

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

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| In re: |) | Chapter 11 |
| |) | |
| K&W CAFETERIAS, INC., |) | Case No. 20-50674 |
| |) | |
| |) | |
| Debtor. |) | |
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FIRST AMENDED PLAN OF REORGANIZATION

NOW COMES K&W Cafeterias, Inc. (the “Debtor”), pursuant to 11 U.S.C. §1129 and Rule 3016 of the Federal Rules of Bankruptcy Procedure, and respectfully proposes the following First Amended Plan of Reorganization dated March 30, 2021 (as amended, the “Plan”).

1. INTRODUCTION. On September 2, 2020 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its assets and operates its business as a debtor-in-possession. An Official Committee of Unsecured Creditors has been appointed in this case. Pursuant to various orders entered by the Court, the Debtor obtained authority for the use of cash collateral and otherwise complied with all requirements for operation and filing of necessary reports with the Court as mandated by the Bankruptcy Code, the Bankruptcy Rules, and the local rules of the Court. The Debtor initially filed a proposed Plan of Reorganization dated March 1, 2021 (Doc. 354) and accompanying Disclosure Statement (Doc. 355). The Debtor now submits this First Amended Plan of Reorganization in substitution of the initial Plan.

2. DEFINITIONS. For purposes of this Plan and accompanying Disclosure Statement, the following definitions shall apply and, unless otherwise indicated, the singular shall include the plural:

2.1. Administrative Expense Claim: Means a Claim against the Debtor or its Estate for a cost or expense of administration in the Bankruptcy Case that is entitled to priority or super priority under sections 364(c)(1), 503(b), 503(c), 507(b) or 1114(e)(2) of the Bankruptcy Code.

2.2. Affiliate Loans: Loans owed to the Debtor by either or both of Allred Investment Company, LLC and DGV, LLC.

2.3. Affiliate Real Estate: Certain real estate owned by either or both of Allred Investment Company, LLC and DGV, LLC and subject to liens securing the K&W Loans, the AIC Loans and the DGV Loans.

2.4. Affiliates: Allred Investment Company, LLC and DGV, LLC

2.5. AIC: Allred Investment Company, LLC

2.6. AIC Loans: Loans owed to Truist Bank where Allred Investment Company, LLC is the primary borrower, and the Debtor is a guarantor.

2.7. Allowed Claim:

2.7.1. When used with respect to an Administrative Expense Claim, means an Administrative Expense Claim that is allowed (a) in any stipulation or other agreement between a holder of a Claim and the Debtor that, (i) if executed prior to the Effective Date, is approved by the Court, or (ii) if executed after the Effective Date, is not subject to Court approval, establishing the amount and nature of a Claim; (b) in any contract, instrument or other agreement entered into in connection with the Plan and, if prior to the Effective Date, approved by the Court; (c) pursuant to a Final Order; or (d) pursuant to the terms of the Plan.

2.7.2. When used with respect to any Claim other than an Administrative Expense Claim, means a Claim that:

2.7.2.1. is not a Disputed Claim and (a) for which a proof of claim was filed on or

before the date designated by the Court as the last day on which to file such proofs of claim in the Debtor's proceeding, or (b) which is listed in the schedules filed by the Debtor (unless listed as unliquidated, disputed or contingent) and, in either case, to which (i) no objection has been filed within the applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or order of the Court, or (ii) an objection has been timely filed and determined by Final Order, and then only to the extent the order allows such Claim; or

2.7.2.2. is allowed (a) in any stipulation or other agreement between a holder of a Claim and the Debtor that, (i) if executed prior to the Effective Date, is approved by the Court, or (ii) if executed after the Effective Date, is not subject to Court approval, establishing the amount and nature of a Claim; (b) in any contract, instrument or other agreement entered into in connection with the Plan and, if prior to the Effective Date, approved by the Court; (c) pursuant to a Final Order; or (d) pursuant to the terms of the Plan.

2.7.3. Claims estimated and temporarily allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Court shall not be considered "Allowed Claims" hereunder.

2.8. Assets: All of the Debtor's property, rights and interests that are property of the Debtor's estate pursuant to section 541 of the Bankruptcy Code.

2.9. Bankruptcy Administrator: The United States Bankruptcy Administrator for the Middle District of North Carolina.

2.10. Bankruptcy Case: The chapter 11 case of *In re K&W Cafeterias, Inc.* (Bankr. Case No. 20-50674).

2.11. Bankruptcy Causes of Action: Any claim or cause of action which may be asserted by a debtor or a debtor-in-possession under sections 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, or 553 of the Bankruptcy Code.

2.12. Bankruptcy Code: Provisions of Title 11, United States Code, as amended from time to time and applicable to this case.

2.13. Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure and the local rules of the Court, as amended from time to time and applicable to this case.

2.14. Cash Collateral Orders: The interim and final orders entered in the Bankruptcy Case authorizing the Debtor's use of cash collateral.

2.15. Claim: A claim as defined in section 101(5) of the Bankruptcy Code.

2.16. Claims Bar Date: The date by which a proof of claim must be filed with the Court, which shall be, as applicable, (a) January 7, 2021, with respect to all creditors except a governmental unit, (b) March 1, 2021, with respect to a governmental unit, and (c) thirty (30) days from the Effective Date, or such other (whether earlier or later) deadline as may be set by the Court, with respect to claims arising from the rejection of any executory contract or unexpired lease.

2.17. Class: A class of Claims or Equity Interests, as described in Section 4 of the Plan.

2.18. Closed Stores: Stores listed on Exhibit 2 as "Closed Stores" and any "Open Store" listed on Exhibit 2 at which the Debtor discontinues operations on or before the Confirmation Date.

2.19. Committee: The Official Committee of Unsecured Creditors pursuant to the Notice of Appointment of Committee of Unsecured Creditors [Doc. 80].

2.20. Confirmation Date: The date on which the Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

2.21. Confirmation Order: The Order of the Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

2.22. Court: The United States Bankruptcy Court for the Middle District of North Carolina, and any district court or appellate court that exercises jurisdiction over this case.

2.23. Cure Amount: The amount to be paid to cure any default and assume an executory contract or unexpired lease to the extent required by Section 365 of the Bankruptcy Code.

2.24. Debtor: K&W Cafeterias, Inc.

2.25. Debtor Real Estate: Certain real estate as listed on Exhibit 1, owned by the Debtor.

2.26. DGV: DGV, LLC

2.27. DGV Loans: Loans owed to Truist Bank where DGV, LLC is the primary borrower, and the Debtor is a guarantor.

2.28. DIP Account: The Debtor-in-Possession Account opened by the Debtor at First National Bank of Pennsylvania, account number ending with *3564.

2.29. Disallowed Claim: A Claim that has been disallowed by a Final Order or a stipulation or other agreement between the holder of a Claim and the Debtor.

2.30. Disputed Claim: Any Claim (a) scheduled by the Debtor as disputed, contingent, or unliquidated, unless a proof of claim was timely filed, (b) filed but with respect to which an objection has been interposed which has not been resolved by a withdrawal of such objection, agreement approved by the Court, or entry of a Final Order, (c) set forth in an improper proof of claim or a proof of claim untimely filed or (d) designated as a Disputed Claim in the Plan.

2.31. Effective Date: The later of (i) July 1, 2021, (ii) the first day of the month following the Confirmation Date, or (iii) such sooner or later date as may be set forth in the Confirmation Order, unless the Confirmation Order has been stayed pending appeal.

2.32. Entity: A person (as defined in section 101(41) of the Bankruptcy Code), a firm, a limited liability company, a joint venture, an association, an unincorporated organization, an estate, a trust or a governmental unit.

2.33. Equity Interest: Any common stock or other capital stock issued by the Debtor and outstanding immediately prior to the Petition Date, and any options, warrants or other rights with respect thereto (or as provided for in other instruments evidencing an ownership interest or the right to purchase or demand the issuance of any of the foregoing in the Debtor).

2.34. Estate or Estate Property: Property of the Debtor's estate as defined by section 541 of the Bankruptcy Code and other applicable law.

2.35. Federal Judgment Rate: The interest rate applicable to a judgment entered on the Petition Date as provided under 28 U.S.C. § 1961(a).

2.36. Final Consummation: The consummation of all things contained in or provided for in the Plan necessary for the entry of a Final Decree.

2.37. Final Decree: The final decree entered by the Court pursuant to Bankruptcy Rule 3022.

2.38. Final Order: An order or judgment of the Court as entered on the docket of the Court, (a) that has not been reversed, stayed, modified or amended, and as to which the time to appeal or petition for certiorari or move for a new trial, re-argument or rehearing has expired, and as to which no appeal or petition for certiorari or other proceeding for a new trial, re-argument or rehearing that has been timely taken is pending, or (b) as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or

the new trial, re-argument or rehearing shall have been denied or resulted in no modification of such order.

2.39. Final Report: A report to be filed by the Debtor with the Court upon and after completion of all acts required to achieve Final Consummation of the Plan, which report shall include, but not be limited to, all information necessary to meet the reporting requirements of the Court, the Bankruptcy Administrator, and the Plan.

2.40. Guardian Policies: Those three whole life insurance policies issued in 1992 by The Guardian Life Insurance Company of America (“Guardian”) insuring the life of Donald C. Allred and more specifically identified as Policy Nos. 3299385, 3299386, and 3299387

2.41. IRS Underpayment Rate: The underpayment rate imposed by the Internal Revenue Service as of the Effective Date as determined under 26 U.S.C. § 6621(a)(2).

2.42. K&W Loans: Loans owed to Truist Bank where the Debtor is the primary borrower, excluding the PPP Loan.

2.43. Late Filed Claim: A Claim filed after the applicable Claims Bar Date but before the Effective Date, excluding Administrative Expense Claims.

2.44. Liabilities: Any and all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, Bankruptcy Causes of Action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, event, injury, omission, transaction, agreement, employment, exposure or other occurrence taking place on or prior to the Effective Date.

2.45. Lien: A deed of trust, mortgage, judgment lien, materialmen’s lien, statutory lien, security interest, pledge, assessment, adverse claim, levy, charging order, or other encumbrance of any kind, including any “lien” as defined in section 101(37) of the Bankruptcy Code.

2.46. Notice and Hearing: Notice and hearing as defined by section 102 of the Bankruptcy Code.

2.47. Open Stores: Stores listed on Exhibit 2 as “Open Stores” and which are operated by the Debtor as of the Confirmation Date.

2.48. Pari Passu: A proportionate distribution with respect to certain Classes of Claims so that each Class has an equal right of payment without preference over each other.

2.49. Penalty Claims: A Claim for a fine, penalty or forfeiture, or for multiple, exemplary, or punitive damages, to the extent such fine, penalty, forfeiture or damages are not compensation for actual pecuniary loss suffered by the holder of such claim.

2.50. Petition Date: September 2, 2020.

2.51. Plan: This First Amended Plan of Reorganization, as the same may be subsequently amended, modified or supplemented from time to time.

2.52. Plan Consummation Account: An account established by the Debtor at First National Bank of Pennsylvania and used for the receipt and disbursement of funds as provided in the Plan.

2.53. Plan Support Agreement: An agreement by and between the Debtor, Truist Bank, Allred Investment Company, LLC, DGV, LLC, and the Policy Owners to support and implement the Plan as provided herein, a copy of which is attached as Exhibit 3.

2.54. Plan Trustee: C. Edwin Allman, III, or such other person as may be designated by the Court, if and when appointed by the Court after Notice and Hearing.

2.55. Policy Owners: Kathryn G. Allred, Trustee under the Dax Carlyle Allred Irrevocable Living Trust Agreement Dated July 6, 1992 and the William Grady Allred Irrevocable Living Trust Agreement Dated July 6, 1992, Dax Carlyle Allred, and William Grady Allred.

2.56. PPP Loan: The loan made by Truist Bank to the Debtor pursuant to the Paycheck Protection Program as contemplated by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

2.57. Premium Loan Repayments: Payments received by the Debtor to repay premiums advanced to the Policy Owners (or any previous policy owners), in the aggregate amount of approximately \$2,992,930, in connection with the Guardian Policies.

2.58. Priority Claim: A Claim that is entitled to priority under sections 507 or 364 of the Bankruptcy Code, excluding Priority Tax Claims.

2.59. Priority Tax Claim: A Claim for federal, state or local taxes that is entitled to priority under sections 507(a)(8) of the Bankruptcy Code, whether secured or unsecured.

