

93289

DATED

28th October.

1999

THE PERSONS SET OUT IN SCHEDULE 1

- and -

GIOMA RESTAURANTS PLC

SALE AND PURCHASE AGREEMENT

- relating to -
the issued share capital of
Churrasco Steakhouse AG Basel and Gauchos Nederland BV

**We hereby certify this to be
a true copy of the original**

TAYLOR JOYNSON GARRETT
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THIS AGREEMENT is made the

28ⁿ

day of

October

1999

V4/6

BETWEEN



- (1) **THE PERSONS** whose names and addresses are set out in Schedule 1 (the "Vendors"); and
- (2) **GIOMA RESTAURANTS PLC** (company number 93289) whose registered office is at Park Lorne, 111 Park Road, London NW8 7LJ (the "Purchaser").

INTRODUCTION

- (A) Churrasco Steakhouse AG Basel is a company incorporated in Switzerland, further details of which are set out in part A of schedule 3.
- (B) Gauchos Nederland BV is a company incorporated in the Netherlands, further details of which are set out in part B of schedule 3.
- (C) Subject to the terms and conditions of this agreement the Vendors have agreed to sell and the Purchaser has agreed to purchase all of the issued share capital of Churrasco Steakhouse AG Basel and Gauchos Nederland BV.

AGREED TERMS

1. Definitions and Interpretation

1.1 In this agreement:

"**accounting period**" means an accounting period determined in accordance with section 12 of ICTA;

"**Accounting Requirements**" means in respect of Churrasco the accounting requirements, principles, standards and practices generally accepted at the date of this agreement in Switzerland and in respect of the Gauchos Group the accounting requirements, principles, standards and practices generally accepted at the date of this agreement in the Netherlands and consistently applied with respect to previous years and in respect of the Purchaser the generally accepted accounting requirements principles standards and practices of the United Kingdom;

"**Accounts Date**" means 31 December 1998;

"**Admission**" means the admission of the Consideration Shares, the Placing Shares and the Open Offer Shares to the Official List of the Stock Exchange becoming effective by

virtue of an announcement having been made in accordance with paragraph 7.1 of the rules of the Stock Exchange;

"Affiliate" means, in respect of any person:

- (a) any person connected with such person (and "connected with" bears the meaning set out in section 839 of ICTA); and/or
- (b) any company under the control of such person (and "control" bears the meaning set out in section 840 of ICTA); and/or
- (c) any associated company of such person (and "associated company" bears the meaning set out in section 416 of ICTA);

"Alfonso" means Alfonsos Nederland BV, a company incorporated in the Netherlands with registered number H152325 and whose registered office is at Burgeneester Stramanweg 101, 1101AA Amsterdam;

"Alfonso Business" means the business carried on from any Alfonso Unit;

"Alfonso Unit" means any of the restaurants operating under the name of "Alfonsos" at the addresses in Schedule 16;

"Alfonso Sale Agreement" means the agreement in the agreed form to be made in accordance with clause 17 between Gioma BV (1) and the Purchaser (2) upon any exercise of the Call Option;

"Business Day" means any day other than a Saturday, Sunday or any day which is a public holiday in England;

"Business Hours" means the hours of 09.00 to 17.30 on a Business Day in the place to which any notice or other written communication is sent pursuant to this agreement;

"BV Employees" means the employees listed in schedule 17 whose employment is to be transferred from Gioma BV to Gauchos pursuant to clause 12.2(n);

"CAA" means the Capital Allowances Act 1990;

"Call Option" means the right of the Purchaser to require a transfer of Alfonso Business pursuant to clause 17;

"Call Option Period" means the period commencing on Completion and expiring on 31 December 2000;

"Call Option Price" means the amount payable on exercise of the Call Option in respect of each Alfonso Business as set out in Schedule 16;

"Churrasco" means Churrasco Steakhouse AG Basel details of which are set out in part A of schedule 3;

"Churrasco Accounts" means the audited accounts of Churrasco for the financial year ended on the Accounts Date including the auditors' and directors' reports, the audited balance sheet as at the Accounts Date, the audited profit and loss account for such period and the notes to them;

"Churrasco Commercial Warranties" means the commercial Warranties relating to Churrasco given by the Churrasco Warrantors as set out in part B of schedule 11;

"Churrasco Consideration Shares" means 9,033,600 of the Consideration Shares;

"Churrasco IPR" means:

- (a) the registered trademarks, service marks and applications therefor listed in part A of schedule 5 and all other business names, brand names, trade marks (whether in fancy script or otherwise), devices, logos, get up and signs (and whether or not registered or applied for) owned by Churrasco together with all goodwill associated with or symbolised by any of the foregoing (together the **"Churrasco Trademarks"**);
- (b) all the technical, commercial and other information, experience, knowledge, skill, know-how and techniques now or at any time owned by Churrasco including formulae, processes, specifications, trade secrets, test reports, operating and testing procedures, listings, practices, instruction manuals and marketing methods (together the **"Churrasco Know-how"**); and
- (c) all Intellectual Property currently owned by or licensed to Churrasco;

"Churrasco June Accounts" means the accounts of Churrasco comprising the balance sheet as at the June Accounts Date and the profit and loss account for the months commencing on the day immediately following the Accounts Date and ending on the June Accounts Date;

"Churrasco Properties" means the properties short particulars of which are set out in schedule 8 and **"Churrasco Property"** means any of them and includes each part of them;

"Churrasco Shares" means the 1,000 issued and registered ordinary shares of 500 Swiss francs each in the capital of Churrasco;

"Churrasco Tax Deed" means the tax covenant relating to Churrasco between the parties to this Agreement in the agreed form;

"Churrasco Title Warranties" means the title and authorisation Warranties relating to Churrasco given by the Churrasco Vendors set out in part A of schedule 11;

"Churrasco Vendors" means together Gioma Group (Schweiz) AG, and Jan Siewert Geenemans;

"Churrasco Vendor's Affiliate" means an Affiliate of any Churrasco Vendor excluding Churrasco;

"Churrasco Warrantors" means together Gioma Group (Schweiz) AG and Gioma BV;

"Circular" means the circular to be issued by the Purchaser to its shareholders in the agreed form on or as soon as practicable after the date of this agreement;

"Companies Act" means the Companies Act 1985;

"Completion" means completion of the sale and purchase of the Sale Shares in accordance with the parties' respective obligations under clause 12;

"Completion Date" means the date of Completion as set out in sub-clause 12.1;

"Computer System" means in relation to Churrasco the computer systems, including all its equipment, hardware, firmware, software and accessories used in the business of Churrasco and in relation to the Gauchos Group means the computer systems, including all its equipment, hardware, firmware, software and accessories used in the business of the Gauchos Group;

"Concept" means a restaurant of which the principal theme (as regards food, service, ambience and decor taken in the round) is Latin American;

"Condition" means the condition precedent to Completion contained in schedule 14;

"Confidential Information" means all technical, commercial and other confidential information and techniques (which is not in the public domain) relating to the business of Churrasco and each Gauchos Group Company as the case may be including (without prejudice to the generality of the foregoing) all drawings, raw materials, formulae, recipes, processes, specifications, trade secrets, test reports, operating and testing procedures, practices, instruction manuals, tables of operating conditions, lists and particulars of customers and suppliers, marketing methods, the development of new concepts and/or recipes, pricing, credit and payment policies, profit margins, discounts and rebates;

"Consideration Shares" means the 30,112,000 ordinary shares of 10p each in the capital of the Purchaser, each a **"Consideration Share"**;

"Costs" means reasonably incurred liabilities, losses, damages, awards, costs, claims and expenses in each case of any nature whatsoever;

"Disclosed" means fairly disclosed to the Purchaser in the Disclosure Letter;

"Disclosure Letter" means the letter of even date with this agreement from Gioma Group (Schweiz) AG and Gioma BV to the Purchaser (including the bundle of documents referred to therein and annexed thereto) executed and delivered immediately before the signing of this agreement;

"Encumbrance" means any mortgage, charge, security interest, lien, pledge, hypothecation, assignment by way of security, equity, claim, right of pre-emption, option, charge, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other third party right or encumbrance of any nature whatsoever (whether or not perfected);

"Environmental Law" means all laws of the Netherlands, Switzerland and elsewhere relating to pollution or the protection of the environment, or to health and safety matters (including, laws relating to workers and public health and safety, to emissions, discharges or threatened releases of Hazardous Materials into the environment or to the production, processing, distribution, management, use, treatment, storage, burial, disposal, transport or handling of any Hazardous Materials) and all bye-laws, codes, regulations, directives, decisions, decrees, demands or demand letters, injunctions, notices, orders, plans or recommendations, issued, promulgated or approved thereunder or in connection therewith;

"financial year" shall be construed in accordance with section 223 of the Companies Act;

"FREDs" means the financial reporting exposure drafts issued by the Accounting Standards Board Limited;

"FRSs" means the financial reporting standards established by Accounting Standards Board Limited;

"Gauchos Accounts" means the audited consolidated accounts of the Gauchos Group Companies for the financial year ended on the Accounts Date including the auditors' unqualified opinion thereon and the directors' report, the audited balance sheets as at the Accounts Date, the audited profit and loss accounts for such period and the notes to them;

"Gauchos BV" means Gauchos Nederland BV, details of which are set out in part B of schedule 3;

"Gauchos Commercial Warranties" means the commercial Warranties relating to the Gauchos Group given by Gioma BV as set out in part B of schedule 10;

"Gauchos Consideration Shares" means 21,078,400 of the Consideration Shares;

"Gauchos Dividend" means the gross sum of NLG being the dividend declared by Gauchos BV on or before the date of this agreement;

"Gauchos Group" means Gauchos BV and its Subsidiary Undertakings and **"Gauchos Group Company"** means any of them;

"Gauchos IPR" means:

- (a) the registered trademarks, service marks and applications therefor listed in the Gauchos Trade Mark Assignment and all other business names, brand names, trade marks (whether in fancy script or otherwise), devices, logos, get up and signs (and whether or not registered or applied for) owned by any Gauchos Group Company together with all goodwill associated with or symbolised by any of the foregoing (together the **"Gauchos Trademarks"**);
- (b) all the technical, commercial and other information, experience, knowledge, skill, know-how and techniques now or at any time owned by any Gauchos Group Company including formulae, processes, specifications, trade secrets, test reports, operating and testing procedures, listings, practices, instruction manuals and marketing methods (together the **"Gauchos Know-how"**); and
- (c) all Intellectual Property currently owned by or licensed to any Group Company;

"Gauchos June Accounts" means the audited accounts of the Gauchos Group Companies comprising the balance sheet as at the June Accounts Date and the profit and loss account for the months commencing on the day immediately following the Accounts Date and ending on the June Accounts Date including the auditors unqualified opinion thereon;

"Gauchos Properties" means the properties short particulars of which are set out in schedule 7 and **"Gauchos Property"** means any of them and includes each part of them;

"Gauchos Restaurant Sale" means the sale of the Gauchos restaurant at Karte Leidsedwardsstraat 45, Amsterdam pursuant to an agreement dated 10 August 1999 and made between Gioma Vastgoed BV (1) Gioma Group BV (2) and J.H. Wijmuller (3) as supplemented by a supplemental agreement of even dates;

"Gauchos Shares" means the 80 issued ordinary shares of NLG 1000 each in the capital of Gauchos BV";

"Gauchos Tax Deed" means the tax covenant relating to Gauchos between the parties to this Agreement in the agreed form.

"Gauchos Title Warranties" means the title and authorisation Warranties relating to the Gauchos Group given by Gioma BV as set out in part A of schedule 10;

"Gauchos Trade Mark Assignment" means the assignment in the agreed form made on 9 October 1999 between Gioma BV (1) Gauchos BV (2);

"Gioma BV" means Gioma Group BV;

"Geenemans Service Agreement" means the service agreement in the agreed form to be made on Completion between Gauchos (1) and Mr J. Geenemans (2);

"Gioma Affiliate" means an Affiliate of Gioma BV but excludes each Gauchos Group Company;

"Hazardous Materials" means wastes, pollutants, contaminants, petroleum, petroleum products, dangerous, hazardous or toxic substances and materials (including liquids, solids, gases, ions and noise and substances which may be harmful to human health or other life of the environment or a nuisance to any person or which may make the use or ownership of any affected land or property more costly or onerous;

"ICTA" means the Income and Corporation Taxes Act 1988;

"IHTA" means the Inheritance Tax Act 1984;

"Indebtedness" means the aggregate amount of all debts, accrued charges and all other amounts (excluding Trade Creditors) owing by Churrasco or any Gauchos Group Company as the case may be and whether referable to the period prior to or after Completion including without limitation all sums owed by the relevant company to its banks or the Vendor or any of its Affiliates (other than Trade Creditors);

"Intellectual Property" means all patents, registered designs, know-how, rights in trade secrets and confidential information; registered or unregistered trademarks, service marks and applications therefor and all other business names, brand names, devices, logos, get up and signs (and whether or not registered or applied for) with all the goodwill associated with or symbolised by any of the foregoing; all other inventions (whether or not capable of protection by patent or other form of registration); all copyright, rights in the nature of copyright, sui generis rights, design rights, semiconductor topography rights, moral rights and all other like rights in all parts of the world whether present or vested future or contingent in any software, object code, source code, database (including extraction rights), interface, text, drawing, design, artwork, sound recording, film, video, photograph, mould, three dimensional artistic work or any other material; all other intellectual property rights throughout the world for the full term of the rights concerned and including: all registrations and pending registrations relating to any such rights and the benefit of any pending applications for any such registrations; all reversions, extensions and renewals of such rights; and all accrued rights of action in relation to such rights (including the right to sue for and recover damages for past infringements);

"Issue Price" has the meaning given to such expression in the Circular;

"June Accounts Date" means 30 June 1999;

"License Agreement" means the agreement in the agreed form to be made on Completion between Gioma BV (1) and the Purchaser (2);

"Licences" means the licences, agreements, contracts, permissions, undertakings and understandings listed in part B of schedule 5 being legal arrangements pursuant to which Churrasco is entitled to utilise any Intellectual Property owned by any third party;

"Licensors" means the licensors under the Licences;

"Novation Agreements" means the agreements in the agreed form to be made on Completion between Gioma BV (1) the Purchaser (2) and each of the directors of Churrasco;

"Open Offer Shares" has the meaning given to such expression in the Circular;

"Purchaser's Solicitors" means Taylor Joynson Garrett of Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX;

"Purchaser Accounts" means the audited accounts of the Purchaser for the financial year ended on the Accounts Date including the auditors and directors reports, the audited balance sheet as at the Accounts Date, the audited profit and loss account for such period and the notes to them;

"Purchaser Warranties" means the warranties of the Purchaser set out in schedule 9;

"Resolutions" means the resolutions of the shareholders of the Purchaser, inter alia, to approve this agreement, details of which are set out in the notice convening an extraordinary general meeting of the Purchaser forming part of the Circular;

"Restricted Area" means, in the case of the Concept as developed and marketed as Gauchos restaurants, the Netherlands and in the case of the Concept as developed and marketed as Churrasco restaurants, Switzerland;

"Restricted Business" means the business of owning, operating, managing and promoting restaurants of a type the same as or substantially similar to the Concept with the exception of the ownership, operation, management and promotion of the one existing "Gauchos" restaurant in Antwerp and of "Calzone" restaurants and of "Alfonso's" by Gioma BV or its Affiliates;

"Sale Shares" means the Churrasco Shares and the Gauchos Shares;

"Schweiz Termination Letter" means the letter in the agreed form to be exchanged on Completion between Gioma Group Schweiz AG (1) and Churrasco (2);

"Software" means in relation to Churrasco all computer programs and all related object code and source code and databases used by Churrasco in connection with its business and in relation to the Gauchos Group means computer programs and all related object code and source code and databases used by each Gauchos Group Company in connection with their respective business;

"SSAPs" means the statements of standard accounting practice adopted by the Accounting Standards Board Limited;

"Stock Exchange" means London Stock Exchange Limited;

"subsidiary undertaking" means a subsidiary undertaking as defined in section 258 of the Companies Act;

"Subsidiary Undertakings" means the subsidiary undertakings of Gauchos BV details of which are set out in schedule 4;

"TCGA" means the Taxation of Chargeable Gains Act 1992;

"Taxation" has the meaning ascribed to it in the Tax Deeds;

"Tax Covenants" means the covenants contained in the Tax Deeds;

"Tax Deeds" means the Churrasco Tax Deed and the Gauchos Tax Deed;

"Trade Creditors" means any and all amounts owing by the relevant party to third parties in connection with its business at Completion incurred in the normal course, including all amounts owing to suppliers of goods and services, owing under the terms of any hire purchase, conditional sale and finance lease agreements, relating to employees, and Taxation but excluding sums owed by the relevant party (other than sums owed pursuant to finance leases) to any of its banks, to the Vendors or to any of its Affiliate or to other providers of finance;

"VAT" means Value Added Tax chargeable under the VATA or under any legislation replacing the same or under any legislation which the VATA replaced and shall further mean Value Added Tax at the rate in force when the relevant supply is made and any tax of a similar nature which is introduced in substitution for or as an addition to such tax from time to time and any penalties or fines in relation thereto;

"VATA" means the Value Added Tax Act 1994;

"Vendors" means together the Churrasco Vendors and Gioma BV;

"Vendors' Solicitors" means Herbert Smith of Exchange House, Primrose Street, London EC2A 2HS ;

"Warranties" means the representations and warranties set out in schedules, 10, 11, and 13;

"Warrantors" means Gioma Group (Schweiz) AG and Gioma BV; and

1.2 In this agreement references to:

- (a) an enactment includes a reference to:

- (i) that enactment as amended, extended or applied by or under any other enactment before the date of this agreement;
 - (ii) any enactment which that enactment re-enacts (with or without modification); and
 - (iii) any subordinate legislation made before the date of this agreement under any enactment, including an enactment referred to in sub-clause 1.2(a)(i) or (ii);
- (b) the singular includes a reference to the plural and vice versa;
 - (c) any clause, sub-clause or schedule is to a clause, sub-clause or schedule (as the case may be) of or to this agreement;
 - (d) any gender includes a reference to all other genders;
 - (e) persons include all forms of legal entity including individuals, companies, bodies corporate (wherever incorporated or established or carrying on business), unincorporated associations, governmental entities and partnerships and, in relation to any party who is an individual, his legal personal representative(s);
 - (f) the words "including", "include" and "in particular" shall be construed as being by way of illustration only and shall not be construed as limiting the generality of any foregoing words;
 - (g) reference to documents "in the agreed form" are to documents in the form of the draft agreed between the parties to this agreement and initialled by the parties for the purposes of identification.
 - (h) references to a £ sterling value shall, where the context necessitates mean the Dutch Guilder or Swiss Franc value (as applicable) as is equivalent to such £ Sterling value, using the exchange rate quoted in the Financial Times on the date of this agreement.
- 1.3 In schedule 13 reference to a section only is to a section of the ICTA, reference to a schedule with a number is to a schedule of ICTA and reference to an Act followed by a year is to the Finance Act of that year.
- 1.4 The introduction and schedules form part of this agreement and shall have the same force and effect as if expressly set out in the body of this agreement. Accordingly, any reference to this agreement shall include the introduction and schedules.

2. Sale and Purchase

- 2.1 Each of the Churrasco Vendors with full title guarantee shall sell such number of Churrasco Shares set out against such vendor's name in schedule 2 and Gioma BV shall procure the sale of such shares and the beneficial interest in the Churrasco Shares registered in the names of Dr Haymann, Hans Stuber and Dr Froriep and the Purchaser shall purchase all right, title and interest in the Churrasco Shares with effect from Completion except that the legal title of the Churrasco Shares registered in the names of Dr Haymann, Hans Stuber and Dr Froriep shall remain vested in them and they shall on Completion remain the registered holders of such shares.
- 2.2 Gioma BV with full title guarantee shall sell the Gauchos Shares and the Purchaser shall purchase all right, title and interest in the Gauchos Shares with effect from Completion.
- 2.3 The Sale Shares shall be sold free from all Encumbrances and together with all rights to dividends and other distributions of whatsoever nature declared after the date of this agreement in respect of the Sale Shares and all other rights and advantages belonging to or accruing on the Sale Shares as at and from that date.
- 2.4 The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.
- 2.5 The Churrasco Vendors jointly and severally undertake (for the period from the date of this agreement until Completion) to the Purchaser to prevent Churrasco and its directors from doing any of the matters set out in part A of schedule 15 without the prior written consent of the Purchaser such consent not to be unreasonably withheld and undertakes to comply with the provisions of part B of schedule 15 in so far as they relate to Churrasco.
- 2.6 Gioma BV undertakes (for the period from the date of this agreement until Completion) to the Purchaser to prevent any Gauchos Group Company or their respective directors from doing any of the matters set out in part A of schedule 15 without the prior written consent of the Purchaser such consent not to be unreasonably withheld and undertakes to comply with the provisions of part B of schedule 15 in so far as they relate to the Gauchos Group.
- 2.7 Each of the Vendors hereby irrevocably waives all or any pre-emption rights which that Vendor may have pursuant to the constitutional documents of Churrasco or any Gauchos Group Company as the case may be or to any other agreement relating to the Sale Shares or otherwise, so as to enable the sale of the Sale Shares to the Purchaser to proceed free of any such pre-emption rights.
- 2.8 The Vendors undertake to procure that on Completion:
- (a) the value of the net tangible assets of each Gauchos Group Company will be no less than as at the June Accounts Date as adjusted for the Gauchos Dividend and the Gauchos Restaurant Sale and the value of the net current assets of each

Gauchos Group Company will be no less than the aggregate of £1 and NLG 650,000;

- (b) the cash resources of the Gauchos Group will be no less than NLG 650,000;
- (c) the Gauchos Group will not have Indebtedness;
- (d) the value of the net tangible assets of Churrasco will be no less than as at the June Accounts Date and the value of the net current assets of Churrasco will be no less than £1;
- (e) Churrasco will not have any Indebtedness.

2.9 Gioma BV hereby agrees to indemnify each Gauchos Group Company against all or any liability which any Gauchos Group Company may suffer or incur in respect of the operation of any of the restaurants which are the subject of the agreement pursuant to the Gauchos Restaurant Sales in respect of the period to the date of this agreement including limitation any liability arising under the lease agreements, inventory and intellectual property relating to such restaurants in respect of such period.

3. Consideration

3.1 Subject to clause 3.2, the total consideration for the sale of the Sale Shares shall be the sum of £15,056,000 to be satisfied by the issue at Completion of the Consideration Shares as to the Gauchos Consideration Shares to Gioma BV and as to the Churrasco Consideration Shares to Gioma Group (Schweiz) AG.

3.2 The Churrasco Vendors hereby direct the Purchaser to allot and issue the Churrasco Consideration Shares to Gioma Group (Schweiz) AG on Completion and agree that in so allotting and issuing such shares, the Purchaser shall be discharged from the obligation to allot and issue the Churrasco Consideration Shares to the other Churrasco Vendor or to make any other payment to such vendor in consideration for the sale to the Purchaser of the Churrasco Shares pursuant to the terms of this agreement.

3.3 The Consideration Shares shall be allotted credited as fully paid and free from all Encumbrances and shall rank pari passu in all respects with the other then issued ordinary shares of 10p in the Purchaser and shall carry the right to receive in full all dividends and distributions declared after Completion in respect of each such ordinary share save that the Consideration Shares shall carry no right to any dividend declared in respect of the year ended 31 December 1999.

3.4 Each Consideration Share to be allotted pursuant to the terms of this Agreement shall be deemed to be allotted at a price equal to the Issue Price per Consideration Share.

4. The Churrasco Title Warranties

- 4.1 Each of the Churrasco Warrantors jointly and severally represents and warrants to the Purchaser in the knowledge that the Purchaser is entering into this agreement in reliance upon the accuracy of each of the Churrasco Title Warranties that the Churrasco Title Warranties are true and accurate.
- 4.2 Each of the Churrasco Title Warranties shall be construed as a separate and independent warranty and shall not be governed, limited or restricted by reference to or inference from any other terms of this agreement, any other of the Churrasco Title Warranties or any of the Churrasco Commercial Warranties.
- 4.3 Any payments made by the Churrasco Warrantors to the Purchaser in respect of claims under the Churrasco Title Warranties shall so far as possible be treated by the parties as a reduction in the consideration for the Sale Shares.
- 4.4 Each of the Churrasco Warrantors hereby agrees with the Purchaser to waive any right which he may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by Churrasco or any of its officers and employees or advisers in enabling the Churrasco Warrantors to give the Churrasco Title Warranties and to enter into this agreement and undertakes not to make any claim in respect of such reliance.
- 4.5 Each of the Churrasco Warrantors undertakes to the Purchaser that the Churrasco Warrantors will as soon as practicable disclose in writing to the Purchaser any event or circumstance which becomes known to the Churrasco Vendors, after the date of this agreement and prior to Completion, which is inconsistent with any of the Churrasco Title Warranties.
- 4.6 The rights and remedies of the Purchaser in respect of any breach of the Churrasco Title Warranties shall not be affected by any investigation made by or on behalf of the Purchaser into the affairs of Churrasco or actual or constructive knowledge on the part of the Purchaser or its agents or advisers or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release given by the Purchaser.
- 4.7 All sums payable by the Churrasco Vendors in respect of any breach of the Churrasco Title Warranties shall be paid free and clear of all deductions or withholdings unless the deduction or withholding including Taxation is required by law, in which event the Churrasco Vendors shall pay such additional amount as shall be required to ensure that the net amount received by the Purchaser will equal the full sum which would have been received by it had no such deduction or withholding been required to be made.

5. The Gauchos Title Warranties

- 5.1 Gioma BV represents and warrants to the Purchaser in the knowledge that the Purchaser is entering into this agreement in reliance upon the accuracy of each of the Gauchos Title Warranties that the Gauchos Title Warranties are true and accurate.

