Vendor will only occur when he has given Agence FENCES the travelling documents.

NINTH - Guarantee concerning latent defects

Horses presented at public auctions are, save for special indications, sold according to the usage, without guarantee, in particular of hidden defects.

However, the seller must guarantee the buyer against latent defects, listed by article L213-1 and following of the Rural Code and not declared by it before the sale. Any action based on said latent defects must be brought by the buyer pursuant to the provisions of articles L213-1 and following of the Rural Code, i.e. within ten days of the sale, not including the actual day of sale with the exception of leptospirosis and swamp fever for which the timeframe is thirty days not including the day of sale. All timeframes expire on the final day at midnight. Any timeframe that would normally expire on a Saturday, Sunday or public holiday is extended to the next working day. Within said timeframes, the buyer must present to the Judge of the Magistrate's Court where the animal is based a petition in order to obtain the names of the experts responsible for giving a statement of the animal's examination. Failure to do so entails inadmissibility. Within same said timeframes, the buyer must notify the seller and the Fences Agency (by registered letter) of the presentation of its petition to the Judge of the Magistrate's Court.

The action of cancelling a sale, undertaken by the buyer, must be directly engaged against the seller whose name shall be supplied to it by the Fences Agency when it requires.

Under no circumstances may said action implicate the Fences Agency or the auctioneer who may not be held liable.

No complaint, even in the event of a latent defect, is admissible if the buyer has not paid the full amount of its purchase in cash. In the event of a latent defect, the funds shall be blocked at the Fences Agency.

TENTH. - Sale of a stallion or a broodmare

All vendors of broodmares will have to state precisely: the mare's produce record, year by year, since she first came to stud, identifying the missing products as still-born, died at birth or died in an accident; also, the date of the latest service and presumed stage of pregnancy.

The Vendor is responsible for the accuracy of such information. Any complaint by the buyer for a mistake or omission can only be filed against the Vendor.

The Vendor is authorized to ask the rostrum to announce the confirmation of stage of pregnancy by producing a veterinary certificate dated during the fifteen days before the sale. The buyer is authorized to have the mare examined by a veterinary surgeon approved by the Vendor within 24 hours of the sale and before the mare leaves the sales grounds.

Eventually, the Buyer of a filly is entitled, before the sale, to have the filly examined by a veterinary Surgeon appointed by Agence FENCES and on duty during the sale, to check on her capacity to be used as breeding stock, in particular her genital apparatus. For in-foal mares, the seller commits himself to pay the outstanding balance for the nomination in the autumn or at the time of foaling. Unless specified notifications, a stallion cannot be sold with a total guarantee of its fertilized semen. Moreover, in any case this criteria can cancel the sale.

ELEVENTH. - Additional guarantees

In addition to the guarantee concerning latent defects, the Fences Guarantee offers two additional guarantees to buyers of horses featuring in the current catalogue:

A mortality guarantee :

The Fences offers to the buyer a mortality guarantee for two months from the auction of the auction price including sales expenses. Said guarantee taken out through an insurance company under their terms, currently through Gras Savoye – Hipcover,

will be presented to the buyer when the accompanying documents of the horse have been collected.

A mediation insuring recovery of the unfit horse for three months :

In the event of a defect affecting a substantial quality of the purchased horse for a sporting use, the Fences Guarantee undertakes to successfully conclude a mediation between the buyer and the seller for THREE MONTHS from the auction.

The buyer may only avail of said guarantee under the following conditions:

- having paid the full amount of the auction of the horse,
- having sent to the Fences Guarantee and the seller by registered mail with acknowledgement of receipt a veterinary certificate stating the existence of defects affecting a substantial quality of the horse,
- accepting to return the horse within 15 days of receiving the complaint to the Fences Guarantee,
- accepting that the horse be the subject of possible treatments in agreement with the seller. Transport and livery expenses shall remain the responsibility of the buyer,
- it does not concern a visible defect, known to the buyer in particular through consulting the veterinary file made available to it by the Fences

Guarantee prior to auction, a defect, accident, natural weariness or an illness occurring after the sale and the use of the horse is normal.