2.60. Pro Rata: A proportionate distribution so that with respect to a particular Claim in a Class of Claims (or Classes of Claims, as applicable), a number (expressed as a percentage) equal to the proportion that the amount of any Allowed Claim in the Class (or Classes of Claims, as applicable) bears to the aggregate amount of all Allowed Claims in such Class (or Classes of Claims, as applicable) as of the date of determination.

2.61. Secured Claim: A Claim that is secured by a Lien on Estate Property or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as provided in the Plan or determined by the Court pursuant to sections 506(a) and, if applicable, 1129(b) of the Bankruptcy Code, and that has not been avoided or released.

2.62. Store: A location listed on Exhibit 2 at which the Debtor now or formerly operated a restaurant business.

2.63. Subordinated Claim: An Allowed Claim the payment of which has been subordinated by (a) the terms of the Plan, (b) agreement of the holder of such claim, or (c) an Order of the Court pursuant to section 510(c) of the Bankruptcy Code or other applicable law.

2.64. Substantial Consummation: The date on which the Debtor has (i) transferred all or substantially all of the property proposed by the Plan to be transferred, (ii) assumed the business or management of all or substantially all of the property dealt with by the Plan, and (iii) commenced distributions under the Plan as determined in accordance with § 1101(2) of the Bankruptcy Code.

2.65. Till Rate: The “prime rate” as published in the Wall Street Journal as of the Effective Date, plus one percent (1.0%).

2.66. Truist Loans: The K&W Loans, AIC Loans and DGV Loans.

2.67. Unsecured Claim: A Claim, the payment of which is not secured by a Lien upon or right of setoff against Estate Property, including the unsecured portion of any claim listed herein as secured but determined to be unsecured by the terms of the Plan, order of the Court or applicable law after (a) valuation or liquidation of Estate Property securing such claim, or (b) avoidance or release of any Lien securing such claim.

2.68. Working Capital Reserve: The balance of funds on deposit in the DIP Account as of the Effective Date, not to exceed \$2,000,000, which will be reserved and retained by the Debtor on the Effective Date as working capital for continued operations.

3. ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY CLAIMS AND PRIORITY TAX CLAIMS. Administrative Expense Claims, Priority Claims and Priority Tax Claims shall

be treated as follows:

3.1. Administrative Expense Claims. Administrative Expense Claims shall be allowed upon due request or application and in such amounts as may be determined by the Court after Notice and Hearing, except as otherwise provided below. Administrative Expense Claims are not impaired.

3.1.1. The actual and necessary costs and expenses incurred after the Petition Date and in the ordinary course of owning and operating the Debtor's business ("Operating Expense Claims") shall be paid in the ordinary course and in accordance with the payment terms thereof, except that in the event of a dispute with respect thereto such dispute shall be resolved by the Court after Notice and Hearing. Holders of Operating Expense Claims shall not be required to file any request for payment of such Claims except when disputed or as otherwise ordered by the Court.

3.1.2. Federal and state income taxes payable because of operations or the conveyance, sale or other disposition of Estate Property shall be paid when due or as such payment deadlines may be extended, subject to acceptance of tax returns by the applicable taxing authorities or determination of the amount due pursuant to Section 505 of the Bankruptcy Code.

3.1.3. Ad valorem taxes on Estate Property arising after the Petition Date shall be allowed in the amount assessed by the respective governmental unit, subject to the rights of the Debtor to contest any such tax or underlying valuation. The holders of Administrative Expense Claims for ad valorem property taxes arising after the Petition Date shall be paid in

full on or before the due date provided for in the applicable tax bills, or if disputed within 30 days after the allowed amount of such Claim has been determined by the Court pursuant to a Final Order.

3.1.4. Compensation for legal, financial, advisory, accounting, and other professional services, and reimbursement of expenses awarded or allowed under sections 329, 330(a) or 331 of the Bankruptcy Code shall be allowed and paid in such amounts as may be determined by the Court until such time as a Final Decree is entered in the case. Such professionals shall be compensated for services rendered in such capacity and reasonably necessary to the administration of the Estate, not to exceed reasonable compensation for such services.

3.1.5. All fees and charges assessed against the Estate under chapter 123 of title 28, United States Code, 28 U.S.C. §§ 1911-1930 shall be paid on a quarterly basis in accordance with the Bankruptcy Rules until such time as a Final Report is filed in the case.

3.1.6. Cure Amounts due to landlords (excluding the Affiliates) for the Open Stores for rent or other charges due under the respective leases, which leases are assumed by the Debtor, and Cure Amounts due to counterparties under executory contracts which are assumed by the Debtor, will be paid on the Effective Date. Cure Amounts due to the Affiliates for leases for Open Stores and Office assumed by the Debtor for rent or other charges due under the respective leases will be treated as Class 17 Claims.

3.1.7. With respect to all other Administrative Expense Claims (other than Administrative Expense Claims for which the deadline to file such claims has expired prior to the Effective Date pursuant to other Orders of the Court), requests for allowance of such Claims shall be filed with the Court within 30 days after the Effective Date, or such other date as may

be established by the Court. **ANY ADMINISTRATIVE EXPENSE CLAIM THAT IS NOT TIMELY FILED SHALL BE DISALLOWED AND THE HOLDER OF SUCH CLAIM SHALL BE FOREVER BARRED, ESTOPPED, AND PERMANENTLY ENJOINED FROM ASSERTING OR SETTING OFF SUCH ADMINISTRATIVE EXPENSE CLAIM AGAINST THE DEBTOR OR ESTATE PROPERTY.**

3.1.8. Except as otherwise ordered by the Court, the Debtor shall pay to each holder of an Allowed Administrative Expense Claim in full satisfaction, settlement, and release of and in exchange for such Allowed Administrative Expense Claim, an amount in cash equal to the allowed amount of such Claim on (i) the Effective Date or (ii) if disputed or otherwise subject to allowance after Notice and Hearing, within 30 days after the allowed amount of such Claim has been determined by the Court pursuant to a Final Order.

3.2. Priority Claims. The Debtor shall pay to each holder of an Allowed Priority Claim in full satisfaction, settlement, and release of and in exchange for such Allowed Priority Claim, an amount in cash equal to the allowed amount of such Claim, with interest from the Petition Date at the Federal Judgment Rate, on (i) the Effective Date, or (ii) if disputed, within 30 days after the allowed amount of such Claim has been determined by the Court pursuant to a Final Order. Priority Claims are not impaired.

3.3. Priority Tax Claims. The Debtor shall pay to each holder of an Allowed Priority Tax Claim (whether secured or unsecured) in full satisfaction, settlement, and release of and in exchange for such Allowed Priority Tax Claim, an amount in cash equal to the allowed amount of such Claim, with interest from the later of the Petition Date or the date such Claim was due at the IRS Underpayment Rate, on or before the later of (i) the Effective Date, or (ii) if disputed, within

30 days after the allowed amount of such Claim has been determined by the Court pursuant to a Final Order. Priority Tax Claims are not impaired.

4. DESIGNATION AND TREATMENT OF CLASSES UNDER THE PLAN. Claims (other than Administrative Expense Claims, Priority Claims and Priority Tax Claims) and Equity Interests shall be classified and receive the following treatment under the Plan:

4.1. Class 1: Truist Bank: This class consists of the claims of Truist Bank evidenced by the K&W Loans secured by certain tangible and intangible assets which are Estate Property. Class 1 Claims are impaired.

4.1.1. The Class 1 Claims will be allowed as of the Effective Date in the amount of the aggregate outstanding principal balance, plus pre-petition interest, late fees and expenses accrued on the K&W Loans as of the Petition Date, less (i) the aggregate amount of adequate protection payments made by the Debtor to Truist Bank after the Petition Date and prior to the Effective Date and (ii) payments made by the Affiliates to Truist Bank after the Petition Date and prior to the Effective Date of net sale proceeds derived from Affiliate Real Estate and applied to the K&W Loans.

4.1.2. On the Effective Date, Truist Bank will (i) release and extinguish its Liens upon Estate Property securing the K&W Loans, and (ii) release and waive any right to its adequate protection liens and super-priority administrative claim granted under the Cash Collateral Orders.

4.1.3. Class 1 Claims will bear interest from the Effective Date at 3.25% per annum. The Debtor will make (i) interest payments monthly in arrears to Truist Bank from the DIP Account, and (ii) quarterly distributions commencing on the Effective Date from the

Plan Consummation Account as funds are available, Pari Passu with Allowed Class 13 Claims and Allowed Class 14 Claims, until paid in full.

4.1.4. Class 1 Claims will be (i) reduced on the Effective Date by distributions from the Plan Consummation Account to not more than \$4,600,000, unless otherwise agreed by the holder of Class 1 Claims, and (ii) paid in full (inclusive of interest) by June 30, 2022. As set forth in the Plan Support Agreement, Truist Bank and the Affiliates shall utilize the net sale proceeds derived from the sale of Affiliate Real Estate in the order of priority set forth therein in order to ensure that the K&W Loans are paid in full by June 30, 2022.

4.1.5. Class 1 Claims will, if requested by Truist Bank, be evidenced by amended or restated promissory notes and other loan documentation consistent with the Plan and Plan Support Agreement.

4.2. Class 2: BB&T CEC. This class consists of the claim of BB&T Commercial Equipment Capital Corp. ("BB&T CEC") secured by certain furniture, fixtures and equipment located at Store #13 in Fayetteville, North Carolina as set forth in Claim No. 6 filed in the Bankruptcy Case. The Class 2 Claim is not impaired.

4.2.1. The Class 2 Claim shall be treated as an Allowed Secured Claim in an amount equal to (i) the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (ii) any payments made on such indebtedness after the Petition Date.

4.2.2. The Class 2 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim located at Store No. 13 shall be retained

by the Debtor, and BB&T CEC shall retain its lien on such collateral as set forth in the loan documents.

4.2.3. The Debtor will continue to make monthly installments of principal and interest at the times and in the amounts specified in the loan documents (\$11,329.13), and any remaining balance shall be due at the maturity date specified in the loan documents or upon sale or other disposition of the collateral.

4.2.4. The Class 2 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.3. Class 3: BB&T CEC. This class consists of the claim of BB&T CEC secured by a Dish Machine located at Store #36 known as the Hanes Mill Road location as set forth in Claim No. 5 filed in the Bankruptcy Case. The Class 3 Claim is impaired.

4.3.1. The Class 3 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.3.2. The Class 3 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be

prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.3.3. The Debtor will continue to make monthly installments of principal and interest at the times and in the amounts specified in the loan documents (\$1,823.30), and any remaining balance shall be due at the maturity date specified in the loan documents or upon sale or other disposition of the collateral.

4.3.4. The Class 3 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.4. Class 4: CIT Bank. This class consists of the claim of CIT Bank, NA ("CIT Bank") secured by five Dish Machines located at (i) Store #4 known as the Signature Place location, (ii) Store #17 known as the Healy Drive location, (iii) Store #23 known as the South Park location, (iv) Store #30 known as the Holden Road location, and (v) Store #12 known as the Chapel Hill location as set forth in Claim No. 12 filed in the Bankruptcy Case. The Class 4 Claim is impaired.

4.4.1. The Class 4 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine

(or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.4.2. The Class 4 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.4.3. The Debtor will continue to make quarterly installments of principal and interest at the times and in the amounts specified in the loan documents (\$14,461.46) until the remaining principal balance and interest is paid in full, and any outstanding balance shall be due upon sale or other disposition of the collateral.

4.4.4. Except to the extent modified above, the Class 4 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.5. Class 5: Crestmark. This class consists of the claim of Crestmark Vendor Finance, a division of MetaBank (“Crestmark”) secured by four Dish Machines located at (i) Store #10 known as the Concord location, (ii) Store #14 known as the Crossroads location, (iii) Store #11 known as the Tanglewood location, and (iv) Store #19 known as the Goldsboro location as set forth in Claim No. 50 filed in the Bankruptcy Case. The Class 5 Claim is impaired.

4.5.1. The Class 5 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the

Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.5.2. The Class 5 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.5.3. The Debtor will continue to make quarterly installments of principal and interest at the times and in the amounts specified in the loan documents (\$11,424.41) until the remaining principal balance and interest is paid in full, and any outstanding balance shall be due upon sale or other disposition of the collateral.