- 5.2 Each of the Gauchos Title Warranties shall be construed as a separate and independent warranty and shall not be governed, limited or restricted by reference to or inference from any other terms of this agreement, any other of the Gauchos Title Warranties or any of the Gauchos Commercial Warranties.
- 5.3 Any payments made by Gioma BV to the Purchaser in respect of claims under the Gauchos Title Warranties shall so far as possible be treated by the parties as a reduction in the consideration for the Sale Shares.
- 5.4 Gioma BV hereby agrees with the Purchaser (for itself and as trustee for the Company) to waive any right which he may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any of the Gauchos Group Companies or any of their officers and employees or advisers in enabling Gioma BV to give the Gauchos Title Warranties and to enter into this agreement and undertakes not to make any claim in respect of such reliance.
- 5.5 Gioma BV undertakes to the Purchaser that Gioma BV will as soon as practicable disclose in writing to the Purchaser any event or circumstance which becomes known to Gioma BV, after the date of this agreement and prior to Completion, which is inconsistent with any of the Gauchos Title Warranties.
- 5.6 The rights and remedies of the Purchaser in respect of any breach of the Gauchos Title Warranties shall not be affected by any investigation made by or on behalf of the Purchaser into the affairs of any Gauchos Group Company or actual or constructive knowledge on the part of the Purchaser or its agents or advisers or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release given by the Purchaser.
- 5.7 All sums payable by Gioma BV in respect of any breach of the Gauchos Title Warranties shall be paid free and clear of all deductions or withholdings unless the deduction or withholding including Taxation is required by law, in which event Gioma BV shall pay such additional amount as shall be required to ensure that the net amount received by the Purchaser will equal the full sum which would have been received by it had no such deduction or withholding been required to be made.

6. The Churrasco Commercial Warranties

- 6.1 The Churrasco Warrantors jointly and severally represent and warrant to the Purchaser in the knowledge that the Purchaser is entering into this agreement in reliance upon the accuracy of each of the Churrasco Commercial Warranties that (subject to the limitations contained in clause 8) the Churrasco Commercial Warranties are true and accurate.
- 6.2 Each of the Churrasco Commercial Warranties shall be construed as a separate and independent warranty and (save as expressly provided to the contrary in clause 8) shall not be governed, limited or restricted by reference to or inference from any other terms

of this agreement, the Tax Deed or any other Churrasco Commercial Warranty or Churrasco Title Warranty.

- 6.3 Any payments made by the Churrasco Warrantors to the Purchaser in respect of claims under the Churrasco Commercial Warranties or under the Tax Covenants shall so far as possible be treated by the parties as a reduction in the consideration for the Sale Shares.
- 6.4 Where any of the Churrasco Commercial Warranties is qualified by the expression "so far as the Churrasco Warrantors are aware" or any similar expression, the Churrasco Warrantors shall be deemed to have such awareness as the Churrasco Warrantors would have after having made all due, diligent and careful enquiry of Mr Geenemans, Mr Godik and Mr van Tongeren.
- 6.5 Each of the Churrasco Warrantors undertakes to the Purchaser that the Churrasco Warrantors will as soon as practicable disclose in writing to the Purchaser any event or circumstance which becomes known to the Churrasco Warrantors, after the date of this agreement and prior to Completion, which is inconsistent with any of the Churrasco Commercial Warranties or the matters Disclosed.
- 6.6 Each of the Churrasco Warrantors hereby agrees with the Purchaser (for itself and as trustee for Churrasco) to waive any right which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by Churrasco or any of their respective officers and employees or advisers in enabling the Churrasco Warrantors to give the Churrasco Commercial Warranties, to prepare the Disclosure Letter and to enter into this agreement and undertakes not to make any claim in respect of such reliance.
- 6.7 The rights and remedies of the Purchaser in respect of any breach of this agreement shall not be affected by any investigation made by or on behalf of the Purchaser into the affairs of Churrasco or actual or constructive knowledge on the part of the Purchaser or its agents or advisers or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release given by the Purchaser and except as otherwise expressly provided in this agreement in relation to the Disclosure Letter.
- 6.8 The Churrasco Warrantors shall indemnify the Purchaser and Churrasco and keep indemnified the Purchaser and Churrasco against all Costs arising under or in respect of any claim against Churrasco or the Purchaser by any broker, finder, financial adviser or other person retained by the Churrasco Warrantors or Churrasco in connection with this agreement or the transactions effected by this agreement;
- 6.9 All sums payable by the Churrasco Warrantors under this agreement shall be paid free and clear of all deductions or withholdings unless the deduction or withholding including Taxation is required by law, in which event the Churrasco Warrantors shall pay such additional amount as shall be required to ensure that the net amount received by the Purchaser will equal the full sum which would have been received by it had no such deduction or withholding been required to be made.

7. The Gauchos Commercial Warranties

- 7.1 Gioma BV represents and warrants to the Purchaser in the knowledge that the Purchaser is entering into this agreement in reliance upon the accuracy of each of the Gauchos Commercial Warranties that (subject to the limitations contained in clause 8) the Gauchos Commercial Warranties are true and accurate.
- 7.2 Each of the Gauchos Commercial Warranties shall be construed as a separate and independent warranty and (save as expressly provided to the contrary in clause 8) shall not be governed, limited or restricted by reference to or inference from any other terms of this agreement, the Tax Deed or any other Gauchos Commercial Warranty or Gauchos Title Warranty.
- 7.3 Any payments made by Gioma BV to the Purchaser in respect of claims under the Gauchos Commercial Warranties or under the Tax Covenants shall so far as possible be treated by the parties as a reduction in the consideration for the Sale Shares.
- 7.4 Where any of the Gauchos Commercial Warranties is qualified by the expression "so far as Gioma BV is aware" or any similar expression, Gioma BV shall be deemed to have such awareness as Gioma BV would have after having made all due, diligent and careful enquiry of Mr Geenemans, Mr Godik and Mr van Tongeren.
- 7.5 Gioma BV undertakes to the Purchaser that it will as soon as practicable disclose in writing to the Purchaser any event or circumstance which becomes known to Gioma BV, after the date of this agreement and prior to Completion, which is inconsistent with any of the Gauchos Commercial Warranties or the matters Disclosed.
- 7.6 Gioma BV hereby agrees with the Purchaser (for itself and as trustee for each Gauchos Group Company) to waive any right which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any Gauchos Group Company or any of their respective officers and employees or advisers in enabling Gioma BV to give the Gauchos Commercial Warranties, to prepare the Disclosure Letter and to enter into this agreement and undertakes not to make any claim in respect of such reliance.
- 7.7 The rights and remedies of the Purchaser in respect of any breach of this agreement shall not be affected by any investigation made by or on behalf of the Purchaser into the affairs of any Gauchos Group Company or actual or constructive knowledge on the part of the Purchaser or its agents or advisers or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release given by the Purchaser and except as otherwise expressly provided in this agreement in relation to the Disclosure Letter.
- 7.8 Gioma BV shall indemnify the Purchaser and each Gauchos Group Company and keep indemnified the Purchaser and each Gauchos Group Company against all Costs arising under or in respect of any claim against any Gauchos Group Company or the Purchaser by any broker, finder, financial adviser or other person retained by Gioma BV or any

Gauchos Group Company in connection with this agreement or the transactions effected by this agreement;

- 7.9 All sums payable by Gioma BV under this agreement shall be paid free and clear of all deductions or withholdings unless the deduction or withholding including Taxation is required by law, in which event Gioma BV shall pay such additional amount as shall be required to ensure that the net amount received by the Purchaser will equal the full sum which would have been received by it had no such deduction or withholding been required to be made.

8. Limitations

Limitations not to apply

- 8.1 Notwithstanding any other provision of this agreement, no limitations of any kind whatsoever shall apply to any claim under this agreement or under the Tax Deed against any of the Vendors:

(a) which is the consequence of any fraud, dishonesty or deliberate concealment as determined by a court of law on the part of the relevant Vendor, its agents or advisers; or

(b) which is the result of a breach of any Churrasco Title Warranty or any Gauchos Title Warranty.

Time Limits

- 8.2 The rights of the Purchaser in respect of any breach of the Churrasco Commercial Warranties and the Gauchos Commercial Warranties (other than the Churrasco Commercial Warranties in part A of schedule 10 (Tax) and the Gauchos Commercial Warranties in part B of schedule 10 (Tax)) shall (subject as provided in clause 8.9) only be enforceable if notice in writing (giving in so far as may then be practicable the amount and details of the claim) shall be given to the relevant Warrantors on or before on or before the second anniversary of Completion.

- 8.3 The Churrasco Commercial Warranties in part A of schedule 10 (Tax) and the Gauchos Commercial Warranties in part B of schedule 10 (Tax) and claims under the Tax Deed shall (subject as provided in clause 8.9) only be enforceable if notice in writing (giving insofar as may then be practicable the amount and details of the claim) shall be given to the relevant Warrantors on or before the sixth anniversary of the end of the accounting period of the Company in which Completion occurs.

De Minimis

- 8.4 The Churrasco Warrantors shall not be liable in respect of any claim under the Churrasco Commercial Warranties or under the Tax Deeds unless the aggregate cumulative liability of the Churrasco Warrantors in respect of all such claims exceeds

£50,000 (in which event the Churrasco Warrantors shall be liable for the whole of such liability and not merely for the excess).

- 8.5 Gioma BV shall not be liable in respect of any claim under the Gauchos Commercial Warranties or under the Tax Deeds unless the aggregate cumulative liability of Gioma BV in respect of all such claims exceeds £75,000 (in which event Gioma BV shall be liable for the whole of such liability and not merely for the excess).

Churrasco Commercial Warranties Maximum Claims

- 8.6 Subject always to sub-clause 8.1, the Purchaser shall not be entitled to recover under the Churrasco Commercial Warranties and the Tax Deeds any sum in excess of the aggregate value of the Churrasco Consideration Shares as determined by clause 3.4.
- 8.7 Subject always to sub-clause 8.1, the Purchaser shall not be entitled to recover under the Gauchos Commercial Warranties and the Tax Deed any sum in excess of the aggregate value of the Gauchos Consideration Shares as determined by clause 3.4.

Double Claims

- 8.8 The Purchaser shall not be entitled to recover from any of the Churrasco Warrantors or Gioma BV under the Warranties and the Tax Deeds more than once in respect of the same damage suffered, and accordingly neither the Churrasco Warrantors nor Gioma BV shall be liable in respect of any breach of the Warranties if and to the extent that the loss is or has been included in a claim under the Tax Deeds which has been satisfied to the extent that it has been so satisfied, nor shall the Churrasco Warrantors or Gioma BV be liable in respect of a claim under the Tax Deeds if and to the extent that the loss is or has been included in a claim for breach of the Warranties which has been satisfied to the extent that it has been so satisfied.

Contingent liabilities

- 8.9 Neither the Churrasco Warrantors or Gioma BV shall be liable in respect of any Warranty or under the Tax Deeds which in either such case is based upon a liability which is contingent unless and until such contingent liability becomes an actual liability; provided that this clause shall not operate to avoid a claim in respect of a contingent liability made before the expiry of the relevant period specified in clauses 8.2 or 8.3 if notice in writing (giving in so far as may then be practicable the amount and details of the claim) has been delivered before the expiry of such period even if such liability shall not become an actual liability until after the expiry of the relevant period.

Disclosure Letter

- 8.10 The Vendors shall be under no liability under the Warranties in respect of any matter to the extent that the fact, matter, event or circumstance giving rise to such liability was Disclosed or (save in respect of the Warranties at paragraphs 3.2 to 3.4 of schedule 10 and part B and 3.2 and 3.3 of Schedule 11 Part B) to the extent that any provision was made therefor in the Churrasco Accounts, the Churrasco June Accounts, the Gauchos

Accounts or the Gauchos June Accounts **PROVIDED THAT** nothing in the Disclosure Letter shall limit Gioma BV's liability under the Gauchos Title Warranties or the Tax Covenants or the Churrasco Vendors' liability under the Churrasco Title Warranties or the Tax Covenants.

9. Purchaser Warranties

9.1 The Purchaser represents and warrants to the Vendors in the knowledge that the Vendors are entering into this agreement in reliance upon the accuracy of each of the Purchaser Warranties that (subject to the limitations contained in clause 10) the Purchaser Warranties are true and accurate.

9.2 The provisions of clauses 7.2, 7.5, 7.7, 7.8 and 7.9 shall be deemed to be repeated herein mutatis mutandis as if references in such clauses to Gaucho or Gauchos BV Group Companies or the Gauchos Commercial Warranties were to the Purchaser and the Purchaser Warranties and references to the Purchaser were to the Vendors and references to the Disclosure Letter were deleted.

10. Limitation on Purchaser's Liability

The provisions of clause 8 shall be deemed to be repeated herein mutatis mutandis as if:

- (a) references therein to the Vendors or any of them were to the Purchaser;
- (b) references therein to the Churrasco Title Warranties and the Gauchos Title Warranties were to the Purchaser Warranties set out in paragraph 3 of schedule 9;
- (c) references therein to the Churrasco Commercial Warranties and the Gauchos Commercial Warranties were to the Purchaser Warranties set out in paragraphs 1 and 2 of schedule 9;
- (d) references to the Purchaser were references to the Vendors, and
- (e) references to the Tax Deed shall be deemed to be deleted.

11. Conditions Precedent to Completion

11.1 Completion of the sale and purchase of the Sale Shares shall be conditional upon satisfaction of the Condition.

11.2 Each of the Churrasco Vendors shall (to the extent that it has not already done so) promptly provide to the Purchaser such information and documents as are in its possession or control relating to each of them and Churrasco for the purposes of

preparing the Circular as the Purchaser shall reasonably require and Gioma BV shall (to the extent that it has not already done so) promptly provide to the Purchaser such information and documents as are in its possession or control relating to it and to each Gauchos Group Company for the purposes of preparing the Circular as the Purchaser shall reasonably require. The Purchaser agrees to post the Circular to its shareholders within two Business Days from the date of this agreement and to apply to the Stock Exchange for the Consideration Shares to be admitted to the Official List.

11.3 The Purchaser shall promptly give notice to Gioma BV (as agent for each of the Vendors) of the satisfaction of the Condition as soon as practicable after having become aware of the same. Completion shall take place in accordance with clause 12. If the Condition is not satisfied by 31 December 1999 then either the Purchaser or the Vendors shall have the right to terminate this agreement by giving not less than 2 days notice in writing to the other party.

11.4 The Purchaser shall use all reasonable endeavours to satisfy or procure the satisfaction of the Condition.

12. Completion

12.1 The sale and purchase of the Sale Shares shall be completed immediately on the happening of Admission at the offices of the Purchaser's Solicitors.

12.2 On the date on which the Condition is satisfied, Gioma BV shall deliver or cause to be delivered to the Purchaser's solicitors (whose receipt shall be a sufficient discharge) to be held in escrow and released upon Admission of the Consideration Shares:

- (a) duly executed proxies in the agreed form issued by Gioma BV and Gauchos BV authorising any of the lawyers engaged by the law firm of Ekelmans Den Hollander to execute a deed of transfer relating to the Gaucho Shares before M.J.B. Snaijer, civil law notary (or the Purchaser's other nominated notary);
- (b) a certified copy of the minutes of the board of directors of Gioma BV authorising the execution and performance by Gioma BV of its obligations under this agreement;
- (c) a certified copy of the consent of the shareholders of Gioma BV authorising the sale of the Sale Shares and the transactions contemplated by this agreement;
- (d) (to the extent required) duly executed notarial deeds of transfer in respect of all shares in the capital of any of the Subsidiary Undertakings which are not registered in the name of Gauchos BV or any of the Subsidiary Undertakings together with certified copies of each applicable shareholders register;
- (e) powers of attorney in the agreed form duly executed by Gioma BV authorising the Purchaser or such person as it directs to exercise all the voting or other rights attaching to the Gauchos Shares registered in the name of Gioma BV prior

to the registration of such Gauchos Shares in the name of the Purchaser (or its nominee);

- (f) letters of resignation in the agreed form from Gioma Horeca Management BV as a director of Gauchos BV and each Subsidiary Undertaking that it has no claim against the company from which it is resigning.
- (g) the statutory books for each Gauchos Group Company complete and accurate up to Completion and any company seal(s), certificates of incorporation, certificates of incorporation on change of name and all unused share certificates of each Gauchos Group Company and all cheque books of each Gauchos Group Company;
- (h) the Gauchos Tax Deed duly executed by Gioma BV;
- (i) the title deeds and documents to the Gauchos Properties together with consent from Gioma Vastgoed BV as lessor of certain of the Gaucho Properties and such consents from other lessors of the Gauchos Properties as are available at Completion consenting to the replacement and/or substitution of a Gauchos Group Company to be specified by the Purchaser instead of the Vendor or Gioma Vastgoed BV and/or any other company acting as a lessee and not being a subsidiary of Gauchos BV;
- (j) the License Agreement duly executed by Gioma BV;
- (k) evidence that an application for registration of Gauchos BV as the owner of the trade marks being the subject of the Gauchos Trade Mark Assignment;
- (l) deeds of release duly executed by ABN Amro and Gioma BV in which they each respectively confirm the release and discharge of all or any indebtedness and Encumbrances on or affecting any of rights or the assets of any Gauchos Group Company or the Gauchos Shares;
- (m) a deed of release executed by ABN Amro in relation to all guarantees and indemnities (if any) given by any Gauchos Group Company to that person in respect of the obligations of any other person (other than any Gauchos Group Company);
- (n) subject to the consent of the BV Employees having been obtained evidence of the transfer of the employment of the BV Employees from Gioma BV to Gauchos BV;
- (o) the Geenemans Service Agreement duly executed by Gauchos and Mr Geenemans.

12.3 On the date on which the Condition is satisfied Gioma BV shall further procure the holding of a meeting of or the passing of a resolution by the director of Gauchos BV at which the director of Gauchos BV shall:

- (a) appoint Mr Geenemans and Mr van Tongeren as additional directors of Gauchos BV (conditional on Completion); and
 - (b) accept the resignation (conditional on Completion) referred to in sub-clauses 12.2(f) relating to Gauchos BV;
- 12.4 On the date on which the Condition is satisfied Gioma BV shall also procure the holding of separate board meetings or the passing of separate resolutions of each of the Subsidiary Undertakings at which the director of that Subsidiary Undertaking shall:
- (a) appoint Mr Geenemans and Mr van Tongeren as additional directors of that Subsidiary Undertaking (conditional on Completion);
 - (b) accept the resignation (conditional on Completion) referred to in sub-clauses 12.2(f) relating to that Subsidiary Undertaking.
- 12.5 On the date on which the Condition is satisfied the Churrasco Vendors shall deliver or cause to be delivered to the Purchaser or the Purchaser's Solicitors (whose receipt shall be a sufficient discharge) to be held in escrow and released upon Admission of the Consideration Shares:
- (a) duly endorsed share certificates in respect of the Churrasco Shares endorsed in favour of the Purchaser or its nominees, as the Purchaser shall direct in writing prior to Completion together with such waivers, consents, or other documents as the Purchaser may reasonably require to enable it or its nominees to be registered as the holders of the Churrasco Shares free from all Encumbrances;
 - (b) the company ledger of Churrasco complete and accurate up to Completion and any company seal(s), notarised copies of deeds of incorporation since 1993, a notarised copy of the extract of the commercial register relating to Churrasco and all unused share certificates of the Churrasco and all cheque books of the Churrasco;
 - (c) the Churrasco Tax Deed duly executed by the Churrasco Vendors;
 - (d) the title deeds and documents to the Churrasco Properties;
 - (e) a declaration of release duly executed by Credit Suisse and Gioma BV in which they each respectively confirm the release and discharge of all or any indebtedness and Encumbrances on or affecting any of the rights or the assets of Churrasco or the Churrasco Shares;
 - (f) a deed of release executed by Credit Suisse in relation to all guarantees and indemnities (if any) given by Churrasco to that person in respect of the obligations of any other person;
 - (g) the Novation Agreement duly executed by the Parties thereto;

- (h) the Schweiz Termination Letter duly executed by the Parties thereto;
 - (i) powers of attorney in the agreed form duly executed by Gioma Group (Schweiz) AG authorising the Purchaser or such person as it directs to exercise all the voting or other rights attaching to the Churrasco Shares registered in the name of Gioma Group (Schweiz) AG prior to the registration of such Churrasco Shares in the name of the Purchaser (or its nominee).
- 12.6 On the date on which the Condition is satisfied the Churrasco Vendors shall procure the holding of a meeting of the shareholders of Churrasco at which the shareholders of Churrasco shall appoint Mr van Tongeren as an additional directors of Churrasco (conditional on Completion) and shall resolve to enter the Purchaser in the register of members of Churrasco in respect of the Churrasco Shares to be registered in its name immediately after Admission.;
- 12.7 On the date on which the Condition is satisfied the Purchaser shall deliver to the Vendors' Solicitors (whose receipt shall be a sufficient discharge) to be held in escrow and released upon Admission of the Consideration Shares:
- (a) a counterpart of the Tax Deeds and the License Agreement duly executed by the Purchaser; and
 - (b) a certified copy of the minutes of the board of directors of the Purchaser authorising the execution and performance by the Purchaser of its obligations under this agreement the Tax Deed and the License Agreement.
- 12.8 On the date on which the Condition is satisfied the Purchaser shall procure a meeting of its board of directors at which such directors shall resolve to enter Gioma BV in the register of members of the Purchaser in respect of the Consideration Shares immediately after Admission and shall resolve to deliver to Gioma BV a certificate in respect of the Consideration Shares to be allotted and issued by the Company to Gioma BV.
13. **Post Completion**
- 13.1 Each of the Vendors shall and shall procure that any other necessary party shall execute and do all such documents, acts and things as may be reasonably required on or subsequent to Completion by the Purchaser for securing to or vesting in the Purchaser the legal and beneficial ownership of the Sale Shares.
- 13.2 The Purchaser undertakes that, after Completion, it shall use all reasonable endeavours to obtain the release of the Vendors and any of their respective holding companies or subsidiaries from any guarantee or other obligation in respect of the primary obligation of either or both of Churrasco and Gioma Group AG or any of the Subsidiary Undertakings and the Purchaser further undertakes that prior to obtaining any such release, it shall indemnify and hold harmless the Vendors or any of their respective

holding companies or subsidiaries from any and all costs arising under any such agreement or indemnity in respect of the period from Completion.

- 13.3 The Vendors undertake that at the direction of the Purchaser they will procure that (in respect of any Gauchos Property of which neither Gauchos BV nor any other Gauchos Group Company is the lessee) applications will be made as soon as practicable after the date of this agreement for the substitution of such Gauchos Group Company as the Purchaser may nominate in substitution therefor.

14. Restrictions

- 14.1 By way of further consideration of the Purchaser agreeing to purchase the Sale Shares from the Vendors, Gioma BV and Gioma Group (Schweiz) AG covenant with the Purchaser that they will not and they will procure that none of their respective Affiliates shall whether alone or jointly with or as agent of any person or persons or otherwise directly or indirectly:

- (a) for a period of three years after Completion and within the Restricted Area engage in the Restricted Business provided always that Gioma BV and Gioma Group (Schweiz) AG may each hold as an investment not more than 5% of the issued share capital of a company quoted on a recognised stock exchange (as that expression is defined in section 207 Financial Services Act 1986) whose business is in competition with the business of Churrasco or any Gauchos Group Company;
- (b) for the period of three years after Completion either on its own or by an agent and either on its own account or for or in association with any other person directly or indirectly canvass, solicit, approach, seek out, or cause to be canvassed, solicited, approached or sought out or by any other means endeavour to entice away from Churrasco or any Gauchos Group Company, or aid or assist any other person or persons in employing or otherwise retaining the services of anyone who is employed by Churrasco or any Gauchos Group Company or who is a consultant to Churrasco or any Gauchos Group Company at Completion and who is at Completion employed or engaged in the business of Churrasco or any Gauchos Group Company except any person performing the functions of junior administrative or secretarial staff.

- 14.2 Gioma BV and Gioma Group (Schweiz) AG shall not at any time after the Completion Date and whether directly or indirectly use in connection with any competing or similar trade or business the names of CHURRASCO (in Switzerland) or GAUCHOS (in the Netherlands) or any name resembling the same or capable of confusion with such name except that Gioma BV may use the business name GAUCHOS in connection with the one existing "Gauchos" restaurant in Antwerp.

- 14.3 Gioma BV and Gioma Group (Schweiz) AG hereby acknowledge and declare that the restrictions in sub-clauses 14.1 and 14.2 are reasonable in all the circumstances as at today's date; that such restrictions are integral to the terms on which the Purchaser has

agreed to purchase the Sale Shares; and that each of such restrictions shall be construed and take effect independently of the others.

14.4 If any breach or violation of the provisions of sub-clauses 14.1 or 14.2 occurs, Gioma BV and Gioma Group (Schweiz) AG and the Purchaser agree that damages alone are likely not to be sufficient compensation and that injunctive relief is reasonable and essential to safeguard the interests of the Purchaser and of Churrasco and the Gauchos Group Companies and that injunctive relief (in addition to any other remedies afforded by a court of equity) may (subject to the discretion of the courts) be obtained. No waiver of any breach or violation shall be implied from forbearance or failure by the Purchaser to take action.

