

GENERAL TERMS AND CONDITIONS OF ONLINE SALE AKTEM

Preamble

These General Terms and Conditions of Sale are deemed to be known and expressly accepted by both sellers and buyers.

AKTEM shall not be held liable in the event of any malfunction, display failure or inability to access the websites www.aktem.fr where such difficulties are attributable to the user's internet service provider, network congestion, the use of unsuitable equipment or any other cause beyond AKTEM's control.

Similarly, AKTEM shall not be held liable for any telecommunications failure or temporary unavailability of the website www.aktem.fr resulting from maintenance or update operations.

These General Terms and Conditions of Sale apply to all transactions carried out by AKTEM. They are governed by the French Act of 10 July 2000 and Decrees No. 2001-650, 651 and 652 as amended relating to voluntary sales of movable property by public auction, by the Act of 20 July 2011 and Decree No. 2011-850, as well as by the applicable provisions of the French Commercial Code.

Article 1 – Scope of Application – Mandate – Nature of Sales

AKTEM acts as agent on behalf of the seller, who grants it full and complete authority (subrogation) for all transactions relating to the sale, including in particular invoicing and collection of the sums due.

These General Terms and Conditions of Sale apply once they have been accepted by potential bidders when applying for approval on the www.aktem.fr platform prior to the sale. They are appended to and recorded in the official sale report.

For the purposes of the applicable regulations, any private sale relating to a horse presented at auction by AKTEM which, following a buy-back by the seller, subsequently gives rise to a transaction carried out with the assistance of AKTEM in accordance with the regulations in force, shall be deemed equivalent to a public auction sale.

AKTEM's liability may not be sought by the seller or the buyer beyond the contractual limits thus defined and accepted by the parties. More generally, any failure to comply with the conditions of sale shall in no event give rise to liability on the part of AKTEM vis-à-vis buyers or third parties.

Article 2 – Sale Procedures – Bidding – Award of the Lot – Default of Payment

In accordance with the legal provisions in force, bids are expressed and placed in euros, being legal tender.

2.1. Registration for the Sale

Only persons who have been approved in advance by AKTEM are authorised to place bids. To this end, they must register on the website www.aktem.fr by creating a customer account and submitting an application for approval in accordance with the procedure provided for this purpose.

Once a personal access code has been issued, the bidder may securely connect to the auction platform.

2.2. Placing Bids

Any potential bidder must identify themselves on the website www.aktem.fr and follow the bidding procedure described, validating their bid by entering their personal access code.

Each validly recorded bid is confirmed by email sent to the bidder. Likewise, any overbid gives rise to notification being sent to the relevant underbidder.

2.3. Closing of the Sale – Auction Closing Procedure

For sales conducted exclusively online, the auction shall close at a fixed time, displayed by a countdown indicating the time remaining to place a bid.

During the final minute prior to the scheduled closing time, the auction shall enter a final bidding phase, inspired by traditional auction room practice, during which bidding may continue until its natural close.

AKTEM shall then successively announce the following calls:

“the hammer is up”;

“last time”;

“last call”.

Upon completion of these calls, and in the absence of any further bid, the lot shall be knocked down to the highest and final bidder.

Any bid placed during this final minute shall cause the entire final bidding phase to recommence, and such phase shall be repeated as many times as necessary until no further bids are received and the hammer may fall.

2.4. Outcome of the Sale

An email informs bidders of the outcome of the sale. The holder of the final bid is deemed to be the successful bidder and becomes the owner of the lot. Collection of the lot shall take place upon presentation of a release order issued by AKTEM to the successful bidder.

AKTEM reserves the right to refuse approval and, consequently, to refuse the bids of any bidder who does not present sufficient creditworthiness. In particular, any bidder who has failed to settle a previous purchase from AKTEM or from any other sales organisation shall be deemed not to offer sufficient creditworthiness.

In the absence of immediate payment, any unpaid lot may be re-offered for sale by resale at the bidder's risk ("folle enchère"), following an unsuccessful formal notice, without judicial formalities, at the risk and expense of the defaulting bidder. The defaulting bidder shall be required to pay the difference between the initial hammer price and the price obtained upon resale, without being entitled to retain any surplus, which shall accrue to the seller. AKTEM shall be the sole judge of the existence and the terms of such resale at the bidder's risk, in all cases.

In the event of default by the successful bidder, AKTEM may re-offer the horse for sale, without any price difference potentially recorded being claimable from it.

Article 3 – Seller's Declarations – Information Disclosed to the Public

Each seller is required to provide, in writing and prior to the sale, all declarations intended to be disclosed to the public, under their sole responsibility.

AKTEM guarantees solely the consistency between the declarations provided by the seller and those disclosed to the public, and may not be held liable for the accuracy or truthfulness of the information supplied, in particular with regard to VAT regime, identification of the horses, their origins, markings, earnings, race entries or redhibitory defects.

It is the seller's responsibility to notify AKTEM in writing, prior to the sale, of any error or omission appearing on the lot page, so that such information may be corrected on the relevant page and recorded in the official sale report.

In the absence of written correction submitted prior to the opening of the sale, the seller shall be deemed to have approved the published information and shall bear full responsibility for it.

Article 4 – Veterinary File – Examination of Horses – Health Certificate

AKTEM specifies that buyers are offered, with the consent of the relevant sellers, the possibility of consulting prior to the sale, through a veterinarian of their choice and at their own expense, the medical file of the horses presented and, where applicable, of having them clinically examined within the limits of the protocol established by the French Equine Veterinary Association.

A health certificate drawn up by the seller's veterinarian may, at the seller's initiative, be prepared and made visible on the lot page accessible via the website www.aktem.fr.

Where applicable, the website www.aktem.fr indicates the existence of a veterinary file available for consultation within the repository made available by AKTEM.

Article 5 – Required Documents – Health Obligations – Conditions of Presentation

A negative Coggins test certificate, issued less than thirty (30) days prior to the date of the sale, must be submitted to AKTEM; failing production of this document, the animal may not be presented for sale.

