

Rules for the Auction of 4th of April 2020

Milan - Italy

CONDITIONS OF SALE

ITS is charged by the Vendor to present and sell horses at a public Sale, which is held subject to the Conditions of Sale and the Special Rules for the Purchaser set out below.

Anyone intending to take part in the Sale as Vendor, Bidder or Purchaser and Agent is required to read and conform to these Conditions.

GENERAL CONDITIONS

1 - DEFINITIONS

Terms that are listed with capital letter are defined below and the terms defined in the singular shall purport to have the same meaning in the plural and visa-versa:

- a) ITS means **I.T.S. Italian Thoroughbred and Trotting Sales S.r.l.** (Vat Number IT06488291003), company that organizes Horse Sales.
- b) Vendor means the owner of the horse which is entered for the Sale.
- c) Bidder means the person who participates to the Sale offering a Sale price.
- d) Purchaser means the highest bidder to whom a Lot is knocked down by the fall of hammer.
- e) Sale Centre means the place in which the Sale is held.
- f) Sale Director means the person who directs the Sale.

2 - CATALOGUE

Information on genealogy of yearlings entered for the Sale is given in the official catalogue.

ITS declines all responsibilities for any incorrect information contained in the Catalogue, being understood that ITS has done its utmost to ensure that the information contained is correct.

The Vendor must inform ITS in writing at least two hours prior to the Sale of any catalogue errors or omissions and also of any important information to come to light after the print of the catalogue so that these can be reported by the Auctioneer to those taking part to the Sale. These reports shall take priority over the information incorrectly given in the catalogue.

The Vendor who fails to give such information is directly responsible for any relative consequences to the Purchaser. The Vendor in addition to accepting the present conditions, guarantees and releases ITS from any claim made by the Purchaser or third parties who, hereby agree not to take action against ITS.

ITS is entitled to decide the order in which the horses are listed in the catalogue.

3 - CERTIFICATES AND HEALTH

Horses entered for the Sale have to be accompanied by the following documents:

- Passport issued by MIPAAF
- Health Certificate from the ASL Veterinary
- Certificate proving that the horse has passed the Coggins-test (i.e. Equine Anemia) issued in the year written on the passport as per law.
- Certification of anti-influenza vaccinations indicated in the passport according to the rules of MIPAAF.
- Tag of the product administered, with date of administration, reason and place of vaccination, stamp and signature of the veterinarian.
- The absence of the passport will only be justified in the case that MIPAAF declares in writing to the Vendor or ITS, that the passport is in the process of being sent.
- In this case the Vendor must exhibit:
 - Copy of notice of foaling on stamped paper from MIPAAF, with payments and attachments markings and microchip number.
 - Declaration which releases ITS from any responsibility for the absence of these documents
 - The documents must be delivered to the ITS's offices upon arrival of the horses in the Sale Centre, before unloading the horse from van, to allow the veterinarian appointed by the Sale's organisers, to check and verify the health of the horses.
- The Vendor must ensure that the yearling is presented and sold at the Sale without redhibitory defects pursuant to the Commercial Uses of the Province of Milan.
- The Purchaser acknowledges that they have been provided with all the above indicated certificates, relative to the horse that they have inspected, and that they found the horse to be in satisfactory physical condition and all the relative documentation to be correct

All the horses entered for the Sale are sold under the conditions in which they are found "viewed and liked".

4 - PARTICIPATION

Those wishing to attend the Sale as a Bidder must first pay the **security deposit of € 1500.00 (Euro one thousand five hundred / 00 cent) by credit card**. The aforementioned security deposit will be released as soon as the balance of the invoices relating to the above expenses are paid by the Purchaser

Participants acting on behalf of a third parties, when paying the security deposit of € 1500.00 must also show a written delegation of authority, which is to be approved by ITS, of their obligations as agent, their relative responsibilities, as well as the mandate and that they will be held responsible of the payment of the Sale price if the person issuing the mandate does not to adhere to their responsibilities.

ITS reserves the right to turn down any registration and to refuse any offer from people who has not previously shown any financial credit.

5 - HANDLING YEARLINGS

Vendors are required to guarantee the presence of their staff to look after the yearlings. At a predetermined time the aforementioned staff shall guide the yearlings to the presentation "ring".

The yearlings cannot be removed from their boxes or leave the Sale Centre unless written authorization is granted and signed by ITS.

6 - SALE PROCEDURE

All the horses will pass by the hammer of the auctioneer during the auction without reserve.

Minimum Bid : € 3.000, 00. (Euro three thousand)

The reserve price is determined by the auctioneer, who is also entitled to establish bid increments which will be communicated to anyone in attendance of the Sale.

The Purchaser is the one who bided the highest price in the moment of the fall of hammer.

Bids made and recognized after the fall of hammer cannot be accepted.