4.5.4. Except to the extent modified above, the Class 5 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.6. Class 6: Crestmark. This class consists of the claim of Crestmark secured by a Dish Machine located at Store #49 known as the Towers location as set forth in Claim No. 50 filed in the Bankruptcy Case. The Class 6 Claim is impaired.

4.6.1. The Class 6 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such

indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.6.2. The Class 6 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.6.3. The Debtor will continue to make monthly installments of principal and interest at the times and in the amounts specified in the loan documents (\$3,524.26), and any remaining balance shall be due at the maturity date specified in the loan documents or upon sale or other disposition of the collateral.

4.6.4. The Class 6 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.7. Class 7: First Foundation Bank. This class consists of the claim of First Foundation Bank secured by four Dish Machines located at (i) Store #27 known as the Salem location, (ii) Store #29 known as the Statesville location, (iii) Store #48 known as the Pineville location, and (iv) Store #40 known as the Greenville SC location. The Class 7 Claim is impaired.

4.7.1. The Class 7 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.7.2. The Class 7 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.7.3. The Debtor will continue to make quarterly installments of principal and interest at the times and in the amounts specified in the loan documents (\$11,731.43) until the remaining principal balance and interest is paid in full, and any outstanding balance shall be due upon sale or other disposition of the collateral.

4.7.4. Except to the extent modified above, the Class 7 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.8. Class 8: First Lease. This class consists of the claim of First Lease, Inc. ("First Lease") secured by two Dish Machines located at (i) Store #45 known as the Burlington location,

and (ii) Store #34 known as the Cameron Village location as set forth in Claim No. 19 filed in the Bankruptcy Case. The Class 8 Claim is impaired.

4.8.1. The Class 8 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.8.2. The Class 8 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.8.3. The Debtor will continue to make quarterly installments of principal and interest at the times and in the amounts specified in the loan documents (\$1,808.95) until the remaining principal balance and interest is paid in full, and any outstanding balance shall be due upon sale or other disposition of the collateral.

4.8.4. Except to the extent modified above, the Class 8 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.9. Class 9: Macquarie. This class consists of the claim of Macquarie Equipment Capital Inc. (“Macquarie”) secured by five Dish Machines located at (i) Store #7 known as the Rocky Mount location, (ii) Store #15 known as the Myrtle Beach location, (iii) Store #200 known as the Wilmington location, (iv) Store #42 known as the Cherry Grove location, and (v) Store #46 known as the Arlington Crossing NC location. The Class 9 Claim is impaired.

4.9.1. The Class 9 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has a Dish Machine, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$25,000 per Dish Machine (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.9.2. The Class 9 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.9.3. The Debtor will continue to make quarterly installments of principal and interest at the times and in the amounts specified in the loan documents (\$14,433.91), and any remaining balance shall be due at the maturity date specified in the loan documents or upon sale or other disposition of the collateral.

4.9.4. The Class 9 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.10. Class 10: De Lage Landen. This class consists of the claim of De Lage Landen Financial Services, Inc. (“De Lage Landen”) secured by LED lighting systems located at (i) Store #23 known as the South Park location, (ii) Store #29 known as the Statesville location, (iii) Store #34 known as the Cameron Village location, and (iv) Store #40 known as the Greenville SC location. The Class 10 Claim is impaired.

4.10.1. The Class 10 Claim shall be treated as an Allowed Secured Claim in an amount equal to the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (i) any payments made on such indebtedness after the Petition Date, and (ii) in the event the Debtor elects prior to the Confirmation Date to close a Store at which the creditor has an LED system, such equipment shall be released and abandoned subject to the existing lien of such creditor and the Debtor shall be entitled to a credit against the Allowed Secured Claim of \$5,000 per LED system (or, if the creditor objects prior to the Confirmation Hearing to the amount of such credit, then in such amount as may be determined by the Court after Notice and Hearing).

4.10.2. The Class 10 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor unless otherwise elected by the Debtor prior to the Confirmation Date, and in any event such creditor shall retain its lien on such collateral as set forth in the loan documents.

4.10.3. The Debtor will continue to make monthly installments of principal and interest at the times and in the amounts specified in the loan documents (\$415.27) until the remaining principal balance and interest is paid in full, and any outstanding balance shall be due upon sale or other disposition of the collateral.

4.10.4. Except to the extent modified above, the Class 10 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.11. Class 11: Ally Bank. This class consists of the claim of Ally Bank secured by a 2019 Ford Explorer as set forth in Claim No. 11 filed in the Bankruptcy Case. The Class 11 Claim is not impaired.

4.11.1. The Class 11 Claim shall be treated as an Allowed Secured Claim in an amount equal to (i) the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (ii) any payments made on such indebtedness after the Petition Date.

4.11.2. The Class 11 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor, and Ally Bank shall retain its lien on such collateral as set forth in the loan documents.

4.11.3. The Debtor will continue to make monthly installments of principal and interest at the times and in the amounts specified in the loan documents (\$598.06), and any remaining balance shall be due at the maturity date specified in the loan documents or upon sale or other disposition of the collateral.

4.11.4. The Class 11 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.12. Class 12: Honda Financial. This class consists of the claim of Honda Financial secured by a 2019 Honda Accord. The Class 12 Claim is not impaired.

4.12.1. The Class 12 Claim shall be treated as an Allowed Secured Claim in an amount equal to (i) the amount outstanding as of the Petition Date, plus interest at the non-default contract rate from the Petition Date to the Effective Date, less (ii) any payments made on such indebtedness after the Petition Date.

4.12.2. The Class 12 Allowed Secured Claim shall bear interest at the non-default contract rate specified in the loan documents from and after the Effective Date and may be prepaid at any time. The collateral securing the claim shall be retained by the Debtor, and Honda Financial shall retain its lien on such collateral as set forth in the loan documents.

4.12.3. The Debtor will continue to make monthly installments of principal and interest at the times and in the amounts specified in the loan documents (\$492.95), and any remaining balance shall be due at the maturity date specified in the loan documents or upon sale or other disposition of the collateral.

4.12.4. The Class 12 Claim shall continue to be evidenced by any pre-petition loan documentation executed in connection therewith, the terms of which shall continue to be binding on the Debtor.

4.13. Class 13: Truist Bank. This class consists of the Unsecured Claim arising from the PPP Loan made by Truist Bank to the Debtor. The Class 13 Claim is impaired.

4.13.1. Pending a determination of whether the PPP loan will be forgiven, the Class 13 Claim of Truist Bank will be treated as a Disputed Claim and no distributions will be made on account of such claim.

4.13.2. In the event no determination as to forgiveness has been made in respect of the PPP Loan at the time of any disbursement to the holder of a Class 13 Claim, the distribution that would otherwise have been made will be protected by a cash reserve and/or first-priority lien upon the Debtor's real property known as The Farm pursuant to documentation acceptable to Truist Bank.

4.13.3. With respect to any portion of the Class 13 Claim which is determined to be an Allowed Claim, the Debtor will make quarterly distributions to the holder of the Allowed Class 13 Claim from the Plan Consummation Account as funds are available, Pari Passu with Allowed Class 1 Claims and Allowed Class 14 Claims, until paid in full.

4.13.4. Any portion of the Class 13 Claim which is determined to be an Allowed Claim will (i) bear interest at the non-default contract rate of 1% per annum from the date repayment is determined to be due until paid in full, and (ii) will be paid in full (inclusive of interest) on or before June 30, 2022.

4.14. Class 14: Unsecured Claims. This class consists of all Unsecured Claims other than Claims in Classes 1, 13, 15, 16 and 17. The Class 14 Claims are impaired.

4.14.1. Allowed Class 14 Claims will bear interest (i) at the Federal Judgment Rate, compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate from the Effective Date until paid in full.

4.14.2. The Debtor will make quarterly distributions commencing on the Effective Date from the Plan Consummation Account as funds are available, Pro Rata to holders of

Allowed Class 14 Claims and Pari Passu with Allowed Class 1 Claims and Allowed Class 13 Claims, until paid in full.

4.14.3. All Allowed Class 14 Claims will be paid in full (inclusive of interest) on or before June 30, 2022.

4.15. Class 15: Late Filed Claims. This class consists of Late Filed Claims. The Class 15 Claims are impaired.

4.15.1. Allowed Class 15 Claims will bear interest (i) at the Federal Judgment Rate, compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate from the Effective Date until paid in full.

4.15.2. The Debtor will make quarterly distributions Pro Rata to holders of Allowed Class 15 Claims from the Plan Consummation Account, commencing after payment of Allowed Claims in Classes 1, 13 and 14 as provided above, until paid in full.

4.15.3. All Allowed Class 15 Claims will be paid in full (inclusive of interest) on or before June 30, 2022.

4.16. Class 16: Penalty Claims. This class consists of Penalty Claims. The Class 16 Claims are impaired.

4.16.1. Allowed Class 16 Claims will bear interest (i) at the Federal Judgment Rate, compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate from the Effective Date until paid in full.

4.16.2. The Debtor will make quarterly distributions Pro Rata to holders of Allowed Class 16 Claims from the Plan Consummation Account, commencing after payment of Allowed Claims in Classes 1, 13, 14 and 15 as provided above, until paid in full.

4.16.3. All Allowed Class 16 Claims will be paid in full (inclusive of interest) on or before June 30, 2022.

4.17. Class 17: Truist Bank. This class consists of the claims of Truist Bank evidenced by Debtor's guaranty of the AIC Loans and the DGV Loans. The Class 17 Claims are impaired.

4.17.1. Class 17 Claims will be allowed as of the Effective Date in the amount of (i) the aggregate outstanding principal balance of the AIC Loans and DGV Loans and pre-petition interest accrued thereon as of the Petition Date, less (ii) principal reductions made by the Affiliates or by application of net proceeds derived from Affiliate Real Estate after the Petition Date and prior to the Effective Date and applied to the AIC Loans and the DGV Loans.

4.17.2. On the Effective Date, Truist Bank will (i) release and extinguish its Liens upon Estate Property securing the AIC Loans and the DGV Loans (but not, for the avoidance of doubt, on any Affiliate Real Estate), and (ii) release and waive any right to its adequate protection liens and super-priority administrative claim granted under the Cash Collateral Orders.

4.17.3. Class 17 Claims will bear interest at the Till Rate (Prime plus 1%) from the date of a default by AIC or DGV in repayment of such obligations (as agreed by Truist Bank, AIC and DGV) occurring after the Effective Date, until paid in full.

4.17.4. The Debtor will make quarterly distributions to holders of Allowed Class 17 Claims from the Plan Consummation Account, commencing after payment of Allowed Claims in Classes 1, 13, 14, 15 and 16 as provided above, until paid in full.

4.17.5. All Allowed Class 17 Claims will be paid in full (inclusive of interest) on or before June 30, 2022. As set forth in the Plan Support Agreement, Truist Bank and the Affiliates shall utilize the net sale proceeds derived from the sale of Affiliate Real Estate in the

order of priority set forth therein to ensure that the AIC Loans and DGV Loans are paid in full prior to June 30, 2022.

4.18. Class 18: Affiliates. This class consists of claims by the Affiliates for contribution, subrogation, damages arising from the rejection of leases, Cure Amounts arising from the assumption of leases for Open Stores and the Office leased from the Affiliates, or otherwise. The Class 18 Claims are impaired.

4.18.1. Allowed Class 18 Claims will first be set off against any amounts owed by the Affiliates to the Debtor, and any remaining balance will bear interest (i) at the Federal Judgment Rate, compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate from the Effective Date until paid in full.

4.18.2. The Debtor will make quarterly distributions Pro Rata to holders of Allowed Class 18 Claims from the Plan Consummation Account, commencing after payment of Allowed Claims in Classes 1, 13, 14, 15, 16 and 17 as provided above, until paid in full.

4.18.3. All Allowed Class 18 Claims will be paid in full (inclusive of interest) on or before June 30, 2024.

4.19. Class 19: Equity Interests. This Class consists of all ownership interests in the Debtor. The ownership interests will remain unchanged by the Plan. The Class 19 Equity Interests are not impaired.

5. MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN. The Debtor shall consummate the Plan as follows:

5.1. Vesting of Estate Property. Estate Property will remain subject to the jurisdiction of the Court and will not vest in the reorganized Debtor until entry of a Final Decree.