Once treatment has been administered, and within a maximum timeframe of 60 days from the complaint being made, the horse is either fit again and returned with a fitness certificate to the buyer, or unfit and the buyer is reimbursed the amount stated on its purchasing invoice within the limit of ONE HUNDRED THOUSAND EUROS (€100,000). The guarantee is restricted to the return of the price mentioned on the purchasing invoice with the exclusion of all expenses or reparation for any other damage. Transport and livery expenses remain the buyer's responsibility.

Should the buyer contest the horse's fitness, parties shall agree to each appoint an expert, the experts jointly designating a third expert, and the matter shall be settled by common conclusion.

The seller may, in the event of a defect prior to the sale and unknown to the buyer concerning the substantial quality rendering the horse unfit, take back its horse at its own cost. He will receive an indemnity as agreed on the subscribe settlement.

Said conventional mediation guarantee is distinct and shall not replace those guarantees due by the seller in particular with regard to the conformity of the asset sold, stipulated in articles L 212-1 and following of the Consumption Code, to article 1603 of the Civil Code concerning the conforming delivery and to article 1648 of the Civil Code covering the guarantee concerning latent defects. Said guarantee is restrictively listed above.

Under no circumstances may the legal action concerning a seller's guarantee be brought against Fences, said guarantee shall not replace the seller who owes its guarantees to the buyer. Any legal action with regard to the sale must be taken against the seller whose name shall be communicated by Fences to the buyer upon the first request. Under no circumstances may said action implicate Fences who may not be held liable.

TWELFTH. - Responsibilities of Vendors

The sellers accept without reservation that their horses are sold. For the Elite Sales, horses for sale must arrive from Saturday (8:00 AM) and until Sunday (12:00 AM).

The Vendor will have to be present or represented while his horses are being sold so as to make any necessary decisions particularly in the event of an unacceptable bid.

In the case, the general health condition of a horse is obviously not satisfactory, FENCES has the right to refuse to present the horse at the Sale with no charge attached for FENCES. No penalty will be charged to the Vendor either.

The sales fees and charges to be paid by the Vendor to FENCES will be those stated in the Registration Form signed and accepted by the vendor when the horse was selected, they are subjected to VAT.

THIRTEENTH. - Responsibility of injury by or to the horse

Until the horse or the lots are sold, until the fall of the hammer, they remain the property of the seller, FENCES and the Auctioneer cannot be held liable for any injury, disease, accidents or damage the horse may incur or caused by him to a third party, whether it be inside or outside of the sales complex.

The risk of fire and the losses and damages remain solely with the Vendor. All loading and unloading of the horses or any handling operations during the sales shall be conducted for, at the expense and risk of the seller. Immediately after the bidding, the buyer substitutes himself to the seller for these liabilities.

The fact that FENCES agrees to conduct these operations on behalf of the Owner (Seller or Buyer) alters the terms of the present conditions in no way.

In addition, Buyers and Sellers are always free to conduct such operations themselves.

The buyer is entitled to take possession of its horse immediately following the auction. The Fences Agency agrees to keep the horse in the sale's establishment free of charge until the day after the last day of each auction. They shall not be held liable for accidents caused to horses or third parties during this period, save for established misconduct by one of their representatives or employees.

FOURTEENTH. - Sale with or without Reserve

1) If the case arises, the Vendor must notify FENCES and the Auctioneer in writing before the Sale the minimum price below which he does not want to sell. This price can in no way be superior to the one on which the Vendor agreed with FENCES when the horse was selected. In the absence of such written indication being submitted before the Sale, it shall be deemed to be made without reserve.

2) Nevertheless, since the Sale is voluntary, the Vendor or his representative can always bid for his own horse and buy back the animal he has presented if he considers the bid to be too low. In case of a re-purchase by the Vendor or his representative, he shall bear all charges and fees and responsibilities the Buyer would have born.