14.5 By way of further consideration of the Purchaser agreeing to purchase the Sale Shares (including the Churrasco Shares held by Mr Geenemans) Mr Geenemans covenants with the Purchaser that he will not and will procure that none of his Affiliates shall whether alone or jointly with or as agent of any person or persons or otherwise directly or indirectly:

(a) for a period of three years after Completion:

(i) take up or hold any office in or with any business which is engaged in the Restricted Business within the Restricted Area;

(ii) take up or hold any post or position which enables or permits him to exercise whether personally or by an agent and whether on his own account or in association with or for the benefit of any other person a controlling influence over any business which is engaged in the Restricted Business within the Restricted Area;

(iii) take up or hold any employment or consultancy with any person which is engaged in the Restricted Business within the Restricted Area;

which results in Mr Geenemans being engaged in business activities which are in competition with the Restricted Business;

(b) for a period of three years after Completion and within the Restricted Area engage in the Restricted Business provided always that that Mr Geenemans may hold as an investment not more than 5% of the issued share capital of a company quoted on a recognised stock exchange (as that expression is defined in section 207 Financial Services Act 1986);

(c) for a period of three years after Completion either personally or by an agent and either on its own account or for or in association with any other person directly or indirectly canvass, solicit, approach, seek out, or cause to be canvassed, solicited, approached or sought out or by any other means endeavour to entice away from Churrasco or any Gauchos Group Company, or aid or assist any other person or persons in employing or otherwise retaining the services of anyone who is employed by Churrasco or any Gauchos Group Company or who

is a consultant to Churrasco or any Gauchos Group Company at Completion and who is at Completion employed or engaged in the business of Churrasco or any Gauchos Group Company except any person performing the functions of junior, administrative or secretarial staff;

- 14.6 Mr Geenemans shall not at any time after the Completion Date whether directly or indirectly use in connection with any competing or similar trade or business the names of CHURRASCO (in Switzerland) or GAUCHOS (in the Netherlands) or any name resembling the same or capable of confusion with such name.
- 14.7 Mr Geenemans hereby acknowledges and declare that the restrictions in clauses 14.5 and 14.6 are reasonable in all the circumstances as at today's date; that such restrictions are integral to the terms on which the Purchaser has agreed to purchase the Sale Shares (including those held by Mr Geenemans); and that each of such restrictions shall be construed and take effect independently of the others.
- 14.8 If any breach or violation of the provisions of clauses 14.5 or 14.6 occurs, Mr Geenemans and the Purchaser agree that damages alone are not likely to be sufficient compensation and that injunctive relief is reasonable and essential to safeguard the interests of the Purchaser and of Churrasco and the Gauchos Group Companies and that injunctive relief (in addition to any other remedies afforded by a court of equity) may (subject to the discretion of the courts) be obtained. No waiver of any breach or violation shall be implied from forbearance or failure by the Purchaser to take action.
- 14.9 For the avoidance of doubt, Mr Geenemans shall not be treated as committing a breach or violation of the provisions of clause 14.5(a) at any time after Completion while he is acting as a director or employee of the Purchaser, Churrasco or any Gauchos Group Company or carrying out any duties for the Vendors or any of them pursuant to the Gennemanns Service Agreement.
- 14.10 Gioma BV and Gioma Group (Schweiz) AG hereby severally agree that they will each not sell, transfer mortgage charge or otherwise dispose of any of the Consideration Shares for the period from Completion until the expiry of 3 months after the publication of the Company's annual accounts for the year ending 31 December 2000 except that Gioma BV may grant to ABN Amro such security over the Gauchos Consideration Shares as ABN Amro may require and Gioma Group (Schweiz) AG may grant to Credit Suisse such security over the Churrasco Consideration Shares as Credit Suisse may require.
- 14.11 Notwithstanding the provisions of clause 14.10 Gioma BV may sell or otherwise dispose of all or any of the Gauchos Consideration Shares and Gioma Group (Schweiz) AG may sell or otherwise dispose of all or any Churrasco Consideration Shares pursuant to:
- (a) an acceptance of an offer for the entire issued ordinary share capital of the Purchaser (or that part of the issued ordinary share capital not owned by the offeror or any person(s) acting in concert with the meaning of the City Code on

Takeovers and Mergers) which has been recommended by the board of directors of the Purchaser or has become unconditional as to acceptances; or

- (b) any compromise or arrangement under section 425 CA 1985 providing for the acquisition by any person (or a group of persons acting in concert within the meaning of the City Code on Takeovers and Mergers) of shares in the Purchaser representing more than 50 per cent of the total voting rights of the Purchaser; or
- (c) any scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Purchaser.

15. Confidentiality

15.1 Each of the Vendors acknowledges that he has been exposed to information about the Gauchos Group Companies and Churrasco which is either a trade secret, confidential or commercially sensitive and which may not be readily available to others engaged in a similar business to that of any Gauchos Group Company and Churrasco or to the general public and which if disclosed may cause harm to any Gauchos Group Company and Churrasco or the Purchaser.

15.2 The Vendors shall keep secret and shall not at any time, for whatever reason, use communicate or reveal to any person for that Vendors own or another's benefit, any Confidential Information which shall have come to his knowledge prior to Completion. Each of the Vendors shall as soon as reasonably practicable inform the Purchaser of any disclosure or use of any such information of which he becomes actually aware knowing it to be Confidential Information.

15.3 The restrictions contained in sub-clause 15.2 shall not apply to:

- (a) any disclosure or case authorised in writing by the Purchaser or in or as required by the order of a court of competent jurisdiction or an appropriate regulatory authority; or
- (b) any information which was is in the public domain otherwise than as a result of a breach of this clause.
- (c) any information which becomes known to any of the Vendors after Completion by virtue of the allotment by the Purchaser of the Consideration Shares and the rights of the Vendors or any of them in respect of such shares.

15.4 Except:

- (a) as may be required by law or in the case of the Purchaser the regulations of any recognised investment or stock exchange; or

- (b) as may be required in relation to any registration of this agreement or any arrangement of which it forms part under the Restrictive Trade Practices Act 1976; or
- (c) as may be required to vest the full benefit of this agreement in the Purchaser, including informing any employee, consultant, trade contact or customer connection of Churrasco or of any Gauchos Group Company or of the Purchaser of the change of ownership of Churrasco or of any Gauchos Group Company,

the provisions of this agreement and all negotiations relating to this agreement are strictly confidential and no announcement or disclosure of or publicity relating to the sale and purchase hereunder and terms of this agreement shall be made by the parties to any third party (other than their professional advisers and bankers) without the written agreement of the other parties.

16. Restrictive Trade Practices Act

Unless this agreement or any agreement or arrangement of which this agreement forms part is a non-notifiable agreement for the purposes of section 27A of the Restrictive Trade Practices Act 1976, if there is a provision of this agreement, or of any such agreement or arrangement, which causes or would cause this agreement or any such agreement or arrangement to be subject to registration under the Restrictive Trade Practices Act 1976, that provision shall not take effect until the day after the day upon which particulars of this agreement (or of that agreement or arrangement; as the case may be) have been furnished to the Director General of Fair Trading pursuant to section 24 of the Restrictive Trade Practices Act 1976 and if the agreement (or any other such agreement or arrangement) is subject to registration under the Restrictive Trade Practices Act 1976 the parties shall co-operate in good faith in order to carry out such registration as soon as reasonably practicable following the date of this agreement and in any event within three months of the date of this agreement.

17. Call Option and Right of First Refusal in Respect of the Alfonso Business

- 17.1 Gioma BV hereby agrees that the Purchaser shall be entitled (but not obliged) to require the transfer of the Alfonso Business in respect of all or any of the Alfonsos Units to the Purchaser (or its nominee) for the Call Option Price at any time during the Call Option Period by giving 7 days notice in writing to Alfonso;
- 17.2 On the seventh day following the day on which a notice is served under clause 17.1 completion of the sale and purchase and transfer of the Alfonso Business shall take place at the principal place of business of the Purchaser whereupon Alfonso and the Purchaser shall enter into and complete the relevant Alfonso Sale Agreement.
- 17.3 During the Call Option Period Gioma BV shall procure that the activities of the Alfonso Units are carried on in the normal and ordinary course in substantially the same manner as has been carried on prior to the date of this agreement.

- 17.4 In the event that Gioma BV proposes to sell the whole or any part of its shareholding in Alfonso or (following the expiry of the Call Option Period) all or a substantial part of the business or assets of Alfonso it shall first give a notice in writing sent by registered post (the "Sale Notice") to the Purchaser that it desires to sell the same.
- 17.5 The Sale Notice shall specify the terms as to price and otherwise upon which Gioma BV is prepared to enter into negotiations with the Purchaser for the sale of the relevant shares, business or assets and shall invite the Purchaser to state in writing by registered post within a period of 30 days from receipt by the Purchaser of the Sale Notice whether it is willing to enter into negotiations with Gioma BV.
- 17.6 Within a period of 30 days from the date of the receipt by Gioma BV of the Purchaser's reply pursuant to clause 17.2 Gioma BV and the Purchaser shall meet to discuss in good faith the terms upon which the Purchaser may acquire the relevant shares, business or assets.
- 17.7 In the event that Gioma BV and the Purchaser are unable within a further period of 30 days to agree the terms of the proposed purchase of the relevant shares, business or assets by the Purchaser, Gioma BV shall be entitled on a bona fide sale to any third party to sell the relevant shares, business or assets on terms which are no less favourable than previously offered to the Purchaser pursuant to the Sale Notice.

18. Notices

- 18.1 Any notice or other written communication given under or in connection with this agreement may be delivered personally or sent by prepaid recorded delivery or registered post or by facsimile to the address and for the attention of the relevant party set out in sub-clause 18.2 (or such other address as is otherwise notified from time to time).
- 18.2 The addresses of the parties for the purpose of sub-clause 18.1 are as follows:
- | | |
|----------------|--|
| The Vendors: | Their address as set out in schedule 1 |
| The Purchaser: | Park Lorne, 111 Park Road, London NW8 7SL (Marked "For the attention of The Managing Director") |
- 18.3 Any such notice or other written communication shall be deemed to have been served:
- (a) if delivered personally, at the time of delivery;
 - (b) if posted, at the expiry of two Business Days after it was posted;
 - (c) if sent by facsimile message, at the time of transmission (if sent during Business Hours) or (if not sent during Business Hours) at the beginning of Business

Hours next following the time of transmission in the place to which the facsimile was sent.

- 18.4 In proving such service it shall be sufficient to prove that personal delivery was made, or that such notice or other written communication was properly addressed stamped and posted or in the case of a facsimile message that an activity or other report from the sender's facsimile machine can be produced in respect of the notice or other written communication showing the recipient's facsimile number and the number of pages transmitted.

19. **Miscellaneous**

- 19.1 Each party shall bear its own costs incurred in the negotiations leading up to and in the preparation of this agreement and of matters incidental to this agreement.
- 19.2 This agreement shall so far as it remains to be performed after execution continue in full force and effect notwithstanding Completion and, in particular, the rights and remedies of the Purchaser in respect of the Warranties and/or the Tax Deed shall not be affected by Completion.
- 19.3 No term or provision of this agreement shall be varied or modified by any prior or subsequent statement, conduct or act of any party, except that the parties may amend this agreement but only by letter or written instrument signed by all of the parties.
- 19.4 No waiver by any of the parties to this agreement of any requirements of this agreement or of any of such party's rights under this agreement shall be valid unless such waiver is in writing and signed by or on behalf of each of the parties to this agreement.
- 19.5 No failure to exercise, and no delay in exercising, on the part of the Purchaser any right or remedy under this agreement shall operate as a waiver of such right or remedy nor shall any single or partial exercise of any right or remedy preclude the exercise of any other right or remedy.
- 19.6 The rights and remedies conferred on the Purchaser in this agreement are cumulative and in addition to and without prejudice to all other rights and remedies available to the Purchaser.
- 19.7 The headings to the clauses in this agreement and in the schedules are for ease of reference only and shall not form any part of this agreement for the purposes of construction.
- 19.8 This agreement and the documents to be delivered on Completion as set out in clause 12:
- (a) set out the entire agreement and understanding between the parties in respect of the sale and purchase of the Shares; and

- (b) (in relation to such subject matter) supersede all prior discussions, understandings, undertakings, promises, conditions, covenants, undertakings and agreements between the parties and their agents (or any of them) and all prior representations, warranties and expressions of opinion by any party (or its agent) to any other party (or its agent).

19.9 It is acknowledged and agreed that:

- (a) no party has entered into this agreement in reliance upon any representation, warranty, promise, condition, covenant, indemnity or undertaking of any other party which is not expressly set out in this agreement;
- (b) no party shall have any claim or remedy in respect of misrepresentation or breach of warranty (whether negligent or otherwise) or any untrue statement made by any other party save to the extent set out in or expressly incorporated in this agreement and each party irrevocably and unconditionally waives any right which it may have to claim damages and/or rescind this agreement for any misrepresentation (other than a misrepresentation contained in this agreement) or for breach of any express or implied warranties (other than a warranty set out in or expressly incorporated in this agreement),

provided that this clause shall not exclude or limit any right of the Purchaser in relation to fraudulent misrepresentation or other breach of this agreement arising out of any matter referred to in clause 8.1(a).

19.10 This agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

19.11 If at any time any term or provision in this agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any rule of law or enactment, such term or provision or part shall to that extent be deemed not to form part of this agreement, but the enforceability of the remainder of this agreement shall not be affected.

19.12 This agreement shall be binding on and shall enure for the benefit of the personal representatives and successors of the parties.

19.13 No party to this agreement may assign in whole or in part the benefit of its rights under this agreement without the written consent of all the other parties.

20. Law and Jurisdiction

20.1 This agreement shall be governed by and construed in accordance with English law and each party to this agreement submits to the exclusive jurisdiction of the English courts.

20.2 The Vendors and the Purchaser agree that any legal action or proceeding arising out of or in connection with this agreement may be brought in the High Court of Justice in

England, and the Vendors and the Purchaser hereby irrevocably submit to the exclusive jurisdiction of such court in connection with any such legal action or proceedings.

- 20.3 Each of the Vendors irrevocably appoint the Vendors' Solicitors as their agent to accept service of legal proceedings in connection with all matters arising out of this agreement and the transactions contemplated by this agreement and agree that any claim form, judgment or other notice of legal process in connection with any such legal action or proceedings shall be sufficiently served if delivered to the Vendors' Solicitors and clearly marked for Richard Lewis and James Burdett.

SCHEDULE 1

The Vendors

1. Gioma Group BV, a company incorporated in the Netherlands and whose registered office is at Burg Strananweg 101, 1101AA.
2. Gioma Group (Schweiz) AG, a company incorporated in Switzerland and whose registered office is at care of Hans Stuber of Bellerivestrasse 201, CH-8034 Zurich..
3. Siewert Jan Geenemans of Witte Singel 33, 2311 BH Leiden

SCHEDULE 2

Registered holders of the Churrasco Shares

| Name and Address | Number of Churrasco Shares |
|--------------------------|---------------------------------------|
| Gioma Group (Schweiz) AG | 995 |
| Dr Eric Haymann | 2 |
| Siewert Jan Geenemans | 1 |
| Hans Stuber | 1 |
| Dr Andreas Froriep | 1 |

SCHEDULE 3

Part A Churrasco

Name: Churrasco Steakhouse AG Basel (Churrasco Steakhouse SA)

Former Names: Churrasco AG
Churrasco Steak House AG

Number: N/A

Date of Incorporation: 10 January 1974

Registered Office: Schifflande 1, 4051 Basel

Authorised Share Capital: CHF500,000 divided into 1,000 shares of CHF500 each

Issued Share Capital: 1,000 shares of CHF500 each

Shareholders:

| | |
|------------------------------------|-------|
| Gioma Group (Schweiz) AG | (995) |
| Gioma BV and Dr E. Haymann | (2) |
| Gioma BV and Siewert Jan Geenemans | (1) |
| Gioma BV and Hans Stuber | (1) |
| Gioma BV and Dr Andreas Froriep | (1) |

Directors:

Dr E. Haymann
Jan Siewert Geenemans
Hans Stuber
Dr Andreas Froriep

Secretary: Hans Stuber

Accounting Reference Date: 31 December

Last Accounts: 31 December 1998

Last Annual Return: None

Charges:

Directors' Interests:

| | |
|-----------------------|----------|
| Dr E. Haymann | 2 Shares |
| Siewert Jan Geenemans | 1 Share |
| Hans Stuber | 1 Share |
| Dr Andreas Froriep | 1 Share |

Part B
Gauchos BV

GAUCHOS NEDERLAND B.V.

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Nederland B.V. |
| 2. Trade Register Number | 33185193 |
| 3. Date of Incorporation | 11 December 1985 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Amsterdam |
| 6. Principal Activity | Holding |
| 7. Registered Office | Burgemeester Stramanweg 101, Amsterdam |
| 8. Authorised share capital | NLG 400,000 |
| 9. Issued share capital | NLG 80,000 |
| 10. Shareholder (sole) | Gioma Group B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | Nothing registered |

SCHEDULE 4

Subsidiary Undertakings of Gauchos BV

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Korte Leidsedwardsstraat 45 B.V. |
| 2. Trade Register Number | 33152411 |
| 3. Date of Incorporation | 13 March 1978 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Amsterdam |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Korte Leidsedwardsstraat 45, Amsterdam |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 25,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Geelvinckssteeg 6 Amsterdam B.V. |
| 2. Trade Register Number | 33146032 |
| 3. Date of Incorporation | 13 March 1978 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Amsterdam |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Geelvinckssteeg 6, Amsterdam |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 25,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|------------------------------------|
| 1. Company Name | Gauchos Damstraat 5 Amsterdam B.V. |
| 2. Trade Register Number | 33155600 |
| 3. Date of Incorporation | 6 March 1979 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Amsterdam |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Damstraat 5, Amsterdam |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 35,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|-------------------------------------|
| 1. Company Name | Gauchos Spuistraat 3 Amsterdam B.V. |
| 2. Trade Register Number | 33189595 |
| 3. Date of Incorporation | 25 August 1986 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Amsterdam |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Spuistraat 3, Amsterdam |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|-------------------------------------|
| 1. Company Name | Gauchos Willemsplein 38 Arnhem B.V. |
| 2. Trade Register Number | 09068424 |
| 3. Date of Incorporation | 21 February 1990 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Arnhem |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Willemsplein 38, Arnhem |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|-----------------------------------|
| 1. Company Name | Gauchos Grote Markt 33 Breda B.V. |
| 2. Trade Register Number | 20058478 |
| 3. Date of Incorporation | 13 September 1989 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Breda |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Grote Markt 33, Breda |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|------------------------------------|
| 1. Company Name | Gauchos Kruisstraat 9 Haarlem B.V. |
| 2. Trade Register Number | 34049455 |
| 3. Date of Incorporation | 17 July 1979 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Haarlem |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Kruisstraat 9, Haarlem |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 35,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|---|
| 1. Company Name | Gauchos Molenstraat 26 's-Gravenhage B.V. |
| 2. Trade Register Number | 27106917 |
| 3. Date of Incorporation | 19 April 1978 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | The Hague |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Molenstraat 26, The Hague |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 25,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Denneweg 71 's-Gravenhage B.V. |
| 2. Trade Register Number | 27114934 |
| 3. Date of Incorporation | 17 March 1986 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | The Hague |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Denneweg 71, The Hague |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Stationsplein 3a Eindhoven B.V. |
| 2. Trade Register Number | 17050081 |
| 3. Date of Incorporation | 26 March 1984 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Eindhoven |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Stationsplein 3a, Eindhoven |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 35,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|-------------------------------------|
| 1. Company Name | Gauchos Oudegracht 150 Utrecht B.V. |
| 2. Trade Register Number | 30066346 |
| 3. Date of Incorporation | 3 February 1982 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Utrecht |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Oudegracht 150, Utrecht |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 35,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Aert van Nesstraat 99 Rotterdam B.V. |
| 2. Trade Register Number | 24151667 |
| 3. Date of Incorporation | 26 March 1984 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Rotterdam |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Aert van Nesstraat 99, Rotterdam |
| 8. Authorised share capital | NLG 100,000 |
| 9. Issued share capital | NLG 35,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|--|
| 1. Company Name | Gauchos Van Vollenhovenstraat 58B Rotterdam B.V. |
| 2. Trade Register Number | 24139381 |
| 3. Date of Incorporation | 11 December 1985 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Rotterdam |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Van Vollenhovenstraat 58B, Rotterdam |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|-------------------------------------|
| 1. Company Name | Gauchos Vrijthof 52 Maastricht B.V. |
| 2. Trade Register Number | 14625786 |
| 3. Date of Incorporation | 25 August 1986 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Maastricht |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Vrijthof 52, Maastricht |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

| Company Details | |
|--|-----------------------------------|
| 1. Company Name | Gauchos Waalkade 67 Nijmegen B.V. |
| 2. Trade Register Number | 10034409 |
| 3. Date of Incorporation | 21 February 1990 |
| 4. Country of Incorporation | The Netherlands |
| 5. Place of Incorporation | Nijmegen |
| 6. Principal Activity | Performance of catering company |
| 7. Registered Office | Waalkade 67, Nijmegen |
| 8. Authorised share capital | NLG 200,000 |
| 9. Issued share capital | NLG 40,000 |
| 10. Shareholder (sole) | Gauchos Nederland B.V. |
| 11. Directors | Gioma Horeca Management B.V. |
| 12. Secretary | Not applicable. |
| 13. Accounting reference date | Calendar year |
| 14. Last accounts | |
| 15. Last annual return | |
| 16. Registered Charges or other Security | |

SCHEDULE 5

Churrasco IPR

Part A Churrasco Trade Marks

TEQUILA MARGARITA
CERRO PLATA
CERRO NEGRO
CERRO AZUL
CHURRASCO
CHURRASCO STEAKHOUSE

Part B The Licences

1. A know-how agreement dated 9 January 1974 between (1) Churrasco Argentinisches Steakhouse (2) Hans-Albrecht von Maltzahn KG, Hamburg and (3) Churrasco (royalty payments on which have now lapsed);
2. A licence agreement dated 25 October 1977 between (1) Kommanditgesellschaft Churrasco (2) Argentinisches Steakhouse Verwaltungsgesellschaft mbH. & Co., Dusseldorf and (3) Churrasco with certain other parties relating to the restaurant concept and the designation "Churrasco" (royalty payments on which have now lapsed; and
3. A sale agreement dated 30 June 1989 between (1) La Societe Accor S.A., France and (2) Churrasco regarding the transfer of the "Churrasco" trade mark to Churrasco (royalty payments on which have now lapsed).

SCHEDULE 6

Gauchos IPR

Part A Gauchos Trade Marks

SCHEDULE 7

The Gauchos Properties

All that leasehold property known as:

1. Geelvincksteeg 6, 1017 BA Amsterdam as more particularly described under a lease dated 1 May 1976 made between De Boer Hartog Hooft - Beheer BV and Gauchos BV.
2. Korte Leidsedwardsstraat 109, 1017 PW Amsterdam as more particularly described under a lease dated 1 September 1993 made between Gioma Vastgoed BV and Gauchos Korte Leidsedwardsstraat 45 Amsterdam BV.
3. Damstraat 5, 1012 JL Amsterdam as more particularly described under a lease dated 1 September 1993 made between Gioma Vastgoed BV and Gauchos Damstraat 5 Amsterdam BV.
4. Kruisstraat 9, 2011 PV Haarlem as more particularly described under a lease dated • made between Gioma Vastgoed B.V and Gauchos B.V.
5. Molenstraat 26, 2513 BL Den Haag as more particularly described under a lease dated 1 January 1984 made between L.S.S. Weijl and Gauchos Molenstraat 26 Den Haag B.V.
6. Oude Gracht 150, 3511 AZ Utrecht as more particularly described under a lease dated 1 September 1993 made between Gioma Vastgoed B.V and Gauchos Oude Gracht 150 Utrecht B.V and Oude Gracht 152, 3511 AZ Utrecht as more particularly described under a lease dated December 1985 made between Wolff Beheer Maatschappij and Gauchos B.V.
7. Stationsplein 3a, 5611 AB Eindhoven as more particularly described under a lease dated 1 May 1982 made between B.V Beleggingsmaatschappij Smolders and Godik Holding B.V.
8. Aert van Nesstraat 99, 3012 CA Rotterdam as more particularly described under a lease dated 1 June 1983 made between Heineken Nederland B.V. and Gauchos Aert van Nesstraat 99 Rotterdam B.V.
9. Van Vollenhoven straat 58, 3016 BK Rotterdam as more particularly described under a lease dated 1 March 1973 made between N.V. Selecta and H.D. Loe.
10. Denneweg 71, 2514 CE Den Haag as more particularly described under a lease dated 1 June 1991 made between Verenigde Bierbrouwerijen Breda - Rotterdam BV and Gauchos BV
11. Spuistraat 3e, 1012 SP Amsterdam as more particularly described under a lease dated 1 February 1990 made between Gioma Vastgoed BV and Gauchos BV

12. Vrijthof 52, 6211 LE Maastricht as more particularly described under a lease dated 1 January 1997 made between R. van Wyk Holding B.V. (Hotel du Casque) and Gauchos BV.
13. Grote Markt 33, 4811 XP Breda as more particularly described under a lease dated 1 January 1988 made between Verenigde Bierbrouwerijen Breda - Rotterdam B.V and Gauchos B.V.
14. Waalkade 67, 6511 XP Nijmegen as more particularly described under a lease dated 1 September 1989 made between Messrs Merkus and Gauchos B.V.
15. Willemsplein 38, 6811 KC Arnhem as more particularly described under a lease dated 1 September 1993 made between Gioma Vastgoed BV and Gauchos Willemsplein 38 Arnhem B.V.
16. Beethovenstraat 55, 1077 HN Amsterdam as more particularly described under a lease dated 1 March 1992 made between Henry Smits Beheer BV and Gauchos BV.
17. Weissenbruchlaan 149, 3054 LM Rotterdam as more particularly described under a lease dated 1 September 1993 made between Gioma Vastgoed BV and Gauchos BV Aert van Nesstraat 99 Rotterdam B.V.

SCHEDULE 8

The Churrasco Properties

1. Schiffflande 1, 4051 Basel as more particularly described under a lease dated [1 July 1997] made between Erben gem M Wick and Churrasco.
2. Aarbergergasse 56, Bern, as more particularly described under a lease dated 13 October 1993] made between Berner Alpenbahn - Gesellschaft and Churrasco.
3. Rössligasse 2, Luzern as more particularly described under a lease dated 19 April 1985 made between Hotel Adler AG and Churrasco and an additional agreement dated 12 June 1997 made between Peter Wagner and Churrasco.
4. 21, Rue du Rhone, 1204 Geneve as more particularly described under a lease dated 14 November 1994 made between Albert and Joseph Kallon and Churrasco.
5. Rue de Bourg 51, Lausanne as more particularly described under leases dated 14 May 1996, 3 June 1996 and 8 July 1996 made between S.bourg SA and Churrasco.
6. Glockengasse 9, and Augustinergasse 8/10 Zurich as more particularly described under a lease dated 18 June 1991 made between Monika Usenbenz and Claudia Usenbenz and Elizabeth Usenbenz and Churrasco.

SCHEDULE 9

The Purchaser Warranties

1. The Accounts

- 1.1 So far as the Purchaser is aware the Purchaser Accounts and the audited accounts of the Purchaser for each of the three years immediately preceding its financial period ended on the Accounts Date were prepared under the historical cost convention as modified by the revaluation of fixed asset investments and complied with and were prepared in accordance with all applicable Accounting Requirements at their date.
- 1.2 So far as the Purchaser is aware the Purchaser Accounts:
 - (a) give a true and fair view of the assets and liabilities of the Purchaser as at the Accounts Date and of its profits for the financial period ended on the Accounts Date;
 - (b) fully disclose all the assets of the Purchaser as at the Accounts Date;
 - (c) make full provision for, reserve for or disclose, as appropriate, all liabilities, whether actual, contingent, unquantified or disputed, all capital commitments, whether actual or contingent, and all bad or doubtful debts of the Purchaser as at the Accounts Date in each case in accordance with all applicable Accounting Requirements; and
 - (d) made full provision for or reserve for deferred taxation in accordance with all applicable Accounting Requirements.
- 1.3 So far as the Purchaser is aware the basis and policies of accounting, adopted for the purpose of preparing the Purchaser Accounts are the same as those adopted in preparing the audited accounts of the Purchaser in respect of the three immediately preceding financial periods.
- 1.4 So far as the Purchaser is aware in the Purchaser Accounts and in the audited accounts of the Purchaser for the three immediately preceding financial periods;
 - (a) Fixed assets have been depreciated in accordance with SSAP12 as amended by FRS 3; and
 - (b) the stock in trade and work in progress of the Purchaser have been treated in accordance with SSAP9.
- 1.5 So far as the Purchaser is aware in the Purchaser Accounts all redundant, obsolete and slow moving stock in trade has been written off or written down as appropriate at the Accounts Date.