5.2. Plan Consummation Account. The Debtor will establish a Plan Consummation Account to be used as follows:

5.2.1. On or before the Effective Date, the Debtor shall deposit in the Plan Consummation Account (i) the Premium Loan Repayments, (ii) all net proceeds derived from any sales of the Debtor's Assets that are not subject to Truist Bank's Liens (excluding sales in the ordinary course in connection with restaurant operations generated by the Open Stores) which close after January 1, 2021 and prior to the Effective Date, and (iii) funds in the DIP Account on the Effective Date in excess of \$2,000,000.

5.2.2. After the Effective Date, the Debtor shall deposit in the Plan Consummation Account all net proceeds derived from any sales of the Debtor's Assets (excluding sales in the ordinary course in connection with restaurant operations generated by the Open Stores) until all Allowed Claims are paid in full.

5.2.3. Funds may be disbursed from the Plan Consummation Account only in payment of Allowed Administrative Expense Claims, Allowed Priority Claims, Allowed Priority Tax Claims and Allowed Claims in Classes 1, 13, 14, 15, 16, 17 and 18 in the manner and to the extent provided in the Plan.

5.3. Management. The Debtor will continue operating under the control of its current board of directors and officers, for the purposes of (i) maintaining the going concern value of the Open Stores, (ii) liquidating assets to the extent necessary to fund the Debtor's payment obligations under the Plan, (iii) enforcing and prosecuting causes of action (including Bankruptcy Causes of Action), claims, interests, rights and privileges of the Debtor and its Estate not otherwise waived, released, or enjoined herein, (iv) resolving Disputed Claims, (v) administering and taking such actions as are necessary to effectuate the Plan, and (vi) filing appropriate tax returns. The Debtor

shall indemnify and hold the directors and officers harmless from any loss, cost or expense incurred in the discharge of their duties, including personal guaranties of the Debtor's obligations and reasonable attorneys' fees and costs in the event of litigation threatened or commenced.

5.4. Debtor Real Estate. The Debtor will market and sell Debtor Real Estate to the extent necessary to fund the Debtor's payment obligations under the Plan.

5.4.1. Debtor Real Estate will be listed for sale with one or more brokers selected by the Debtor, at such times and at such amounts as may be determined by the Debtor in its reasonable business judgment.

5.4.2. Any sale of Debtor Real Estate shall be subject to approval by the Court, and net sale proceeds shall be deposited in the Plan Consummation Account and applied only to payment of: (i) Allowed Administrative Expense Claims (including Cure Amounts to be paid or reserved on the Effective Date), (ii) Allowed Priority Claims, (iii) Allowed Priority Tax Claims, and (iv) Allowed Claims in Classes 1, 13, 14, 15, 16, 17 and 18 in the manner and pursuant to the priorities provided in the Plan until paid in full.

5.5. Affiliate Real Estate. The Affiliates will market and sell Affiliate Real Estate to the extent necessary to satisfy (i) the Truist Loans as provided in the Plan and the Plan Support Agreement, and (ii) the Affiliate Loans consistent with the terms thereof.

5.5.1. As set forth in the Plan Support Agreement, Affiliate Real Estate will be listed for sale with one or more brokers selected by the Affiliates, at such times and at such amounts as may be determined by the Affiliates in their reasonable business judgment, respectively, until the Truist Loans and the Affiliate Loans are paid in full.

5.5.2. With respect to a sale of Affiliate Real Estate which is leased to the Debtor for purposes of operating an Open Store or the Office, unless the Debtor and the Affiliates

agree to terminate the existing lease in conjunction with the sale, the sale shall be made subject to the existing lease modified to reflect market rates and terms, and the buyer shall assume and be bound by the obligations set forth in such lease.

5.5.3. As set forth in the Plan Support Agreement, net sale proceeds derived from sale of Affiliate Real Estate will be applied in the following order of priority:

5.5.3.1. First, to the outstanding balance (inclusive of interest, reimbursable fees and expenses and principal) of the AIC Loans and DGV Loans owed by either of the Affiliates to Truist Bank at the time of the closing on the sale, regardless of which Affiliate owns the property sold;

5.5.3.2. Second, to the outstanding balance (inclusive of interest, reimbursable fees and expenses and principal) of the K&W Loans owed by the Debtor to Truist Bank at the time of the closing on the sale, which payments shall be credited against the outstanding balance of the Affiliate Loans owed by either Affiliate to the Debtor, regardless of which Affiliate owns the property sold;

5.5.3.3. Third, to the outstanding balance of the Affiliate Loans owed by either Affiliate to the Debtor at the time of the closing on the sale, regardless of which Affiliate owns the property sold; and

5.5.3.4. Fourth, to AIC and DGV as their interests may appear.

5.6. Restaurant Operations.

5.6.1. On the Effective Date, the Debtor will reserve as working capital the lesser of (i) the balance of funds in the DIP Account or (ii) \$2,000,000. The Debtor will continue operations at the Open Stores, although the Debtor may discontinue operations at one or more Stores in the exercise of its reasonable business judgment, (i) in the event operations are

unprofitable, or are prohibited or unduly restricted by Covid-19 orders, (ii) upon expiration of the underlying lease, if not extended, or (iii) at any of the locations leased from the Affiliates if the Debtor and the Affiliates mutually agree to terminate such lease. At least 15 days prior to the commencement of the hearing to consider confirmation of the Plan, the Debtor shall provide notice of the intended closure of any Open Stores to any lessors of such premises and any creditors asserting a lien against equipment at such locations as described in Classes 2-10.

5.6.2. The Debtor will continue to pay rent to the Affiliates for the Open Stores and the Office leased from the Affiliates (unless such leases are terminated by mutual agreement of the parties), and the Affiliates will pay (i) to the Debtor the monthly interest payments due on the Affiliate Loans until paid in full, and (ii) to Truist Bank the interest payments due on the DGV Loans and the AIC Loans, until paid in full. Until such time as the Affiliate Loans are paid in full, DGV and AIC will deposit interest payments due and payable to the Debtor in the Plan Consummation Account.

5.6.3. The Debtor may in its reasonable business judgment elect to resume efforts to market and sell the Open Stores at any time after the Effective Date. In the event of a sale of the Debtor's tangible and intangible interests in the Open Stores, the net proceeds will be applied in the following order of priority: (i) reasonable and necessary costs of sale, (ii) Allowed Secured Claims secured by equipment located at such Open Stores, (iii) Allowed Administrative Expense Claims, (iv) Allowed Priority Claims, (v) Allowed Priority Tax Claims, and (vi) Allowed Claims in Classes 1, 13, 14, 15, 16, 17 and 18 in the manner and pursuant to the priorities provided in the Plan.

5.7. Executory Contracts and Leases.

5.7.1. At or before the Effective Date, the Debtor will assume the leases for the Open Stores upon terms and conditions set forth in the existing lease unless otherwise agreed to by the Debtor and such lessor. At or before the Effective Date, the Debtor will assume the lease for the Office, with the rent reduced as mutually agreed to by the Debtor and the AIC, and the Debtor will reject or terminate the lease for the Annex.

5.7.2. Commencing with the Effective Date, the Debtor will pay rent to the Affiliates for the Open Stores and the Office leased from the Affiliates, and the Affiliates will pay to Truist Bank the principal and interest payments due on the DGV Loans and the AIC Loans as mutually agreed by Truist Bank and the Affiliates until the DGV Loans and the AIC Loans are paid in full.

5.7.3. At or before the Effective Date, the Debtor will reject the leases for any Stores which the Debtor elects prior to the Confirmation Date to close. The Debtor will promptly liquidate, remove, or abandon all tangible assets located therein, subject to approval by the Court.

5.7.4. The Debtor may assume or reject any executory contract or unexpired lease by motion filed prior to the Confirmation Date, including motions which are conditional upon confirmation of the Plan, subject to approval by the Court. All executory contracts or unexpired leases which are existing on the Effective Date which have not been assumed or which are not subject to a pending motion to assume or reject, will be deemed rejected as of the Effective Date.

5.7.5. Cure Amounts due to any lessors or contract counterparties (excluding Affiliates) will be paid on the Effective Date from funds held in the Plan Consummation Account, or if then subject to dispute within 15 days after determination by the Court.

5.7.6. Cure Amounts due to Affiliates on assumed leases will be included in and treated as Class 17 Claims.

5.7.7. A Claim for damages arising from the rejection of an executory contract or unexpired lease shall be forever barred and shall not be enforceable against the Debtor or Estate Property and no holder of any such Claim shall participate in any distribution under the Plan with respect to that Claim unless (i) a Proof of Claim is filed with the Court within 30 days from the Effective Date, or such other deadline as may be set by the Court generally or with respect to any specific lease or contract rejected, and (ii) said Proof of Claim is determined to be an Allowed Claim, either because no timely objection is filed or because the Court allows the Claim after a timely filed objection.

5.8. Litigation: The Debtor will have the exclusive right to pursue all causes of action (including all Bankruptcy Causes of Action) not otherwise waived, released or enjoined herein, unless and until conversion of this Bankruptcy Case to Chapter 7 or the appointment of a Plan Trustee. Any such causes of action shall be brought in the Court and shall be governed by Bankruptcy Rules 7001 et seq. Any compromise or other settlement of a controversy by or on behalf of the Debtor shall be subject to approval by the Court after Notice and Hearing, in accordance with the Bankruptcy Rules.

5.9. Reporting. A monthly report for each month the Debtor has been under the supervision of the Court will be filed by the Debtor with the Court through and including the month immediately preceding the Effective Date. A consummation status report will be filed within 60 days after entry of the Confirmation Order and on a calendar-quarter basis thereafter until the filing of the Final Report. The consummation status report shall set forth a summary of the following:

5.9.1. The payments made or other treatment provided to holders of Allowed Claims in each Class.

5.9.2. Whether the Debtor is in compliance with all distributions and payments required under the Plan.

5.9.3. The status of any pending litigation.

5.9.4. Any pending matters which may require further Court action.

5.9.5. Projected date for filing a Final Report and request for entry of a Final Decree.

5.10. Plan Default. Any failure by the Debtor to meet its payment obligations to the holders of Allowed Claims, after notice and opportunity to cure and unless waived by the creditor affected by such failure, will constitute a Plan Default.

5.10.1. Upon the occurrence of a Plan Default, any creditor adversely affected by the Plan Default may notify the Debtor and allow 15 days from delivery of such notice to cure such default. Absent a timely cure of such default, the affected creditor may file a motion requesting the appointment of a disinterested person as the Plan Trustee. The Court may, in the Court's discretion and after Notice and Hearing, appoint a Plan Trustee if in the best interest of creditors.

5.10.2. If the Court appoints a Plan Trustee, the Plan Trustee may retain professionals as needed to discharge the Plan Trustee's duties, and the Plan Trustee and such professionals shall be entitled to reasonable compensation determined on an hourly basis and at their customary hourly rates, subject to Court approval.

5.10.3. If appointed, the Plan Trustee shall have all the rights and powers of a trustee as provided in Section 1104, including but not limited to the ability to sell assets,

prosecute and compromise causes of action, object to claims, and enforce the Plan Support Agreement and the Plan.

6. DISCHARGE, RELEASE AND INJUNCTIVE PROVISIONS.

6.1. Pursuant to Section 1141(d)(1), except for the obligations imposed by the Plan or otherwise provided in the Confirmation Order and subject to the provisions of Section 1141(d)(6), confirmation of the Plan discharges the Debtor from any debt that arose before the Confirmation Date, whether or not (i) a proof of the claim based on such debt is filed or deemed filed, (ii) such claim is allowed, or (iii) the holder of such claim has accepted the Plan.

6.2. Except for the obligations imposed by the Plan, the distributions and rights that are provided in the Plan will be in complete satisfaction, discharge and release of all (i) Claims, Liabilities and obligations of the Debtor, (ii) Liens on Estate Property, whether known or unknown, and (iii) causes of action, directly or derivatively through the Debtor, based on the same subject matter as any Claim or Liability.

6.3. All proceedings and court actions seeking to establish or enforce pre-petition liabilities and claims of any nature against Estate Property or priorities received or retained by any creditor with respect to debts and obligations of the Debtor will be permanently stayed and treated as specifically provided for in this Plan.