3) In case of a without reserve sale, if the seller estimates that the price proposed is not enough, he will necessarily rebid in order to buy back the horse. In that case, he will notified it on the purchase paper. Through those conditions, he'll just have to pay the re-purchase charges as it is mentioned on the subscribe settlement.

FIFTEENTH. - Sale for Dissolution of Partnership

When a sale is required to dissolve a partnership between co-owners, the sale will necessarily be without reserve, so that a co-owner can never be able to re-purchase or withdraw his share of the partnership. On the other hand, any one of the co-owners may bid on the whole horse and have it knocked down for himself, in which case, the fees will only be due on the percentage which he did not previously own.

SIXTEENTH. - Payment Procedures

All Public Auction Sales are deemed to be for Immediate payment

After the fall of the hammer, only the vendor can authorize the successful bidder to settle his debt at a future date by a written statement on his own precise terms. FENCES must be notified of the existence of this written statement.

SEVENTEENTH. - Payment by buyer - Release of Registration Papers

In case of non-payment, FENCES will inform the successful bidder by receipted registered mail:

that he has eight clear days to settle his debt;

that after that time interest of 1% per month as of the first day of the Sale, shall be due retrospectively on the total invoice.

that FENCES reserves the right to hand the file over to its lawyer who will undertake collection.

that all fees and charges involved in the collection by FENCES have to be paid by the debtor, they will never be inferior to 10% of the amount to be collected.

In case of hidden defects, or cancellation of the sale, the money shall be held by FENCES.

Any bidder is deemed to be bidding for himself unless he can provide a written power of attorney from the person for which he has bid. The successful bidder whose name is officially recorded will be liable for his purchase in case of default of his principal. All payments shall be made through FENCES and will be demanded in total for the net amount stated on the invoice. Payment of the lots exported out of France must be conducted through an intermediary agreed to by FENCES. Only when total payment of their invoices is made can the successful bidders be given their exit papers delivered by the Sales Office.

Payment will include the knock-down price as well as the Sales charges. These charges as well as the price are to be paid immediately, before the documents are given out, otherwise the horse may be re-sold on the grounds of «fol enchère» or unacceptable bid.

EIGHTEENTH. - Vendor's Conditional Sales Clause

Until full payment of the Sale's price, additional charges and eventually interest due, the sold horses will remain the property of the Vendor. The Vendor may claim the horse wherever he is and namely in a public place or a private property in the case the horse has left the Sales Complex. A simple Court Order of the President of the competent Trial Court will suffice to claim possession of the unpaid animals.

NINETEENTH. - Settlement to the Vendor

FENCES guarantees to settle with the Vendor within a period of 30 (Thirty) days of the date of payment of the horse by the Buyer, in any case this payment cannot occur within a period of (30) (thirty) days of the day of Sale.

Moreover, FENCES reserves the right to set off against sums due to the Vendor, sums owed by the same Vendor at the time of the Sale.

TWENTIETH. - Exit Papers

No horse, whether sold nor unsold may leave the Sales Complex without its Exit Papers. They may be claimed at the Sales's Office.

The Vendor expressly authorizes FENCES to issue the vouchers and allow the sold lot out of the Sales Complex and releases FENCES from any liability concerning this departure.

Before taking possession of their horse, the Buyers must present themselves at the Sales Office to pay their invoice and therefore be given the Exit Papers required for removal of the lot.

Exit papers will be signed by Buyers or their representatives, certifying the delivery of the horse(s).

All horses must have left the Sales Complex at the latest the next morning of the last day of the sale at 12:00 (twelve) am. Any additional stay will be billed to the Owner (Vendor or Buyer) on the basis of 18 euros (eighteen) per day and per horse.

TWENTY FIRST - Buyer's charges, vendor's charges

At Public Auction as well as private sales, the buyer will have to pay a 12,5% Sales' Charge (excluding VAT), in addition to the Sale price.

The horses are sold either with or without VAT, but the Sale's price never includes VAT. The tax position regarding each horse is stated in the catalogue under the Vendor's responsibility.