For horses originating from abroad, the export certificate must have been transmitted by the Jockey Club of the country of origin to France Galop. The deposit and withdrawal of documents shall be handled through AKTEM. Payment to the seller may only take place once AKTEM is in possession of all required documents.

Horses entered by the seller must be accompanied by all documents required by AKTEM, namely: the registration card, the duly validated accompanying document or the identification booklet certifying that vaccinations are up to date, the health certificates specific to each category of horse, the health certificate, the veterinary certificate specific to stallions, as well as, for in-foal mares, the covering certificate, regardless of the nature of the covering agreement.

Prior to each sale, AKTEM shall specify the detailed list of documents to be provided by the seller.

Such documents must be submitted by the seller to AKTEM prior to the sale.

The seller's liability may be incurred in the event that such documents are not submitted within the required time limits, without prejudice to AKTEM's right to refuse to present the animal for sale.

Article 6 – Seller's Warranties

Horses offered for sale by public auction are sold with the sole statutory warranty of title provided for under the French Rural Code (Articles L.213-1 and R.213-1 et seq.), to the exclusion of any other warranty, subject to the contractual warranties set out below relating to stable vices, abnormal inspiratory noises and locomotor ataxia.

Contractual Warranties

The buyer may request rescission of the sale in the event of a stable vice, abnormal inspiratory noise or ataxia as defined below, provided that the relevant defect was not announced on the page of the relevant lot via the website www.aktem.fr prior to the sale.

6.1. Stable Vices

Habitual and repetitive stable vices, such as crib-biting, wind-sucking, weaving and box-walking, must be announced on the page of the relevant lot; failing such announcement, the buyer shall be entitled to seek rescission of the sale.

Accordingly, any lot, unless described as such, may be returned if:

- (a) it wind-sucks (i.e. habitually draws in or swallows air without gripping a fixed object with its incisors) or crib-bites (i.e. habitually draws in or swallows air while gripping a fixed object with its incisors);
- (b) it has undergone surgery intended to correct wind-sucking as defined above, including crib-biting;
- (c) it weaves habitually (i.e. habitually sways its head and neck from side to side and alternately transfers its weight from one foreleg to the other);
- (d) it box-walks habitually (i.e. habitually walks back and forth or in circles in the box, repeatedly and without reason).

6.2. Abnormal Inspiratory Noises

Any lot described as a **Yearling**, **Two-Year-Old**, or **Store** may be returned if:

- (a) it is a roarer (a roarer being a horse that emits a characteristic abnormal inspiratory noise during strenuous exercise and whose endoscopic examination reveals laryngeal hemiplegia or recurrent laryngeal neuropathy);
- (b) it has undergone a tracheotomy or any other surgical procedure intended to correct roaring (procedures intended to treat dorsal displacement of the soft palate, including "tie-forward" procedures, cauterisation of the soft palate, soft palate reduction and myectomy, shall not be considered roaring correction procedures for the purposes of this subsection);
- (c) it emits an abnormal inspiratory noise during strenuous exercise and suffers from:
 - (I) rostral displacement of the palatopharyngeal arch (fourth branchial arch defect); or
 - (II) chondroma or severe chondritis of the arytenoids; or
 - (III) cleft palate; or

- (IV) epiglottic entrapment; or
- (V) sub-epiglottic cyst,

unless it has been described as such or as "making a noise" without qualification.

Any lot described as a **horse in training or presented ridden** may be returned if:

- (a) it is a roarer (in the case of a horse in training, a roarer being a lot that emits a characteristic abnormal inspiratory noise during strenuous exercise, ridden if possible, and whose endoscopic examination reveals laryngeal hemiplegia or recurrent laryngeal neuropathy);
- (b) it has undergone a tracheotomy or any other surgical procedure intended to correct roaring (excluding the procedures referred to above),

unless it has been described as such.

6.3. Locomotor Ataxia

Any lot affected by locomotor ataxia (or cervical vertebral stenotic myelopathy, or Wobbler syndrome) may be returned pursuant to this Article.

Procedure Applicable to the Three Above-Mentioned Grounds for Rescission

In the event of a stable vice, abnormal inspiratory noise or locomotor ataxia, the buyer may request rescission of the sale by submitting a claim to AKTEM no later than 5:00 p.m. on the seventh (7th) day following delivery (the day of delivery not being included), by postal or electronic mail to contact@aktem.fr, together with a veterinary certificate, at the following address:

AKTEM, 6 bis avenue de la République, 14800 Deauville, France.

The seller shall be informed of the claim and of the report drawn up by the veterinarian appointed by the buyer.

At the seller's request, sent to AKTEM in writing within four (4) days following receipt of the buyer's veterinarian's report, an amicable adversarial expert examination may be ordered by AKTEM. Such examination shall be carried out by a veterinarian designated by AKTEM, each party being entitled to be assisted by its own veterinarian.

Failing agreement between the parties following such counter-examination, the buyer may refer the matter to the competent courts in accordance with ordinary legal remedies. For this purpose, the buyer shall have a limitation period of thirty (30) days from receipt of the amicable expert report.

Redhibitory Defects

In addition, the seller shall warrant the buyer against the redhibitory defects listed in Article R.213-1 of the French Rural Code, where such defects were not declared prior to the sale.

Any action based on such redhibitory defects must be brought by the buyer in accordance with Articles R.213-3 et seq. of the French Rural Code, i.e. within ten (10) days of delivery (the day of

delivery not being included), except for periodic ophthalmia and infectious anaemia, for which the period is extended to thirty (30) days (the day of delivery not being included).

All time limits expire on the last day at midnight. Any time limit expiring on a Saturday, Sunday or public or non-working holiday shall be extended to the next working day.

Within such time limits, and on pain of inadmissibility, the buyer must file an application with the judge of the district court of the place where the animal is located in order to obtain the appointment of experts tasked with establishing the examination report of the animal.