1.6 So far as the Purchaser is aware no amount included in the Purchaser Accounts in respect of any asset, whether fixed or current, exceeds its purchase price or its production cost or (in the case of current assets) its net realisable value as at the Accounts Date except for fixed asset investments which are valued at market value.

1.7 So far as the Purchaser is aware the values attributed to the assets of the Purchaser in the Purchaser Accounts as at the Accounts Date are such that if sold or realised at that value:

(a) no claim for corporation tax in respect of any chargeable gain would be made; and

(b) no liability to Taxation would arise as a result of any claim in respect of a balancing charge;

and none of such assets has been acquired for any consideration in excess of its net realisable value as at the date of such acquisition or otherwise than by way of a bargain at arm's length.

2. Position Since 31 December 1998

There has been no material adverse change in the financial position of the Purchaser since 31 December 1998.

3. Title and Authorisation

3.1 The Purchaser has full power and authority to enter into and to perform its obligations under this agreement (and the other documents referred to in this agreement to which it is a party) and when executed this agreement (and the other documents referred to in this agreement to which it is a party) will constitute binding obligations on the Purchaser in accordance with their respective terms.

3.2 The execution and delivery of, and the performance by the Purchaser of its obligations under this agreement (and the other documents referred to in this agreement to which it is a party) will not result in a breach of any agreement, arrangement, order, judgment or decree of any court or any governmental agency to which the Purchaser is a party of by which the Purchaser or any of its assets is bound.

SCHEDULE 10

Warranties

Part A

The Gauchos Title Warranties

1. The Gauchos Shares constitute the whole of the issued and allotted share capital of Gauchos BV. All of the Gauchos Shares are fully paid or properly credited as fully paid and Gioma BV is the sole legal and beneficial owner of them and upon Completion Gioma BV shall transfer the Gauchos Shares free from all Encumbrances and third party rights of any nature whatsoever and with the benefit of all other rights and advantages belonging to or accruing on the Sale Shares.
2. There is no option, right to acquire or Encumbrance on, over or affecting the Gauchos Shares; no claim has been made by any person to be entitled to any of the foregoing; no person has exercised or claimed to exercise any lien over any of the Gauchos Shares; no call on the Gauchos Shares is outstanding; and no person has the right (whether exercisable now or in the future and whether or not contingent) to call for the allotment, conversion, issue, sale or transfer of any shares or loan capital in Gauchos BV by reason of any agreement, conversion right, option, rights of pre-emption or howsoever otherwise.
3. There is not outstanding any loan capital of any Gauchos Group Company;
4. In relation to each Subsidiary Undertaking, the details of the issued share capital of that company set out in schedule 4 are correct and such shares constitute the whole of the issued and allotted share capital of that Subsidiary Undertaking. [Gauchos BV is the sole legal and beneficial owner of all the issued shares and all the allotted shares in each of the Subsidiary Undertakings set out in schedule 4.] All of such shares are fully paid or properly credited as fully paid and there is no option, right to acquire or Encumbrance on, over or affecting any of the such shares; no claim has been made by any person to be entitled to any of the foregoing; no Subsidiary Undertaking has exercised or claimed to exercise any lien over any of such shares; no call on any such shares is outstanding; and no person has the right (whether exercisable now or in the future and whether or not contingent) to call for the allotment, conversion, issue, sale or transfer of any shares or loan capital in any Subsidiary Undertaking by reason of any agreement, conversion right, option, rights of pre-emption or howsoever otherwise.
5. Gioma BV has full power and authority to enter into and to perform its obligations under this agreement and the Tax Deed (and the other documents referred to in this agreement to which they are party) and when executed each of this agreement, the Tax Deed (and the other documents referred to in this agreement to which it is a party) will constitute binding obligations on Gioma BV in accordance with their respective terms.

6. The execution and delivery of, and the performance by Gioma BV of its obligations under, this agreement and the Tax Deed (and the other documents referred to in this agreement to which they are party) will not result in a breach of any agreement, arrangement, order, judgment or decree of any court or any governmental agency to which Gioma BV is a party or by which Gioma BV or any of its respective assets is bound.

Part B

The Gauchos Commercial Warranties

1. Information Provided

The facts set out in the introduction and in the schedules to this agreement relating to the Gauchos Group Companies are true and accurate in all respects.

2. The Accounts

2.1 A true, complete and accurate copy of the Gauchos Accounts is annexed to the Disclosure Letter.

2.2 The Gauchos Accounts the Gauchos June Accounts and the audited accounts of the Gauchos Group Companies for each of the three years immediately preceding its financial year ended on the Accounts Date complied with and were prepared in accordance with all applicable Accounting Requirements.

2.3 The Gauchos Accounts and the Gauchos June Accounts respectively:

- (a) give a true and fair view of the assets and liabilities of the Gauchos Group Companies as at the Accounts Date or the June Accounts Date (as the case may be) and of its profits for the financial year ended on the Accounts Date and for the six months period ended on the June Accounts Date (as the case may be);
- (b) fully disclose all the assets of the Gauchos Group Companies as at the Accounts Date or the June Accounts Date (as the case may be);
- (c) make full provision for, reserve for or disclose, as appropriate, all liabilities, whether actual, contingent, unquantified or disputed, all capital commitments, whether actual or contingent, and all bad or doubtful debts of the Gauchos Group Companies as at the Accounts Date or the June Accounts Date (as the case may be) in each case, in accordance with all applicable Accounting Requirements; and
- (d) make full provision for or reserve for deferred Taxation in accordance with all applicable Accounting Requirements.

2.4 The bases and policies of accounting, adopted for the purpose of preparing the Gauchos Accounts and the Gauchos June Accounts are the same as those adopted in preparing the audited accounts of the Gauchos Group Companies in respect of the three immediately preceding financial years.

- 2.5 In the Gauchos Accounts and the Gauchos June Accounts all redundant, obsolete and slow moving stock in trade has been written off or written down as appropriate at the Accounts Date or the June Accounts Date (as the case may be).
- 2.6 No amount included in the Gauchos Accounts or the Gauchos June Accounts in respect of any asset, whether fixed or current, exceeds its purchase price or its production cost or (in the case of current assets) its net realisable value as at the Accounts Date or the June Accounts Date (as the case may be).
- 2.7 The values attributed to the assets of the Gauchos Group Companies in the Gauchos Accounts as at the Accounts Date and the Gauchos June Accounts as at the June Accounts Date are such that if sold or realised at that value:
- (a) no claim for corporation tax in respect of any chargeable gain would be made; and
 - (b) no liability to Taxation would arise as a result of any claim in respect of a balancing charge,

and none of such assets has been acquired for any consideration in excess of its net realisable value as at the date of such acquisition or otherwise than by way of a bargain at arm's length.

3. Position Since the June Accounts Date

3.1 Since the June Accounts Date:

- (a) save for the Gauchos Dividend no dividend or other distribution (within the meaning of section 2:216 of the Dutch Civil Code and sections 1 and 3 of the Act on Dividend Tax 1965, as amended) has been declared, paid or made by Gauchos BV;
- (b) the Gauchos Group Companies have carried on their business in the ordinary and usual course without any interruption in its nature, scope or manner and so as to maintain the same as a going concern;
- (c) no Gauchos Group Company has disposed of or parted with possession of any of its assets or entered into any transaction or assumed or incurred any liabilities or made any payment except in the ordinary course of business and at arm's length;
- (d) no Gauchos Group Company has written off any debts, no debt has been released by any Gauchos Group Company on terms that the debtor pays less than the book value of its debt, and no debt owing to any Gauchos Group Company has proved to any extent to be irrecoverable;

- (e) no Gauchos Group Company has entered into any contract involving expenditure on capital account or the purchase of any capital equipment or other items of a capital nature;
- (f) the only Taxation incurred by the Gauchos Group Companies in respect of profits is corporation tax;
- (g) no Gauchos Group Company has made any disposal or deemed disposal which might give rise to a liability for corporation tax on chargeable gains;
- (h) the profits of any Gauchos Group Company have not been affected by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or which have been entered into otherwise than on normal commercial terms;
- (i) the business of any Gauchos Group Company has not been materially or adversely affected by the loss of any source of supply which (a) in either of the two financial years immediately preceding the Accounts Date accounted for 5 per cent or more of aggregate amount paid by that Gauchos Group Company in such period in relation to the goods, services or equipment supplied to that Gauchos Group Company or (b) was a supplier of goods, services or equipment to any Gauchos Group Company in respect of which there is no other readily available source of supply other than a supplier whose prices or charges exceed those of the lost source of supply by 5 per cent or more or (c) is otherwise material to the business of any Gauchos Group Company;
- (j) there has been no material adverse change in the financial position or turnover of any Gauchos Group Company.
- (k) no contract or commitment otherwise than in the normal course of business or in respect of which any Gauchos Group Company's future liability does not exceed £10,000 in any 12 month period (whether in respect of capital expenditure or otherwise) has been entered into by any Gauchos Group Company on terms which will allow for less than full recovery of costs, overheads and profit or which is of a long term or unusual nature, or which involves or could involve an obligation of a material nature or magnitude; and for this purpose a long term contract or commitment is one which will not be performed in accordance with its terms within three months after the date it was entered into or undertaken or which is incapable of termination by that Gauchos Group Company on three months' notice or less;
- (l) no Gauchos Group Company has acquired or disposed of or agreed to acquire or dispose of any business or any material asset or assumed or acquired any material liability (including any contingent liability) otherwise than in the ordinary course of business;
- (m) no Gauchos Group Company has disposed of or agreed to dispose of any asset for a consideration payable by instalments where any instalment remains unpaid;

- (n) all cash and payments of any kind received by each Gauchos Group Company have been credited to its accounts with its bankers;
 - (o) each Gauchos Group Company has paid its creditors in accordance with the same policy as that adopted throughout the financial year ended on the Accounts Date;
 - (p) no share or loan capital or any interest giving rise to a right over the capital of any Gauchos Group Company has been created, allotted or issued or agreed to be issued or placed under any option, and no Gauchos Group Company has redeemed or purchased or agreed to redeem or purchase any of its share capital or passed any resolutions or made any capitalisation of reserves;
 - (q) there has not been any material change in the level of borrowing or in the working capital requirements of any Gauchos Group Company;
 - (r) there has not been any unusual increase or decrease in the level of the stock or work in progress of any Gauchos Group Company;
 - (s) no provision in the accounting records has been released.
- 3.2 The value of the net tangible assets of each Gauchos Group Company as at Completion will not be less than as at the June Accounts Date as adjusted for the Gauchos Dividend and the Gauchos Restaurant Sale and the value of the net current assets of each Gauchos Group Company will be no less than the aggregate of £1 and NLG 650,000.
- 3.3 The cash resources of the Gauchos Group will at Completion be no less than NLG 650,000 (being the proceeds of the Gauchos Restaurant Sale to be retained by Gauchos BV).
- 3.4 The Gauchos Group will not at Completion have any Indebtedness.
- 3.5 The accounts of each of the Gauchos Group Companies have always been prepared, approved, determined and filed with each relevant trade register (or in substitute therefor an acknowledgement within the meaning of section 2:403 paragraph 1 sub (f) of the Dutch Civil Code)
4. **Accounting and other records**
- 4.1 All the accounts, books, ledgers and financial and other records of whatsoever kind of each Gauchos Group Company (including all invoices) have been properly kept in accordance with all relevant legislation and practice, are within that company's possession and control and all transactions relating to its business have been duly and correctly recorded therein.

- 4.2 No Gauchos Group Company has any of its records, systems, controls, data or information, recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means (including any electronic, mechanical or photographic process whether computerised or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of that Gauchos Group Company.

5. Constitution

- 5.1 A true, complete and accurate copy of the memorandum and articles of association or equivalent constitutional documents of each Gauchos Group Company having embodied within it or annexed to it a copy of each resolution or agreement amending such documents is annexed to the Disclosure Letter. Such documents contain full details of the rights and restrictions attached to the share capital of any Gauchos Group Company, and all such resolutions have been properly passed as resolutions of that Gauchos Group Company and filed with the registrar of companies in the relevant jurisdiction within the requisite period for filing.
- 5.2 The register of members and statutory books of each Gauchos Group Company contain complete, true and accurate records of the members of that Gauchos Group Company and all the other information which they are required to contain under the relevant legislation and are fully properly and accurately drawn up to the date of this agreement and comply with all the relevant statutory or other legal or regulatory requirements and all returns particulars resolutions and other documents required to be delivered by any Gauchos Group Company to the registrar of companies in the relevant jurisdiction have been duly delivered within the required time limits and no fines or penalties are outstanding or known to be due.
- 5.3 None of the Gauchos Group Companies have received any notice of any application or intended application for the rectification of its register of members.
- 5.4 The only directors of any Gauchos Group Companies are the persons whose names are listed in part B of schedule 3 and schedule 4 and each Gauchos Group Company has no alternate or shadow directors.
- 5.5 No Gauchos Group Company has purchased any of its own shares.
- 5.6 Other than as set out in the Disclosure Letter no Gauchos Group Company has in the assets outside of the Netherlands nor does the Gauchos Group have a branch, agency or place of business or any permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the date of this agreement) outside of the Netherlands.
- 5.7 Save for those shares referred to in schedule 4 Gauchos BV does not have any shares or other securities in any other company and no interest in any other business and has not agreed to acquire any such shares, securities or interest or held any such shares or securities at any time. Save in relation to the Subsidiary Undertakings, no Gauchos

Group Company takes part in the management of any other company, firm, association or business organisation.

6. Bank Accounts and Indebtedness

- 6.1 Save as Disclosed no Group Company has incurred any indebtedness in the nature of borrowings which it has not repaid in full or satisfied.
- 6.2 The amounts borrowed by any Gauchos Group Company does not exceed any limitation on its borrowing contained in its articles of association or in any debenture or other deed or document binding upon that Gauchos Group Company and no Gauchos Group Company has incurred any indebtedness except indebtedness arising in the ordinary course of business.
- 6.3 No Gauchos Group Company has received notice to repay under any agreement relating to any borrowing or indebtedness in the nature of borrowing on the part of any Gauchos Group Company which is repayable on demand, and there has not occurred any event of default under any agreement relating to any other borrowing or indebtedness in the nature of borrowing on the part of any Gauchos Group Company or any event which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute such an event of default or entitle any person to require repayment of the same prior to the full term of the borrowing or indebtedness in the nature of borrowing.
- 6.4 Save as Disclosed, no Gauchos Group Company has bank overdraft facilities, acceptance credits or other financial facilities outstanding or available to it.
- 6.5 None of the Gauchos Group Companies have entered into any debt factoring, discounting or inventory finance arrangement or engaged in financing of a type which would not require to be shown or reflected in the Gauchos Accounts, had such arrangement or financing been entered into prior to the Accounts Date.
- 6.6 None of the Gauchos Group Companies have entered into or agreed to enter into any performance or other bonds and no such bonds have been given by any other person on behalf of any Gauchos Group Company or in relation to any of its obligations.
- 6.7 There is not at today's date except for the charges which have been Disclosed, any Encumbrance of any nature (including a conditional obligation) on or affecting the assets or property or any part of the assets or property of any Gauchos Group Company nor any debenture whether secured or otherwise or floating charge.
- 6.8 All charges by or in favour of any Gauchos Group Company have been [properly registered and] comply with all necessary formalities as to registration or otherwise in any other relevant jurisdiction; and the registered particulars of all charges over any assets of any Gauchos Group Company are complete and accurate in all respects.

7. Debts/Unpaid Liabilities

- 7.1 None of the Gauchos Group Companies are owed any sums other than debts incurred in the ordinary course of trading.
- 7.2 None of the Gauchos Group has any unpaid liability where the relevant bill or account was received more than 30 days prior to today's date.

8. Assets

- 8.1 The plant and machinery, including fixed plant and machinery, and all vehicles and office furniture and equipment and other assets used by any Gauchos Group Company are its property both legally and beneficially and that Gauchos Group Company has a good title thereto and none is the subject of any Encumbrance.
- 8.2 All the plant and machinery, including fixed plant and machinery, and all vehicles and office furniture and equipment and other assets owned and/or used by any Gauchos Group Company are in its possession and control and are in the reasonable opinion of Mr Geenemans in reasonable working order as at today's date.
- 8.3 So far as Gioma BV is aware none of the tangible assets owned and/or used by any Gauchos Group Company (including all machinery, equipment, furniture, fixtures and vehicles) has been adversely affected by fire, adverse weather conditions, floods or acts of God.
- 8.4 Copies of all written maintenance contracts in respect of which any Gauchos Group Company has a future liability in excess of £10,000 in any 12 month period have been Disclosed.
- 8.5 The asset register of each Gauchos Group Company comprises a materially complete and accurate record of all the plant, machinery, vehicles, equipment, furniture, and other assets owned or possessed by that Gauchos Group Company.
- 8.6 Save as Disclosed, no Gauchos Group Company has entered into any leasing or hiring agreement, hire purchase agreement, conditional sale or credit sale agreement, agreement for payment on deferred terms or any similar agreement or arrangement except for leases in respect of the Gauchos Properties.
- 8.7 So far as Gioma BV is aware no Gauchos Group Company is in default in the performance or observance of any of the provisions of any agreement or arrangement of a type described in Warranty 8.6 full details of which are Disclosed.

9. Restaurants

- 9.1 Except for the claims full particulars of which have been Disclosed no Gauchos Group Company has since the Accounts Date received any material claim alleging that the

services provided by such Gauchos Group Company (including without limitation any food, foodstuffs and/or beverages prepared, cooked, and served or otherwise made available by the relevant Gauchos Group Company) is or was defective or that they have or may have caused or contributed to damage or personal injury, and except as aforesaid, no dispute exists between any Gauchos Group Company and any customer, licensee or client thereof, nor are there any circumstances which may give rise to any such dispute.

- 9.2 No Gauchos Group Company has since the Accounts Date received any notice or other intimation that any of the services provided by that Gauchos Group Company (including without limitation any food, foodstuffs and/or beverages prepared, cooked, and served or otherwise made available by the relevant Company) infringe any Netherlands, European Communities or other regulations relating to safety or manufacture or to distribution, sale or use of products or services of a similar kind or that any made available (if any) outside of the Netherlands infringe any regulations in the country of sale relating to the manufacture, distribution, sale or use of products of their kind.
- 9.3 No Gauchos Group Company is in dispute with any of its suppliers of parts or materials (whether raw foodstuffs or otherwise) or subcontractors relating to the quality or reliability of such parts or materials or components, standard of work, late deliveries, the sums owed by that Gauchos Group Company or otherwise.
- 9.4 The advertising used by each Gauchos Group Company for its restaurants makes no claim for the performance and quality of any service, foodstuffs and/or beverages made available or afforded in any such restaurant which is inaccurate or cannot be substantiated; no Gauchos Group Company has since the Accounts Date received any complaint from any regulatory body, customer or other person that such advertising is misleading or deceptive or may cause confusion; and so far as Gioma BV is aware, neither the provision nor the manner or terms of provision of the services afforded by the relevant Gauchos Group Company contravene or may contravene or have contravened any relevant trade descriptions, consumer protection or unfair contract rules and regulations or other applicable law.
- 9.5 All necessary approvals, consents, permissions and licences have been obtained in relation to the storing, preparing, cooking, and selling of food, foodstuffs and/or beverages on the Gauchos Properties (whether directly or indirectly by the relevant Gauchos Group Company).
- 9.6 So far as Gioma BV is aware nothing has been done or omitted to be done whereby any person or regulatory body may be able to seek cancellation, rectification or any other modification of any regulatory approval in any jurisdiction in which any such approval has been granted or sought.

10. Intellectual Property

- 10.1 The Gauchos Group Companies are the sole legal and beneficial owners of all the Gauchos Company IPR (save IPR as is licensed to any Gauchos Company) and all Gauchos Company IPR is valid and subsisting.
- 10.2 The Gauchos Company IPR is not subject to any agreements, licences or Encumbrances affecting the same or restricting its use by any Gauchos Group Company in any way.
- 10.3 In so far as any of the Gauchos Company IPR is registered:
- (a) all relevant registrations and applications therefor are in the name of the relevant Gauchos Group Company;
 - (b) all application and renewal fees have been paid; and
 - (c) so far as Gioma BV is aware each Gauchos Group Company has done everything necessary in relation to any applications for registrations, and there are no facts known to any Gauchos Group Company which would indicate or suggest that such applications or any of them may fail in any respect to be granted in full.
- 10.4 So far as Gioma BV is aware, no person is seeking cancellation or rectification or any other modification of any registration of any of the Gauchos Company IPR in any jurisdiction in which it is currently registered.
- 10.5 So far as Gioma BV is aware there are no circumstances which could entitle a third party (including Gioma BV) to a licence, permission, consent or assignment of or in respect of any of the Gauchos IPR.
- 10.6 The Gauchos Group Companies are not interested in and do not own or use either individually or with any other person any Intellectual Property other than the Gauchos Company IPR.
- 10.7 The Gauchos Company IPR comprises all Intellectual Property which is necessary to enable the Gauchos Group Companies to carry on their business in the same manner and to the same extent as it has been carried on prior to Completion and will not be adversely affected by the transactions effected by this agreement. So far as Gioma BV is aware there is no impediment or restriction on the full use and exercise of any of the Gauchos Company IPR and such use and exercise does not constitute an infringement of any Intellectual Property owned by any third party.
- 10.8 No Gauchos Group Company nor any of the directors or employees or consultants of any Gauchos Group Company are party to or bound by an agreement for the sharing, exchanging, passing on or otherwise transferring technical information, know-how or intellectual property of any description including the Confidential Information, the Gauchos Know-how or the Gauchos Company IPR to any other person.

- 10.9 There have not been, and, so far as Gioma BV is aware, there are not pending or anticipated, any actions, claims, counterclaims, applications or allegations impugning the validity or enforceability of any of the Gauchos Company IPR or the relevant Gauchos Group Company's ownership thereof and there are no facts, matters or circumstances known to Gioma BV which could give rise to any such action, claim, counterclaim, application or allegation.
- 10.10 No Gauchos Group Company has received any notice of any breach or infringement of any third party's Intellectual Property.
- 10.11 No Group Company has granted any licence, right or permission under or in respect of the Gauchos Company IPR to any third party.
- 10.12 There have not been any actions, claims or allegations against any third party alleging infringement of any of the Gauchos Company IPR and there are not and there have not been any facts matters or circumstances known to Gioma BV which could give or which might have given rise to any such action, claim or allegation.
- 10.13 There are no outstanding or potential claims against any Gauchos Group Company for employee compensation in respect of any Gauchos Company IPR or any other like claim by a self-employed contractor.
- 10.14 Schedule 6 comprises a complete list of all registered rights held by the Gauchos Group Companies.
- 10.15 The Gauchos Trade Marks listed in schedule 6 part A comprise all the trade marks used by the Gauchos Group Companies in connection with their business.
- 10.16 No Gauchos Group Company owns or uses any brand, trade or business name in connection with its business other than "Gauchos " and the Gauchos Trade Marks.
- 10.17 Details of all unregistered Gauchos Company IPR which in the reasonable opinion of Gioma BV is material to the business of the Gauchos Group Companies and/or the Gauchos Trade Marks are set out in the Disclosure Letter.
- 10.18 The Gauchos Know-how and Confidential Information has at all times been maintained by the Gauchos Group Companies as confidential. In so far as the Gauchos Know-how and/or Confidential Information or any part thereof has been disclosed to any third parties it has been disclosed under the terms of confidentiality agreements which fully protect the confidentiality of the Gauchos Know-how and the Confidential Information and maintain the rights of the Gauchos Group Companies therein.

11. Employees and Consultants

- 11.1 Full particulars of the identity, job title and position, dates of commencement of employment and/or appointment to office, age, notice period, salary, benefits, confidentiality obligations and all other terms and conditions of employment or

engagement of each director, consultant or employee of each Gauchos Group Company are Disclosed.