The horses sold with VAT fall into seven categories:

- 1) The Buyer is registered for VAT in France : a 20% VAT is charged on the Sale's price.
- 2) The horse is on a Temporary Import Bond (deductible VAT):
 - a) The Buyer is a French Resident : a 20% VAT is charged on the Sale's price, whatever the Buyer's tax position (recoverable VAT for registered tax-payers within the legal conditions)
 - b) The Buyer is a Non-resident and wishes to keep the horse on the Temporary Import Bond : no deductible VAT is charged, but the cost of transferring the temporary Import Bond is borne by the Buyer.
 - c) The Buyer is a foreigner (ECC or non-ECC) and wishes to reexport the horse: No VAT is charged.
- 3) The buyer is not registered for VAT: 20%.
- 4) The horse is re-exported immediately to an ECC country :
 - a) If the Buyer is registered for VAT in his country of residence, his European VAT Number must be given to FENCES, and at is only condition is VAT not charged. This number will appear on the Sale's invoice.
 - b) The Buyer is not registered for VAT in his country of residence : a 20% VAT is charged in addition to the Sale's price.
- 5) The horse is immediately exported to a Non-ECC country: a 20% VAT deposit will be required and reimbursed when official documents stating exit from national territory are provided.
- 6) The horses sold for breeding use exclusively are submitted to a VAT rate of 5,5% instead of 20%. Buyers must eventually mention this option, under they're full liability, on the purchase form.
- 7) Horses sold both for breeding and sport are subject to VAT at 5,5% on behalf the part of value due to breeding use. Buyers must eventually mention this option under they're full liability, on the purchase form.
- 8) Bids and auction prices are always given VAT excluded.
- 9) Fences declines any responsibility, particularly regarding legal and tax matters of a false statement of VAT status. of the seller or/and buyer. It's the same for export regime of the acquired lot.

The horses sold without VAT are the property of owners not registered for VAT.
The sale's charge to be paid by the vendor are subjected to 20% VAT

TWENTY SECOND - Private Sales

For each horse whose Inscription form has been accepted by FENCES and which would be sold privately with or without the involvement of FENCES, even if the transaction takes place outside of the Sale's Complex within the four months preceding or following the Sale for which he was entered, the vendor will be held responsible to FENCES for payment of the sums it would have received in case of a sale at the estimated value under which the horse was entered for a minimum of 5 000 euros (excluding VAT).

TWENTY THIRD - Guarding foal Article

In case of a foal sold during the Elite Sales would not be of weaned age, the buyer and the vendor will be able to enter into a free accommodation agreement at the vendor's place not later than the age of 6 months.
This agreement will stipulate that the transfer of the foal in the seller place is free of charge, the buyer exonerates the seller of any liability in the event of death or accidental depreciation of the foal, for any reason.

TWENTY FOUR - Online bidding

Possibility is given to the bidders to do it online during physical sessions by following guidelines on our website. In case of simultaneous offers between physical and online bids, the physical will have priority under the responsibility and sole judgement of the auctioneer.

TWENTY FIVE - Resolutive clause

Notwithstanding all other contractual provisions, if, for any reason whatsoever, the successful bidder has not fully paid the hammer price and all costs within the period stipulated in article 16, the sale will be cancelled by operation of law, if Agence FENCES sees fit, FIFTEEN days after a simple payment order has been issued and has remained unfruitful, and containing a declaration by Agence FENCES of its intention to take advantage of the present clause.

The successful bidder will also bear all possible legal costs, in addition to a fixed indemnity equal to 10% of the hammer price and interest of 1% per month on the total amount of the invoice, which will be invoiced retroactively from the 1st day of the sale.

TWENTY SIX - Embryos Transfert

Some mares might have been used for embryo transplantations the year of the sales. Unless otherwise noticed, the foal to be born the year after the sale remains in the ownership of the seller. Frozen embryos not yet implanted at the time of the auction become the property of the buyer at the fall of the hammer. The Seller will provide the information's to Agence Fences, under his own responsibility, so that Agence Fences can advise the potential buyers on request.