Within the same time limits, the buyer must bring one of the actions arising from the existence of a redhibitory defect as defined in Articles L.213-1 to L.213-9 of the French Rural Code.

Within the same time limits, the buyer must notify AKTEM of the filing of its application with the district court judge and send a veterinary certificate specifying the defect (by registered letter with acknowledgment of receipt), to:

AKTEM, 6 bis avenue de la République, 14800 Deauville, France, and/or contact@aktem.fr.

Veterinary Records and Arbitration

A health certificate, separate from the repository, drawn up by the seller's veterinarian may, at the seller's initiative, be produced and, where applicable, made available on the lot page on www.aktem.fr.

The individual veterinary file of a horse presented for sale is compiled by the seller with the assistance of its veterinarian. It may contain radiographs, endoscopy videos, tendon ultrasounds, and any other documents the seller considers useful to bring to the attention of the buyers' veterinarians. The compilation of the veterinary file is the sole and exclusive responsibility of the seller.

AKTEM shall indicate the existence of a veterinary file by the mention "**AKTEM Repository**" displayed on the lot page on www.aktem.fr.

AKTEM provides a repository for the uploading and consultation of veterinary files. Use of the repository is subject to specific terms and conditions, which each user (seller, buyer and veterinarian) undertakes to comply with. The files are dated less than thirty (30) days prior to the sale and remain the property of the seller after the sale. Consultation of files provided by sellers is strictly reserved to veterinarians appointed by buyers.

Any veterinarian consulting a file undertakes to comply with the confidentiality of the information obtained. In the case of a file hosted on the repository, the veterinarian also accepts the terms of use available on www.aktem.fr.

AKTEM shall not be liable in the event of errors of conformity or veterinary identification, illegibility of files, or malfunction of equipment used in the viewing rooms.

Each veterinarian acting on behalf of a buyer shall consult the veterinary file and, where applicable, carry out any additional veterinary examinations at its own responsibility and expense, within the limits of the protocol established by the Association of Equine Veterinarians.

In the event of an accident caused to or by a horse examined by a prospective buyer or its veterinarian, they alone shall be liable and shall bear all direct and indirect consequences; sellers and buyers undertake not to seek AKTEM's liability on any grounds whatsoever.

Any buyer who, either personally or through its appointed veterinarian, has had or could have had access to the information available in the designated areas is deemed to be aware of its content and may not rely on it to obtain rescission of the sale.

Failing access to such information or in the absence of a veterinary file, if within thirty (30) days following the day of the sale the buyer considers that the horse is affected by a defect, the buyer must inform the seller of its intention to resort to an amicable adversarial expert examination in order to assess the merits of its claim.

Such examination shall be carried out without delay by a veterinary expert approved by both parties or, failing such approval, appointed by AKTEM. The duration of the examination may not be relied upon by the seller as a ground of inadmissibility of any subsequent action. The parties may undertake, save for procedural defects, to accept the conclusions of the expert.

In all cases, any action for rescission of sale brought by the buyer must be directed directly against the seller, whose name shall be communicated by AKTEM upon first request. Such action must imperatively be brought within thirty (30) days from receipt of the amicable expert report. Under no circumstances may such action involve AKTEM, which shall not be held liable.

No claim, even in the case of a redhibitory defect, shall be admissible if the buyer has not paid the full purchase price. In the event of a redhibitory defect or dispute (see Article 11), the funds shall be held by AKTEM.

Broodmares

Any seller of broodmares must specify on the page of the relevant lot: the mare's produce year by year since her entry at stud; for deceased progeny, the indications "stillborn", "died at birth" or "died accidentally"; the date of the last covering; the presumed state of pregnancy; any abortions; and twins.

The seller shall be responsible for the accuracy of such information. Any action by the buyer for error or omission may only be brought against the seller. Where important information appearing on the lot page at the seller's request proves to be incomplete or inaccurate, the sale may be rescinded at the buyer's request within thirty (30) days following the sale.

The seller may have confirmation of the state of pregnancy announced on the lot page by producing a veterinary certificate drawn up within eight (8) days prior to the sale.

The buyer shall be entitled to have the broodmare examined by a veterinarian approved by the seller within twenty-four (24) hours following the sale and before she leaves the place of stabling. If the pregnancy diagnosis proves contrary to the seller's declarations, the sale shall be automatically rescinded.

Any broodmare sold as "empty" after indication that she has been covered and which subsequently proves to be "in foal" must be returned to the seller. The seller shall reimburse the buyer the purchase price increased by interest at a rate of six per cent (6%) per annum, the sale costs and the cost of livery at the applicable rate, within fifteen (15) days of the buyer's registered letter informing the seller that the broodmare has been found to be in foal. The buyer may, however, elect to retain the broodmare by reimbursing the seller solely for the covering fee, without any additional costs. If the buyer allows the mare to foal, the buyer shall be deemed to have accepted payment of the covering fee, whether or not the foal is born viable.

A prospective buyer of a filly coming out of training may, prior to the sale, request the seller's authorisation to have her examined by a veterinarian approved by the seller in order to assess her suitability for breeding, in particular the condition of her reproductive organs.

Identification of Lots

In the event of an investigation, the seller undertakes to authorise, at its own expense, the blood sampling required or any other operation necessary to establish the identity of the horse.

Sellers undertake that the animals presented for sale have received the mandatory vaccinations required by the French Code of Racing.

Horses sold pursuant to a court decision are sold **as is**, without any warranty whatsoever, pursuant to Article 1649 of the French Civil Code.

Article 6 bis – Screening for Prohibited Substances

The procedure and provisions set out below shall apply solely to the lots designated hereafter and shall in no way amend the conditions of sale relating to payment of purchases in cash.

For the purposes hereof, a "lot" shall mean any horse, with the exception of mares already covered and stallions.

