

TARTAN GOLF INTERNATIONAL LIMITED (“TGI”) BYELAWS & TERMS OF PARTNERSHIP (“TERM”)

Introduction

These Terms were adopted by TGI on 2nd September 2008 and have subsequently been issued to each partner of the Company (each individually referred to as a “**Partner**” and collectively referred to as the “**Partners**”). On amendment of any Term, notice shall be given to Partners and a revised version of the Terms will be issued to the Partners. In accordance with the Articles of Association of TGI (the “**TGI Articles**”), these Terms regulate TGI partnership and the conduct of Partners in relation to one another and TGI employees. **Please note you should read through the Terms carefully and make yourself aware of their contents. Failure to comply with the TGI Terms may lead to your expulsion from TGI.**

1 Interpretation

- 1.1 In these rules:-
 - 1.1.1 “**Associate Partner**” means a golf course owner or other employer of a professional golfer admitted as an Associate partner of TGI;
 - 1.1.2 “**Store**” means a Partner’s shop; and
 - 1.1.3 “**Writing**” and any similar expression, includes facsimile transmission, e-mail and comparable means of communication.
- 1.2 Words and expressions defined in the TGI Articles which are not defined in these Rules have the same meanings in these Rules given to them in the TGI Articles.
- 1.3 Except where specified to the contrary references in these Rules to a “Partner” include Associate Partners

2 General

TGI is committed to golf retailing excellence and to assisting Partners to work collectively to improve their individual performance and the overall performance of TGI and its Partners. The principal aims of TGI are (i) to provide a robust platform to make our Partners more profitable and enhance their capital; (ii) to provide leadership with regard to external change which may affect the future direction of TGI and its partners; (iii) to provide an administration function and support services for partners which will help them achieve excellence in all areas of golf retailing; and (iv) to nurture and develop the talents of partners and their staff to help them achieve success in TGI branded outlets now and in the future.

3 Partnership Criteria

- 3.1 To be eligible for TGI partnership a person should meet the following criteria:-
 - 3.1.1 except in the case of an Associate Partner, be a Class A PGA Professional and in the case of an Associate Partner employ a Class A PGA Professional;
 - 3.1.2 consideration will be given to the impact on fellow TGI Golf Partners in the local vicinity where inclusion of the new potential partner could have an adverse effect on the retail golf market as a whole. It may be deemed that a further Partner threatens, or dilutes, the market to the detriment of existing Partners. Should this be accepted as the case by the local partners, Partnership will not be offered; and
 - 3.1.3 not be a partner of any other buying consortium or commission operation.
- 3.2 In addition to meeting the criteria for partnership set out above, all persons wishing to join TGI must complete a New Partner Application form and, unless they are an Associate Partner, must also agree to acquire 200 A Shares (“**Partner Shares**”) in TGI at the then market value of the

Partner Shares, as determined by TGI's auditors, payment for which must be made in accordance with the payment schedule detailed in the information pack.

- 3.3 Notwithstanding the criteria set out above, the decision as to whether to admit any person as a TGI partner shall be at the sole discretion of the TGI Board.
- 3.4 Upon ceasing to be a TGI Golf Partner, shares cannot be transferred and can only be sold back to TGI Golf.

4 Partnership Fees

- 4.1 Upon being admitted as a TGI Partner, an entry fee of an amount determined from time to time by the Board (the "**Entry Fee**") shall become payable by the new Partner to TGI.
- 4.2 Payment of the Entry Fee by the Partner to TGI shall be made in such instalments at such intervals as shall be determined by the Board from time to time.
- 4.3 All new Partners of TGI are subject to an initial assessment period of six months from the date of their joining TGI. If, at the end of that period, the Board at its sole discretion is of the opinion that the new Partner is not a suitable partner of TGI, the new Partner will be required to transfer any Partner Shares which he holds as a Bad Leaver in accordance with Article 44 of the TGI Articles and his partnership will be terminated in accordance with Rule 11, save that no further sum in respect of the Entry Fee shall be payable by the Partner to TGI and that the Company shall refund to the Partner half of the Entry Fee paid by him to date.

5 Further Sums

Where a Partner or Partners request that, and TGI agrees to, place orders with partner suppliers on their behalf and/or to be invoiced for the cost of a Partners' orders to suppliers, TGI shall be entitled to payment from the relevant Partner or Partners of the invoiced cost of the goods ordered on their behalf, with payment becoming due forthwith upon providing the Partner or Partners with a copy of the invoice in writing.

6 Close out deals

From time to time TGI will notify Partners in writing of offers open to them. These offers are for goods, which have been offered to TGI by partner suppliers on favourable terms on the basis that TGI require to make an immediate commitment to purchase. These offers shall be made on either an opt-in or opt-out basis at the discretion of the Board. Where an offer is made on an opt out basis, Partners shall have ten working days from receipt of the relevant offer to notify TGI in writing if they do not wish to participate in the offer. If they do not so notify TGI, they shall be deemed to have agreed to participate in the offer on the terms and at the price set out therein. Payment of the price for the offer shall become due on the date of their acceptance or deemed acceptance.