6.4. All proceedings and court actions seeking to establish or enforce pre-petition liabilities and claims of any nature against any director or officer of the Debtor, or any responsible person or guarantor of any debts and obligations of the Debtor, except to the extent specifically provided for in this Plan, will be stayed until all Allowed Claims have been paid to the extent provided in the Plan.

7. **PROVISIONS FOR RETENTION OF JURISDICTION AND PROSECUTION AND DEFENSE OF CLAIMS AND CAUSES OF ACTION.** The Court shall retain and may exercise its jurisdiction for determination in this case of any objections to Claims, the final determination of any causes of action (including Bankruptcy Causes of Action) brought in the Court, and matters reasonably necessary to implement the Plan to the extent legally permissible, including, but not limited to the following:

7.1. **General Jurisdiction:** Until the entry of a Final Decree, the Court shall retain jurisdiction under section 1142 of the Bankruptcy Code and Bankruptcy Rules 3020(d) and 3021 to the extent necessary to implement the Plan; to hear and determine all Claims; to hear, determine, and enforce all causes of action (including all Bankruptcy Causes of Action) arising in, arising under, or related to the Bankruptcy Case; and, to confirm any proposed compromise of any cause of action (including all Bankruptcy Causes of Action).

7.2. **Specific Retention of Powers:** In addition to the general provisions set forth above and notwithstanding the entry of the Confirmation Order, the occurrence of the Effective Date and Substantial Consummation of the Plan, the Court shall retain jurisdiction over the Bankruptcy Case:

7.2.1. To consider and approve any sale, liquidation, abandonment, or other disposition of Estate Property.

7.2.2. To resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom.

7.2.3. To classify, allow, disallow, determine, liquidate, reduce, reclassify,

subordinate, estimate or establish the priority or secured or unsecured status (or proper Plan classification) of any Claim or Equity Interest including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any objections to the amount, allowance, priority or classification of Claims or Equity Interests, to direct distributions of funds under the Plan, and to hear and determine any controversies pertaining thereto.

7.2.4. To hear and determine matters covering federal, state, and local taxes pursuant to sections 346, 505, and 1146 of the Bankruptcy Code.

7.2.5. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated or distributions pursuant to the Plan are enjoined or stayed.

7.2.6. To construe or enforce the Plan and the Plan Support Agreement to effectuate payments or to compel performance by any Entity reasonably necessary to achieve Final Consummation of the Plan in accordance with the provisions hereof.

7.2.7. To approve any modification of (i) the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code; (ii) the Confirmation Order; or (iii) any contract, instrument, release or other agreement or document created in connection with the Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan.

7.2.8. To issue injunctions, enforce the injunctions contained in the Plan and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any person or entity with consummation, implementation or enforcement of the Plan or the Confirmation Order.

7.3. **Other Courts.** If the Court abstains from exercising, declines to exercise or is otherwise without jurisdiction over any matter arising out of this case, this Section shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

8. **PROVISIONS FOR AMENDMENT OF THE PLAN.** The Plan may be modified as follows:

8.1. **Non-material Amendment:** This Plan may be altered or modified by the Debtor after its submission for acceptance and before or after its confirmation, without Notice and Hearing, if the alteration or modification does not adversely change the priority, allowance, or treatment of the Claim of any creditor as provided in section 1127 of the Bankruptcy Code and in Bankruptcy Rule 3019.

8.2. **Material Amendment:** This Plan may be altered or modified by the Debtor after submission for acceptance and before or after confirmation in a manner which adversely affects the interests of creditors only (i) as provided in section 1127 of the Bankruptcy Code and in Bankruptcy Rule 3019, or (ii) with the written consent of the creditors who are adversely affected.

9. **OBJECTIONS TO CLAIMS, RESERVES AND DISTRIBUTIONS**

9.1. **Claims:** The Debtor will have the exclusive right to pursue all claim objections not otherwise waived, released or enjoined herein, unless and until conversion of this Bankruptcy Case to Chapter 7 or the appointment of a Plan Trustee. Objections to any Claim, other than a Claim which has been previously allowed by Final Order, shall be filed within 60 days after the later of (i) the Effective Date or (ii) the date such Claim was filed. Objections not filed within such time shall be deemed waived unless the period within which to file objections to claims is extended by the Court in response to one or more motions for such extension filed prior to the expiration of the then existing period for such objections to be filed. **THE ABSENCE OF AN OBJECTION TO**

A CLAIM PRIOR TO THE CONFIRMATION DATE, WHETHER AS TO A SCHEDULED OR FILED CLAIM, SHALL NOT BE DEEMED AN ACCEPTANCE OF ANY CLAIM NOR A WAIVER OF THE RIGHT TO OBJECT TO ANY CLAIM, AND THE HOLDER OF ANY SUCH CLAIM SHALL NOT BE ENTITLED TO ASSERT RELIANCE UPON ANY IMPLIED ACCEPTANCE OF SUCH CLAIM WHEN VOTING TO ACCEPT OR REJECT THE PLAN.

9.2. Reserves: Except to the extent otherwise provided in the Plan, any Claim, or portion thereof, which is to be paid in cash under the Plan and which is a Disputed Claim, shall be protected by requiring the Debtor to segregate and set aside in an escrow account a reserve based on the Court's estimate of such Claim sufficient to treat said Claim in the same fashion as though the objection were denied, and such Claim were deemed an Allowed Claim; provided however, if a Disputed Claim is filed in an unliquidated amount, no reserve shall be required unless, at the claimant's request or as otherwise agreed by the Debtor, the Court estimates the amount of the Disputed Claim for purposes of distribution. Any reserve shall be distributed in accordance with the Plan in the event the objection is overruled, or a dispute is resolved in favor of the party asserting the Claim. In the event the Disputed Claim is disallowed, the retained cash so segregated shall be retained by the Debtor on behalf of the Estate and available for distribution in accordance with the provisions of this Plan, with the disallowed claim being excluded from the appropriate Class.

9.3. Distributions. The Debtor shall make distributions to holders of Allowed Claims and Equity Interests in the manner and priorities set forth in the Plan.

9.3.1. Distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the schedules filed with the Court unless superseded by the

address as set forth on the proof of claim filed by such holders or other subsequent writing notifying the Debtor of a change of address. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Debtor has been notified of such holder's then current address, at which time all missed distributions shall be made to such holder.

9.3.2. No interim distribution shall be made in an amount less than \$10.00, and any such interim distributions shall be held for the final distribution. No final distribution (which may include interim distributions of less than \$10.00) shall be made in an amount less than \$10.00, and any such final distributions shall instead be paid over to the U.S. Treasury as provided in section 347 of the Bankruptcy Code and Bankruptcy Rule 3010 for small dividends as in a Chapter 7 proceeding.

9.3.3. Checks issued by the Debtor in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for re-issuance of any check shall be made to the Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. All unclaimed distributions which still exist 60 days after the final distribution to holders of Allowed Claims shall be paid over to the U.S. Treasury as provided in section 347 of the Bankruptcy Code and Bankruptcy Rule 3011 for unclaimed distributions as in a Chapter 7 proceeding.

9.3.4. The Debtor may, in accordance with section 553 of the Bankruptcy Code and applicable non-bankruptcy law, set off against any Allowed Claim the distributions to be made pursuant to this Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtor on behalf of the Estate may possess against the holder of such Allowed Claim; provided,

however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or the Estate of any such claims, rights and causes of action that it may possess against such holder; and provided further, that any claims of the Debtor arising before the Petition Date shall first be set off against Claims against the Debtor arising before the Petition Date.

10. GENERAL PROVISIONS

10.1. Cramdown. The Debtor will utilize section 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of the Plan with respect to any impaired Class that has not accepted or is deemed not to have accepted the Plan pursuant to section 1126 of the Bankruptcy Code.

10.2. Amendment to Articles of Incorporation. The Debtor's articles of incorporation shall be amended to prohibit the issuance of nonvoting equity securities or the creation of classes of securities with different voting powers until a Final Decree is entered.

10.3. Post-confirmation. Until the entry of a Final Decree and completion of all payments contemplated by the Plan, or otherwise ordered by the Court, the Debtor shall continue to have and exercise all of the powers and duties of a debtor-in-possession as provided in section 1107 of the Bankruptcy Code. Upon the Final Consummation of the Plan, the Debtor shall file a Final Report and the case may be closed, and all remaining Estate Property shall re-vest in the Debtor free and clear of all Claims and Liens except to the extent otherwise provided or preserved in the Plan.

10.4. Committee. On the Effective Date, the Committee shall be dissolved, and its members shall be released and discharged from all further authority, duties, responsibilities, and obligations relating to and arising from this Bankruptcy Case, except for administrative matters

necessary to wind up the Committee's duties. The retention and employment of Committee Counsel shall terminate upon the dissolution of the Committee as set forth herein.

10.5. Exculpation. Neither the Debtor, the Committee, Truist Bank, the Affiliates, nor any of their respective officers, directors, employees, advisors, attorneys, accountants, consultants or agents shall have or incur any liability for or to any holder of a Claim or Equity Interest for any act or omission after the Petition Date and through the Effective Date in connection with, or arising out of, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for actual fraud, willful misconduct, gross negligence, or criminal act and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.6. Release of Truist Bank. As of the Effective Date, the Debtor will release Truist Bank and each of its predecessors, successors, assigns, officers, managers, directors, employees, agents, attorneys, representatives and affiliates from any and all claims, known or unknown, in any way related to the Truist Loans or the respective Loan Documents arising on or before the Effective Date.

10.7. Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtor, holders of Claims, holders of Equity Interests, and their respective successors and assigns.

10.8. Notices. Any notice required to be provided to parties in interest under the Bankruptcy Code or Bankruptcy Rules, or under the Plan or any documents executed in conjunction with the Plan, shall be in writing and served by (a) regular mail, postage prepaid, (b) CM/ECF upon parties who have entered a notice of appearance, or (c) overnight delivery service, addressed to the appropriate parties and with copies of any such notice to be sent to the Bankruptcy Administrator and counsel for the Debtor.

10.9. Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), the laws of the State of North Carolina shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan.

[signature on following page]

Date: March 26, 2021

K&W Cafeterias, Inc.

By: Stacy C. Alhed

Counsel for the Debtor:

/s/ John A. Northen

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Northern Blue, LLP

Post Office Box 2208

Chapel Hill, NC 27515-2208

Telephone: 919-968-4441

Exhibits to Plan of Reorganization

1. Debtor real estate
2. Stores
3. Plan Support Agreement

| Property | Status | Sale Price | Actual/est. Net Proceeds |
|----------------------|------------------------------------|--------------|--------------------------|
| 20701 Pointe Regatta | Sold, Closed 1/19/2021 | \$ 999,000 | \$ 922,286 |
| 705 Polo Oaks | Sold, Closed 2/22/2021 | \$ 163,000 | \$ 145,269 |
| 20221 Sloop Pointe | Sold, Closed 3/23/2021 | \$ 170,000 | \$ 166,607 |
| 501 Maisons | Sold, Expect to close by 3/31/2021 | \$ 430,000 | \$ 404,200 |
| 20613 Cutter Court | Sold, Expect to close by 3/31/2021 | \$ 745,000 | \$ 700,300 |
| Island Parcel | Sold, Expect to close by 4/12/2021 | \$ 4,350,000 | \$ 4,176,000 |
| 20611 Cutter Court | Currently listed at \$759,000 | | |
| Farm | Not listed | | |
| Cedar Lakes Condo | Not listed | | |
| | | \$ 6,857,000 | \$ 6,514,662 |

| Loc Num | Loc Name | City | State | Landlord |
|----------------------|-----------------------|-----------------|-------|--------------------------------|
| Open Stores | | | | |
| 4 | Signature Place | Greensboro | NC | Signature Place LLC |
| 7 | Rocky Mount | Rocky Mount | NC | DGV, LLC |
| 10 | Concord | Concord | NC | Copperfield Center Partnership |
| 13 | Fayetteville | Fayetteville | NC | Bordeaux Center |
| 14 | Crossroads | Roanoke | VA | Allred Investment Company, LLC |
| 17 | Healy Drive | Winston Salem | NC | Allred Investment Company, LLC |
| 20 | Wilmington | Wilmington | NC | New Market Hanover LP |
| 29 | Statesville | Statesville | NC | Brixmor holdings |
| 30 | Holden Road | Greensboro | NC | BVP Properties, Inc |
| 36 | Hanes Mill Road | Winston Salem | NC | DGV, LLC |
| 45 | Burlington | Burlington | NC | I-85 Plaza |
| 46 | Arlington Crossing NC | Greenville | NC | The Overton Group |
| 48 | Pineville | Pineville | NC | Tower Place NC |
| 49 | Towers | Raleigh | NC | M2k CCRE |
| Closed Stores | | | | |
| 11 | Tanglewood | Roanoke | VA | Tanglewood Venture, LLC |
| 12 | Chapel Hill | Chapel Hill | NC | RRPV University Chapel Hill |
| 15 | Myrtle Beach | Myrtle Beach | SC | Allred Investment Company, LLC |
| 16 | Wilson | Wilson | NC | HS Wilson |
| 19 | Goldsboro | Goldsboro | NC | Berkeley Mall, LLC |
| 23 | South Park | Winston Salem | NC | DGV, LLC |
| 27 | Salem | Salem | VA | SVS Hospitality, Inc |
| 28 | Bluefield | Bluefield | WV | Regional Malls, LLC |
| 31 | Norfolk | Norfolk | VA | Southern Shopping Center, LLC |
| 34 | Cameron Village | Raleigh | NC | Cameron Village |
| 40 | Greenville SC | Greenville | SC | DGV, LLC |
| 42 | Cherry Grove | N. Myrtle Beach | SC | Allred Investment Company, LLC |
| 43 | Salisbury | Salisbury | NC | Rowan County |
| 44 | Asheboro | Asheboro | NC | Red Dirt, LLC |
| 47 | Pinnacle Point | Charlotte | NC | Pinnacle Point |