The buyer may not seek cancellation of the sale where the administration of one or more of the substances referred to above has been the subject of a veterinary certificate and an announcement on the lot page via www.aktem.fr.

6b.1. A lot shall be returned to its vendor owner if the presence of one or more prohibited substance(s) is detected in the blood sample taken from such lot within a maximum period of forty-eight (48) hours following the adjudication. All costs incurred by the buyer shall then be borne by the seller.

6b.2. Any sampling of the lot shall be carried out under the following conditions:

- a) The buyer must give AKTEM an irrevocable instruction to take a sample from the said lot and to have it analysed for the possible presence of one or more prohibited substance(s).
- b) The sampling instruction given by the buyer must be made immediately after the purchase of the lot by signing the specific clause of the sale confirmation form provided by AKTEM. Only an instruction given in accordance with this procedure shall be accepted by AKTEM.
- c) Upon acceptance of the sampling instruction by AKTEM, a member of the veterinary team designated by AKTEM shall take a sample from the said lot within a maximum period of forty-eight (48) hours following the adjudication. Any time limit expiring on a Saturday, Sunday or public or non-working holiday shall be extended to the next working day.
- d) The sampling shall consist of two blood samples (A and B).
- e) Sample B shall be analysed only in the event that the seller requests a confirmatory analysis, in a laboratory of his choice, in accordance with the provisions of the French Code of Racing.

6b.3. The results of the blood analysis of the lot and the decision arising therefrom shall be communicated exclusively to the buyer and the seller.

6b.4. In the event that one or more substances belonging to the above-mentioned categories are detected, the decision shall be notified to the seller and the buyer, and AKTEM shall not be held liable for any losses or expenses incurred by either party as a result of such decision.

6b.5. Where the buyer exports the lot outside the European Union or the United Kingdom before AKTEM has been informed of the results of the blood analysis carried out on the said lot, the buyer shall be required to retain the lot and to pay the full purchase price, even if the results reveal the presence of one or more prohibited substance(s).

6b.6. In all other cases, should the buyer decide to return the lot to the seller, such decision must be notified to AKTEM by postal or electronic mail within seven (7) days from the date on which AKTEM informs the buyer of the positive result of the analysis of sample A. The decision must be notified in writing to AKTEM at its registered office: AKTEM, 6 bis avenue de la République, 14800 Deauville, France, and/or at contact@aktem.fr, and shall be processed by AKTEM only if expressly accepted by it.

6b.7. Failing such notification, the buyer shall be required to retain the lot and to pay the full purchase price.

6b.8. Upon acknowledgement by AKTEM of receipt of the buyer's notification of refusal of the sale, AKTEM shall notify the seller, who shall then have a period of seven (7) days from receipt of such notification to request a confirmatory analysis. During the period of the confirmatory analysis, the lot shall remain under the buyer's responsibility.

6b.9. The buyer shall bear all risks relating to the lot from the moment of adjudication until publication of the screening results.

6b.10. From receipt by AKTEM of the buyer's notification referred to in paragraph 6 above, and in the absence of a request for a confirmatory analysis by the seller, the sale shall be automatically rescinded and the seller shall make his own arrangements for recovery of the lot from the buyer.

Under no circumstances shall the return of the lot to AKTEM's premises be accepted. Where the result of the analysis of sample B confirms the presence of the substance(s) detected in sample A, the sale shall likewise be automatically rescinded.

6b.11. Where the buyer returns the lot to the seller in accordance with the above provisions, the seller shall:

- a) pay to AKTEM, upon presentation of an invoice, all costs and expenses paid by AKTEM in connection with the sampling and analyses, together with the commissions provided for under the conditions of sale applicable to buyers and sellers, as if the sale had not been rescinded;
- b) indemnify AKTEM against all costs and expenses of any nature arising from its decision and which AKTEM may have to bear (procedural costs, service of proceedings, etc.).

6b.12. Subject to the provisions of paragraph 11 above, the buyer shall pay to AKTEM, upon presentation of an invoice, the costs and charges relating to the sampling and blood analysis of the lot.

6b.13. All notifications relating to the present provisions shall be made in writing and sent by postal or electronic mail to the seller or the buyer at the address indicated on the sale entry form or on the purchase confirmation slip, as applicable, or at their usual domicile or registered office. Such notification shall be given or deemed to have been given on the date of its receipt by the addressee.

Article 6 ter – Piroplasmosis

The procedure and provisions set out below shall apply solely to the lot and shall in no way amend the conditions of sale relating to payment of purchases in cash.

For the purposes hereof, a "lot" shall mean a foal, yearling, two-year-old, horse in training, mare or filly in training or out of training, broodmare or stallion.

6ter.1. Unless it has been published and announced on the lot page via www.aktem.fr as positive for piroplasmosis without qualification, a lot shall be returned to its vendor owner where a blood sample taken from such lot at the buyer's request no later than the day following the sale, at the horse's place of stabling by the veterinarian designated by AKTEM, and analysed by an approved laboratory using the Elisa + IFAT methods, reveals seropositivity to *Theileria equi* and/or *Babesia caballi*, in accordance with the standards and thresholds defined by the OIE.

6ter.2. Any sampling of the lot shall be carried out under the following conditions:

- a) The buyer must give AKTEM an irrevocable instruction to take a sample from the said lot and to have it analysed in order to detect any potential seropositivity to equine piroplasmosis.
- b) The sampling instruction given by the buyer must be made in writing to AKTEM on the day of the sale; AKTEM shall appoint a veterinarian to take the sample within a maximum period of forty-eight (48) hours following the adjudication at the horse's place of stabling. Only an instruction given in

accordance with this procedure shall be accepted by AKTEM. Any time limit expiring on a Saturday, Sunday or public or non-working holiday shall be extended to the next working day.

c) The buyer undertakes to bear the costs of sampling and analysis.

6ter.3. The results of the blood analysis of the lot and the decision arising therefrom shall be communicated to the buyer and the seller with the utmost discretion.