7 Payment

- 7.1 Immediately upon their entry as a partner of TGI, all new Partners shall establish a Direct Debit in TGI's favour. This Direct Debit will be used to collect all sums due by TGI partners to TGI, providing that these sums shall be notified to the relevant Partner in advance by writing.
- 7.2 Where a Partner fails to pay any sum owed by it to TGI, they shall be liable to pay TGI interest on such sum from the due date of payment at the annual rate of 3% above the base lending rate from time to time of the Company's bankers, accruing on a daily basis until payment is made, whether before or after any judgement.

8 Partnership Rights

All TGI Partners shall receive access to negotiating, retail support, advertising and marketing services relevant to golf professionals and golf retailing provided by TGI, including, but not limited to: -

- 8.1 access to a range of goods and services which shall include (but are not restricted to):-
 - 8.1.1.1 specialist negotiating and retail support services; and
 - 8.1.1.2 marketing and advertising services and associated materials;
- 8.2 supply of copies of published information relevant to golf professionals and golf retailing; and other relevant information published by, downloadable from TGI's website, stored on hard drive, the cloud or on any other form of electronic medium;
- 8.3 access to supply of golf brands at rates and terms negotiated by TGI; and
- 8.4 such other services as TGI offers to Partners from time to time.

9 Partnership Obligations

All TGI Partners shall be obliged:

- 9.1 to abide by TGI Terms, the pricing policies set out in the TGI online price guide and TGI's Exclusive Products Price Lists and such other policies and procedures of TGI as have been notified to the Partners from time to time in writing, copies of the current versions of which have been provided together with these Terms;
- 9.2 to adhere to the terms and conditions of Partner Suppliers;
- 9.3 to provide an e-mail address for the purpose of communication between them and TGI and to respond promptly to e-mails sent to them by TGI;
- 9.4 use reasonable endeavours to make purchases of no less than 70% of the golf products sold at their Store and in any event to make purchases to a minimum annual value of £30,000 from TGI accredited suppliers;
- 9.5 to continue to fulfil the partnership criteria set out in Rule 3.1;
- 9.6 to pay such fees as TGI may charge from time to time for services provided by it and agreed with the Partner in advance; and
- 9.7 where permitted by the rules of the golf club or other relevant rules applying to the Store, to clearly display in their Store any branding materials provided by TGI for the purpose of promoting partnership of TGI including window decals, point of sale materials.

10 Disciplinary Procedure

TGI will apply the following procedures in circumstances where it believes that a Partner may have acted in breach of these Rules:-

- 10.1 TGI shall inform the Partner in question of the relevant circumstances including:
 - 10.1.1 the act or omission in question;
 - 10.1.2 the Rule or Rules allegedly transgressed; and
 - 10.1.3 any other material information.
- 10.2 TGI shall provide the Participant with the opportunity of commenting orally or making written representations on the matters under investigation.
- 10.3 The Participant may within two weeks of the day on which it is notified in writing of the matter under investigation request a hearing at which the matter will be heard. TGI shall reach a final decision on the matter either within 7 days of the date on which the hearing was held or, in the event that additional information is requested by TGI following the hearing which it requires in order for it to reach a decision, within 7 days of receiving such information to its entire satisfaction.

- 10.4 Where TGI determines that the Partner has acted in breach of one or more of these Rules it may, at the discretion of the Board, apply any one or more of the following sanctions against the Partner:- :
- 10.4.1 to issue a written reprimand;
 - 10.4.2 to impose a fine in an amount which it considers appropriate;
 - 10.4.3 to exclude the Partner from the benefits of Partnership for a specified period;
 - 10.4.4 to impose any other conditions or restrictions on the Partner;
 - 10.4.5 to require the Partner to transfer his Partner Shares in TGI as a Bad Leaver in accordance with Article 46 of the TGI Articles and for his partnership of TGI to be terminated on the terms set out in Rule 12; and
 - 10.4.6 to report the matter to any relevant authority at the discretion of TGI.
- 10.5 Where TGI considers it appropriate, it may publish details of the breach of the Rules committed by a Partner and of any action it has taken under these Rules in respect of such breach.

11 Termination of Partnership

- 11.1 Where a TGI Partner becomes a Bad Leaver all sums owed by them to TGI shall become immediately due and payable and shall be collected by TGI from the Partner in accordance with Rule 8.
- 11.2 Upon ceasing to be a TGI Partner, access to MyTGI and TGI Golf's electronic services will be revoked and former Partners shall be required to immediately return to TGI any written materials provided by TGI to the former Partner in connection with their partnership of TGI.

12 Severance

Should any provision of these Rules be held to be illegal, void or unenforceable, such provision shall, so far as illegal, void or unenforceable, be given no effect and shall be deemed not to be included in these Rules but without invalidating any of the remaining provisions of these Rules.

13 Choice of Law

These Rules shall be governed by and construed in accordance with the laws of Scotland whose courts shall be courts of competent jurisdiction.