- 11.2 There are no outstanding offers of employment or engagement made to any person by any Gauchos Group Company and there is no one who has accepted an offer of employment or engagement made by any Gauchos Group Company but who has not yet taken up that employment or engagement.
- 11.3 All service and employment agreements entered into by any Gauchos Group Company and in force at today's date may be terminated by not more than three months' notice and without payment of compensation or damages (other than any payments arising under statute or payment for wrongful dismissal). All consultancy agreements entered into by any Gauchos Group Company may be terminated by not more than three months' notice without giving rise to any claim for damages or compensation.
- 11.4 No director, employee or consultant of any Gauchos Group Company:
- (a) has given or received notice terminating his employment or engagement or altering its terms, and no such person will be entitled as a result of the entering into of this agreement to give notice of termination or to claim for any payment or benefit or to treat himself as being released from any obligation;
 - (b) is currently on sick leave which (as the date of this agreement) has been continuing for more than 14 consecutive days; or
 - (c) is currently on maternity leave.
- 11.5 There are no outstanding arrears of salary, wages, holiday pay or other remuneration due to any of the directors, consultants or employees of any Gauchos Group Company.
- 11.6 Except in the normal course of periodical salary and wage reviews no Gauchos Group Company has entered into any agreement or given any assurance (whether legally binding or not) or created any expectation regarding any future variation in any contract of employment or consultancy agreement in respect of any of its directors, employees or consultants or any agreement imposing an obligation on any Gauchos Group Company or any expectation on the part of any director, employee or consultant to increase the basis and/or rates of remuneration or payment and/or the provision of other benefits to or on behalf of any of its directors, employees or consultants at any future date.
- 11.7 The Disclosure Letter contains full details of each of the following which are now or have at any time within the 18 months immediately preceding the date of this agreement been operated by any Gauchos Group Company or which any Gauchos Group Company is under any obligation (whether or not legally binding) to provide at any future date:
- (a) any scheme or arrangement whereby directors or employees and/or former directors or employees and/or their relevant relatives or dependants may acquire

shares of any class in any Gauchos Group Company or option over or in respect of any such shares;

- (b) any employee trust under which employees and/or former employees and/or their relatives or dependants are the beneficiaries or are entitled to receive any benefits;
 - (c) any cash bonus scheme or other employee incentive arrangements not involving the issue of shares;
 - (d) any arrangement by which any commission or remuneration of any kind payable or due to any director or employee or any former director or employee may be calculated by reference in whole or in part to the turnover, profits or sales of any Gauchos Group Company.
- 11.8 No Gauchos Group Company is liable to pay any industrial levy nor has it any outstanding undischarged liability to pay any governmental or regulatory authority in any jurisdiction any Taxation, contribution or other impost arising in connection with the employment or engagement by the Gauchos Group Company of its employees, directors or consultants.
- 11.9 So far as Gioma BV is aware no Gauchos Group Company has entered into any union membership, security of employment, redundancy, recognition or other collective agreement (whether legally binding or not) with a trade union, association of trade unions, works council, staff association or other organisation or body of employees, nor has any Gauchos Group Company done any act which might be construed as recognition, nor has any Gauchos Group Company in respect of any employee entered into any agreement with any trade union or other employee body representing employees concerning the introduction of new equipment or technology.
- 11.10 No Gauchos Group Company is involved in any industrial or trade dispute or any dispute or negotiation regarding a claim of material importance or the dismissal, suspension, disciplining or varying of the terms and conditions of employment of any present or former employee, staff association or other organisation or body of employees.
- 11.11 No disciplinary action, whether formal or informal, has been taken against and no grievance or complaint of sex, race or disability discrimination, whether formal or informal, has been raised by any employee in the twelve months ending on the date of this agreement.
- 11.12 Gioma BV is not aware of any facts or matters affecting any of the employees of any Gauchos Group Company which might reasonably be considered grounds for dismissing such employee or for warning such employee that the continuation of any conduct or behaviour might lead to dismissal and no warning (whether formal or informal) has been given to any employee and no notice of termination of employment has been given to or received from any such employee.

- 11.13 No past or present director, employee or consultant has made any claim against any Gauchos Group Company for loss of office or arising out of the termination of his office or employment or in respect of any accident or injury which is not fully covered by insurance and so far as Gioma BV is aware there is no event which would or might give rise to any such claim.
- 11.14 No liability has been or to the knowledge of Gioma BV will be incurred by any Gauchos Group Company for breach of any contract of service or for services, for redundancy payments, protective awards or for compensation for wrongful dismissal or unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee or for any other liability accruing from the actual or proposed termination or variation of any contract of employment or for services or arising from the sale of the Gauchos Shares in accordance with this agreement.
- 11.15 No gratuitous payment has been made or promised by any Gauchos Group Company:
- (a) in respect of or contingent upon the sale of the Gauchos Shares; or
 - (b) in connection with the actual or proposed termination or suspension of employment or engagement or variation of any contract of employment or engagement of any present or former director, consultant or employee.
- 11.16 All monies paid or goods or services provided directly or indirectly or made available (whether by way of the provision of a credit card or otherwise howsoever) by any Gauchos Group Company whether as principal or surety to any of its directors or employees whether in respect of emoluments of employment or reimbursement or otherwise howsoever have been expenditure properly incurred by that Gauchos Group Company so as to be deductible in computing its taxable profits and have been declared to the as appropriate to the relevant revenue authority.
- 11.17 There is no person previously employed by any Gauchos Group Company who now has or may have a right to return to his work or a right to be reinstated by the Company under the provisions of any employment protection legislation as applicable in the Netherlands.
- 11.18 Except as Disclosed no Gauchos Group Company is under any present future or contingent liability to provide any goods, services, accommodation or benefit whatsoever (whether by way of remuneration or otherwise) to any of its employees, or former employees.
- 11.19 All directors or employees of any Gauchos Group Company who require a work permit will have such a permit in force at Completion, and such permit will remain in force for at least three months following Completion.
- 11.20 No person has been employed since 31 December 1997 by any Gauchos Group Company who requires a work permit without such a permit being in force.

11.21 So far as Gioma BV is aware each Gauchos Group Company has in relation to each of its directors and employees (and so far as relevant to each of its former directors and employees) complied with all obligations imposed on it by all statutes, regulations, codes of conduct and practices relevant to the relations between the Gauchos Group Company and its directors and employees and the Gauchos Group Company has maintained adequate and suitable records regarding their service.

11.22 Within the period of one year preceding today's date no Gauchos Group Company has been a party to any relevant transfer as defined in sections 7:662 up to and including 7:666 of the Dutch Civil Code nor has any Gauchos Group Company failed to comply with any duty to inform and consult any independent trade union under such Regulations.

12. Transactions with Vendor's Affiliates

12.1 There are no:

- (a) loans made by any Gauchos Group Company to Gioma BV and/or to any director of any Gauchos Group Company and/or to any Gioma Affiliate or of any such director;
- (b) debts owing to any Gauchos Group Company by Gioma BV and/or any director of the any Gauchos Group Company and/or by any Gioma Affiliate or of any such director.

12.2 There are no mortgages, charges, guarantees or other security arrangements entered into by any Gauchos Group Company in respect of any loans, debts or other obligations of Gioma BV and/or any director of any Gauchos Group Company and/or of any Gioma Affiliate or of any such director.

12.3 There are no existing contracts, transactions or arrangements to which any Gauchos Group Company is a party or under which it may be liable and in which Gioma BV and/or any director of any Gauchos Group Company and/or any Gioma Affiliate and/or any director is interested whether directly or indirectly, and no Gauchos Group Company has been a party to any such contracts, transactions or arrangements during the three years preceding today's date.

12.4 Neither Gioma BV nor any Gioma Affiliate nor any director of any Gauchos Group Company is at today's date either individually or with any other person or persons engaged or concerned or interested in any way whatsoever (and whether by a holding of shares or otherwise) in any other business of a similar nature to or competitive with that carried on by any Gauchos Group Company.

12.5 The Disclosure Letter sets out full details of any formal or informal arrangements with any Gioma Affiliate and copies of any agreements (whether or not legally binding) relating thereto in force or to come into force between any Gauchos Group Company

and Gioma BV and/or any Gioma Affiliate all such arrangements and agreements being on armslength terms and conditions.

- 12.6 No Gauchos Group Company depends in any material respect upon the use of any property, right or asset owned by, or facilities or services provided by Gioma BV or any Gioma Affiliate.

13. The Computer System and Software

- 13.1 So far as Gioma BV is aware no Gauchos Group Company has experienced any material mechanical or software failure in respect of the Computer System at any time and the Computer System is fully effective and operational in all respects.

- 13.2 Each Gauchos Group Company is the beneficial owner free from Encumbrances of all the items of equipment, hardware, firmware and accessories relating to the Computer System of that Gauchos Group Company and no other person has any claims or rights in respect thereof.

- 13.3 Save in respect of Software licensed from third parties full details of which are set out in the Disclosure Letter, each Gauchos Group Company is the beneficial owner free from Encumbrances of all Software used by it and so far as Gioma BV is aware all such Software was either developed by the Gauchos Group Company's employees in the course of their employment or by third parties pursuant to agreements under which all rights in the Software are vested in the Gauchos Group Company.

- 13.4 Insofar as any Software has been licensed by any Gauchos Group Company from any third parties:

- (a) a copy of each licence is Disclosed;
- (b) the Gauchos Group Company is not in dispute with the relevant licensor.

- 13.5 All information and data held by any Gauchos Group Company on its Computer System is beneficially owned by the Gauchos Group Company free from Encumbrances, and the Gauchos Group Company is not subject to any restriction with regard to the use thereof and no third party enjoys any right or permission to copy or hold any such information or data.

- 13.6 Copies of maintenance and support agreements in respect of equipment, hardware, firmware, Software and accessories used in the Computer System are Disclosed, and so far as Gioma BV is aware no Gauchos Group Company is in dispute with such provider regarding its maintenance and support obligations.

14. Material Contracts

14.1 There is not outstanding any agreement or arrangement to which any Gauchos Group Company is a party:

- (a) which was entered into otherwise than at arm's length;
- (b) which requires (or confers any right to require) the allotment or issue of any shares, debentures or other securities of the Gauchos Group Company now or at any time in the future;
- (c) which establishes any guarantee, indemnity, suretyship, comfort arrangement (whether or not legally binding) given by the Gauchos Group Company in respect of the obligations or solvency of any third party;
- (d) pursuant to which any person has incurred any financial indebtedness or liability (whether actual or contingent) to the Gauchos Group Company or vice versa other than trade indebtedness or liability incurred in the ordinary and usual course of trading;
- (e) which establishes any joint venture, cooperation agreement or arrangement, consortium or profit (or loss) sharing agreement or arrangement;
- (f) which involves future capital expenditure by the Gauchos Group Company in excess of £10,000
- (g) which, by virtue of the execution of this agreement or acquisition of the Gauchos Shares by the Purchaser or other performance of the terms of this agreement will or may result in: (i) any third party being relieved of any obligation or becoming entitled to exercise any right (including a right of termination or any right of pre-emption or other option); or (ii) the Gauchos Group Company being in default under any such agreement or arrangement or losing any benefit, right or licence which it currently enjoys or (iii) a liability or obligation of the Gauchos Group Company being created or increased;
- (h) which will result in the Gauchos Group Company becoming liable for any finder's fee, brokerage or other commission in connection with the acquisition of the Gauchos Shares by the Purchaser;
- (i) pursuant to which the Gauchos Group Company has sold or otherwise disposed of any company, business or undertaking in circumstances such that it remains subject to any liability (whether contingent or otherwise) which is not fully provided for in the Gauchos Accounts;
- (j) which is a power of attorney given by the Gauchos Group Company or any other authority other than authority given to a director of the Gauchos Group Company which would enable any person to enter into any contract or commitment on behalf of the Gauchos Group Company;

- (k) which establishes any agency, distributorship, marketing, purchasing, licensing, management or administration agreement or arrangement of a material nature;
 - (l) which is a currency and/or interest rate swap agreement, asset swap, future rate or forward rate agreement, interest cap, collar and/or floor agreement or other currency exchange or interest rate protection transaction or combination thereof or any option with respect to any such transaction or any other similar transaction;
 - (m) which involves payment by reference to fluctuations in the index of retail prices, or any other index, or in the rate of exchange of any currency or any interest rate;
 - (n) which has more than three months left to run and is not capable of being terminated by three months' notice or less without payment of compensation or damages;
 - (o) which is a sale or purchase option or similar agreement or arrangement affecting any assets owned or used by the Gauchos Group Company; or
 - (p) restricting the freedom of the Gauchos Group Company to provide and take goods and services by such means and from and to such persons as it may from time to time think fit.
- 14.2 There have been Disclosed full and complete copies of each of the written agreements entered into by each of the Gauchos Group Companies of the supply of goods, facilities and services to the Gauchos Group Company in respect of which the future liability of the relevant Gauchos Group Company exceeds £10,000 in any twelve month period;
- 14.3 Any negotiations or offers or the like which are capable of resulting in any Gauchos Group Company entering into any agreement or arrangement of a kind described in Warranty 14.1(a) to (r) or 14.2 of part B of this schedule 10 have been Disclosed.
- 14.4 No Gauchos Group Company has assigned or sublet any of its rights under, and has not received any notice of default under any material agreement or arrangement of a kind described in Warranty 14.1(a) to (r) or 14.2 of part B of this schedule 10 above to which it is a party.
- 14.5 No Gauchos Group Company has received notice that any agreement or transaction to which any Gauchos Group Company is a party is invalid or ultra vires and there are no grounds for rescission, breach, avoidance or repudiation of any agreement or other transaction to which any Gauchos Group Company is a party.
- 14.6 No Gauchos Group Company has done or omitted to do any act or thing which might materially prejudice or affect its goodwill and the assets of any Gauchos Group Company have not been materially diminished by the wrongful act of any person.

15. **Business**

15.1 So far as Gioma BV is aware:

- (a) no customer or client of any Gauchos Group Company has ceased or has indicated an intention to cease trading or dealing with the Gauchos Group Company or is anticipated to do so or to become bankrupt or go into receivership, administration or liquidation on or after the date of this agreement or to make any substantial reduction in their trading or dealing with the Gauchos Group Company;
- (b) save as provided by the agreement no director, consultant or employee will leave the employment or engagement of any Gauchos Group Company as a result of the signing of this agreement or the matters or transactions effected by it; and
- (c) and having made no enquiry the attitude or actions of customers, suppliers, clients, employees and other persons with regard to any Gauchos Group Company will not be prejudicially affected by the signing of this agreement or the matters or transactions effected by it.

15.2 Neither more than 5% of the aggregate amount of all purchases, nor more than 5% of the aggregate amount of all sales, of any Gauchos Group Company are obtained or made from or to the same supplier or customer (including any person in any way connected with such supplier or customer), nor so far as Gioma BV is aware is any material source of supply to any Gauchos Group Company, or any material outlet for the sales of any Gauchos Group Company, in jeopardy or likely to be in jeopardy.

16. **Investment Grants**

16.1 The Disclosure Letter contains full details of each investment grant, building grant, or any other grant or allowance or loan subsidy or financial assistance received by or applied for by any Gauchos Group Company. No circumstances have arisen or could arise in consequence of events occurring on or prior to today's date (including the execution or completion of this agreement) as a result of which:

- (a) any grant, subsidy, allowance or assistance received by any Gauchos Group Company is or will be liable to be repaid in whole or in part; or
- (b) any such grant, allowance subsidy or assistance for which application has been made by any Gauchos Group Company will not be paid or will be reduced.

17. **Insolvency**

17.1 No order has been made, petition presented, resolution passed or meeting convened for the winding up of any Gauchos Group Company or for an administration order in

respect of any Gauchos Group Company; no receiver, receiver and manager, administrative receiver or liquidator has been appointed of the business or the whole or any part of the assets or undertaking of any Gauchos Group Company; and there are no circumstances known to Gioma BV and which in the opinion of Gioma BV are likely to give rise to the appointment of any such receiver, receiver and manager, administrative receiver or liquidator.

- 17.2 There are no unfulfilled or unsatisfied judgments or court orders outstanding against any Gauchos Group Company or so far as Gioma BV is aware by which any of them may be affected.
- 17.3 No distress, distraint, charging order, garnishee order, execution or other process which a court or a similar body may use to enforce payment of a debt has been levied or so far as Gioma BV is aware applied for in respect of the whole or any part of the property, assets or undertaking of any Gauchos Group Company.
- 17.4 No event has occurred causing, or which upon intervention or notice by any third party may cause, any floating charge created by any Gauchos Group Company to crystallise or any charge created by it to become enforceable, nor has any crystallisation occurred or is any such enforcement in process.
- 17.5 In relation to any property or assets held by any Gauchos Group Company under any hire, hire purchase, conditional or credit sale, leasing or retention of title agreement or otherwise belonging to a third party, no event has occurred which entitles, or which upon intervention or notice by the third party may entitle, the third party to repossess the property or assets concerned or to terminate the agreement or any licence in respect thereof.
- 17.6 No Gauchos Group Company has stopped payment nor is it insolvent or unable to pay its debts.
- 17.7 No Gauchos Group Company has been a party to any transaction with any third party which, in the event of such third party going into liquidation or an administration order or a bankruptcy order being made in relation to it or to him, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts.
- 17.8 No person who at present is, or who at any time within the last three years was, a director or officer of any Gauchos Group Company is, or at any material time was, subject to any disqualification order under the Act or under any other legislation relating to the disqualification of directors and officers, or so far as Gioma BV is aware was the subject of any investigation or proceedings capable of leading to a disqualification order being made.

18. Regulatory matters

- 18.1 Each Gauchos Group Company has been granted and there are now in force and effect all necessary approvals, permits, authorities, consents and licences for the proper carrying on of its business in the places and in the manner in which such business is now carried on and has complied with all relevant rules and regulations applicable thereto including without limitation those relating inter alia to the preparation storage and sale of food and beverages.
- 18.2 The approvals, permits, authorities, consents and licences referred to in Warranty 18.1 are not subject to any unusual or onerous conditions and each Gauchos Group Company has complied with all conditions attached to such approvals, permits, authorities, consents and licences. No Gauchos Group Company has received notice of any investigations, or proceedings, and no Gauchos Group Company has received any enquiries, or communications and so far as Gioma BV is aware there are no circumstances which indicate that any such approvals, permits, authorities, consents and licences may be revoked, cancelled, suspended, modified or not renewed.
- 18.3 Each Gauchos Group Company has at all times carried on its business and affairs in all respects in accordance with its memorandum and articles of association and all applicable laws and regulations (whether in the Netherlands or any other jurisdiction).
- 18.4 No outstanding notices in relation to any statutory obligation have been served on any Gauchos Group Company in respect of any of its assets or in respect of any contravention or non-compliance with or alleged contravention or non-compliance with any obligation or otherwise.
- 18.5 No Gauchos Group Company is a party to any agreement, arrangement or concerted practice and is not carrying on any practice which in whole or in part:
- (a) is not allowed under section 6 of the Dutch Competition Act 1997;
 - (b) would constitute an abuse under Section 24 of the Dutch Competition Act 1997;
 - (c) contravenes Articles 81 or 82 of the Treaty of Rome or Articles 53 or 54 of the Agreement constituting the European Economic Area or which has been notified to the European Commission or the EFTA Surveillance Authority for a negative clearance or exemption or which ought to have been so notified;
 - (d) so far as Gioma BV is aware contravenes or is invalidated by any competition, anti-trust, regulatory, monopoly, fair trading, consumer protection or similar legislation in any jurisdiction where each Gauchos Group Company has any assets or carries on business.]
- 18.6 There is not in existence any practice of any Gauchos Group Company which so far as Gioma BV is aware is or has been under investigation by or on behalf of Economische Dienst, Openbaar Ministerie and/or De Mededingingsautoriteit the European Commission or the EFTA Surveillance Authority or any authority having jurisdiction in competition, anti-trust, regulatory, monopoly, fair trading, consumer protection or similar matters.

- 18.7 There have not been and so far as Gioma BV is aware there are not pending, or in existence, any investigations or enquiries by, or on behalf of, any governmental or administrative or other body in respect of any of the affairs of any Gauchos Group Company.
- 18.8 No Gauchos Group Company has paid any commission or made any payment whether to secure business or otherwise to any person, firm or company which in the hands of such person, firm or company would in accordance with the relevant law be regarded as illegal or improper.
- 18.9 So far as Gioma BV is aware no director, officer, agent, employee or other person acting on behalf of any Gauchos Group Company has been party to the use of any assets of the Gauchos Group Company for unlawful contributions, gifts, entertainment or other unlawful expenses relating to any activity, including any political activity, or to the establishment or maintenance of any unlawful or unrecorded fund of monies or other assets, or to the making of any false or fictitious entries in the books or records of the Gauchos Group Company, or to the making of any unlawful payment.
- 18.10 All statements and declarations made to the relevant customs & excise authority or any other customs authority in the Netherlands, including all import declarations, made by or on behalf of any Gauchos Group Company have been true, complete and accurate in all material respects.
- 18.11 No Gauchos Group Company has received notice that it is subject to any investigation or enquiry by relevant customs & excise authority or any other customs authority.

19. Litigation

- 19.1 None of the Gauchos Group Companies are a party (whether as plaintiff or defendant or otherwise) to any claim, litigation, arbitration, prosecution or other legal or quasi legal proceedings or enquiry and no Gauchos Group Company has been engaged in any such claim, proceedings or enquiry during the three years prior to today's date and so far as Gioma BV is aware there are no claims or actions (whether criminal or civil) pending or threatened or anticipated by or against any Gauchos Group Company or any of its directors, employees or consultants in relation to the Gauchos Group Company, its business or in respect whereof the Gauchos Group Company is liable to indemnify any party concerned or may be vicariously liable.
- 19.2 So far as Gioma BV is aware there are no investigations, disciplinary proceedings or other facts or circumstances likely to lead to any claim, action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration involving any Gauchos Group Company.

20. Insurance

- 20.1 Each Gauchos Group Company and its assets are insured against such risks and in such sums as are Disclosed. All premiums due in respect of such insurances have been fully paid; and the next renewal date for each of such insurances is a date at least 30 days after the anticipated date of Completion. All such insurances are currently in full force and effect, and nothing has been done or omitted to be done which in the reasonable opinion of Gioma BV could make any policy of insurance void or voidable, or which is likely to result in an increase in premium; and none of such insurances is subject to any special or in the reasonable opinion of Gioma BV unusual terms or restrictions or to the payment of any premium in excess of the normal rate.
- 20.2 No claim is outstanding or in the reasonable opinion of Gioma BV is likely to be made under any of such insurances and no circumstances exist which are likely to give rise to any such claim.
- 20.3 There are no claims capable of arising against any Gauchos Group Company by an employee, a workman or any other third party, in respect of any accident or injury, which are not fully covered by insurance.

21. Environmental, Health and Safety Considerations

- 21.1 So far as Gioma BV is aware each Gauchos Group Company has complied with all Environmental Laws relating to it, and in particular has so far as Gioma BV is aware obtained and complied with the terms and conditions of all permits, licences and other authorisations, and has filed all notifications, which are required under any Environmental Laws.
- 21.2 No notices have been received concerning the disposal, storage, deposit, treatment, recycling or transportation of controlled waste at any time on the Gauchos Properties or on any other property at any time owned or occupied by any Gauchos Group Company or concerning the terms or conditions of any authorisation, licence or permission relating to any such controlled waste and Gioma BV is not aware of any circumstances which may give rise to the service of any such notice.
- 21.3 There is no civil, criminal or administrative action, claim, investigation or other proceeding, suit or prosecution pending or threatened against any Gauchos Group Company or any of their directors, officers or employees under or relating to any Environmental Laws whether in relation to the Properties or otherwise, and there are no circumstances existing which may lead to any such action, claim, investigation, proceeding, suit or prosecution.

SCHEDULE 11

Part A Churrasco Title Warranties

1. The Churrasco Shares constitute the whole of the issued and allotted share capital of Churrasco. All of the Churrasco Shares are fully paid or properly credited as fully paid and, in respect of the number of the Churrasco Shares set out in schedule 2 against each Churrasco Vendor's name that Churrasco Vendor is the sole legal and beneficial owner of them and upon Completion the Churrasco Vendor in question shall transfer the Churrasco Shares in question free from all Encumbrances and third party rights of any nature whatsoever and with the benefit of all other rights and advantages belonging to or accruing on the Churrasco Shares.
2. There is no option, right to acquire or Encumbrance on, over or affecting the Churrasco Shares; no claim has been made by any person to be entitled to any of the foregoing; no person has exercised or claimed to exercise any lien over any of the Churrasco Shares; no call on the Churrasco Shares is outstanding; and no person has the right (whether exercisable now or in the future and whether or not contingent) to call for the allotment, conversion, issue, Churrasco or transfer of any shares or loan capital in Churrasco by reason of any agreement, conversion right, option, rights of pre-emption or howsoever otherwise.
3. There is not outstanding any loan capital of Churrasco.
4. Each of the Churrasco Vendors have full power and authority to enter into and to perform their respective obligations under this agreement and the Tax Deed (and the other documents referred to in this agreement to which they are party) and when executed each of this agreement, the Tax Deed (and the other documents referred to in this agreement to which they are party) will constitute binding obligations on the Churrasco Vendors in accordance with their respective terms.
5. The execution and delivery of, and the performance by the Churrasco Vendors of their obligations under, this agreement and the Tax Deed (and the other documents referred to in this agreement to which they are party) will not result in a breach of any agreement, arrangement, order, judgment or decree of any court or any governmental agency to which any of the Churrasco Vendors is a party or by which any of the Churrasco Vendors or any of their respective assets is bound.

Part B
The Churrasco Commercial Warranties

1. Information Provided

The facts set out in the introduction and in the schedules to this agreement relating to Churrasco are true and accurate in all respects.

2. The Churrasco Accounts

2.1 A true, complete and accurate copy of the Churrasco Accounts is annexed to the Disclosure Letter.

2.2 The Churrasco Accounts the Churrasco June Accounts and the audited accounts of Churrasco for each of the three years immediately preceding its financial year ended on the Accounts Date were prepared under the historical cost convention and complied with and were prepared in accordance with all applicable Accounting Requirements.

2.3 The Churrasco Accounts and the Churrasco June Accounts respectively:

- (a) give a true and fair view of the assets and liabilities of Churrasco as at the Accounts Date or the June Accounts Date (as the case may be) and of its profits for the financial year ended on the Accounts Date and for the six month period ended on the June Accounts Date (as the case may be);
- (b) fully disclose all the assets of Churrasco as at the Accounts Date or the June Accounts Date (as the case may be);
- (c) make full provision for, reserve for or disclose, as appropriate, all liabilities, whether actual, contingent, unquantified or disputed, all capital commitments, whether actual or contingent, and all bad or doubtful debts of Churrasco as at the Accounts Date or the June Accounts Date (as the case may be) in each case, in accordance with all applicable Accounting Requirements; and
- (d) make full provision for or reserve for deferred Taxation in accordance with all applicable Accounting Requirements.

2.4 The bases and policies of accounting, adopted for the purpose of preparing the Churrasco Accounts and the Churrasco June Accounts are the same as those adopted in preparing the audited accounts of Churrasco in respect of the three immediately preceding financial years.

2.5 In the Churrasco Accounts and the Churrasco June Accounts all redundant, obsolete and slow moving stock in trade has been written off or written down as appropriate at the Accounts Date or the June Accounts Date (as the case may be).

- 2.6 No amount included in the Churrasco Accounts or the Churrasco June Accounts in respect of any asset, whether fixed or current, exceeds its purchase price or its production cost or (in the case of current assets) its net realisable value as at the Accounts Date (as the case may be)
- 2.7 The values attributed to the assets of Churrasco in the Churrasco Accounts as at the Accounts Date and the Churrasco June Accounts as at the June Accounts Date are such that if sold or realised at that value:
- (a) no claim for corporation tax in respect of any chargeable gain would be made; and
 - (b) no liability to Taxation would arise as a result of any claim in respect of a balancing charge,

and none of such assets has been acquired for any consideration in excess of its net realisable value as at the date of such acquisition or otherwise than by way of a bargain at arm's length.