EXHIBIT 3

PLAN SUPPORT AGREEMENT

THIS PLAN SUPPORT AGREEMENT (the “Agreement”) is made as of this 1st day of March, 2021, by and between: K&W Cafeterias, Inc. (the “Debtor”), Allred Investment Company, LLC (“AIC”), DGV, LLC (“DGV”), Truist Bank (“Truist”), Kathryn G. Allred, Trustee under the Dax Carlyle Allred Irrevocable Living Trust Agreement Dated July 6, 1992 and the William Grady Allred Irrevocable Living Trust Agreement Dated July 6, 1992 (the “Trustee”), Dax Carlyle Allred (“Dax”), and William Grady Allred (“William”). AIC and DGV are collectively referred to herein as the “Affiliates”; the Trustee, Dax and William are collectively referred to herein as the “Policy Owners”; the Debtor, the Affiliates, and Truist are collectively referred to herein as the “Plan Parties”; and the Debtor, the Affiliates, Truist, and the Policy Owners are collectively referred to herein as the “Parties”.

WITNESSETH:

WHEREAS, on September 2, 2020 (the “Petition Date”), the Debtor filed a voluntary petition in the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”), seeking relief under Chapter 11 of the Bankruptcy Code (the “Bankruptcy Case”); and,

WHEREAS, as of the date of the execution of this Agreement, the Debtor owns and operates eighteen (18) cafeteria-style restaurants in locations leased by the Debtor in North Carolina, South Carolina and Virginia (collectively, the “Business”); and,

WHEREAS, seven (7) restaurant locations and two office buildings leased by the Debtor in the operation of its Business are owned by AIC and/or DGV; and,

WHEREAS, as of the Petition Date, Truist was owed \$11,172,596.13 by the Debtor pursuant to loans made to the Debtor and the Affiliates (the “Truist Secured Claims”), and the Debtor has stipulated that these obligations were secured by valid, properly perfected security interests in substantially all of the Debtor’s personal property (the “Truist Liens”); and,

WHEREAS, the Truist Secured Claims are also secured by valid, properly perfected, first-priority liens on certain real estate owned by the Affiliates; and,

WHEREAS, as of the Petition Date, AIC and DGV owed the Debtor \$944,111.00 and \$5,878,543.00, respectively, pursuant to the Debtor’s books and records (collectively, the “Affiliate Loans”); and,

WHEREAS, the Bankruptcy Court has entered five interim cash collateral orders [Dkt. Nos. 57, 162, 229, 319 and 332] (the “Cash Collateral Orders”), pursuant to which, among other things, Truist consented to the Debtor’s use of its cash collateral and was granted super-priority claims and adequate protection liens (collectively, the “Adequate Protection Claims and Liens”)

on certain property of the Debtor to protect against any diminution in value of its prepetition collateral; and,

WHEREAS, the Official Committee of Unsecured Creditors appointed in the Debtor's Bankruptcy Case (the "Committee") has been granted a period of time (the "Investigation Period") to investigate, and if appropriate, file an adversary proceeding to challenge the extent, validity, priority, and enforceability of the Truist Liens, and such Investigation Period, as extended, has not yet expired; and,

WHEREAS, the Debtor has filed a *Motion to Amend Orders Granting Authority to Use Cash Collateral* [the "Motion to Amend," Dkt. No. 303] seeking authority to make an adequate protection payment to Truist from certain loan repayments to be made to the Debtor following the surrender by the Policy Owners of three whole life insurance policies issued in 1992 by The Guardian Life Insurance Company of America ("Guardian") insuring the life of Donald C. Allred and more specifically identified as Policy Nos. 3299385, 3299386, and 3299387 (collectively, the "Insurance Policies"); and,

WHEREAS, the Committee has filed an objection to the Motion to Amend [Dkt. No. 316]; and,

WHEREAS, the Parties have engaged in arm's length, good-faith discussions regarding, *inter alia*, the treatment and payment of the Truist Secured Claims and certain claims made or to be made against the Debtor or its estate by the Affiliates (the "Affiliate Claims") pursuant to a chapter 11 plan of reorganization to be filed by the Debtor (the "Plan"); and,

WHEREAS, the terms of this Agreement set forth the Parties' agreements concerning their respective rights and obligations.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

1. Recitals; Defined Terms. The recitals set forth above and the exhibits attached hereto are incorporated into this Agreement by reference. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to such terms in the plan term sheet attached hereto as Exhibit 1 (the "Plan Term Sheet").

2. Surrender of Guardian Insurance Policies. Contemporaneously with the execution of this Agreement, the Policy Owners shall execute and transmit to Guardian any and all documents necessary to surrender the Insurance Policies and direct Guardian to remit (i) to the Debtor the cash surrender proceeds up to the amount of the advances made by the Debtor to the Policy Owners (or any previous policy owners) to pay the gross annual premiums due under the Insurance Policies (collectively, the "Premium Loan Repayments") and (ii) to the Policy Owners the remainder of the cash surrender proceeds. The Debtor and the Policy Owners believe that the

aggregate amount of the Premium Loan Repayments will total approximately \$2,992,930. The Debtor acknowledges that the Debtor's right to receive the Premium Loan Repayments constitutes a general intangible of the Debtor and, as such, are subject to the Truist Liens.

3. Plan Consummation Account. Contemporaneously with the execution of this Agreement, the Debtor shall open an account at First National Bank of Pennsylvania (the "Plan Consummation Account"). The Debtor shall make deposits to and disbursements from the Plan Consummation Account as more specifically set forth in the Plan Term Sheet and in accordance with a confirmed Plan.

4. Sale of Affiliate Real Estate and Purchase Price Allocation. The Affiliates shall market and sell all real estate owned by one or more of the Affiliates that is subject to liens securing the Truist Secured Claims (the "Affiliate Real Estate") as more specifically set forth in the Plan Term Sheet.

(a) Each parcel of the Affiliate Real Estate shall be listed for sale with one or more brokers selected by the Affiliates, at such times and at such amounts as may be determined by the Affiliates in their reasonable business judgment, respectively, until the Truist Secured Claims and the Affiliate Loans are paid in full. The Affiliates shall take all actions necessary to sell sufficient parcels of Affiliate Real Estate in order to comply with the loan repayment schedule set forth in the Plan Term Sheet and the Plan with respect to the Class 1 and Class 17 Claims of Truist.

(b) The net proceeds generated by the sale of a parcel of Affiliate Real Estate shall be applied in the following order of priority: (1) First, to the outstanding balance (inclusive of interest, reimbursable fees and expenses and principal) of the AIC Loans and DGV Loans owed by either of the Affiliates to Truist at the time of the closing on the sale, regardless of which Affiliate owns the property sold; (2) Second, to the outstanding balance (inclusive of interest, reimbursable fees and expenses and principal) of the K&W Loans owed by the Debtor to Truist at the time of the closing on the sale, which payments shall be credited against the outstanding balance of the Affiliate Loans owed by either Affiliate to the Debtor, regardless of which Affiliate owns the property sold; (3) Third, to the outstanding balance of the Affiliate Loans owed by either Affiliate to the Debtor at the time of the closing on the sale, regardless of which Affiliate owns the property sold; and (4) Fourth, to AIC or DGV as their interests may appear.

5. Affiliate Lease Agreements. With respect to any Affiliate Real Estate that is sold, the Debtor and the Affiliate will terminate the existing lease between the Debtor and the Affiliate at or before the closing on the sale of the property. If requested by the purchaser, the Debtor, in its sole discretion, may enter into a new lease with the purchaser upon terms and conditions acceptable to the Debtor and the purchaser.

6. Truist Claims. If Truist elects to sell one or more of the loans with either the Debtor or the Affiliates evidenced by the Truist Secured Claims, it will require that the purchaser also agree in writing to be bound by the terms and provisions of this Agreement.

7. Plan and Plan Documents. The Plan Term Sheet sets forth the principal terms of the Debtor's reorganization and the treatment and satisfaction of the Truist Secured Claims, the Affiliate Claims, all other classes of secured and unsecured claims, and other obligations of the Debtor. The Debtor shall incorporate the terms and provisions of the Plan Term Sheet into the Plan. On or before March 5, 2020 (the "Plan Filing Deadline"), the Debtor shall file the Plan and a Disclosure Statement in the Bankruptcy Case. The Plan and all documents implementing, achieving and relating to the Plan (the "Plan Documents") shall be consistent in all material respects with the Plan Term Sheet and this Agreement. The Plan Parties shall have the right to review and comment on the Plan Documents, and such documents shall be reasonably acceptable to the Plan Parties in form and substance prior to filing with the Bankruptcy Court. The Plan Parties hereby covenant and agree to negotiate in good faith each of the Plan Documents, and to engage in such negotiations in a timely manner to enable the Debtor to file the Plan prior to the Plan Filing Deadline. The Debtor shall request that a hearing be held on the adequacy of the Disclosure Statement no later than April 5, 2021 and on confirmation of the Plan no later than June 15, 2021. The Debtor also shall request that any order confirming the Plan be made effective immediately and not be subject to any stay as provided in Bankruptcy Rule 3020(e). The Plan shall provide for an Effective Date no later than July 1, 2021.

8. Plan Commitments of Truist and the Affiliates. As long as the Plan incorporates the principal terms of the Plan Term Sheet and does not materially modify the treatment provided to Truist and the Affiliates as set forth therein, Truist and the Affiliates will:

- (a) Timely vote or cause to be voted all of their Claims (as that term is defined in the Bankruptcy Code) in favor of the Plan by delivering their duly executed and completed ballots accepting such Plan, and not change or withdraw such votes;
- (b) Work cooperatively with the Debtor to ensure that the Plan is approved by the Bankruptcy Court, and agree to any modifications thereof that do not materially impact the treatment provided to the Plan Parties in the Plan;
- (c) Not directly or indirectly take any action to prevent the Debtor from meeting the deadlines as to the filing and consummation of the Plan as established herein;
- (d) Not file any motion or pleading with the Bankruptcy Court or take any other action that is inconsistent in any material respect with this Agreement, including without limitation, by seeking to convert the Bankruptcy Case to a case under chapter 7 of the Bankruptcy Code or, with respect to Truist, taking any such action through the exercise of any right or remedy available under any interim or final cash collateral orders entered in the Bankruptcy Case (provided that Debtor is in compliance with such orders); and,

(e) Take any and all reasonably necessary and appropriate actions in furtherance of this Agreement and the transactions contemplated under this Agreement.

9. Truist Liens and Investigation Period. On the Effective Date of the Plan, Truist will release the Truist Liens and the Adequate Protection Claims and Liens as against the Debtor and the assets of the Debtor's estate. Truist also will consent to the extension of the Committee's Investigation Period, if such extension is sought by the Committee, until July 1, 2021.

