

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]

Conditions of Sale

Chapter 1 General Provisions

(Location of Sale)

- Article 1** This horse auction sale (hereinafter the 'Sale') is to be held at 2347 Ohara, Hanagasima-cho, Miyazaki City, Miyazaki
2. The main office is situated at 3995 Nogata, Osaki-cho, Sou-gun, Kagoshima. During the period of the Sale, a temporary office will be set up within the sales complex.

(Article 2 Abridged)

(Article 3 Abridged)

(Operating Hours of Sale)

- Article 4** Operating hours of the Sale are from 8 a.m. to 5 p.m. However, if transactions of horses are not completed during these hours, such time may be extended.

(Regulations Concerning Horses Entering the Sales Premises)

- Article 5** The Sale Holder shall set up a veterinary clinic within the sales premises and station a veterinarian at such clinic.
2. Only horses that have been diagnosed as being free of the domestic animal infectious diseases stipulated in Article 2 of the Domestic Animal Infectious Disease Control Law can be kept on the sales premises.
 3. Horses to be offered must be kept in a location designated by the Sale Holder.
 4. In the event the Sale Holder determines that a horse with any disease other than those stipulated in Article 2 of the Domestic Animal Infectious Disease Control Law or any bad habit and thus may pose a threat to other horses should be refused entry onto the premises or be isolated or have its movements restricted, Seller of such horse must comply with the Sale Holder's decision.

(Procedures for Veterinary Inspections)

- Article 6** Any party wishing to have a horse examined for illnesses must report the request to the sales office.

Chapter 2 Transaction and Payment Procedures

(Article 7 Abridged)

(Seller Registration)

Article 8 The seller of a horse (hereinafter 'Seller') must fill out and submit to the sales office a designated Sales Application Form specifying the name and address of Seller, the owner, the breeding farm and actual keeper of the horse, the horse's breed, sex, age, color, any illnesses or bad habits and preferred sale price as well as the existence or non-existence of documents certifying the horse's pedigree, qualifications and history.

2. Seller must receive a number tag and place it on the horse and follow the instructions of the sales attendants.

(Withdrawal of Horse)

Article 9 In the event that a horse for which a Sales Application Form has been submitted must be withdrawn from the Sale due to unavoidable reasons such as illness or accident, the must promptly submit notification thereof to the Sale Holder along with any relevant veterinary certificates.

2. Upon receiving such notice as described in the previous paragraph, the Sale Holder must on the day of the Sale, make known the number and name of the horse and also the name of Seller as represented in the sales catalogue by posting the information within the sales premises.

(Buyer Registration)

Article 10 Any party wishing to purchase a horse (hereinafter the 'Buyer') must submit to the sales office Buyer's name, address and expected number of purchases and receive the designated Receipt of Deposit Form and a buyer registration number badge.

2. Buyer must wear the buyer registration number badge where it is clearly visible.
3. Any party without a buyer registration badge may not purchase horses at the Sale.
4. Any Buyer exceeding the submitted number of expected purchases must make a supplementary deposit in accordance with Paragraph 1 of this Article to participate in the bidding. However, exceptions may be allowed if the Sale Holder so approves.
5. Buyer shall return the buyer registration badge to the sales office before leaving the sales premises.

(Announcements prior to Commencement of Auction)

Article 11 The following information is to be announced prior to the commencement of auction: the horse's number, name, breed, sex, age, color, any illnesses or bad

habits and documents certifying the horse's pedigree, qualifications and history.

2. The information described in the previous paragraph shall be announced and read out as represented in the Sales Application Form.

(Method of Bidding and Sale)

Article 12 Horses will be offered in the order of their designated number.

2. The minimum bid advance shall be Ten thousand (10,000) yen.

(Determination of Successful Bidder)

Article 13 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 the submitted preferred sale price, Seller may refuse to sell the horse.

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 auctioneer has determined the successful bidder.

(Rescission of Purchase Transaction)

Article 14 In the event that payment in the amount of the successful bid is not made, Seller may rescind the relevant purchase transaction.