3. Position Since the June Accounts Date

3.1 Since the June Accounts Date:

- (a) save for the Churrasco Dividend no dividend or other distribution has been declared, paid or made by Churrasco;
- (b) Churrasco has carried on its business in the ordinary and usual course without any interruption in its nature, scope or manner and so as to maintain the same as a going concern;
- (c) Churrasco has not disposed of or parted with possession of any of its assets or entered into any transaction or assumed or incurred any liabilities or made any payment except in the ordinary course of business and at arm's length;
- (d) Churrasco has not written off any debts, no debt has been released by Churrasco on terms that the debtor pays less than the book value of its debt, and no debt owing to Churrasco has proved to any extent to be irrecoverable;
- (e) Churrasco has not entered into any contract involving expenditure on capital account or the purchase of any capital equipment or other items of a capital nature;
- (f) the only Taxation incurred by Churrasco in respect of profits is corporation tax;
- (g) Churrasco has not made any disposal or deemed disposal which might give rise to a liability for corporation tax on chargeable gains;

- (h) the profits of Churrasco have not been affected by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or which have been entered into otherwise than on normal commercial terms;
- (i) the business of Churrasco has not been materially or adversely affected by the loss of any source of supply which (a) in either of the two financial years immediately preceding the Accounts Date accounted for 5 per cent or more of aggregate amount paid by Churrasco in such period in relation to the goods, services or equipment supplied to Churrasco or (b) was a supplier of goods, services or equipment to Churrasco in respect of which there is no other readily available source of supply other than a supplier whose prices or charges exceed those of the lost source of supply by 5 per cent or more or (c) is otherwise material to the business of Churrasco;
- (j) there has been no material adverse change in the financial position or turnover of Churrasco;
- (k) no contract or commitment otherwise than in the normal course of business or in respect of which Churrasco's future liability does not exceed £10,000 in any 12 month period (whether in respect of capital expenditure or otherwise) has been entered into by Churrasco on terms which will allow for less than full recovery of costs, overheads and profit or which is of a long term or unusual nature, or which involves or could involve an obligation of a material nature or magnitude; and for this purpose a long term contract or commitment is one which will not be performed in accordance with its terms within three months after the date it was entered into or undertaken or which is incapable of termination by Churrasco on three months' notice or less;
- (l) Churrasco has not acquired or disposed of or agreed to acquire or dispose of any business or any material asset or assumed or acquired any material liability (including any contingent liability) otherwise than in the ordinary course of business;
- (m) Churrasco has not disposed of or agreed to dispose of any asset for a consideration payable by instalments where any instalment remains unpaid;
- (n) all cash and payments of any kind received by Churrasco have been credited to its accounts with its bankers;
- (o) Churrasco has paid its creditors in accordance with the same policy as that adopted throughout the financial year ended on the Accounts Date;
- (p) no share or loan capital or any interest giving rise to a right over the capital of Churrasco has been created, allotted or issued or agreed to be issued or placed under any option, and Churrasco has not redeemed or purchased or agreed to

redeem or purchase any of its share capital or passed any resolutions or made any capitalisation of reserves;

- (q) there has not been any material change in the level of borrowing or in the working capital requirements of Churrasco;
- (r) there has not been any unusual increase or decrease in the level of the stock or work in progress of Churrasco;
- (s) no provision in the accounting records has been released.

3.2 The value of the net tangible assets of Churrasco as at Completion will not be less than as at the June Accounts Date and the value of the net current assets of Churrasco will be no less than £1.

3.3 Churrasco will not at Completion have any Indebtedness.

4. Accounting and Other Records

4.1 All the accounts for the ten years prior to the date of this agreement, books, ledgers and financial and other records of whatsoever kind of Churrasco (including all invoices) have been properly kept in accordance with all relevant legislation and practice, are within Churrasco's possession and control and all transactions relating to its business have been duly and correctly recorded therein

4.2 Churrasco has none of its records, systems, controls, data or information, recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means (including any electronic, mechanical or photographic process whether computerised or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Churrasco.

5. Constitution

5.1 A true, complete and accurate copy of the memorandum and articles of association or equivalent constitutional documents of Churrasco having embodied within it or annexed to it a copy of each resolution or agreement amending such documents is annexed to the Disclosure Letter. Such documents contain full details of the rights and restrictions attached to the share capital of Churrasco, and all such resolutions have been properly passed as resolutions of Churrasco and filed with the registrar of companies in the relevant jurisdiction within the requisite period for filing.

5.2 The register of members and statutory books of Churrasco contain complete, true and accurate records of the members of Churrasco and all the other information which they are required to contain under Swiss Company law and are fully properly and accurately drawn up to the date of this agreement and comply with all the requirements of the relevant legislation and all returns particulars resolutions and other documents required

to be delivered by Churrasco to the registrar of companies in the relevant jurisdiction have been duly delivered within the required time limits and no fines or penalties are outstanding or known to be due.

- 5.3 Churrasco has not received any notice of any application or intended application for the rectification of its register of members.
- 5.4 The only directors of Churrasco are the persons whose names are listed in schedule 2 and Churrasco has no alternate or shadow directors.
- 5.5 Churrasco has not purchased any of its own shares.
- 5.6 Other than as set out in the Disclosure Letter Churrasco has no assets outside of Switzerland nor does it have a branch, agency or place of business or any permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the date of this agreement) outside of Switzerland.
- 5.7 Churrasco has no shares or other securities in any other company and no interest in any other business and has not agreed to acquire any such shares, securities or interest or held any such shares or securities at any time. Churrasco does not take part in the management of any other company, firm, association or business organisation.
- 5.8 No share in the capital of Churrasco has been issued or transferred otherwise than in accordance with the Memorandum and Articles of Association of Churrasco from time to time in force.

6. Bank Accounts and Indebtedness

- 6.1 Save as Disclosed Churrasco has not incurred any indebtedness in the nature of borrowings which it has not repaid in full or satisfied.
- 6.2 The amounts borrowed by Churrasco do not exceed any limitation on its borrowing contained in its articles of association or in any debenture or other deed or document binding upon Churrasco and Churrasco has not incurred any indebtedness except indebtedness arising in the ordinary course of business.
- 6.3 Churrasco has not received notice to repay under any agreement relating to any borrowing or indebtedness in the nature of borrowing on the part of Churrasco which is repayable on demand, and there has not occurred any event of default under any agreement relating to any other borrowing or indebtedness in the nature of borrowing on the part of Churrasco or any event which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute such an event of default or entitle any person to require repayment of the same prior to the full term of the borrowing or indebtedness in the nature of borrowing.
- 6.4 Save as fully Disclosed, Churrasco has no bank overdraft facilities, acceptance credits or other financial facilities outstanding or available to it.

- 6.5 Churrasco has not entered into any debt factoring, discounting or inventory finance arrangement or engaged in financing of a type which would not require to be shown or reflected in the Accounts, had such arrangement or financing been entered into prior to the Accounts Date.
- 6.6 Churrasco has not entered into or agreed to enter into any performance or other bonds and no such bonds have been given by any other person on behalf of Churrasco or in relation to any of its obligations.
- 6.7 There is not at today's date except for the registered charges full details of which are set out in the Disclosure Letter, any Encumbrance of any nature (including a conditional obligation) on or affecting the assets or property or any part of the assets or property of Churrasco nor any debenture whether secured or otherwise or floating charge.
- 6.8 All charges by or in favour of Churrasco have been [properly registered and] comply with all necessary formalities as to registration or otherwise in any other relevant jurisdiction; and the registered particulars of all charges over any assets of Churrasco are complete and accurate in all respects.

7. Debts/Unpaid Liabilities

- 7.1 Churrasco is not owed any sums other than debts incurred in the ordinary course of trading.
- 7.2 Churrasco does not have any unpaid liability where the relevant bill or account was received more than 30 days prior to today's date.

8. Assets

- 8.1 The plant and machinery, including fixed plant and machinery, and all vehicles and office furniture and equipment and other assets used by Churrasco are its property both legally and beneficially and Churrasco has a good and marketable title thereto and none is the subject of any Encumbrance.
- 8.2 All the plant and machinery, including fixed plant and machinery, and all vehicles and office furniture and equipment and other assets owned and/or used by Churrasco are in its possession and control and are in the reasonable opinion of Mr Geenemann in reasonable working order as at today's date.
- 8.3 So far as the Churrasco Warrantors are aware none of the tangible assets owned and/or used by Churrasco (including all machinery, equipment, furniture, fixtures and vehicles) has been adversely affected by fire, adverse weather conditions, floods or acts of God.

- 8.4 Copies of all written maintenance contracts in respect of which Churrasco has a future liability in excess of £10,000 in any 12 month period have been Disclosed.
- 8.5 The asset register of Churrasco comprises a materially complete and accurate record of all the plant, machinery, vehicles, equipment, furniture, and other assets owned or possessed by Churrasco.
- 8.6 Save as fully Disclosed, Churrasco has not entered into any leasing or hiring agreement, hire purchase agreement, conditional Churrasco or credit Churrasco agreement, agreement for payment on deferred terms or any similar agreement or arrangement [except for leases in respect of the Churrasco Properties].
- 8.7 So far as the Churrasco Warrantors are aware Churrasco is not in default in the performance or observance of any of the provisions of any agreement or arrangement of a type described in Warranty 8.6 full details of which are Disclosed.

9. Restaurants

- 9.1 Except for the claims full particulars of which have been Disclosed, Churrasco has since the Accounts Date not received any material claim alleging that the services provided by Churrasco (including without limitation any food, foodstuffs and/or beverages prepared, cooked, and served or otherwise made available by Churrasco) is or was defective or that they have or may have caused or contributed to damage or personal injury, and except as aforesaid, no dispute exists between Churrasco and any customer, licensee or client thereof, nor are there any circumstances which may give rise to any such dispute.
- 9.2 Churrasco has since the Accounts Date not received any notice or other intimation that any of the services provided by that Churrasco (including without limitation any food, foodstuffs and/or beverages prepared, cooked, and served or otherwise made available by Churrasco) infringe any Swiss, European Communities or other regulations relating to safety or manufacture or to distribution, sale or use of products or services of a similar kind or that any made available (if any) outside of Switzerland, infringe any regulations in the country of sale relating to the manufacture, distribution, sale or use of products of their kind.
- 9.3 Churrasco is not in dispute with any of its suppliers of parts or materials (whether raw foodstuffs or otherwise) or subcontractors relating to the quality or reliability of such parts or materials or components, standard of work, late deliveries, the sums owed by Churrasco or otherwise.
- 9.4 The advertising used by Churrasco for its restaurants makes no claim for the performance and quality of any service, foodstuffs and/or beverages made available or afforded in any such restaurant which is inaccurate or cannot be substantiated; Churrasco has since the Accounts Date not received any complaint from any regulatory body, customer or other person that such advertising is misleading or deceptive or may cause confusion; and so far as the Churrasco Warrantors are aware, neither the

provision nor the manner or terms of provision of the services afforded by Churrasco contravene or may contravene or have contravened any relevant trade descriptions, consumer protection or unfair contract rules and regulations or other applicable law.

- 9.5 All necessary approvals, consents, permissions and licences have been obtained in relation to the storing, preparing, cooking, and selling of food, foodstuffs and/or beverages on the Churrasco Properties (whether directly or indirectly by Churrasco).
- 9.6 So far as the Churrasco Warrantors are aware nothing has been done or omitted to be done whereby any person or regulatory body may be able to seek cancellation, rectification or any other modification of any regulatory approval in any jurisdiction in which any such approval has been granted or sought.
- 9.7 The restaurants operated by Churrasco in Zurich, Bern, Lucerne, Lausanne, Geneva and Basle are operated as "permanent establishments" pursuant to Swiss law and the operation of such restaurants in such manner does not infringing any applicable laws or regulations in Switzerland.

10. Intellectual Property

- 10.1 Churrasco is the sole, legal and beneficial owner of all Churrasco IPR (save for the Intellectual Property which is the subject of Licences or otherwise licensed to Churrasco) and all Churrasco IPR is valid and subsisting.
- 10.2 Churrasco IPR is not subject to any agreements, licences or Encumbrances affecting the same or restricting its use by Churrasco in any way.
- 10.3 In so far as any of Churrasco IPR is registered:
 - (a) all relevant registrations and applications therefor are in the name of Churrasco or (in the case of the Intellectual Property which is the subject of the Licences) the Licensor;
 - (b) all application and renewal fees have been paid; and
 - (c) so far as the Churrasco Warrantors are aware Churrasco (and in relation to Intellectual Property which is the subject of the Licences, the Licensor) has done everything necessary in relation to any applications for registrations, and there are no facts known to Churrasco which would indicate or suggest that such applications or any of them may fail in any respect to be granted in full.
- 10.4 So far as the Churrasco Warrantors are aware no person is seeking cancellation or rectification or any other modification of any registration of any of Churrasco IPR in any jurisdiction in which it is currently registered.

- 10.5 So far as Gioma BV is aware there are no circumstances which could entitle a third party (including any of the Churrasco Vendors) to a licence, permission, consent or assignment of or in respect of any of Churrasco IPR
- 10.6 Churrasco is not interested in, and does not own or use either individually or with any other person any Intellectual Property other than Churrasco IPR.
- 10.7 Churrasco IPR comprises all Intellectual Property which is necessary to enable Churrasco to carry on its business in the same manner and to the same extent as it has been carried on prior to Completion and will not be adversely affected by the transactions effected by this agreement. So far as the Churrasco Warrantors are aware there is no impediment or restriction on the full use and exercise of any of Churrasco IPR and such use and exercise does not constitute an infringement of any Intellectual Property owned by any third party.
- 10.8 Neither Churrasco nor any of the directors or employees or consultants of Churrasco are party to or bound by an agreement for the sharing, exchanging, passing on or otherwise transferring technical information, know-how or intellectual property of any description including the Confidential Information, the Know-how or Churrasco IPR to any other person.
- 10.9 There have not been, and, so far as the Churrasco Warrantors are aware, there are not pending or anticipated, any actions, claims, counterclaims, applications or allegations impugning the validity or enforceability of any of Churrasco IPR or (save in relation to Intellectual Property which is the subject of the Licences) Churrasco's ownership thereof and there are no facts, matters or circumstances known to the Churrasco Warrantors which could give rise to any such action, claim, counterclaim, application or allegation.
- 10.10 Churrasco has not received any notice of any breach or infringement of any third party's Intellectual Property.
- 10.11 Schedule 5 part D comprises a complete list of all Licences. The Licences are valid and subsisting and no disputes have arisen or are foreseeable with respect thereto.
- 10.12 No claims or allegations have been made by any of the Licensors to the effect that Churrasco is in breach of any of the Licences and there are no facts, matters or circumstances known to Churrasco nor has Churrasco knowingly done or omitted to do any act which could amount to or result in any such breach or give rise to any such claim or allegation.
- 10.13 So far as Churrasco is aware the Licensors have at all times performed and observed the terms of the Licences.
- 10.14 Churrasco has not granted any licence, right or permission under or in respect of Churrasco IPR to any third party.

- 10.15 There have not been any actions, claims or allegations against any third party alleging infringement of any of Churrasco IPR and there are not and there have not been any facts matters or circumstances known to the Churrasco Warrantors which could give or which might have given rise to any such action, claim or allegation.
- 10.16 There are no outstanding or potential claims against Churrasco under any contract or under the Patents Acts (or otherwise) for employee compensation in respect of any Company IPR or any other like claim by a self-employed contractor.
- 10.17 Schedule 6 comprises a complete list of all registered rights held by Churrasco.
- 10.18 The Churrasco Trade Marks listed in schedule 6 part A comprise all the trade marks used by Churrasco in connection with its business or the Products.
- 10.19 Churrasco does not own or use any brand, trade or business name in connection with its business or the Products other than "Churrasco" and the Churrasco Trade Marks.
- 10.20 Details of all unregistered Churrasco Company IPR which in the reasonable opinion of the Churrasco Warrantors is material to Churrasco's business and/or the Churrasco Trade Marks are set out in the Disclosure Letter.
- 10.21 The Churrasco Know-how and Confidential Information has at all times been maintained by Churrasco as confidential. In so far as the Churrasco Know-how and/or Confidential Information or any part thereof has been disclosed to any third parties it has been disclosed under the terms of confidentiality agreements which fully protect the confidentiality of the Churrasco Know-how and the Confidential Information and maintain Churrasco's rights therein.

11. Employees and Consultants

- 11.1 Full particulars of the identity, job title and position, dates of commencement of employment and/or appointment to office, age, notice period, salary, benefits, confidentiality obligations and all other terms and conditions of employment or engagement of each director, consultant or employee of Churrasco are Disclosed.
- 11.2 There are no outstanding offers of employment or engagement made to any person by Churrasco and there is no one who has accepted an offer of employment or engagement made by Churrasco but who has not yet taken up that employment or engagement.
- 11.3 All service and employment agreements entered into by Churrasco and in force at today's date may be terminated by not more than three months' notice and without payment of compensation or damages (other than any payments arising under statute or payment for wrongful dismissal). All consultancy agreements entered into by Churrasco may be terminated by not more than three months' notice without giving rise to any claim for damages or compensation.
- 11.4 No director, employee or consultant of Churrasco:

- (a) has given or received notice terminating his employment or engagement or altering its terms, and no such person will be entitled as a result of the entering into of this agreement to give notice of termination or to claim for any payment or benefit or to treat himself as being released from any obligation; or
 - (b) is currently on sick leave which (as the date of this agreement) has been continuing for more than 14 consecutive days; or
 - (c) is currently on maternity leave.
- 11.5 There are no outstanding arrears of salary, wages, holiday pay or other remuneration due to any of Churrasco's directors, consultants or employees.
- 11.6 Except in the normal course of periodical salary and wage reviews Churrasco has not entered into any agreement or given any assurance (whether legally binding or not) or created any expectation regarding any future variation in any contract of employment or consultancy agreement in respect of any of its directors, employees or consultants or any agreement imposing an obligation on Churrasco or any expectation on the part of any director, employee or consultant to increase the basis and/or rates of remuneration or payment and/or the provision of other benefits to or on behalf of any of its directors, employees or consultants at any future date.
- 11.7 The Disclosure Letter contains full details of each of the following which are now or have at any time within the 18 months immediately preceding the date of this agreement been operated by Churrasco or which Churrasco is under any obligation (whether or not legally binding) to provide at any future date:
- (a) any scheme or arrangement whereby directors or employees and/or former directors or employees and/or their relevant relatives or dependants may acquire shares of any class in Churrasco or option over or in respect of any such shares;
 - (b) any employee trust under which employees and/or former employees and/or their relatives or dependants are the beneficiaries or are entitled to receive any benefits;
 - (c) any cash bonus scheme or other employee incentive arrangements not involving the issue of shares;
 - (d) any arrangement by which any commission or remuneration of any kind payable or due to any director or employee or any former director or employee may be calculated by reference in whole or in part to the turnover, profits or Churrascos of Churrasco.
- 11.8 Churrasco is not liable to pay any industrial levy nor has it any outstanding undischarged liability to pay any governmental or regulatory authority in any jurisdiction any Taxation, contribution or other impost arising in connection with the employment or engagement by Churrasco of its employees, directors or consultants.

- 11.9 So far as the Churrasco Warrantors are aware Churrasco has not entered into any union membership, security of employment, redundancy, recognition or other collective agreement (whether legally binding or not) with a trade union, association of trade unions, works council, staff association or other organisation or body of employees, nor has Churrasco done any act which might be construed as recognition, nor has Churrasco in respect of any employee entered into any agreement with any trade union or other employee body representing employees concerning the introduction of new equipment or technology.
- 11.10 Churrasco is not involved in any industrial or trade dispute or any dispute or negotiation regarding a claim of material importance or the dismissal, suspension, disciplining or varying of the terms and conditions of employment of any present or former employee, staff association or other organisation or body of employees.
- 11.11 No disciplinary action, whether formal or informal, has been taken against and no grievance or complaint of sex, race or disability discrimination, whether formal or informal, has been raised by any employee in the twelve months ending on the date of this agreement.
- 11.12 The Churrasco Warrantors are not aware of any facts or matters affecting any of the employees of Churrasco which might reasonably be considered grounds for dismissing such employee or for warning such employee that the continuation of any conduct or behaviour might lead to dismissal and no warning (whether formal or informal) has been given to any employee and no notice of termination of employment has been given to or received from any such employee.
- 11.13 No past or present director, employee or consultant has made any claim against Churrasco for loss of office or arising out of the termination of his office or employment or in respect of any accident or injury which is not fully covered by insurance and so far as Churrasco is aware there is no event which would or might give rise to any such claim.
- 11.14 No liability has been or to the knowledge of the Churrasco Warrantors will be incurred by Churrasco for breach of any contract of service or for services, for redundancy payments, protective awards or for compensation for wrongful dismissal or unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee or for any other liability accruing from the actual or proposed termination or variation of any contract of employment or for services or arising from the Churrasco of the Churrasco Shares in accordance with this agreement.
- 11.15 No gratuitous payment has been made or promised by Churrasco:
- (a) in respect of or contingent upon the Churrasco of the Churrasco Shares; or
 - (b) in connection with the actual or proposed termination or suspension of employment or engagement or variation of any contract of employment or engagement of any present or former director, consultant or employee.

- 11.16 All monies paid or goods or services provided directly or indirectly or made available (whether by way of the provision of a credit card or otherwise howsoever) by Churrasco whether as principal or surety to any of its directors or employees, whether in respect of emoluments of employment or reimbursement or otherwise howsoever have been expenditure properly incurred by Churrasco so as to be deductible in computing its taxable profits and have been declared to the Inland Revenue.
- 11.17 There is no person previously employed by Churrasco who now has or may have a right to return to his work or a right to be reinstated by Churrasco under the provisions of any employment protection legislation applicable in Switzerland.
- 11.18 Except as Disclosed Churrasco is not under any present future or contingent liability to provide any goods, services, accommodation or benefit whatsoever (whether by way of remuneration or otherwise) to any of its employees, or former employees.
- 11.19 All directors or employees of Churrasco who require a work permit will have such a permit in force at Completion, and such permit will remain in force for at least three months following Completion.
- 11.20 No person has been employed since 31 December 1997 by Churrasco who requires a work permit without such a permit being in force.
- 11.21 So far as the Churrasco Warrantors are aware Churrasco has in relation to each of its directors and employees (and so far as relevant to each of its former directors and employees) complied with all obligations imposed on it by all statutes, regulations, codes of conduct and practices relevant to the relations between Churrasco and its directors and employees and Churrasco has maintained adequate and suitable records regarding their service.

12. Transactions with Churrasco Vendor's Affiliates

12.1 There are no:

- (a) loans made by Churrasco to any of the Churrasco Vendors and/or to any director of Churrasco and/or to any Churrasco Vendor's Affiliate of any of the Churrasco Vendors or of any such director;
- (b) debts owing to Churrasco by any of the Churrasco Vendors and/or any director of Churrasco and/or by any Churrasco Vendor's Affiliate of any of the Churrasco Vendors or of any such director.

12.2 There are no mortgages, charges, guarantees or other security arrangements entered into by Churrasco in respect of any loans, debts or other obligations of any of the Churrasco Vendors and/or any director of Churrasco and/or of any Churrasco Vendor's Affiliate of the Churrasco Vendors or of any such director.

- 12.3 There are no existing contracts, transactions or arrangements to which Churrasco is a party or under which it may be liable and in which any of the Churrasco Vendors and/or any director of Churrasco and/or any Churrasco Vendor's Affiliate of any Churrasco Vendor and/or any Churrasco Vendor's Affiliate of any director is interested whether directly or indirectly, and Churrasco has not been a party to any such contracts, transactions or arrangements during the three years preceding today's date.
- 12.4 None of the Churrasco Vendors nor any Churrasco Vendor's Affiliate of any Churrasco Vendor nor any director of Churrasco is at today's date either individually or with any other person or persons engaged or concerned or interested in any way whatsoever (and whether by a holding of shares or otherwise) in any other business of a similar nature to or competitive with that carried on by Churrasco.
- 12.5 The Disclosure Letter sets out full details of any formal or informal arrangements with any of the Churrasco Vendor's Affiliates and copies of any agreements (whether or not legally binding) relating thereto in force or to come into force between Churrasco and any of the Churrasco Vendors and/or any Churrasco Vendor's Affiliate all such arrangements being on armslength terms and conditions.
- 12.6 Save in relation to services provided to Churrasco in pursuant to a Churrasco Vendor's employment contract with Churrasco, Churrasco does not depend in any material respect upon the use of any property, right or asset owned by, or facilities or services provided by any Churrasco Vendor or any Churrasco Vendor's Affiliate.
13. **The Computer System and Software**
- 13.1 So far as the Churrasco Warrantors are aware Churrasco has experienced no material mechanical or software failure in respect of the Computer System at any time and the Computer System is fully effective and operational in all respects.
- 13.2 Churrasco is the beneficial owner free from Encumbrances of all the items of equipment, hardware, firmware and accessories relating to the Computer System and no other person has any claims or rights in respect thereof.
- 13.3 Save in respect of Software licensed from third parties full details of which are set out in the Disclosure Letter, Churrasco is the beneficial owner free from Encumbrances of all Software and all such Software so far as the Churrasco Warrantors are aware was either developed by Churrasco's employees in the course of their employment or by third parties pursuant to agreements under which all rights in the Software are vested in Churrasco.
- 13.4 Insofar as any Software has been licensed by Churrasco from any third parties:
- (a) a copy of each licence is Disclosed.

- (b) Churrasco is not in dispute with the relevant licensor and has not done, or omitted to do, any act which might entitle such licensor to terminate such licence.
- 13.5 All information and data held by Churrasco on the Computer System is beneficially owned by Churrasco free from Encumbrances, and Churrasco is not subject to any restriction with regard to the use thereof and no third party enjoys any right or permission to copy or hold any such information or data.
- 13.6 Copies of maintenance and support agreements in respect of equipment, hardware, firmware, Software and accessories used in the Computer System, are Disclosed and so far as the Churrasco Warrantors are aware Churrasco is not in dispute with such provider regarding its maintenance and support obligations.