10. No Solicitation. Notwithstanding any provision of this Agreement to the contrary, this Agreement is not and shall not be deemed to be a solicitation of consents to, or votes upon, any chapter 11 plan filed by the Debtor. Solicitation of consents to, or votes upon, any such plan shall only occur pursuant to the order approving the Disclosure Statement entered by the Bankruptcy Court.

11. Termination.

(a) This Agreement may be terminated by mutual written consent of the Plan Parties.

(b) This Agreement shall terminate upon the entry of an order (1) converting the Bankruptcy Case to a case under chapter 7 of the Bankruptcy Code, or (2) dismissing the Bankruptcy Case.

(c) This Agreement may be terminated by Truist upon written notice following the occurrence of any of (1) the Debtor's failure to comply with any material term of the Cash Collateral Orders after being provided with notice and an opportunity to cure, (2) the entry of a final cash collateral order providing Truist with adequate protection on terms that are substantially different from the terms set forth in the Cash Collateral Orders, (3) the Debtor's failure to comply with any material term of such final cash collateral order after being provided with notice and a 10-day opportunity to cure, (4) the Debtor's failure to comply with the terms hereof, including for avoidance of doubt the Plan Filing Deadline and other deadlines contemplated by Section 7 hereof, (5) the Policy Owners' failure to comply with the terms hereof, including for avoidance of doubt the requirements set forth in Section 2 hereof, and (6) the Affiliates' failure to comply with the terms hereof, including for avoidance of doubt the requirements set forth in Section 4 and 5 hereof.

(d) This Agreement may be terminated by Truist upon written notice if the Affiliates fail to comply with the terms of the loan modification, restructure or forbearance agreement entered into contemporaneously with the execution of this Agreement or a default or event of default occurs and is continuing in connection with the AIC Loans or DGV Loans as amended by such agreement.

12. Jurisdiction. The parties agree that the Bankruptcy Court shall retain the exclusive and sole jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement or the implementation or the breach hereof. The parties consent to the core jurisdiction of the Bankruptcy Court, to the constitutional authority of the Bankruptcy Court to enter a final judgment, and agree to have waived any right to a jury trial in connection with any disputes related to or arising out of this Agreement.

13. Modification. The terms hereof may be modified pursuant to a written agreement between the Plan Parties; provided, however, the Plan Parties shall be bound by the terms and provisions of any order of the Bankruptcy Court confirming the Plan and no such modification may contradict the terms and provisions of such order.

14. Governing Law. To the extent not governed by the Bankruptcy Code, this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to rules governing the conflict of laws.

15. Advice of Counsel. Each of the Parties respectively represents and warrants that each such party has (a) been adequately represented, or has had the opportunity to be represented, by independent legal counsel of its own choice, throughout all of the negotiations that preceded the execution of this Agreement, (b) executed this Agreement with the consent and upon the competent advice of such counsel, or that it has had the opportunity to seek such consent and advice, (c) read this Agreement, and understands and assents to all the terms and conditions contained in this Agreement without any reservations; and (d) had, or has had the opportunity to have had, the same explained to it by its own counsel. In entering into this Agreement, no party is relying on any representation or statement made by any other Party or any person representing such other Party.

16. Miscellaneous. This Agreement supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof and contains the sole and entire understanding between the Parties with respect thereto. This Agreement shall be binding upon the Parties hereto, their successors and assigns. If any provision of this Agreement is held or rendered illegal or unenforceable, it shall be considered separate and severable from this Agreement and the remaining provisions of this Agreement shall remain in force and bind the Parties as though the illegal or unenforceable provision had never been included in this Agreement. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement. Scanned signatures of this Agreement delivered by facsimile, electronic mail, or other electronic means will be as valid as ink-signed originals.

Remainder of page intentionally left blank; signature page follows.

IN WITNESS WHEREOF, the Parties have executed or caused their duly authorized officers to execute this Agreement as of the day and year first above written.

K&W Cafeterias, Inc.

By: Dax C. Allred

Name: Dax C. Allred

Title: President

Allred Investment Company, LLC

By: Dax C. Allred

Name: Dax C. Allred

Title: Manager

DGV, LLC

By: Dax C. Allred

Name: Dax C. Allred

Title: Manager

Truist Bank

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the Parties have executed or caused their duly authorized officers to execute this Agreement as of the day and year first above written.

K&W Cafeterias, Inc.

By: _____

Name: _____

Title: President

Allred Investment Company, LLC

By: _____

Name: _____

Title: Manager

DGV, LLC

By: _____

Name: _____

Title: Manager

Truist Bank

By: 

Name: Michael J Henne

Title: SVP

Policy Owners:

Kathryn G. Allred
Kathryn G. Allred, Trustee

Dax Carlyle Allred
Dax Carlyle Allred

Williams Grady Allred
Williams Grady Allred

Exhibit 1
Plan Term Sheet

In re K&W Cafeterias, Inc. (20-50674)
Plan Term Sheet

CONFIDENTIAL FOR DISCUSSION PURPOSES ONLY – FRE 408

This term sheet (the “Plan Term Sheet”) is provided for discussion purposes only and summarizes the principal terms and conditions of a proposed plan of reorganization (the “Plan”) and certain ancillary agreements by and among (i) K&W Cafeterias, Inc. (the “Debtor”), (ii) Truist Bank (“Truist”) and (iii) DGV, LLC (“DGV”) and Allred Investment Company, LLC (“AIC” and together with DGV, the “Affiliates”) regarding the chapter 11 case of *In re K&W Cafeterias, Inc.* (Bankr. Case No. 20-50674, the “Bankruptcy Case”), which is currently pending in the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”).

The Debtor, Truist and the Affiliates shall collectively hereinafter be referred to as the “Parties”. This Plan Term Sheet remains subject to, among other things, definitive documentation. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Cash Collateral Orders and/or the Affiliate Agreement.

1. Plan Support Agreement. The Debtor will draft and circulate a Plan Support Agreement which is consistent with and incorporates this Plan Term Sheet.

a. The Plan Support Agreement will be signed by and bind each party (the Debtor, Truist, and the Affiliates) to vote for the proposed Plan, provided there are no material changes adverse to such party. The owners of the Guardian Insurance Policies (as described in the Debtor’s Motion to Amend Orders Granting Authority to Use Cash Collateral) will execute the Plan Support Agreement with respect to their agreement to terminate the policies as provided below.

b. Truist will agree that if it elects to sell one or more of its promissory notes with the Debtor or the Affiliates, it will require that the purchaser also agree to be bound by the Plan Support Agreement.

c. Truist and the Affiliates will enter into a loan modification agreement regarding the AIC Loans and the DGV Loans, consistent with this Plan Term Sheet.

2. Guardian Insurance Policies. Upon full execution of the Plan Support Agreement, the owners of the Guardian Insurance Policies will submit the required documentation to request termination of the Insurance Policies and direct payment of the cash value to the Debtor to the extent necessary to repay the Debtor for premiums advanced in the aggregate amount of approximately \$2,992,930 (the “Premium Loan Repayments”) and the balance to the Policy Owners.

3. Plan Consummation Account. Upon full execution of the Plan Support Agreement, the Debtor will open a separate Plan Consummation Account to be used as follows:

a. Upon receipt by the Debtor of the Premium Loan Repayments from Guardian, the funds will be segregated by deposit in the Plan Consummation Account and disbursed pursuant to a confirmed Plan. Such funds shall remain subject to Truist’s asserted interest in such funds, as the proceeds of a general intangible of the Debtor, pending confirmation of the Plan.

b. All net proceeds derived from any sales of the Debtor's assets not subject to Truist's liens (such as real property, vehicles, credit card class action) which close after January 1, 2021 will be deposited in the Plan Consummation Account and disbursed pursuant to a confirmed Plan. On the Effective Date, Truist will release its liens and super-priority administrative claim granted under the Cash Collateral Orders to protect Truist against any post-petition diminution in the Debtor's Accounts (trade) and Inventory which are Truist's collateral.

c. On the Effective Date, the Debtor will reserve funds in the DIP Account up to but not exceeding \$2,000,000 as working capital and transfer the balance to the Plan Consummation Account.

4. Plan Milestones.

a. The Plan and Disclosure Statement shall be finalized and filed no later than March 5, 2021.

b. The Debtor shall request a hearing on the adequacy of the Disclosure Statement no later than April 5, 2021, a confirmation hearing no later than June 15, 2021, and that the Confirmation Order be made effective upon entry per Rule 3020(e).

c. The Plan shall provide for an Effective Date no later than July 1, 2021.

5. Plan Default.

a. Any failure by the Debtor to meet its payment obligations to the holders of Allowed Claims, after notice and opportunity to cure and unless waived by the creditor affected by such failure, will constitute a Plan Default.

b. Upon the occurrence of a Plan Default, any creditor adversely affected by the Plan Default may notify the Debtor and allow 15 days from delivery of such notice to cure such default. Absent a timely cure of such default, the affected creditor may file a motion requesting the appointment of a disinterested person as the Plan Trustee. The Court may, in the Court's discretion and after notice and hearing, appoint a Plan Trustee if in the best interest of creditors.

c. The Debtor shall propose a qualified and disinterested person to serve as the Plan Trustee if one is appointed by the Court, and the designation shall be contained in the Plan.

d. If the Court appoints a Plan Trustee, the Plan Trustee may retain professionals as needed to discharge the Plan Trustee's duties, and the Plan Trustee and such professionals shall be entitled to reasonable compensation determined on an hourly basis and at their customary hourly rates, subject to Court approval.

e. If appointed, the Plan Trustee shall have all the rights and powers of a trustee as provided in Section 1104, including but not limited to the ability to sell assets, prosecute and compromise causes of action (including Bankruptcy Causes of Action), object to claims, and enforce the Plan Support Agreement and the Plan.

6. Debtor Real Estate. The Debtor will market and sell certain real estate owned by the Debtor as listed on Exhibit A to the extent necessary to fund the Debtor's payment obligations under the Plan.

7. Affiliate Real Estate. The Affiliates will market and sell certain real estate owned by the Affiliates and subject to liens securing the loans owed to Truist by the Debtor and the Affiliates (the “Affiliate Real Estate”).

a. Each parcel of the Affiliate Real Estate shall be listed for sale with one or more brokers selected by the Affiliates, at such times and at such amounts as may be determined by the Affiliates in their reasonable business judgment, respectively, until the Truist Loans and Affiliate Loans are paid in full. The Affiliates shall take all actions necessary to sell sufficient parcels of Affiliate Real Estate in order to comply with the payment schedule set forth in the Plan with respect to the Class 1 and Class 17 Claims of Truist.

b. With respect to a sale of a parcel which is an Open Store (as defined below), the Debtor and the Affiliates will terminate the existing lease at or before closing on the sale. If requested by the buyer, the Debtor, in its sole discretion, may enter into a new lease with the buyer upon terms and conditions acceptable to the Debtor and the buyer.

c. Net sale proceeds derived from the sale of Affiliate Real Estate will be applied in the following order of priority:

- i. First, to the outstanding balance (inclusive of interest, reimbursable fees and expenses and principal) of the AIC Loans and DGV Loans owed by either of the Affiliates to Truist at the time of the closing on the sale, regardless of which Affiliate owns the property sold;
- ii. Second, to the outstanding balance (inclusive of interest, reimbursable fees and expenses and principal) of the K&W Loans owed by the Debtor to Truist at the time of the closing on the sale, which payments shall be credited against the outstanding balance of the Affiliate Loans owed by either Affiliate to the Debtor, regardless of which Affiliate owns the property sold;
- iii. Third, to the outstanding balance of the Affiliate Loans owed by either Affiliate to the Debtor at the time of the closing on the sale, regardless of which Affiliate owns the property sold; and
- iv. Fourth, any remaining net proceeds shall be paid to AIC and DGV as their interests may appear.

