

Note: The following English translation has been excerpted from the original Conditions of Sale in Japanese and is provided for reference purposes only. In the event of any discrepancy between the Japanese original and the English translation, the Japanese original shall prevail.

[TRANSLATION]

Chiba Thoroughbred Sale

(Thoroughbred Yearlings and 2-Year-Olds)

Conditions of Sale

Chapter 1 General Provisions

(Obligation to abide by Conditions)

Article 1 1. Any party registered to sell a horse at this sale (hereinafter 'Seller') and any party registered to buy horses at this sale (hereinafter 'Buyer') must agree to abide by the conditions herein.

(Location of Sale)

Article 2 1. This horse auction sale (hereinafter the 'Sale') is to be held at 1-2-1 Wakamatsu, Funabashi-shi, Chiba.
2. The main office is situated at 1 Tokura, Tomisato-shi, Chiba; however, an office will be set up within the sales complex during the period of the Sale.

(Horses Offered)

Article 3 1. Thoroughbred Yearlings and trained Two-Year-Olds will be offered at this Sale. However, neither the Sale Holder or Seller makes any guarantees regarding the horses on offer as to their commercial value or suitability for the purpose of Buyer.

(Date and Hours of Sale)

Article 4 1. The date and operating hours of the Sale are from 9 a.m. to 5 p.m. on (...), 200.. However, if transactions involving the horses on offer are not completed during such time, such time may be extended.

(Keeping of Horses)

Article 5 1. Horses to be offered must be kept at a location designated by the Sale Holder.

(Procedures for Veterinary Inspections)

1. Any party to be involved in the transaction of a horse may request for a veterinarian to examine said horse prior to the Sale, provided that the expenses for such examination are paid by the intended bidder.

Chapter 2 Method of Transaction and Procedures

(Article 7 Abridged)

(Seller Registration)

- Article 8**
1. Seller must pay a Sales Application Fee as determined by the Sale Holder and also submit to the Sales Office documents certifying the name and address of Seller, owner, breeding farm and actual keeper of the horse, the horse's sex, color, date of birth and the existence or non-existence of any illnesses or bad habits along with a Certificate of Foal Registration.
 2. A party submitting the sales application documents described in the previous paragraph must receive a number tag and place it on the horse and follow the instructions of the sales attendants.

(Buyer Registration)

- Article 9**
1. Buyer must fill out and submit to the Sales Office a Purchase Application Form which includes Buyer's address and name.

(Announcements prior to Commencement of Auction)

- Article 10**
1. The following information will be announced prior to the commencement of auction: the horse's number, name, sex, color, age, any illnesses or bad habits and documents certifying the horse's pedigree.
 2. The information described in the previous paragraph shall be announced and read out as represented in the Sales Application Form. The Sale Holder will not be held responsible for any later findings to the contrary.

(Method of Purchase and Sale)

- Article 11**
1. Horses will be offered in the order designated by the Sale Holder.
 2. The auction shall be conducted in principle through increasing of bids. However, bids may be brought down under certain circumstances. The minimum bid advance shall be Ten thousand (10,000) yen.

(Determination of Successful Bidder)

- Article 12**
1. If after the auctioneer calls out the highest bid 3 or more times and there is no other

higher bidder, the party making the highest bid shall be determined the successful bidder. However, if the value of said bid is lower than Seller's preferred sale price, such may not be the case.

2. Once the successful bidder has been determined, the Buyer Registration Number or name of the successful bidder shall be immediately called out by sales staff.
3. No party may raise any objections once the successful bidder has been determined.

(Rescission of Purchase Transaction)

- Article 13**
1. In the event a situation as described in the following paragraph arises, Buyer or Seller may so notify the Sale Holder and have the purchase agreement rescinded. Buyer may not raise any objections under any circumstances after the due date of delivery of the horse as stipulated in Article 15.
 2. Seller may have the agreement rescinded if the illnesses of periodic ophthalmia (moonblindness), cataracts, amaurosis or glaucoma or any roaring or fractures which may seriously impede the horse's racing ability, which were not announced at the Sale, are discovered in the horse within 7 days after the day following the date the transaction was made.

(Re-Sale)

- Article 14**
1. If there is no successful bidder for a horse, Seller may put the horse up for re-sale.
 2. Any party wishing to put a horse up for re-sale in accordance with the previous paragraph must submit such request to the sales office.
 3. Re-sale will be conducted after auctioning of all horses being offered for the first time has been completed and in the order the requests were made.