14. Material Contracts

- 14.1 There is not outstanding any agreement or arrangement to which Churrasco is a party:
 - (a) which was entered into otherwise than at arm's length;
 - (b) which requires (or confers any right to require) the allotment or issue of any shares, debentures or other securities of Churrasco now or at any time in the future;
 - (c) which establishes any guarantee, indemnity, suretyship, comfort arrangement (whether or not legally binding) given by Churrasco in respect of the obligations or solvency of any third party;
 - (d) pursuant to which any person has incurred any financial indebtedness or liability (whether actual or contingent) to Churrasco or vice versa other than trade indebtedness or liability incurred in the ordinary and usual course of trading;
 - (e) which establishes any joint venture, co-operation agreement or arrangement, consortium or profit (or loss) sharing agreement or arrangement;
 - (f) which involves future capital expenditure by Churrasco in excess of £10,000;
 - (g) which, by virtue of the execution of this agreement or acquisition of the Churrasco Shares by the Purchaser or other performance of the terms of this agreement will or may result in: (i) any third party being relieved of any obligation or becoming entitled to exercise any right (including a right of termination or any right of pre-emption or other option); or (ii) Churrasco being in default under any such agreement or arrangement or losing any benefit, right or licence which it currently enjoys or (iii) a liability or obligation of Churrasco being created or increased;

- (h) which will result in Churrasco becoming liable for any finder's fee, brokerage or other commission in connection with the acquisition of the Churrasco Shares by the Purchaser;
 - (i) pursuant to which Churrasco has sold or otherwise disposed of any company, business or undertaking in circumstances such that it remains subject to any liability (whether contingent or otherwise) which is not fully provided for in the Accounts;
 - (j) which is a power of attorney given by Churrasco or any other authority other than authority given to a director of Churrasco which would enable any person to enter into any contract or commitment on behalf of Churrasco;
 - (k) which establishes any agency, distributorship, marketing, purchasing, licensing, management or administration agreement or arrangement of a material nature;
 - (l) which is a currency and/or interest rate swap agreement, asset swap, future rate or forward rate agreement, interest cap, collar and/or floor agreement or other currency exchange or interest rate protection transaction or combination thereof or any option with respect to any such transaction or any other similar transaction;
 - (m) which involves payment by reference to fluctuations in the index of retail prices, or any other index, or in the rate of exchange of any currency or any interest rate;
 - (n) which has more than three months left to run and is not capable of being terminated by three months' notice or less without payment of compensation or damages;
 - (o) which is a sale or purchase option or similar agreement or arrangement affecting any assets owned or used by Churrasco; or
 - (p) restricting the freedom of Churrasco to provide and take goods and services by such means and from and to such persons as it may from time to time think fit.
- 14.2 There have been Disclosed full and complete copies of each of the written agreements entered into by Churrasco for the supply of goods, facilities and services to Churrasco in respect of which the future liability of Churrasco exceeds £10,000 in any twelve month period.
- 14.3 Any negotiations or offers or the like which are capable of resulting in Churrasco entering into any agreement or arrangement of a kind described in Warranty 14.1(a) to (s) or 14.2 of this part B of schedule 11 have been Disclosed.
- 14.4 Churrasco has not assigned or sublet any of its rights under and has not received any notice of default under any material agreement or arrangement of a kind described in Warranty 14.1(a) to (s) or 14.2 of this part B of schedule 11 to which it is a party.

14.5 Churrasco has not received notice that any agreement or transaction to which Churrasco is a party is invalid or ultra vires and there are no grounds for rescission, breach, avoidance or repudiation of any agreement or other transaction to which Churrasco is a party.

14.6 Churrasco has not done or omitted to do any act or thing which might materially prejudice or affect its goodwill and the assets of Churrasco have not been materially diminished by the wrongful act of any person.

15. Business

15.1 So far as the Churrasco Warrantors are aware:

- (a) no customer or client of Churrasco has ceased or has indicated an intention to cease trading or dealing with Churrasco or is anticipated to do so or to become bankrupt or go into receivership, administration or liquidation on or after the date of this agreement or to make any substantial reduction in their trading or dealing with Churrasco;
- (b) save as provided by the agreement no director, consultant or employee will leave the employment or engagement of Churrasco as a result of the signing of this agreement or the matters or transactions effected by it; and
- (c) and having made no enquiry the attitude or actions of customers, suppliers, clients, employees and other persons with regard to Churrasco will not be prejudicially affected by the signing of this agreement or the matters or transactions effected by it.

15.2 Neither more than 5% of the aggregate amount of all purchases, nor more than 5% of the aggregate amount of all sales, of Churrasco are obtained or made from or to the same supplier or customer (including any person in any way connected with such supplier or customer), nor so far as the Churrasco Warrantors are aware is any material source of supply to Churrasco, or any material outlet for the Churrascos of Churrasco, in jeopardy or likely to be in jeopardy.

16. Investment Grants

16.1 The Disclosure Letter contains full details of each investment grant, building grant, grant under any Local Employment Act or under the Industry Acts or any other grant or allowance or loan subsidy or financial assistance received by or applied for by Churrasco. No circumstances have arisen or could arise in consequence of events occurring on or prior to today's date (including the execution or completion of this agreement) as a result of which:

- (a) any grant, subsidy, allowance or assistance received by Churrasco is or will be liable to be repaid in whole or in part; or

- (b) any such grant, allowance, subsidy or assistance for which application has been made by Churrasco will not be paid or will be reduced.

17. Insolvency

- 17.1 No order has been made, petition presented, resolution passed or meeting convened for the winding up of Churrasco or for an administration order in respect of Churrasco; no receiver, receiver and manager, administrative receiver or liquidator has been appointed of the business or the whole or any part of the assets or undertaking of Churrasco; and there are no circumstances known to the Churrasco Warrantors and which in the opinion of the Churrasco Warrantors are likely to give rise to the appointment of any such receiver, receiver and manager, administrative receiver or liquidator.
- 17.2 There are no unfulfilled or unsatisfied judgments or court orders outstanding against Churrasco or so far as the Churrasco Warrantors are aware by which it may be affected.
- 17.3 No distress, distraint, charging order, garnishee order, execution or other process which a court or a similar body may use to enforce payment of a debt has been levied or so far as the Churrasco Warrantors are aware applied for in respect of the whole or any part of the property, assets or undertaking of Churrasco.
- 17.4 No event has occurred causing, or which upon intervention or notice by any third party may cause, any floating charge created by Churrasco to crystallise or any charge created by it to become enforceable, nor has any crystallisation occurred or is any such enforcement in process.
- 17.5 In relation to any property or assets held by Churrasco under any hire, hire purchase, conditional or credit Churrasco, leasing or retention of title agreement or otherwise belonging to a third party, no event has occurred which entitles, or which upon intervention or notice by the third party may entitle, the third party to repossess the property or assets concerned or to terminate the agreement or any licence in respect thereof.
- 17.6 Churrasco has not stopped payment nor is it insolvent or unable to pay its debts.
- 17.7 Churrasco has not been a party to any transaction with any third party which, in the event of such third party going into liquidation or an administration order or a bankruptcy order being made in relation to it or to him, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts under the Swiss Debt Collection Act (1989) as amended.
- 17.8 No person who at present is, or who at any time within the last three years was, a director or officer of Churrasco is, or at any material time was, subject to any disqualification order under the Act or under any other legislation relating to the disqualification of directors and officers, or so far as the Churrasco Warrantors are

aware was the subject of any investigation or proceedings capable of leading to a disqualification order being made.

18. Regulatory Matters

- 18.1 Churrasco has been granted and there are now in force and effect all necessary approvals, permits, authorities, consents and licences for the proper carrying on of its business in the places and in the manner in which such business is now carried on and in particular the managers of each of the restaurants carried on at the Churrasco Properties holds a cantonal patent, where applicable, to operate and manage a restaurant.
- 18.2 The approvals, permits, authorities, consents and licences referred to in Warranty 18.1 are not subject to any unusual or onerous conditions and Churrasco has complied with all conditions attached to such approvals, permits, authorities, consents and licences. No Churrasco Group Company has received notice of any investigations, proceedings, and no Churrasco Group Company has received any enquiries, communications and so far as the Churrasco Warrantors are aware there are no circumstances which indicate that any such approvals, permits, authorities, consents and licences may be revoked, cancelled, suspended, modified or not renewed.
- 18.3 Churrasco has at all times carried on its business and affairs in all respects in accordance with its memorandum and articles of association and all applicable laws and regulations (whether in Switzerland or any other jurisdiction).
- 18.4 No outstanding notices in relation to any statutory obligation have been served on Churrasco in respect of any of its assets or in respect of any contravention or non-compliance with or alleged contravention or non-compliance with any obligation or otherwise.
- 18.5 So far as the Churrasco Warrantors are aware Churrasco is not a party to any agreement, arrangement or concerted practice and is not carrying on any practice which in whole or in part contravenes Articles 5 or 7 of the Swiss Federal Cartel Act of 6 October 1995;
- 18.6 There have not been and so far as the Churrasco Warrantors are aware there are not pending, or in existence, any investigations or enquiries by, or on behalf of, any governmental or administrative or other body in respect of any of the affairs of Churrasco.
- 18.7 Churrasco has not paid any commission or made any payment whether to secure business or otherwise to any person, firm or company which in the hands of such person, firm or company would in accordance with the relevant law be regarded as illegal or improper.
- 18.8 So far as the Churrasco Warrantors are aware no director, officer, agent, employee or other person acting on behalf of Churrasco has been party to the use of any assets of

Churrasco for unlawful contributions, gifts, entertainment or other unlawful expenses relating to any activity, including any political activity, or to the establishment or maintenance of any unlawful or unrecorded fund of monies or other assets, or to the making of any false or fictitious entries in the books or records of Churrasco, or to the making of any unlawful payment.

- 18.9 All statements and declarations made to the relevant customs and excise authority or any other customs authority in Switzerland, including all import declarations, made by or on behalf of Churrasco have been true, complete and accurate in all material respects.
- 18.10 Churrasco has not received notice that it is subject to any investigation or enquiry by any relevant customs and excise authority or any other customs authority.

19. Litigation

- 19.1 Neither Churrasco nor any of its pension schemes is a party (whether as plaintiff or defendant or otherwise) to any claim, litigation, arbitration, prosecution or other legal or quasi legal proceedings or enquiry and has not been engaged in any such claim, proceedings or enquiry during the three years prior to today's date and so far as the Churrasco Warrantors are aware there are no claims or actions (whether criminal or civil) pending or threatened or anticipated by or against Churrasco or any of its directors, employees or consultants in relation to Churrasco, its business or in respect whereof Churrasco is liable to indemnify any party concerned or may be vicariously liable.
- 19.2 So far as the Churrasco Warrantors are aware there are no investigations, disciplinary proceedings or other facts or circumstances likely to lead to any claim, action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration involving Churrasco.

20. Insurance

- 20.1 Churrasco and its assets are insured against such risks and in such sums as are Disclosed. All premiums due in respect of such insurances have been fully paid; and the next renewal date for each of such insurances is a date at least 30 days after the anticipated date of Completion. All such insurances are currently in full force and effect, and nothing has been done or omitted to be done which in the reasonable opinion of the Churrasco Warrantors could make any policy of insurance void or voidable, or which is likely to result in an increase in premium; and none of such insurances is subject to any special or in the reasonable opinion of the Churrasco Warrantors unusual terms or restrictions or to the payment of any premium in excess of the normal rate.
- 20.2 No claim is outstanding or in the reasonable opinion of the Churrasco Warrantors is likely to be made under any of such insurances and no circumstances exist which are likely to give rise to any such claim.

- 20.3 There are no claims capable of arising against Churrasco by an employee, a workman or any other third party, in respect of any accident or injury, which are not fully covered by insurance.

21. Environmental, Health and Safety Considerations

- 21.1 So far as the Churrasco Warrantors are aware Churrasco has complied with all Environmental Laws relating to it, and in particular has so far as Churrasco is aware obtained and complied with the terms and conditions of all permits, licences and other authorisations, and has filed all notifications, which are required under any Environmental Laws.
- 21.2 No notices have been received concerning the disposal, storage, deposit, treatment, recycling or transportation of controlled waste at any time on the Properties or on any other property at any time owned or occupied by Churrasco or concerning the terms or conditions of any authorisation, licence or permission relating to any such controlled waste and the Churrasco Vendors are not aware of any circumstances which may give rise to the service of any such notice.
- 21.3 There is no civil, criminal or administrative action, claim, investigation or other proceeding, suit or prosecution pending or threatened against Churrasco or any of its directors, officers or employees under or relating to any Environmental Laws whether in relation to the Properties or otherwise, and there are no circumstances existing which may lead to any such action, claim, investigation, proceeding, suit or prosecution.

SCHEDULE 12

Part A

Churrasco Property Warranties

1. Title

- 1.1 The Churrasco Properties comprise all the properties leased, occupied or otherwise used in connection with its business by Churrasco.
- 1.2 Any part of the Churrasco Properties which is occupied or otherwise used by Churrasco in connection with its business is so occupied or used under lease or licence, and the terms of any such lease or licence permit such occupation or use.
- 1.3 Churrasco is the legal and beneficial lessee the Churrasco Properties.
- 1.4 The rights held by Churrasco in relation to the Churrasco Properties are derived solely from lease agreements made between Churrasco and the freehold owner of the relevant Churrasco Property. Churrasco does not hold any ownership right, right of building, right of residence or have the enjoyment of landed property within the meaning of the Federal Act on Acquisition of Landed Properties by Persons in foreign countries.
- 1.5 Churrasco is in physical possession and actual occupation of all of the Churrasco Properties on an exclusive basis and no right of occupation or enjoyment has been acquired or is in the course of being acquired by any third party or has been granted or agreed to be granted to any third party.

2. Encumbrances

- 2.1 Each of the Churrasco Properties are free of any tenancy, licence or other arrangement entitling a person other than Churrasco to occupy the whole or any part.
- 2.2 None of the Churrasco Properties are subject to any outgoings, other than general rates, water rates and insurance premiums and rent and service charges.
- 2.3 None of the Churrasco Properties are subject to any restrictive covenants, stipulations, easements, profits a prendre, wayleaves, licences, grants, restrictions, overriding interests or other rights vested in third parties, and Churrasco has not entered into any agreement or commitment to give or create any of the foregoing.
- 2.4 Save as Disclosed none of the Churrasco Properties are subject to any option, right of pre-emption or right of first refusal.

2.5 No notice relating to the use and enjoyment of any part of the Churrasco Properties has been received or given.

2.6 There are no outstanding actions, disputes, claims or demands between Churrasco and any third party affecting any part of the Churrasco Properties or any neighbouring property or any boundary walls and fences, or with respect to any easement, right or means of access to any part of the Churrasco Properties.

3. Planning Matters

3.1 None of the Churrasco Properties are being nor is intended or required by Churrasco to be used other than for the permitted use thereof.

3.2 Building regulation consents and planning permissions have been obtained with respect to all development, alterations and improvements to each Churrasco Property.

4. Statutory Obligations

4.1 There is no outstanding and unobserved or unperformed obligation with respect to any part of the Churrasco Properties necessary to comply with the requirements (whether formal or informal) of any competent authority exercising statutory or delegated powers.

4.2 Each of the Churrasco Properties has the benefit of all such operating licences as are required to enable Churrasco to operate its business from such properties.

5. Adverse Orders

5.1 There are no closing, demolition improvements or clearance orders, enforcement notices or stop notices affecting any part of the Churrasco Properties, nor are there any circumstances likely to lead to any being made.

6. Disputes concerning the Churrasco Properties

6.1 A fire certificate has been issued in respect of each of the Churrasco Properties and there has been no breach of the provisions or conditions contained therein.

6.2 There are no disputes with any adjoining or neighbouring owner with respect to boundary walls and fences, or with respect to any easement, right or means of access to any part of the Churrasco Properties.

7. Leasehold Terms and Conditions

- 7.1 Churrasco has paid the rent and observed and performed the covenants on the part of the tenant and the conditions contained in each of the leases (which expression includes underleases) under which any part of the Churrasco Properties are held and the last demand (or receipt for rent if issued) was unqualified. Each such lease is valid and in full force and Churrasco does not occupy any part of the Churrasco Properties by virtue of a holding over arrangement.
- 7.2 All licences, consents and approvals required from the landlords and any superior landlords under any leases of any part of the Churrasco Properties have been obtained, and the covenants on the part of the tenant contained in such licences, consents and approvals have been duly performed and observed.
- 7.3 There are no rent reviews currently in progress under any of the leases of any part of the Churrasco Properties.
- 7.4 There is not outstanding, unobserved or unperformed any obligation necessary to comply with any notice or other requirement given by or on behalf of the landlord under any lease of any part of the Churrasco Properties.

8. Sub-tenancies

There are no other tenancies or sub-tenancies over any of the Churrasco Properties.

9. Guarantees

There is (save in relation to the Churrasco Properties) no actual or contingent liability on the part of Churrasco arising directly or indirectly out of any agreement, lease, underlease, tenancy, conveyance, transfer, licence or any other deed or document whatsoever relating to real property or to any estate or interest therein entered into by Churrasco including (but without limitation) any actual or contingent liability arising directly or indirectly out of:

- (a) any estate or interest held by Churrasco as original lessee or underlessee; or
- (b) any guarantee given by Churrasco in relation to a lease or underlease; or
- (c) any other covenant made by Churrasco in favour of any lessor or head lessor.

10. Complaints and disputes

- 10.1 No notices, complaints or requirements have been issued or made (whether formally or informally) by any competent authority or undertaking exercising statutory or delegated

powers in respect of any of the Churrasco Properties or the user thereof or any machinery, plant or equipment therein, and the Churrasco Warrantors are not aware of any matter which could lead to any such notice, or complaint or requirement being issued or made.

11. Registrations and Rights of First Refusal

- 11.1 The lease relating to the Churrasco Property known as Glockengasse 9 and Augustingergasse 8/10, Zurich and the right of first refusal granted to Churrasco in respect of such property have been registered in the Zurich land registry.
- 11.2 The lease relating to the Churrasco Property known as Rössligasse 4, Lucerne and the right of first refusal granted to Churrasco in respect of such property have been registered in the Lucerne land registry.
- 11.3 The lease relating to the Churrasco Property known as 21 Rue du Rhone, 1204 Geneve has been registered in the Geneve land registry.
- 11.4 The lease relating to the Churrasco Property in Basle has been registered in the Basle Land Registry.
- 11.5 The lease relating to the Churrasco Property has been registered in the Bern Land Registry.

Part B
Gauchos Property Warranties

1. Title

- 1.1 The Gauchos Property comprises all the properties owned, occupied or otherwise used in connection with its business by the Group Companies.
- 1.2 Any part of the Gauchos Property which is occupied or otherwise used by Gauchos Group Company in connection with its business is so occupied or used by right of ownership or under lease or licence, and the terms of any such lease or licence permit such occupation or use.
- 1.3 The relevant Gauchos Group Company is in physical possession and actual occupation of the relevant part of the Gauchos Property on an exclusive basis and no right of occupation or enjoyment has been acquired or is in the course of being acquired by any third party or has been granted or agreed to be granted to any third party.

2. Encumbrances

- 2.1 The Gauchos Property is free of any tenancy, licence or other arrangement entitling a person other than the Gauchos Group Company to occupy the whole or any part.
- 2.2 The Gauchos Property is not subject to any outgoings, other than general rates, water rates and insurance premiums and, rent and service charges.
- 2.3 The Gauchos Property is not subject to any restrictive covenants, stipulations, easements, profits a prendre, wayleaves, licences, grants, restrictions, overriding interests or other rights vested in third parties.
- 2.4 Where any such matters as are referred to in the last three Warranties have been Disclosed, the obligations and liabilities imposed and arising under them have been fully observed and performed, and any payments in respect of them due and payable have been duly paid.
- 2.5 Save as Disclosed of the Gauchos Properties are not subject to any option right.
- 2.6 No notice relating to the use and enjoyment of any part of the Gauchos Property has been received or given or is likely to be received or given in any circumstance.
- 2.7 There are no outstanding actions, disputes, claims or demands between any Gauchos Group Company and any third party affecting any part of the Gauchos Property or any neighbouring property or any boundary walls and fences, or with respect to any easement, right or means of access to any part of the Gauchos Property.

3. Planning Matters

- 3.1 The Property is not being nor is intended or required by the relevant Group Company to be used other than for the permitted user thereof.
- 3.2 Building regulation consents and planning permissions have been obtained with respect to all development, alterations and improvements to each of the Gauchos Property.

4. Statutory Obligations

- 4.1 There is no outstanding and unobserved or unperformed obligation with respect to any part of the Property necessary to comply with the requirements (whether formal or informal) of any competent authority exercising statutory or delegated powers.
- 4.2 Each of the Gauchos Properties had the benefit of all such operating licences as are required to enable the relevant Gauchos Group Company to operate its business from such properties.

5. Condition of the Gauchos Property

- 5.1 A fire certificate has been issued in respect of each part of the Gauchos Property and there has been no breach of the provisions or conditions contained therein.
- 5.2 There are no disputes with any adjoining or neighbouring owner with respect to boundary walls and fences, or with respect to any easement, right or means of access to any part of the Gauchos Property.

6. Leasehold Terms and Conditions

- 6.1 Each Gauchos Group Company has paid the rent and observed and performed the covenants on the part of the tenant and the conditions contained in each of the leases (which expression includes underleases) under which any part of the Property is held and the last demand (or receipt for rent if issued) was unqualified. Each such lease is valid and in full force and no Gauchos Group Company occupies any part of the Gauchos Property by virtue of a holding over arrangements.
- 6.2 All licences, consents and approvals required from the landlords and any superior landlords under any leases of any part of the Gauchos Property have been obtained, and the covenants on the part of the tenant contained in such licences, consents and approvals have been duly performed and observed.
- 6.3 There are no rent reviews currently in progress under any of the leases of any part of the Gauchos Property.

- 6.4 There is not outstanding, unobserved or unperformed any obligation necessary to comply with any notice or other requirement given by or on behalf of the landlord under any lease of any part of the Gauchos Property.

7. Sub-Tenancies

There are no other tenancies or sub-tenancies over any of the Gauchos Properties.

8. Guarantees

There is (save in relation to the Gauchos Property) no actual or contingent liability on the part of any, Gauchos Group Company arising directly or indirectly out of any agreement lease, underlease, tenancy, conveyance, transfer, licence or any other deed or document whatsoever relating to real property or to any estate or interest therein entered into by any Gauchos Group Company including (but without limitation) any actual or contingent liability arising directly or indirectly out of:

- (a) any estate or interest held by the relevant Gauchos Group Company as original lessee or underlessee; or
- (b) any guarantee given by the relevant Gauchos Group Company in relation to a lease or underlease; or
- (c) any other covenant made by the relevant Gauchos Group Company in favour of any lessor or head lessor.

9. Complaints and disputes

No notices complaints or requirements have been issued or made (whether formally or informally) by any competent authority or undertaking exercising statutory or delegated powers in respect of any Gauchos Property of the user thereof or any machinery, plant or equipment therein, and no Gauchos Group Company is aware of any matter which could lead to any such notice, or complaint or requirement being issued or made.

SCHEDULE 13

Part A Churrasco Tax Warranties

1. Reserve for Taxation in the Accounts

- 1.1 The Churrasco Accounts [and the Churrasco June Accounts] reserve or provide in full for all Taxation for which Churrasco was in respect of all periods up to the Accounts Date liable or able to be made liable and the Churrasco Accounts [and the Churrasco June Accounts] reserve for or contain a note regarding any contingent liability or possible deferred liability to Taxation.

2. Returns and payment of Taxation

- 2.1 All returns, computations and notices which should have been made by Churrasco for the purposes of Taxation in respect of any accounting period up to and including the accounting period ending on the Accounts Date (i) have been made punctually, are correct and on a proper basis, (ii) contain all information required for all the purposes of Taxation and (iii) are not the subject of any dispute with any Tax Authority; and Churrasco is not involved in any dispute with any Tax Authority concerning any matter likely to affect in any way the liability (whether accrued contingent or future) of Churrasco to Taxation and is under no liability to pay any penalty or interest in connection with any claim for Taxation.
- 2.2 Computations of the profits and losses of Churrasco and of its liability to Taxation for each of the accounting periods ending within the six calendar years prior to the Accounts Date have been agreed with the appropriate Tax Authority, and there is no unsettled appeal in respect of any year of assessment nor any back duty claim or other dispute with any Tax Authority as at the date of this agreement, nor are the Churrasco Vendors aware of any facts or circumstances that may result in any such appeal, claim or dispute.
- 2.3 Churrasco has duly and punctually paid to the appropriate Tax Authority all Taxation for which it is liable as a result of any act or omission prior to Completion.
- 2.4 Churrasco has duly and punctually deducted, withheld, or collected for payment (as appropriate) all Taxation which it has become liable to deduct, withhold or collect for payment and has paid all such Taxation to the appropriate Tax Authority.
- 2.5 Churrasco has properly operated all payroll taxes and has kept and maintained complete, correct and up-to-date records for the purposes of the legislation relating thereto. Churrasco has not paid any remuneration or other earnings and has not provided any benefits in kind to any employees or any former employees without deducting or withholding the appropriate tax therefrom.

- 2.6 Churrasco has not within the six years prior to Completion paid or become liable to pay any fine, penalty or interest charged by virtue of the provisions of the Taxes Management Act 1970 or the VATA or similar provisions in other countries..
- 2.7 Churrasco has not in the last six years been the subject of an exceptional audit or an investigation by any Tax Authority and there are no facts which are likely to cause an audit or such an investigation to be made.
- 2.8 No transaction has been entered into by Churrasco since the Accounts Date in respect of which Churrasco is required to make a specific return or to provide information to a relevant Taxation Authority and in respect of which the time for making such return or providing such information will expire on or after Completion.

3. Tax clearances

So far as the Churrasco Warrantors are aware, after having made due and diligent enquiry, no transaction has been entered into by Churrasco in respect of which any consent or clearance from the appropriate Taxation or governmental authority was required or was or could have been sought.

4. Base values and acquisition costs

- 4.1 Save as fully disclosed in the Disclosure Letter if each of the capital assets of Churrasco were disposed of for a consideration equal to the book value of that asset for tax purposes in, or adopted for the purposes of, the Churrasco Accounts and Churrasco June Accounts, no liability to taxation would arise.
- 4.2 Churrasco does not own and has not agreed to acquire any asset, nor has it received or agreed to receive any services or facilities (including without limitation the benefit of any licences or agreements), the consideration for the acquisition or provision of which for tax purposes was or will be in excess of its market value or otherwise than on an arm's length basis for tax purposes.
- 4.3 Churrasco has not disposed nor agreed to dispose of any asset, nor has it provided or agreed to provide any services or facilities (including without limitation the benefit of any licences or agreements), the consideration for the disposal or the provision of which for tax purposes was or will be less than its market value or otherwise than on an arm's length basis for tax purposes.

5. Distributions and payments

- 5.1 No security issued by Churrasco and remaining in issue as at today's date was issued in such circumstances that the interest payable thereon falls to be treated as a distribution.