6ter.4. The decision shall be notified to the seller and the buyer, and AKTEM shall not be held liable for any losses or expenses incurred by either party as a result of such decision.

Article 7 – Sellers' General Obligations

The seller undertakes to offer for sale only horses in respect of which it holds full, complete and undisputed ownership.

Article 8 – Liability for Damage Caused by or to the Animal

Until the award of the lot, the horses remain under the exclusive responsibility of the seller. AKTEM may not be held liable for accidents, illnesses or damage of any kind suffered by the animals or caused by them to third parties, whether such events occur inside or outside the place of stabling.

The risks of fire, loss or deterioration remain entirely at the seller's expense until the award of the lot.

Each potential purchaser consults the veterinary file and, where applicable, carries out any additional examinations at their own responsibility and expense, within the limits of the protocol established by the Association of Equine Veterinarians.

In the event of an accident caused to or by a horse examined by a potential purchaser or their veterinarian, the latter shall bear sole responsibility for the direct and indirect consequences thereof, sellers and buyers waiving any action against AKTEM.

As from the award of the lot, the purchaser bears all risks and shall arrange transport of the lot as soon as possible.

Failing removal of the horse within eight (8) days from the award, and subject to full payment of the price, daily stabling fees shall be invoiced by AKTEM, which shall transfer such fees to the presenter of the horse upon effective receipt of the funds.

Loading, unloading and movement operations relating to the lots are carried out at the seller's cost, risk and expense until the award, and thereafter at the purchaser's cost, risk and expense.

Article 9 – Sale Without Reserve

As the sale is voluntary, the seller or its agent retains the right to buy back the animal presented for sale where it considers that the level of bidding is insufficient, provided that such intention is declared by the seller itself or by its duly authorised agent by means of a written power of attorney.

Such declaration must be made to AKTEM at the time of the buy-back and shall be recorded in the official sale report. The seller shall bear all costs relating to such buy-back.

Article 10 – Sale for Dissolution of Co-Ownership

Where a sale is organized for the purpose of dissolving an association between co-owners, it shall be conducted without reserve for the entire horse.

Each co-owner may nevertheless bid on the entire Lot on his or her own behalf. In such case, buyer's charges shall be payable only on the share acquired, and buy-back charges on the share already held.

Where a co-owner acquires the share of another partner, AKTEM shall be released from its payment guarantee vis-à-vis the seller, who shall be paid only after actual receipt of the price from the purchaser.

Article 11 – Settlement to the Seller

AKTEM guarantees payment to the seller for each animal sold, in the amount of one half of the price thirty-five (35) days after the last day of the sales, the balance being paid sixty (60) days after said date.

This payment guarantee shall lapse where the seller is not up to date with its own payments to AKTEM.

Likewise, the payment guarantee shall not apply in respect of a defaulting bidder (*fol enchérisseur*), nor in respect of a seller who has expressly approved the successful bidder, notwithstanding any

request by AKTEM for resale at the defaulting bidder's risk. In such cases, the seller shall be paid only after actual receipt of the funds by AKTEM.

Any measure or action, in particular any seizure, action for rescission of the sale brought by the purchaser, dispute between the purchaser and the seller, or any attachment or opposition by a third party against sums due to the seller, shall render the payment guarantee inoperative.

In any event, payment to the seller, after receipt of the funds paid by the purchaser, shall be made by AKTEM only up to the amounts actually available.

In the context of a sale carried out as a result of the dissolution of an association, where one co-owner acquires the share of his or her partner, AKTEM shall be released from its payment guarantee vis-à-vis the selling co-owner, who shall be paid by AKTEM only after receipt of payment from the purchasing partner.

Furthermore, AKTEM reserves the right to set off any mutual claims and debts of the same client, as from the fall of the hammer.

Where the seller is subject to value added tax (VAT), the seller shall remain solely responsible for the declaration and payment of such tax to the competent tax authorities.

ARTICLE 11B – AKTEM BONUS PROGRAMME

11B.1 – General Provisions

AKTEM may, depending on the sales and/or periods, implement a bonus programme (hereinafter the "**Bonus Programme**") intended to encourage and promote certain profiles of horses marketed through its sales.

The Bonus Programme constitutes an ancillary commercial scheme, separate from the sale price, commissions, charges and any principal contractual obligation.

The granting of a bonus is neither automatic nor guaranteed.

The Bonus Programme is exclusively reserved for jump racing horses.

Eligible Lots are identified in the AKTEM online catalogue by a pictogram displayed on the Lot's page.

AKTEM shall remain the sole judge of eligibility, race qualification, interpretation of sporting performances and validation of bonuses.

Any bonus claim must be submitted in writing to AKTEM within a maximum period of thirty (30) calendar days from the date of the performance giving rise to eligibility.

Following full validation of the file by AKTEM:

- payment of standard bonuses shall be made within a maximum period of sixty (60) calendar days;
- payment of the Super Bonus shall be made within a maximum period of ninety (90) calendar days.

Each beneficiary shall bear sole responsibility for all tax, social security, accounting or reporting consequences relating to the payment of a bonus.

11B.2 – “Horses in Training” Bonus

The “Horses in Training” bonus is intended to promote certain jump racing horses sold at AKTEM while already in training.

Any horse born and bred in France, sold at AKTEM as a horse in training, and becoming the winner of a Group 1, Group 2 or Group 3 race held exclusively in the United Kingdom or Ireland shall be eligible.

Bonuses are awarded **only in the event of a win**, as follows:

- **Group 3:** €10,000, including the Grand National at Liverpool, excluding Group 3 Handicap races;
- **Group 2:** €20,000, or €10,000 if a Group 3 bonus has already been received;
- **Group 1:** €30,000, or €20,000 if a Group 3 bonus has already been received, or €10,000 if a Group 2 bonus has already been received.

Bonuses are not cumulative.