(Purchase Settlement and Delivery of Horse)

- Article 15**
1. Buyer shall pay the amount equal to the successful bidding price plus consumption tax (hereinafter the 'Purchase Price') to a financial institution designated by the Sale Holder within 15 days after the day following the date of transaction for yearlings or 7 days after the day following the date of transaction for 2-Year-Olds.
 2. Payment must be in Japanese currency or a bank certified check .
 3. Delivery of the horse shall take place after full payment of the purchase price has been made, and within 15 days after the day following the transaction for yearlings or 7 days after the day following the date of transaction for 2-Year-Olds.
 4. After payment for the horse has been made in full, the Sale Holder shall pay to Seller the amount derived by deducting a sales commission as specified separately from the Purchase Price.
 5. The place of delivery of the horse shall be a stabling facility under the care of Seller,

6. From the close of the Sale until the time of delivery of the horse (within 15 days after the day following the date of transaction for yearlings or 7 days after the day following the date of transaction for 2-Year-Olds), Seller shall keep the horse under proper conditions free of charge. For boarding after this period, a boarding agreement shall be made based on the boarding conditions set by the stabling facility.

(Post-Transaction Announcements)

Article 16 1. To announce the results of the sale, the following information will be posted at the Main Office by the day following the Sale.

- (1) Number of horses offered by sex and age
- (2) Number of concluded transaction by sex and age
- (3) The highest, lowest and average purchase price also by sex and age.

Chapter 3 Sales Operation Staff and Transaction Staff

(Sales Operation Staff)

Article 17 1. The operation of the Sale will be conducted by the Sale Holder.
2. The Sale Holder or its employees will act as the Sale Director, Auctioneer, Veterinarian and Sales Attendant.

(Prohibited Acts of Auctioneer)

Article 18 1. The auctioneer is prohibited from performing any of the following acts:
(1) Conspiring with any Seller or Buyer in such a manner as to obstruct the legitimate conducting of transactions or allowing any Seller or Buyer to engage in bid rigging or any other wrongful act.
(2) Receiving money or any other form of gain in connection with the auctioneer's professional duties.
(3) Becoming directly involved as a principal in a purchase or sale.
(4) Intentionally obstructing the establishment of a successful bid.
(5) Calling out bids in argot or any other manner not commonly accepted.
(6) Disclosing the preferred sale price unjustly or to a specific third party.

(Commercial Brokerage)

Article 19 1. Commercial brokerage is prohibited at this Sale.

(Article 20 Abridged)

(Deposits)

Article 21 1. For this Sale, Buyers are not required to make a deposit corresponding to their expected number of purchases.

(Type and Amount of Collectible Fees)

Article 22 1. Collectible fees and their amounts are as follows:

- (1) Seller will pay to the Sale Holder sales commission at a rate of 5% of the Purchase Price.
- (2) Buyer shall pay the amount equal to the successful bidding price plus consumption tax (specified separately) to an account designated by the Sale Holder.

Chapter 4 Miscellaneous Provisions

(Provisions Concerning Breach of Agreement)

Article 23 1. In the event Buyer breaches a purchase agreement, Buyer must pay an amount equal to 30% of the Purchase Price to the Sale Holder for each horse for which there is a breach.

2. The Sale Holder will pay the collected fine described in the previous paragraph to the Seller of the relevant horse.

(Provisions Concerning Maintenance of Order on Sales Premises)

Article 24 1. The Sale Holder may remove from or prohibit entry for a designated period of time onto the sales premises any party to which the following apply:

- (1) A party that has breached these conditions
- (2) A party that has spread false rumors concerning horses on offer for which transactions have not been concluded
- (3) A party that has declared false information to the sales office
- (4) A party that has obstructed sales operations or disturbed order on the sales premises or is considered liable to do so
- (5) A party that has intentionally damaged property on the sales premises or caused harm to any horses
- (6) A party that does not follow the instructions of the sales attendants

(Court of Jurisdiction)

Article 25 1. The Buyer and Seller agree that the Chiba District Court will be the court having jurisdiction over any and all disputes arising out of or in connection with any purchase agreement made at this Sale.

2. If Buyer desires a court of jurisdiction other than the court stipulated in the previous paragraph, and if Seller so agrees, a different court of jurisdiction may be approved.

(Article 26 Abridged)