Article 15 If, after successfully bidding for a horse, a situation as described in the following paragraph arises making it impossible for the purpose of the sales transaction to be fully achieved, the successful bidder may so notify the Sale Holder and have either the relevant purchase transaction rescinded or the purchase price reduced.

2. (The above paragraph shall apply if) the illnesses of periodic ophthalmia (moonblindness), cataracts, amaurosis or glaucoma or the bad habit of cribbing, which were not evident at the time the successful bid was made, are discovered in the horse within 14 days after the day following the close of the Sale in which the horse was involved.
3. The Sale Holder shall immediately inform Seller in the event such notification as described in the previous paragraph is submitted by the successful bidder.
4. In the case described in the previous paragraph, Seller may not raise any objections.

(Re-Sale)

Article 16 If there is no successful bidder for a horse, or if the transaction is rescinded

according to Article 14, 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)

Article 17 The successful bidder of a horse shall pay the amount equal to the successful bidding price plus consumption tax (hereinafter the 'purchase price') in the form of cash or check to the sales office or make a cash wire-transfer of said amount to a financial institution designated by the Sale Holder within 30 days after the day following the conclusion of the purchase transaction.

2. The successful bidder may apply part of the deposit corresponding to the number of actual purchases made to the payment described in the previous paragraph.

(Removal of the Horse)

Article 18 A horse may not be removed from the sales premises without a Horse Removal Certificate. However, exceptions may be allowed if the Sale Holder so approves.

(Post-Transaction Announcements)

Article 19 To announce the results of concluded transactions, the following information will be posted within the sales premises by the following day.

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

Chapter 3 Sales Operation Staff and Transaction Staff

(Sales Operation Staff)

Article 20 The operation of the Sale will be conducted by the following staff:

- (1) Sale Director 1 person
 - (2) Auctioneer 1 person
 - (3) Veterinarian several persons
 - (4) Sales Attendant several persons
2. The Sale Director shall oversee the work of the auctioneer, veterinarian(s), and sales attendant(s).
 3. The staff listed in the previous paragraph must wear an identification badge as specified separately.

(Acts of Auctioneer)

Article 23 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 legitimate 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 to a third party.

(Commercial Brokerage)

Article 22 Commercial brokerage is prohibited in the sales provided for herein.

Chapter 4 Deposits and Collectible Fees

(Deposits)

Article 23 The amount of the deposit shall be equal to the amount of expected sales purchase.

2. The deposit shall be paid in cash or by check or another similar form of security guaranteed by a financial institution and approved by the Sale Holder.

(Collectible Fees and Their Amounts)

Article 24 Collectible fees and their amounts are as follows:

- (1) Entrance Fee -- To be determined by the administrative committee of the Kagoshima Prefecture Breeders' Association
- (2) Seller Registration Fee and Sales Commission
 - (i) (Seller Registration Fee) -- To be determined by the administrative committee of the Kagoshima Prefecture Breeders' Association

(Sales Commission)

 - ① 4/100 of the sale price to be paid by Seller
 - ② 2/100 of the final bid to be paid by Seller in the case of buyback by Seller
 - ③ For 2-year-old sales: To be determined by the administrative committee of the Kagoshima Prefecture Breeders' Association.

(Breach of Agreement)

Article 25 In the event the successful bidder of a horse breaches the purchase agreement, the successful bidder must pay a fine equal to 30/100 of the successful bidding price to the Sale Holder. The collected fine will be delivered to the Seller of said horse.

(Maintenance of Order on Sales Premises)

Article 26 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 obstructed sales operations or disturbed order on the sales premises or is considered liable to do so
- (3) A party that has intentionally damaged property on the sales premises or caused harm to any horses
- (4) A party that does not follow the instructions of the sales attendants
- (5) In the event the Sale Holder prohibits entry of a party onto the sales premises, the Sale Holder will post within the sales premises the name of the party, the

period for which the party is prohibited entry and the reason for such prohibition.

(Article 27 Abridged)