Any direct win in a Group 1 race permanently excludes any Group 2 or Group 3 bonus.

Any initial win in a Group 2 race permanently excludes the Group 3 bonus.

The applicable bonus shall be the one corresponding to the highest Group level reached first.

Beneficiaries:

- 100% of the bonus shall be paid to the breeder where the breeder is also the selling owner;
- failing this, the bonus shall be split 50% to the breeder and 50% to the selling owner.

11B.3 – “Young Horses” Bonus

The “Young Horses” bonus applies to horses sold at AKTEM as foals, yearlings, two-year-olds or stores.

Any horse born and bred in France, intended for jump racing, and becoming the winner of a Group 1, Group 2 or Group 3 race held exclusively in the United Kingdom or Ireland shall be eligible.

The amounts, hierarchy rules and non-cumulation rules are strictly identical to those applicable to horses in training.

The bonus distribution is identical.

11B.4 – “In-Foal Mares / In Utero Produce” Bonus

The “In-Foal Mares / In Utero Produce” bonus exclusively rewards the in utero produce identified at the time of sale.

It does not apply to the mare herself, nor to any past or future produce of such mare.

Any in utero produce shall be eligible where it is:

- out of an in-foal mare sold at AKTEM;
- intended for jump racing;
- born and bred in France, with the dam also having been born and bred in France;
- the winner of a Group 1, Group 2 or Group 3 race held exclusively in the United Kingdom or Ireland.

The amounts, hierarchy rules and non-cumulation rules are strictly identical to those applicable to horses in training.

Sole Beneficiary:

The bonus shall exclusively benefit the seller of the in-foal mare as identified at the time of sale at AKTEM.

The right to the bonus is strictly personal, non-assignable and non-transferable.

11B.5 – AKTEM Super Bonus

The AKTEM Super Bonus is an exceptional scheme with a total amount of one million euros (€1,000,000).

It rewards a jump racing horse, born and bred in France and sold at AKTEM, which achieves, within the same calendar year, the following double:

- the Cheltenham Gold Cup;
- the Grand Steeple-Chase de Paris,

both victories having been obtained under the same trainer.

The Super Bonus may be awarded even if the horse has already benefited from one or more AKTEM bonuses.

Distribution:

Horse sold as a horse in training:

- €400,000 to the purchasing owner;
- €350,000 to the selling owner;
- €150,000 to the post-sale trainer;
- €50,000 to the staff of the trainer who trained the horse at the time of the victories;
- €50,000 to the trainer in charge of the horse at the time of sale.

Horse sold in utero, as a foal, yearling or store:

- €400,000 to the purchasing owner;
- €350,000 to the selling owner;
- €150,000 to the post-sale trainer;
- €50,000 to the staff of the trainer who trained the horse at the time of the victories;
- €50,000 to the consignor.

The amount allocated to the trainer's staff shall be paid to the relevant trainer, who shall be solely and exclusively responsible for its distribution.

Only official and final results published by the competent racing authorities shall be taken into account.

Any claim for the Super Bonus must be submitted within thirty (30) calendar days from the date of the second victory.

Payment of the Super Bonus shall be made within a maximum period of ninety (90) calendar days following full validation by AKTEM.

The Super Bonus constitutes an exceptional scheme and creates no acquired right or precedent.

Article 12 – Resale at the Defaulting Bidder's Risk Enforceable Against the Seller

Within ten (10) days following the sale, AKTEM may inform and notify the seller of the default by the successful bidder or of the insufficiency of the credit guarantees provided by the latter. After a formal notice that has remained unsuccessful and with the seller's consent, the horse may be offered for resale at the next auction session at the defaulting bidder's risk (*revente sur folle enchère*), without the seller being entitled to claim from AKTEM any difference in price that may be recorded.

The defaulting bidder shall then be required to pay the difference between the hammer price pronounced in his or her favor and the price obtained upon resale at the defaulting bidder's risk, without being entitled, where applicable, to retain any surplus, such surplus remaining the property of the seller.

Where the seller does not wish the horse to be resold at the defaulting bidder's risk and, after having informed AKTEM thereof by registered letter, the sale shall be automatically terminated by operation of law and the horse returned to the seller, without prejudice to any damages that may be due by the defaulting bidder to the seller.

Upon expiry of the ten (10) day period following the sale, AKTEM shall become liable under its payment guarantee to the seller, in accordance with the conditions set out in Article 11. From the eleventh (11th) day, AKTEM, subrogated by virtue of its payment guarantee to the seller's rights and obligations, shall retain ownership of the horse and shall have all rights attached thereto, in particular those arising from the retention of title, the legal proceedings to be brought against the defaulting bidder, the resale of the horse at the defaulting bidder's risk, and the recovery of the difference between the hammer price against the initial bidder and the price obtained upon resale, any surplus remaining the property of AKTEM.

Article 13 – Payment by the Purchaser and Release of Documents

All public auctions are deemed to be cash sales. Only the seller may, after the fall of the hammer, authorize the successful bidder in writing to pay the price on deferred terms, under the conditions expressly set out in such written authorization. In such case, AKTEM shall settle the seller only after actual receipt of payment from the purchaser.

Any person bidding shall be deemed to be acting on his or her own behalf. The successful bidder, whose name shall be recorded in the auction report, shall remain personally liable for the purchase.

Where the successful bidder declares that he or she is acting on behalf of a third party, he or she must be in possession of a written power of attorney issued by such third party and expressly undertake to act as joint and several guarantor of said third party for the full amount of the hammer price.

The successful bidder whose name appears in the auction report shall remain liable for the purchase in the event of default by his or her principal.

In the absence of an express mandate, AKTEM may consider as a co-debtor any person who appears, in any manner whatsoever, to be the undisclosed principal of the successful bidder.

No deduction or withholding of any kind whatsoever may be made from invoices issued by AKTEM, which must therefore be paid in full by purchasers or their agents.