- 5.2 Churrasco has not in the ten calendar years prior to Completion repaid, or agreed to repay, or redeemed, or agreed to redeem, or purchased or agreed to purchase any of its share capital, or capitalised or agreed to capitalise, in the form of debentures or redeemable shares, any profits or reserves of any class or description; and Churrasco has also not issued any share capital as paid up otherwise than by the receipt of new consideration.

6. Taxation claims, liabilities and reliefs

- 6.1 There are, so far as the Churrasco Warrantors are aware after having made due and diligent enquiry, set out in the Disclosure Letter full details of all matters relating to Taxation in respect of which Churrasco (either alone or jointly with any other person) has, or at Completion will have, an outstanding entitlement:

- (a) to make any claim for relief under any statute relating to Taxation;
- (b) to make any election for one type of relief, on one basis, system or method of Taxation, as opposed to another;
- (c) to make an appeal (including a further appeal) against an assessment to Taxation;
- (d) to make an application for the postponement of, or the payment by instalments of, any Taxation; or
- (e) to disclaim or require the postponement of any allowance or relief.

- 6.2 So far as the Churrasco Warrantors are aware after having made due and diligent enquiry, Churrasco is not, nor will it become, liable to pay, or make any reimbursement or give any indemnity in respect of, any Taxation (or any amounts corresponding thereto) in consequence of the failure of any person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.

7. Tax residence and status

- 7.1 Churrasco has been resident for tax purposes in Switzerland at all times since its incorporation and will be so resident at Completion, and Churrasco has never been resident in any other jurisdiction.

8. Disallowance of Deductions

No individual amounts of rent, interest, annual payments, emoluments, management or service fees or charges or other sums of an income nature in excess of £[10,000] (including benefits in kind) paid or provided by Churrasco since the Accounts Date or

which Churrasco is under an obligation to pay or provide in the future are or may under the law currently in force be wholly or partially disallowable as deductions or charges in computing profits or against profits for the purposes of corporation tax or other similar tax by reason of any statutory provision relating to Taxation.

9. Corporation tax on chargeable gains

- 9.1 Neither the signing of this agreement nor Completion will result in any profit or gain being deemed to accrue to Churrasco for the purposes of Taxation.
- 9.2 So far as the Churrasco Warrantors are aware after having made due and diligent enquiry, Churrasco is not liable to be assessed to corporation tax on chargeable gains or to capital transfer tax or inheritance tax or to any other similar tax as donor or donee of any gift or transferor or transferee of value.
- 9.3 So far as the Churrasco Warrantors are aware after having made due and diligent enquiry, no consideration due to Churrasco after disposal has become irrecoverable so as to entitle Churrasco to an adjustment.

10. Tax avoidance

- 10.1 Churrasco has not entered into or been party to any transaction, scheme or arrangement designed wholly or partly for the purpose of avoiding Taxation.
- 10.2 No Tax Authority has investigated any transactions or arrangements involving Churrasco with a view to applying section 770A ICTA, or equivalent legislation in other countries, and no circumstances exist which would result in such an investigation, if started, resulting in any increased liability to Taxation of Churrasco.

11. Miscellaneous

- 11.1 Churrasco has not received any foreign loan interest on which double taxation relief will, or may, be restricted.
- 11.2 Churrasco does not own or control any controlled foreign company or companies.
- 11.3 Churrasco has no material interest in an offshore fund.
- 11.4 Churrasco has not redeemed, repaid or purchased, or agreed to redeem, repay or purchase, any of its own shares or any of its loan capital.
- 11.5 Churrasco has not entered into any loans or related transactions which are not at arm's length.

12. Value Added Tax

12.1 Churrasco:

- (a) is duly registered for the purposes of VAT and has been so registered at all times when it has been required to be registered by the relevant legislation;
- (b) has complied fully with all statutory requirements, orders, provisions, directions or conditions relating to VAT, including (for the avoidance of doubt) the terms of any agreement reached with any Tax Authority;
- (c) maintains and has at all times maintained complete, correct and up-to-date records for the purposes of the legislation relating to VAT and has preserved such records in such form and for such periods as are required by such legislation; and
- (d) is not in arrears with any payment or returns required under any legislation relating to VAT, or liable to any abnormal or non-routine payment, or any forfeiture or penalty or default surcharge, or to the operation of any penal provision relating to VAT or to pay any interest as a result of making late VAT returns.

12.2 Churrasco is not and has not at any time been treated as a member of a group of companies for VAT purposes and no application for it to be so treated has at any time been made.

12.3 So far as the Churrasco Warrantors are aware after having made due and diligent enquiry, no act or transaction has been effected in consequence whereof Churrasco is or may be held liable for any VAT chargeable against any other company.

12.4 All supplies made by Churrasco are taxable supplies and Churrasco is not and will not be denied credit for any input tax by reason of the operation of any provisions of VATA and the regulations made thereunder; and all input tax for which Churrasco has claimed credit has been paid by Churrasco in respect of supplies made to it relating to goods or services used or to be used for the purpose of Churrasco's business.

12.5 So far as the Churrasco Warrantors are aware after having made due and diligent enquiry, no supplies have been made to Churrasco to which the reverse charge provisions might apply.

13. Share schemes

Churrasco is not a participating company in any share scheme for the benefit of its employees and/or directors.

14. Stamp duty and stamp duty reserve tax

Churrasco has duly paid all stamp duty and other transfer taxes for which it has at any time been liable.

15. General

So far as the Churrasco Warrantors are aware after having made due and diligent enquiry, no act or transaction has been effected in consequence whereof Churrasco has is or may be held liable for any Taxation primarily chargeable against some other person.

Part B
Gauchos Tax Warranties

1. Reserve for Taxation in the Accounts

- 1.1 The Gauchos and Gauchos June Accounts reserve or provide in full for all Taxation for which the Gauchos Group were in respect of all periods up to the Accounts Date liable or able to be made liable and the Gauchos Accounts and Gauchos June Accounts reserve for or contain a note regarding any contingent liability or possible deferred liability to Taxation.

2. Returns and payment of Taxation

- 2.1 All returns, computations and notices which should have been made by any Gauchos Group Company for the purposes of Taxation in respect of any accounting period up to and including the accounting period ending on the Accounts Date (i) have been made punctually, are correct and on a proper basis, (ii) contain all information required for all the purposes of Taxation and (iii) are not the subject of any dispute with any Tax Authority; and no Gauchos Group Company is involved in any dispute with any Tax Authority concerning any matter likely to affect in any way the liability (whether accrued contingent or future) of the Gauchos Group Company to Taxation and no Gauchos Group Company is under any liability to pay any penalty or interest in connection with any claim for Taxation.
- 2.2 Computations of the profits and losses of each Gauchos Group Company and of its liability to Taxation for each of the accounting periods ending within the six calendar years prior to the Accounts Date have been agreed with the appropriate Tax Authority, and there is no unsettled appeal in respect of any year of assessment nor any back duty claim or other dispute with the Inspecteur der Belastingen or any other relevant Tax Authority as at the date of this agreement, nor is Gioma BV aware of any facts or circumstances that may result in any such appeal, claim or dispute.
- 2.3 Each Gauchos Group Company has duly and punctually paid to the appropriate Tax Authority all Taxation for which it is liable as a result of any act or omission prior to Completion.
- 2.4 Each Gauchos Group Company has duly and punctually deducted, withheld, or collected for payment (as appropriate) all Taxation which it has become liable to deduct, withhold or collect for payment and has paid all such Taxation to the appropriate Tax Authority.
- 2.5 Each Gauchos Group Company has properly operated all payroll taxes and has kept and maintained complete, correct and up-to-date records for the purposes of the legislation relating thereto. No Gauchos Group Company has paid any remuneration or other earnings and no Gauchos Group Company has provided any benefits in kind to any employees or any former employees without deducting or withholding the appropriate tax therefrom.

- 2.6 No Gauchos Group Company has within the six years prior to Completion paid or become liable to pay any fine, penalty or interest charged by virtue of the provisions of the Taxes Management Act 1970 or the VATA or similar provisions in other countries.
- 2.7 No Gauchos Group Company has in the last six years been the subject of an exceptional audit or an investigation by the Inspecteur der Belastingen and there are no facts which are likely to cause such an audit or such an investigation to be made.
- 2.8 No transaction has been entered into by any Gauchos Group Company since the Accounts Date in respect of which any Gauchos Group Company is required to make a specific return or to provide information to a relevant Tax Authority and in respect of which the time for making such return or providing such information will expire on or after Completion.

3. Tax clearances

So far as Gioma BV is reasonably aware after having made due and diligent enquiry, no transaction has been entered into by any Gauchos Group Company in respect of which any consent or clearance from the Inspecteur der Belastingen or other appropriate Tax Authority or governmental authority was required or was or could have been sought.

4. Base values and acquisition costs

- 4.1 Save as fully disclosed in the Disclosure Letter if each of the capital assets of the Gauchos Group were disposed of for a consideration equal to the book value of that asset for tax purposes in, or adopted for the purposes of, the Gauchos Accounts [and Gauchos June Accounts,] no liability to any Taxation would arise.
- 4.2 No Gauchos Group Company owns and no Gauchos Group Company has agreed to acquire any asset, nor has any Gauchos Group Company received or agreed to receive any services or facilities (including without limitation the benefit of any licences or agreements), the consideration for the acquisition or provision of which for tax purposes was or will be in excess of its market value or otherwise than on an arm's length basis for tax purposes.
- 4.3 No Gauchos Group Company has disposed or agreed to dispose of any asset, or provided or agreed to provide any services or facilities (including without limitation the benefit of any licences or agreements), the consideration for the disposal or the provision of which for tax purposes was or will be less than its market value or otherwise than on an arm's length basis for tax purposes.

5. Distributions and payments

- 5.1 No security issued by any Gauchos Group Company and remaining in issue as at today's date was issued in such circumstances that the interest payable thereon falls to be treated as a distribution.
- 5.2 No Gauchos Group Company has in the ten calendar years prior to Completion repaid, or agreed to repay, or redeemed, or agreed to redeem, or purchased or agreed to purchase any of its share capital, or capitalised or agreed to capitalise, in the form of debentures or redeemable shares, any profits or reserves of any class or description; and no Gauchos Group Company has issued any share capital as paid up otherwise than by the receipt of new consideration.

6. Taxation claims, liabilities and reliefs

- 6.1 There are, so far as Gioma BV is reasonably aware after having made due and diligent enquiry, set out in the Disclosure Letter full details of all matters relating to Taxation in respect of which any Gauchos Group Company (either alone or jointly with any other person) has, or at Completion will have, an outstanding entitlement:
- (a) to make any claim for relief under any statute relating to Taxation;
 - (b) to make any election for one type of relief, on one basis, system or method of Taxation, as opposed to another;
 - (c) to make an appeal (including a further appeal) against an assessment to Taxation;
 - (d) to make an application for the postponement of, or the payment by instalments of, any Taxation; or
 - (e) to disclaim or require the postponement of any allowance or relief.
- 6.2 So far as Gioma BV is reasonably aware after having made due and diligent enquiry, no Gauchos Group Company has or will become, liable to pay, or make any reimbursement or give any indemnity in respect of, any Taxation (or any amounts corresponding thereto) in consequence of the failure of any person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.

7. Tax residence and status

- 7.1 Each Gauchos Group Company has been resident for tax purposes in the Netherlands at all times since its incorporation and will be so resident at Completion, and no Gauchos Group Company has ever been resident in any other jurisdiction.

- 7.2 No Gauchos Group Company has ever formed part of any fiscal unity for corporate income tax purposes and/or value added tax purposes.

8. Disallowance of deductions

No individual amount of rent, interest, annual payments, emoluments, management or service fees or charges or other sums of an income nature in excess of £[10,000] (including benefits in kind) paid or provided by any Gauchos Group Company since the Gauchos Accounts Date and the Gauchos June Accounts or which any Gauchos Group Company is under an obligation to pay or provide in the future are or may under the law currently in force be wholly or partially disallowable as deductions or charges in computing profits or against profits for the purposes of corporation tax by reason of any statutory provision relating to Taxation.

9. Corporation Tax on chargeable gains

- 9.1 Neither the signing of this agreement nor Completion will result in any profit or gain being deemed to accrue to any Gauchos Group Company for the purposes of Taxation.
- 9.2 So far as Gioma BV is reasonably aware, after having made due and diligent enquiry, no consideration due to any Gauchos Group Company after disposal has, so far as Gioma BV is aware, become irrecoverable so as to entitle the Gauchos Group Company to an adjustment.
- 9.3 So far as Gioma BV is reasonably aware, after having made due and diligent enquiry, no Gauchos Group Company is liable to be assessed to corporation tax on chargeable gains or to capital transfer tax or inheritance tax or to any other similar tax as donor or donee of any gift or transferor or transferee of value.

10. Tax avoidance

- 10.1 No Gauchos Group Company has entered into or been party to any transaction, scheme or arrangement designed wholly or partly for the purpose of avoiding Taxation.
- 10.2 The Inspecteur der Belastingen or its equivalent in other countries has not investigated any transactions or arrangements involving any Gauchos Group Company with a view to applying section 770A ICTA or equivalent legislation in other countries, and no circumstances exist which would result in such an investigation, if started, resulting in any increased liability to Taxation of any Gauchos Group Company.

11. Miscellaneous

- 11.1 No Gauchos Group Company has received any foreign loan interest on which double taxation relief will, or may, be restricted.
- 11.2 No Gauchos Group Company owns or controls any controlled foreign company or companies.
- 11.3 No Gauchos Group Company has a material interest in an offshore fund.
- 11.4 No Gauchos Group Company has redeemed, repaid or purchased, or agreed to redeem, repay or purchase, any of its own shares or any of its loan capital.
- 11.5 No Gauchos Group Company has entered into any loan relationships or related transactions which are not at arm's length.

12. Value Added Tax

12.1 Each Gauchos Group Company:

- (a) is duly registered for the purposes of VAT and has been so registered at all times when it has been required to be registered by the relevant legislation;
- (b) has complied fully with all statutory requirements, orders, provisions, directions or conditions relating to VAT, including (for the avoidance of doubt) the terms of any agreement reached with Customs and Excise;
- (c) maintains and has at all times maintained complete, correct and up-to-date records for the purposes of the legislation relating to VAT and has preserved such records in such form and for such periods as are required by such legislation; and
- (d) is not in arrears with any payment or returns required under any legislation relating to VAT, or liable to any abnormal or non-routine payment, or any forfeiture or penalty or default surcharge, or to the operation of any penal provision relating to VAT or to pay any interest as a result of making late VAT returns.

12.2 Each Gauchos Group Company is not and has not at any time been treated as a member of a group of companies for VAT purposes and no application for it to be so treated has at any time been made.

12.3 So far as Gioma BV is aware after having made due and diligent enquiry, no act or transaction has been effected in consequence whereof any Gauchos Group Company is or may be held liable for any VAT chargeable against any other company.

12.4 All supplies made by any Gauchos Group Company are taxable supplies and no Gauchos Group Company is or will be denied credit for any input tax by reason of the operation of any provisions of VATA and the regulations made thereunder; and all input tax for which any Gauchos Group Company has claimed credit has been paid by the Gauchos Group Company in respect of supplies made to it relating to goods or services used or to be used for the purpose of the Gauchos Group Company's business.

12.5 So far as Gioma BV is aware after having made due and diligent enquiry, no supplies have been made to any Gauchos Group Company to which the reverse charge provisions may apply.

13. Share schemes

No Gauchos Group Company is a participating company in any share scheme for the benefit of its employees and/or directors.

14. Stamp duty and stamp duty reserve tax

Each Gauchos Group Company has duly paid all stamp duty and other transfer taxes for which it has at any time been liable.

15. General

15.1 No Gauchos Group Company is the legal or beneficial owner of or had any beneficial interest in any share or securities of a company resident for the purposes of Taxation outside the Netherlands.

15.2 So far as Gioma BV is aware after having made due and diligent enquiry, no act or transaction has been effected in consequence whereof any Gauchos Group Company has is or may be held liable for any Taxation primarily chargeable against some other person.

SCHEDULE 14

Conditions Precedent

The passing of all the resolutions set out in the notice of an extraordinary general meeting of the Purchaser forming part of the Circular.

SCHEDULE 15

Part A

Matters not to be done prior to Completion without the Purchaser's consent.

1. Creating, extending, granting or issuing or agreeing to create, extend or issue any mortgages, charges, debentures or other securities otherwise than may be created in the ordinary course of business.
2. Creating or issuing or agreeing to create or issue any share or loan capital or giving or agreeing to give any option in respect of such share or loan capital.
3. Entering or agreeing to enter into any long term (that is incapable of termination within 6 months) or abnormal contract outside the ordinary course of business.
4. Entering or agreeing to enter into any capital commitment or any contract involving any expenditure on capital account or the purchase of any capital equipment or other items of a capital nature in any such case in excess of £20,000.
5. Passing any resolution by their members in general meeting or making any alteration to the provisions of their memorandum and articles of association.
6. Departing from the ordinary course of their day to day business either as regards the nature, scope or manner of conducting the same.
7. Paying or agreeing to pay to their directors, officers, or employees or consultants or any of them any remuneration or other emoluments or benefits whatsoever other than those set out in the Disclosure Letter.
8. Acquiring any assets on hire-purchase or deferred terms otherwise than in the ordinary course of business.
9. Disposing of any part of their fixed assets having a value greater than £50,000.
10. Permitting any liens to arise on any of their assets otherwise than in the ordinary course of business.
11. Writing off any debt in excess of £5,000.
12. Knowingly permitting any of their normal insurances to lapse or doing anything to make any of their policies of insurance void or voidable.
13. Declaring any dividend or making any distribution whether of capital or of income.
14. Incurring any indebtedness or other liability on account of fees or charges for products or services except on an arms length basis.

15. Borrowing any money or incurring any credit except by way of the draw-down or utilisation of facilities existing on the date of this agreement.
16. Releasing any debt due to them in excess of £5,000.
17. Compromising or settling any legal or arbitration proceedings by or against them with a value in excess of £5,000.
18. Making any loan or other advance to any person.
19. Dismissing any employee with a salary in excess of £15,000 or asking or requiring him to work on terms which will result in his being entitled to claim that he has been constructively dismissed.
20. Reducing their authorised or issued share or loan capital.
21. Converting, sub-dividing or consolidating any of the Sale Shares or any other issued shares of the relevant company.
22. Disposing or attempting to dispose of any interest in any share or other security in their authorised and/or issued share capital.
23. Capitalising, repaying or making any other form of distribution of any amount standing to the credit of any reserve or redeeming or purchasing any of their own shares or making any other re-organisation of share capital.
24. Admitting any person whether by subscription or transfer as a new member.
25. Selling or disposing of or granting any option in respect of the any part of their undertaking or assets save in the ordinary course of trading.
26. Amalgamating or merging with any other company or concern or acquiring any shares in any other company or participating in any partnerships or joint venture.
27. Acquiring or disposing of any interest in any freehold or leasehold property or granting or acquiring any option relating to any such interest.
28. Assigning, factoring or otherwise disposing of any of their book debts.
29. Giving any guarantee or indemnity with a potential liability in excess of £10,000.
30. Altering any mandate given to their bankers relating to any matter concerning the operation of the bank account.
31. Paying any service or consultancy fees in respect of any service supplied to them by or at the request of any of the members in excess of £10,000.

32. Delegating any of the powers or duties of the board of directors.
33. Appointing new auditors or removing the existing auditors.
34. Granting any pension rights except in the ordinary course.
35. Permitting any insurance policy to expire without being renewed or replaced by another policy of insurance on no less favourable terms to the relevant company.

Part B

1. Gioma BV shall procure that no Gauchos Group Company shall and the Churrasco Vendors shall procure that Churrasco shall not at any time prior to Completion, without the prior written consent of the Purchaser:
 - (a) otherwise than as a result of conducting the business of the relevant company in the usual course of business do, procure or permit anything which might cause, or constitute, or result in, a breach of the Warranties if they were given at Completion, or might make any Warranties inaccurate or misleading if they were so given; or
 - (b) in any way depart from the usual course of business of any Gauchos Group Company or Churrasco (as the case may be) as regards the nature, scope and manner of the business.
2. Gioma BV will procure that on or before Completion all notices required by Dutch or Swiss law in relation to the transfer of the Sale Shares shall be served upon the relevant authorities and that such steps as are necessary and such notices as are required to transfer the employment of the BV Employees as required by clause 12.2 (n) are taken and served respectively (subject to the proviso contained in that clause).

SCHEDULE 16

| Alfonso's Business | <u>Call Option Price (NLG)</u> |
|---|--------------------------------|
| Alfonso Utrecht, Oude Gracht 125, 3511 AH Utrecht | 900,000 |
| Alfonso Amsterdam, Korte Leidsedwardsstraat 69, 1017 PW Amsterdam | 1,500,000 |
| Alfonso Eindhoven, Stationsplein 7, 5611 AB Eindhoven | 1,500,000 |
| Alfonso Rotterdam, Coolingsingel 103, 3012 AG Rotterdam | 1,250,000 |
| Alfonso, Maastricht, Vrijthof 9, 6211 LC Maastricht | 1,250,000 |
| Alfonso Arnhem, Jansplaats 13A, 6811GB Arnhem | 1,000,000 |

SCHEDULE 17

HEAD OFFICE EMPLOYEES OF GIOMA HORECA MANAGEMENT B.V./AMSTERDAM

| <u>Name</u> | <u>Job Title</u> | <u>Starting Date</u> | <u>Date of Birth</u> | <u>Address</u> |
|--------------------------------|----------------------|----------------------|----------------------|--|
| Feskens, Kitty L.D. | Employee HR | 01.09.1991 | 27.03.1947 | Rongen 18 1261 VC Blaricum |
| Garaats, Monique M.C | Secretary Operations | 08.03.1999 | 19.10.1972 | Ambonstrast 18 bis A 3531 JT Utrecht |
| Hoftijzer, Andrea J. | Operations Assistant | 17.11.1997 | 24.12.1970 | Nachtwachtlaan 199 105B EG Amsterdam |
| Houten, van, Robert F. | F & B Manager | 06.05.1996 | 14.11.1967 | Pal, Malaterstraat 53 3573 PG Utrecht |
| Kessels-van Aalsum, Monique | Coach | 01.04.1998 | 30.04.1964 | Jofferspas 18 5807 BZ Oostrum |
| Ramselaar, Marjolein L. | Corp. HR Manager | 0.1.05.1993 | 30.01.1961 | Karel Doormanlaan 87 1403 TL Bussum |
| Rosevelt, van, Kim | Operations Assistant | 04.01.1999 | 04.08.1970 | Hamngvfieit 62 2401 DB Alphen e.d. Rijn |
| Rijse, van, Stephan | Salary Administrator | 01.02.1999 | 12.11.1965 | Couperuslaan 8 1422 BD Ulthoom |
| Vliet, van, Nadine M. | Assistant HR | 01.09.1997 | 27.10.1972 | De Vang 35 3642 CR Mijdrecht |

The parties to this agreement have signed and entered into this agreement on the date and year first written above.

SIGNED for and on behalf of GIOMA GROUP)
BV in the presence of:)

SIGNED for and on behalf of GIOMA)
RESTAURANTS PLC in the presence of:)

Nicholas Hazell

NICHOLAS HAZELL
CARMELITE BLACKSEARS
LONDON EC4Y 0DY

Hermin

SIGNED for and on behalf of GIOMA GROUP)
(SCHWEIZ) AG in the presence of:)

SIGNED by JAN SIEWERT GEENEMANS)
in the presence of:)

.....
Witness Signature

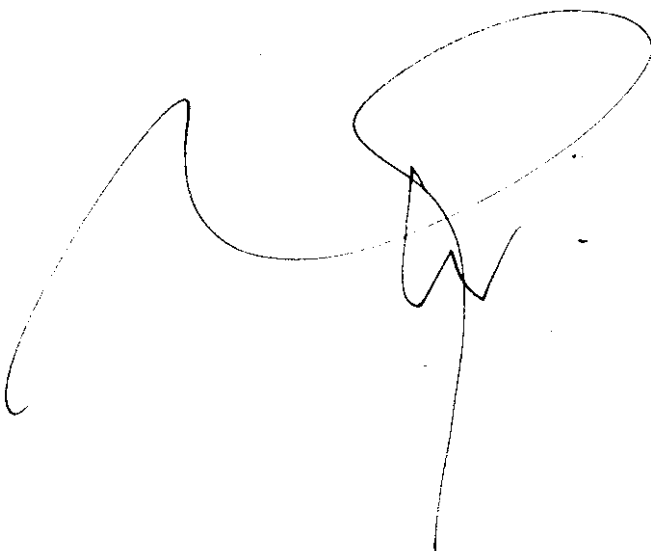
Name:

Address:

Occupation:

SIGNED by Jan Geenomas
for and on behalf of
Gioma Group BV
in the presence of

)
)
)
)

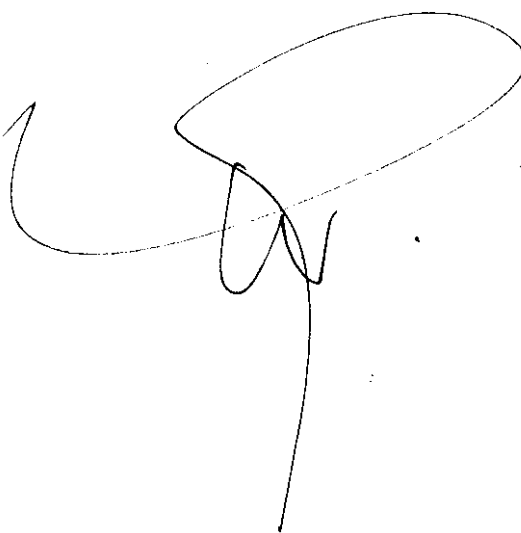


NICHOLAS HAZEL
CARMELITE
56 VICTORIA GMBL
BRUXELLES LONDON EC4Y 0DX.

28/10/99

SIGNED by Jan Greenemans
for and on behalf of
Gioma Group Schweiz AG
in the presence of

)
)
)
)



NICHOLAS HAZELL
PARNELITE, 50 VICT EMER
LONDON EC4Y 0DX.

28/10/99

SIGNED by
J. Geenemans
in the presence of



Nicholas Hazell

NICHOLAS HAZELL
GARNELITE, 56 VICTORIA EMBLE
LONDON EC4Y 0DX.

28/10/99