If a dispute arises because of a simultaneous and identical bid for the same horse, and the auctioneer believes the objection to be founded, the yearling will be put back up for Sale at the last bid price, and all those present will be able to continue to bids for the yearling. If no further bid are forthcoming the yearling will be sold to the person making the highest last bid.

The decisions of the Sale Director regarding possible bidding and knockdown disputes will be binding and final.

7 - PAYMENT OF SALE PRICE

The Sale is considered complete when the hammer is brought down by the auctioneer. Immediately thereafter the Purchaser must sign a purchase confirmation form and go to the ITS office to make payment and to complete any other formalities, including tax obligations.

ITS reserves the right to film and/or photograph Purchasers and agents when they sign the aforementioned form. The hammer price plus VAT and any other payment due must be paid within 30 minutes of the knockdown to ITS, expressly authorized by the Vendor, in cash or by money order. The latter may be accepted upon the consent of the Vendor and in any case "subject to collection". If the Purchaser fails to comply with the above payment terms, ITS may cancel the knockdown and the yearling will be put back up for Sale in accordance with necessary time constraints. If for any reason this is not possible, the yearling will be returned to the Vendor.

Registered Bidders may, at the discretion of ITS, make use of available financial instruments to guarantee extended payment. Any payment besides cash or money order will undergo a mandatory subscription of an insurance on the Yearling's life, with ITS as beneficiary, until such time as full payment is received.

In case of missed payment from Purchasers to Vendors, ITS shall not be considered responsible or liable.

ITS will pay the Vendor the proceeds of the Sale within 90 days upon receipt of regular invoice and after having made due deductions and adjustments, upon condition that all the documents of the yearling are in order and held by ITS's office.

Payments made to people other than ITS, including Vendors, agents or representatives, do not constitute in any way a valid settlement of the obligation due for a Sale price and corresponding fees and administrative costs. **Payments must be made in Euros. Should the above mentioned conditions not be maintained, interest will be calculated on the amounts owed from the date of invoice at prime-rate plus 3%.**

8 - OWNERSHIP TRANSFER

All the documents of the horses have to be put at the disposal of ITS's office from the moment the horse participates in the Sale, and will be given to the Purchaser at the moment of payment. The transfer of ownership will be made only after the payment of the Sale price plus rights, or upon receipt of a written declaration from the Vendor that releases ITS from the obligation of paying the price.

9 - SALES RIGHTS

The Purchaser will pay to ITS a fee of **5% + VAT** of the knockdown price of the yearling and undertakes to make this payment along with the purchase price and agrees, together with the Vendor, to give priority to the payment of this fee.

ITS is authorized to retain the above mentioned fee amount from the amount paid by the Purchaser for the Sale price.. Any disputes arising between the parties have no bearing on the right to payment as per the present point.

10 - GUARANTEES, RISKS, LIABILITY

The horses must be sold without ITS providing any guarantee or assuming any liability. ITS will however offer all necessary assistance for the successful outcome of the sale.

ITS declines any liability regarding the Sale of the horse: the Vendor and the Purchaser will be responsible for the guarantees relative to the yearling and for payment, as stated in article 6) of this document. Notwithstanding ITS is authorised by the Vendor to act against the Purchaser to obtain any relative payment.

All risks related to yearlings, accidents and/or damage, including fire-related, or force majeure that may happen to them and possible risks to third parties shall be borne by the Vendor until the fall of the hammer for the Sale, and by the Purchaser thereafter. ITS will not be responsible, not liable in any manor whatsoever.

ITS is not responsible and shall in no way whatsoever be involved in any disputes that may arise for any reason between the Purchaser and the Vendor and between these two parties and any other third party.

Within 5 days of sale ITS may inform and notify the seller that the buyer has not collected the horse or has not shown enough credit guarantees. If after such time ITS has not received satisfactory response from the buyer, the seller will have to withdraw the horse and pay for horse's maintenance and transportation costs and the sale will be canceled. ITS guarantees to the seller that the horse can, with the seller's consent, be returned to the auction as soon as possible without any further expense.

The withdrawal of the horse by the seller does not prejudice any legal action that the seller may have against the relative buyer for the recovery of all the expenses incurred, including damages

11 - DRUGS

The use of anabolic steroids and anti-inflammatory substances that may conceal taints or lesions is prohibited. It may be allowed emergency situations only and must be declared and duly motivated. Before the yearling leaves the Centre the Purchaser may ask for checks to be undertaken, at their expense and if the tests prove positive, the Purchaser may terminate the contract, as per the provisions of the law.

12 - CUSTODY AND CARE

The Vendor hereby acknowledges and agrees that the yearling will remain under his exclusive custody and care up, until the fall of the hammer or, in the event of non-sale or objections, until the yearling's removal from the Sale Centre.