All payments must be made through AKTEM, by bank transfer, bank cheque or postal order; cash payments are not accepted. Payment of the price of lots exported outside France must be made through the Office des Changes, by foreign currency transfer, payable to AKTEM.

Only after full settlement of their statements and, where applicable, execution of the transfers of entries, may purchasers obtain from AKTEM the release pass and the documents relating to their acquisition.

Payment shall include the hammer price plus the charges relating to the auction. The price and charges are immediately due and payable, without waiting for delivery of the documents, failing which the lot may be resold at the purchaser's risk (*revente sur folle enchère*).

Collection of the Lot must take place within eight (8) days from the date of adjudication, subject to prior full payment of the price, charges and ancillary costs. Failing collection within this period, and after full payment, boarding charges in the amount of thirty-one euros (€31) excluding VAT per day shall be invoiced by AKTEM to the purchaser. AKTEM shall remit said charges to the custodian of the horse upon effective receipt of the funds. Until such sums have been paid in full, AKTEM shall not release any documents relating to the acquisition.

No claim, including in the event of a redhibitory defect, shall be admissible until the purchaser has paid the full amount of the purchase price.

In the event of non-payment, AKTEM shall notify the successful bidder by simple letter that he or she has a period of eight (8) clear days in which to settle the purchase price. Upon expiry of this period, and even in the absence of any prior formal notice, late payment interest at the rate of zero point seventy-five percent (0.75%) excluding VAT per month shall be charged retroactively from the first day of the sale, on the total invoiced amount. After six (6) months of late payment, the interest rate shall be increased to one percent (1%) excluding VAT per month. AKTEM further reserves the right to entrust recovery of the debt to its legal counsel.

All costs and fees incurred by AKTEM for the recovery of the debt shall be borne by the debtor or its principal, who expressly so undertake, such costs and fees not being less than ten percent (10%) of the amount to be recovered.

In the event of a redhibitory defect or dispute, the corresponding funds shall be retained by AKTEM, in accordance with the provisions relating to the payment guarantee.

Article 14 – Retention of Title

By the sole effect of the performance of its payment guarantee and up to the amounts paid, AKTEM shall be subrogated to the seller's rights and obligations vis-à-vis the successful bidder.

It is expressly stated that the delivery of bills of exchange, cheques or any other instrument or document creating only a payment obligation shall not constitute effective payment within the meaning of this Article.

Until full payment of the price, charges and ancillary costs has been made, the purchaser undertakes not to dispose of the horse, in particular by way of sale, pledge, charge, loan or any other form of transfer of possession. Any agent undertakes to expressly inform its principal of the existence of this retention of title clause.

In the event of seizure or any other third-party intervention affecting the horse, as well as in the event of a declaration of cessation of payments, judicial reorganisation or liquidation proceedings, the purchaser shall immediately inform AKTEM.

Notwithstanding the existence of this retention of title clause, the purchaser shall bear all risks relating to the horse, in particular in the event of death, accident or illness, and shall assume all costs of upkeep of the sold horse from the fall of the hammer.

In the event of non-payment of the price, charges and ancillary costs, the horse may be repossessed, without prior formality, wherever it may be located, including with any public or private trainer, at AKTEM's discretion. The price obtained upon resale shall be credited against the amount due in respect of the original auction, including principal, charges and ancillary costs, the initial purchaser

remaining liable for any shortfall, without being entitled to retain any surplus should one exist. The purchaser shall furthermore remain liable for the payment of all damages relating to such resale.

All costs and fees incurred by AKTEM for the recovery of its claim shall be borne by the debtor, who expressly so undertakes.

The sale shall be automatically terminated by operation of law, without the need for any prior judicial decision.

An interim order issued by the President of the competent Judicial Court shall be sufficient to allow AKTEM to claim possession of unpaid horses.

Article 15 – Election of Domicile

AKTEM may require any foreign purchaser to elect domicile in France, in particular with his or her trainer or agent, in the common interest of the parties and in order to facilitate and expedite the transmission of information and documents necessary for the performance of these Conditions of Sale.

Article 16 – Release Passes and Collection of the Lot

No horse, whether sold or not, may leave the place of stabling without the prior issuance of a release pass by AKTEM.

The release pass shall be provided to the purchaser and to the custodian of the Lot following confirmation of the hammer, subject to prior full payment of the price, charges and ancillary costs and, where applicable, the execution of the required documents.

Upon expiry of a period of eight (8) days following the end of the auction, the costs of boarding and maintenance of the sold Lot shall be borne by the purchaser, in accordance with the provisions of Articles 8 and 13 of these Conditions of Sale, without prejudice to the provisions relating to the collection of the Lot and to the boarding charges applicable in the event of failure to collect within the prescribed time limits.

Article 17 – Sellers' Charges

The charges payable by sellers are specified in the mandate relating to each sale.

Any buy-back must be declared on the day of the sale; failing this, the standard buyer's charges shall be invoiced.

Any reassessment of taxes or duties issued by a State authority or a local authority after the sale shall remain the responsibility of the seller.

Statements sent to sellers must be paid upon receipt. In the event of non-payment, a formal notice shall be sent by AKTEM and, upon expiry of the prescribed period, late payment interest shall be applied.

Article 17.1 – Arabian Racehorses – Contribution to AFAC

Where the Lot offered for sale is identified as an Arabian racehorse, the Seller expressly agrees to make a financial contribution to support the *Association Française du Cheval Arabe de Course* (AFAC), for the purpose of contributing to the promotion of the Arabian Thoroughbred racing sector in France.

This contribution shall apply in lieu of the fees referred to in Article 6.6.11(b) of these General Terms and Conditions, in accordance with the following cumulative terms:

– Entry fees for Lots:

The amount of the entry fees shall be that communicated by AKTEM at the time of registration of the Lot(s), as determined on the basis of the characteristics of the scheduled sale;

– Sale fees (auction or private sale):

Six percent (6%) of the hammer price excluding VAT, including the intermediary's commission;

– AFAC promotion fees:

Four percent (4%) of the hammer price excluding VAT;

– Buy-back fees:

Two percent (2%) of the hammer price excluding VAT.

The terms for calculating any value added tax (VAT) that may be applicable are set out in these General Terms and Conditions.

The Seller acknowledges that these conditions apply solely by reason of the nature of the Lot offered for sale, irrespective of the Seller's circumstances, location or status, whether or not the Seller is a member of the *Association Française du Cheval Arabe de Course*.

By express derogation, private sales carried out outside French territory, as well as those conducted on behalf of an Arabian Thoroughbred federation located outside French territory, shall not be subject to the AFAC promotion fees of four percent (4%) of the hammer price excluding VAT.

The AFAC promotion fees shall be deducted by AKTEM from the sums payable to the Seller in respect of the sale and subsequently paid to AFAC in accordance with the arrangements agreed between the parties.

Article 18 – Buyers’ Charges

The buyer’s charges are set at six percent (6%) excluding VAT. All horses are sold subject to value added tax (VAT), in accordance with the terms set out below.

VAT is calculated on a taxable base consisting of the hammer price increased by the buyer’s charges.

The applicable VAT rates are as follows:

- **5.5%** for broodmares that have been covered, fillies leaving training to be covered during the season, stallions, and shares in stallions;
- **20%** for all other horses, in particular horses of racing age, yearlings, and foals.

Certain horses may nevertheless be sold without VAT where the seller is not subject to VAT. This information shall be made available to buyers on the relevant lot page via the website www.aktem.fr. In such case, VAT shall apply solely to the buyer’s charges at the rate of 6%.

The VAT regime applicable to the sale gives rise to the following five scenarios:

- **The buyer is established in France and subject to VAT:** VAT is charged on the full sale price (VAT recoverable).
- **The buyer is subject to VAT in a Member State of the European Union other than France, provides a valid intra-Community VAT identification number, and the horse is delivered within the European Union:** VAT exemption, subject to the presentation of proof of export.
- **The buyer is subject to VAT in a Member State of the European Union other than France, provides a valid intra-Community VAT identification number, and the horse remains in France:** VAT is charged and may be recovered from the French tax authorities.
- **The buyer is not subject to VAT, either in France or in another Member State of the European Union:** VAT is charged and is not recoverable.
- **The horse is exported outside the European Union:** VAT exemption, subject to the presentation of the customs document evidencing export (original DAU No. 3) indicating AKTEM as exporter.

AKTEM declines all responsibility for the legal and tax consequences arising from any inaccurate or erroneous declaration made by the buyer.

Horses sold while placed under the temporary importation regime give rise to the following four scenarios:

- **The buyer is subject to VAT in a Member State of the European Union other than France, provides a valid intra-Community VAT identification number, and the horse is delivered within the European Union:** VAT exemption, subject to the presentation of proof of delivery.
- **The buyer is subject to VAT in a Member State of the European Union other than France, provides a valid intra-Community VAT identification number, and the horse remains in France:** VAT is charged.
- **The buyer is a non-resident of the European Union and the horse remains in France:** VAT is charged.
- **The horse is exported immediately:** VAT exemption, provided that the temporary admission document is duly discharged by the buyer with the competent customs office of importation.

AKTEM declines all responsibility for the legal and tax consequences arising from any inaccurate or erroneous declaration made by the buyer in connection with the temporary importation regime.

Article 19 – Indemnity for Non-Presentation of Entered Horses

The seller undertakes not to offer for sale or sell, directly or indirectly, any horse whose entry in a sale organized by AKTEM has been accepted by AKTEM.

For any entered horse that is not presented at the public auction and that is the subject of a private sale concluded within a period of two (2) months prior to or one (1) month following the auction session for which it was entered, the seller shall be required to pay AKTEM a fixed indemnity of two thousand euros (€2,000) excluding VAT, increased by ten percent (10%) of the average price of the auction session in which the horse was entered, together with the full amount of the entry fees relating to said sale.

Article 20 – Entries

Sellers and purchasers are subject to the rules and regulations of France Galop with respect to all matters relating to the entries and withdrawals of horses presented for sale.

Article 21 – Horses Listed in Another Catalogue

AKTEM reserves the right to refuse the presentation for sale of any horse simultaneously listed in another sales catalogue.

In such a case, a fixed indemnity of two thousand euros (€2,000) excluding VAT, together with the amount of the entry fees relating to the relevant sale, shall become immediately due and payable.

Article 22 – Refusal to Present

AKTEM reserves the right to refuse the presentation of any horse on the day of the sale, in particular where its conformation is deemed insufficient or where it shows signs of an infectious disease.

Article 23 – Horses Born Abroad and Treated as Equivalent

The indications appearing on certain pedigrees relating to the treatment of horses born abroad as horses born and raised in France are the sole responsibility of the seller and, where applicable, entitle the holder to the bonuses provided for under the applicable regulations.

Article 24 – Rescission of the Sale

In the event of rescission of the sale, for any reason whatsoever, the seller shall be required to reimburse the purchaser for the full amount of the sale fees and commissions, as well as all expenses incurred by the purchaser for the upkeep and preservation of the animal forming the subject of the dispute within French territory.

In the event that the horse has been exported, any stabling costs incurred abroad, as well as the costs of repatriation to France, shall remain the sole responsibility of the purchaser.

Under no circumstances shall any action for rescission or termination of the sale give rise to liability on the part of AKTEM, which may not be held liable on any grounds whatsoever.

It is expressly agreed that the purchaser shall be barred from bringing any action, with the sole exception of actions based on statutory redhibitory defects, once the animal sold has taken part in any equestrian or racing event whatsoever, regardless of its nature.

Article 25 – Jurisdiction

Any dispute relating to the interpretation or performance of these conditions of sale between merchants shall fall within the exclusive jurisdiction of the Commercial Court of Lisieux.