The yearling must be removed from the Sale Centre by the Purchaser no later than the date after the Sale. In the event of non-sale the breeder will see to its removal. **In the event of sale, the Purchaser must completely take over from the Vendor from the moment of the fall of the hammer and will be liable under both civil and criminal law, even without the transfer of ownership.**

Concerning Custody and care for the horses participating the sale, ITS abides by the rules and regulations set up by the Italian Ministry of Public Health.

13 - DEFECTS AND DIPUTES

If redhibitory defects as contemplated by existing legislation are not detected prior to the Sale, the Purchaser must send, within the deadline set forth in the Commercial Uses of the Province of Rome, a registered letter with acknowledgment of receipt directly to the Vendor and in copy to ITS, with the medical-veterinary certification stating the defect and a possible request for a further checks. The aforementioned letter authorizes ITS to block any relative payment, keeping the relative sum in a non-interest-bearing deposit that will be liquidated upon agreed indication from the Purchaser and the Vendor or after other measures have been adopted to resolve the dispute.

The defect must be highlighted within 24 hours from the Sale and anyhow before the horse is removed by the sale's area, with the mandatory obligation to communicate the matter to ITS, thus empowering ITS to be present during the examination with a chosen veterinarian. In case of contrast both parties agree to proceed, as previously mentioned, with the sharing of veterinary expenses together with those expenses the organizational body had to incur.

In the case of prolonged disputes, the parties must subject themselves to judicial arbitration of an "Arbitration College" comprised of three members, of which one to be nominated by ITS, one by the Vendor, and one by the Purchaser. The said Arbitrage will be adhered to by article 808 *ter C.P.C.*, and will take place in Milan. Expenses incurred to settle the dispute must be met by the losing party or if agreed by both the Purchaser and the Vendor, but no expenses will be due from ITS

If the losing party is the Vendor and therefore the Sale is cancelled and the yearling is to be returned, the vendor is required to meet all expenses incurred by the Purchaser from the time of the accepted bid.

ITS is not required to have knowledge of and/or vouch for redhibitory defects of products; the checking of any defect after the sale of the yearling has no bearing on the right of ITS to receive its relative fee.

14 - PRIVATE SALE

Any sale concluded between a vendor and a Purchaser within 30 days following the date of the Sale at which a Lot was unsold or brought in, is subject to the Conditions of Sale. Both Vendor and Purchaser will have to pay to ITS the sale's expenses on the sale's price declared. The sale's expenses will be applied to both parties as indicated above.

15 - COURT HAVING JURISDICTION

The Court of Rome shall have jurisdiction over disputes between ITS, the Vendor and/or the Purchaser, without prejudice to point 13 in this document, regarding the relationship between Vendor and Purchaser.

16 - SPECIAL RULES FOR PURCHASERS

- a) To take an active part in the Auction all interested parties need to register in advance with the Auction Secretariat (and pay the security deposit specified in clause 4 of the present Rules). I.T.S. reserves the right to turn down registration applications from unwelcome persons. I.T.S. reserves the right to revoke at any time any previously granted registration and to reject bids from buyers that have not agreed to pay for previous purchases within 30 minutes of the knockdown.
- b) Payment of the amount must be made in cash, bankers draft or bank electronic transfer. Personal cheques may be accepted at the discretion of the Auction Secretariat and prior authorization by the Seller.
- c) Persons not usually operating in the sector or foreign buyers must be introduced by a known person that will vouch for them or must send a bank guarantee in a timely manner to ITS covering any purchases (facsimile available from ITS's offices).
- d) Payment of the amount due shall be effected in cash or by bankers draft. Acceptance of a/c cheques is at the discretion of the Auction Secretariat.
- e) As soon as the auctioneer's hammer falls the successful bidder shall sign the "purchase commitment and confirmation" form handed to him by officials, and agree to be filmed or photographed while doing so. Thereafter he shall go to the Auction Secretariat to complete all accounting and fiscal obligations: payment of hammer price and auction fees; reporting of all data for invoices and ownership transfer. By signing an ad hoc form, foreign buyers undertake to pay via bank transfer the amount payable within 10 days of purchase and to declare the export of the yearlings for the purposes of Intrastat billing.
- f) Non-signature of the "purchase commitment and confirmation" form, non-payment within the terms allowed by the present Rules shall be causes for non-fulfilment. In this case the Vendor is entitled to recover possession of the yearling for which the buyer has not complied with one of the three aforementioned obligations.
- g) ITS shall consign to the buyer the "sale notice" form signed by the vendor only after the payment has been correctly effected (including payment the security deposit specified in clause 4 of the present Rules).

17 – SECURITY DEPOSIT

During the time required for all administrative procedures to be completed and in anticipation of payments being made by all Buyers, the security deposit of €1,500 will be withheld (as specified in clause 4 of the present Rules) until such time as full payment has been received for the relative Purchases, expenses and administrative costs.