8. Restaurant Operations. The Debtor will continue operations of the stores listed on Exhibit B (the “Open Stores”), although the Debtor may discontinue operations at one or more stores (i) in the event operations are unprofitable, or are prohibited or unduly restricted by Covid-19 orders, (ii) upon expiration of the underlying lease, if not extended, or (iii) at any of the locations leased from the Affiliates if the Debtor and the Affiliates mutually agree to terminate such lease (if any, the “Closed Stores”).

a. The Debtor will assume the leases for the remaining Open Stores as of the Effective Date upon the terms set forth in the existing leases. The Debtor will assume the lease for the Office, provided the rent is reduced as mutually agreed, and the Debtor will reject the lease for the Annex.

b. The Debtor will continue to pay rent to the Affiliates for the Open Stores and the Office, and the Affiliates will agree to pay (i) to the Debtor the monthly interest payments due on the Affiliate Loans until paid in full, and (ii) to Truist the interest payments due on the DGV Loans and the AIC Loans, until paid in full.

c. Until such time as the Affiliate Loans are paid in full, DGV and AIC will deposit interest payments due and payable to the Debtor in the Plan Consummation Account.

d. The Debtor will reject the leases for any Closed Stores. The Debtor will promptly liquidate, remove or abandon all tangible assets located on the premises for any Closed Store, subject to approval by the Bankruptcy Court.

e. In the event of a sale of the Restaurants, the net proceeds will be deposited in the Plan Consummation Account and disbursed as provided in the Plan.

9. Plan. The Plan will be prepared in a form reasonably acceptable to the Parties, consistent with this Plan Term Sheet as to subject matter and filed by the Debtor with the Bankruptcy Court.

a. Truist will agree to support and vote all its allowed claims in favor of the Plan and to refrain from promoting, supporting, or entering into any agreement or filing any motion or taking any action that is inconsistent with the Plan.

b. The Affiliates will agree to support and vote all their allowed claims in favor of the Plan.

c. Truist and the Affiliates will enter into a loan modification agreement, forbearance or other agreement for the AIC/DGV Loans not inconsistent with this Plan Term Sheet pursuant to documentation acceptable to Truist and the Affiliates.

10. Administrative Expense Claims. Allowed Administrative Expense Claims shall be paid on the Effective Date from funds held in the Plan Consummation Account or, if such claims are subject to a pending objection or other determination by the Bankruptcy Court, within 30 days after allowance by the Bankruptcy Court. Administrative Expense Claims shall consist of (i) claims for goods sold within 20 days prior to the Petition Date pursuant to Section 503(b)(9), (ii) Cure Amounts on leases or contracts assumed by the Debtor (except for cure amounts on assumed leases with Affiliates, which shall be treated as Class 17 Claims), and other claims for stub rent accrued for the period from the Petition Date through September 30, 2020, (iii) claims for professional fees or expenses pursuant to Section 330, or (iv) claims otherwise entitled to administrative expense status pursuant to Section 503(b), including but not limited to federal and state income taxes, sales taxes or excise taxes. A portion of the funds held in the Plan Consummation Account as of the Effective Date shall be used to establish an Administrative Reserve. The amount of the Administrative Reserve shall be proposed by the Debtor subject to approval by the Court at the confirmation hearing.

11. Priority Tax Claims. Allowed Priority Tax Claims shall be paid on the Effective Date from the Plan Consummation Account or, if such claims are subject to a pending objection or other determination by the Bankruptcy Court, within 30 days after allowance by the Bankruptcy Court. The Debtor will reserve funds in the Plan Consummation Account to pay any Disputed Claims when allowed by the Court.

12. Class 1: Truist Bank Secured Claim:

a. Truist Claims evidenced by the Truist Loans will be bifurcated as follows:

i. Class 1 will consist of the Allowed Truist Claims based upon the K&W Loans in the amount of \$7,770,349.16 (principal and pre-petition interest and fees) before credit for post-petition payments by the Debtor or application of proceeds from sales of Affiliate Real Estate.

- ii. Class 17 will consist of the Allowed Truist Claims based upon the Debtor's guaranty of the AIC/DGV Loans.
- b. Liens upon Debtor's assets securing the Class 1 Allowed Truist Claims will be released as of the Effective Date (provided that, nothing herein is intended to contemplate the release of Liens on the Affiliate Real Estate except in connection with sales the proceeds of which are subsequently used to repay the AIC/DGV Loans and, thereafter, the Truist Claims under Class 1).
- c. Class 1 Truist Claims will be treated as Allowed Unsecured Claims, will bear interest from the Effective Date at 3.25% per annum paid monthly in arrears, and will receive quarterly distributions from the Plan Consummation Account pari passu with Class 13 and Class 14 Allowed Unsecured Claims. Based on the estimated amount of the Class 1 Truist Claims and the Class 14 Allowed Unsecured Claims and forgiveness of Class 13 Claims, it is estimated that Truist will be entitled to approximately 77% of distributions from the Plan Consummation Account to holders of Class 1 and Class 14 Allowed Claims.
- d. Adequate protection payments made to Truist prior to confirmation will be applied to pre-petition interest, late fees and certain reimbursable expenses (certain pre-petition fees and expenses have been or will be paid separately by AIC/DGV) and then principal, which is anticipated to reduce the Class 1 Truist Claim to approximately \$7,585,185.31 (less any proceeds from sales of Affiliate Real Estate) immediately prior to consummation of the Plan on the Effective Date.
- e. On the Effective Date, Class 1 Truist Claims will be reduced by distributions from the Plan Consummation Account to not more than \$4,600,000 as of the Effective Date and paid in full (inclusive of interest) by June 30, 2022.

13. Classes 2-12: Secured Equipment Claims. Claims of other creditors secured by tangible personal property (dish machines, LED systems, vehicles). Each claim will be allowed as a secured claim, less credits for adequate protection payments made and collateral abandoned and released, and the balance paid per the loan documents from business operations so there will not be additional unsecured deficiency claims.

14. Class 13: Truist Bank PPP Loan Claim. Class 13 will consist of the Allowed Truist Claim based upon the PPP Loan. The Debtor will seek forgiveness of the PPP Loan in accordance with applicable law and regulation.

- a. Pending a determination of whether the PPP loan will be forgiven, the claim will be treated as a Disputed Claim until resolved.
- b. The Class 13 Allowed Truist Claim (any portion of the PPP Loan which is not forgiven) will bear interest at the contract rate of 1% from the date the unforgiven portion is determined to be due and will receive quarterly distributions pari passu with Class 1 and Class 14 Allowed Unsecured Claims. The Class 13 Allowed Truist Claim will be paid in full (inclusive of interest) on or before 6/30/2022.
- c. In the event no determination as to forgiveness has been made in respect of the PPP Loan at the time of any disbursement to holders of Class 1 and Class 14 Allowed Unsecured Claims, the distribution that would otherwise have been made will be protected by a cash reserve and/or first-priority lien upon the Debtor's real property known as The Farm pursuant to documentation acceptable to Truist.

15. Class 14: Unsecured Claims. This Class consists of Allowed Unsecured Claims (excluding Class 1, 13, and 17 Truist Claims; Class 15 Late-filed Claims; Class 16 Penalty Claims; and Class 18 Affiliate Claims).

a. Class 14 Allowed Unsecured Claims will bear interest (i) at the Federal Judgment Rate (as of the Petition Date), compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate (Prime plus 1%) from the Effective Date until paid in full.

b. The Debtor will make quarterly distributions to holders of Class 14 Allowed Unsecured Claims from the Plan Consummation Account pari passu with Allowed Class 1 and 13 Claims until paid in full. All such claims will be paid in full on or before 6/30/2022.

16. Class 15: Late-filed Claims. This Class consists of Allowed Unsecured Claims filed after the applicable Claims Bar Date but prior to the Effective Date. Class 15 Allowed Late-filed Claims will bear interest (i) at the Federal Judgment Rate (as of the Petition Date), compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate (Prime plus 1%) from the Effective Date until paid in full. All such claims will be paid in full, after payment of Allowed Class 14 Claims, on or before 6/30/2022.

17. Class 16: Penalty Claims. This Class consists of Allowed Unsecured Claims for a fine, penalty or forfeiture. Class 16 Allowed Penalty Claims will bear interest (i) at the Federal Judgment Rate (as of the Petition Date), compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate (Prime plus 1%) from the Effective Date until paid in full. All such claims will be paid in full, after payment of Allowed Class 15 Claims, on or before 6/30/2022.

18. Class 17: Subordinated Truist Bank Claims. This Class consists of the Allowed Truist Bank Claims based on the Debtor's guaranty of the AIC Loans and DGV Loans. Class 17 Allowed Subordinated Truist Bank Claims will be subordinated and paid in full, after payment of Allowed Class 16 Claims, on or before 6/30/2022.

19. Class 18: Affiliate Claims. This Class consists of Allowed Unsecured Claims by the Affiliates for contribution, subrogation, damages arising from the rejection of leases, or otherwise. Class 18 Allowed Affiliate Claims will first be set off against any amounts owed by the Affiliates to the Debtor, and the remaining balance of the Affiliate Claims will be subordinated and bear interest (i) at the Federal Judgment Rate, compounded annually, from the Petition Date to the Effective Date, and (ii) at the Till Rate (Prime plus 1%) from the Effective Date until paid in full. All such claims will be paid in full, after payment of Allowed Class 17 Claims, on or before 6/30/2024.

20. Class 19: Equity Interests. This Class consists of all ownership interests in the Debtor. Class 19 Equity Interests will be unimpaired.

21. Bankruptcy Causes of Action, Other Litigation. The commencement of any litigation or discovery in the Bankruptcy Court in connection with potential actions pursuant to Chapter 5 of the Bankruptcy Code ("Avoidance Actions") or to recover amounts owed to the Debtor by Insiders may be deferred until the earlier of (i) June 30, 2022, (ii) conversion of the Bankruptcy Case to Chapter 7, or (iii) appointment of a Plan Trustee. Only the Debtor shall have standing to

bring such actions prior to conversion of the Bankruptcy Case to Chapter 7 or the appointment of a Plan Trustee.

22. Exculpation. The Plan shall provide for exculpation and release of the Debtor, the Committee, Truist and the Affiliates, and each of their respective officers, directors, employees, shareholders, members, attorneys, advisors, representatives, guarantors, affiliates, relatives and related entities, with respect to any act or omission after the Petition Date and through the Effective Date in connection with, or arising out of, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for actual fraud, willful misconduct, gross negligence, or criminal act; provided however, the releases shall not include the release of obligations of the Parties as set forth in the Plan, Avoidance Actions, or actions to recover amounts owed to the Debtor (or, for avoidance of doubt, apply in any respect to the separate and direct loan obligations of the Affiliates to Truist).

23. Cooperation. The Parties agree to execute and submit such additional documents that may be reasonably necessary to effectuate the Plan Support Agreement. The Parties further agree to work together in good faith to prepare documents reflecting this Plan Term Sheet in a form reasonably acceptable to the Parties.

24. Confidentiality. The Parties agree to maintain the confidentiality of the terms set forth in this Plan Term Sheet pending the filing of the Plan.

[end of document]

| Owner | Description | List Price | Contract Price | Net Proceeds | Comments |
|-------|-----------------------|--------------|----------------|--------------|----------|
| K&W | 20701 Pointe Regatta | \$ 999,000 | \$ 999,000 | \$ 922,286 | Sold |
| K&W | 20221 Sloop Pointe | \$ 175,000 | \$ 170,000 | \$ 161,500 | Sold |
| K&W | 705 Polo Oaks Condo | \$ 159,000 | \$ 163,000 | \$ 141,750 | Sold |
| K&W | 20611 Cutter Court | \$ 775,000 | | | Listed |
| K&W | 20613 Cutter Court | \$ 799,000 | \$ 745,000 | | Contract |
| K&W | 501 Maisons | \$ 450,000 | \$ 430,000 | | Contract |
| K&W | Pointe Regatta Island | \$ 4,750,000 | | | Listed |
| K&W | Farm | TBD | | | |
| K&W | Cedar Lakes Condo | TBD | | | |
| | | | | | |
| | | | | | |
| | | \$ 8,107,000 | \$ 2,507,000 | \$ 1,225,536 | |

| Loc Num | Loc Name | City | State | Landlord |
|--------------------|-----------------------|-----------------|--------------|--------------------------------|
| Open Stores | | | | |
| 4 | Signature Place | Greensboro | NC | Signature Place LLC |
| 7 | Rocky Mount | Rocky Mount | NC | DGV, LLC |
| 10 | Concord | Concord | NC | Copperfield Center Partnership |
| 13 | Fayetteville | Fayetteville | NC | Bordeaux Center |
| 14 | Crossroads | Roanoke | VA | Allred Investment Company, LLC |
| 15 | Myrtle Beach | Myrtle Beach | SC | Allred Investment Company, LLC |
| 17 | Healy Drive | Winston Salem | NC | Allred Investment Company, LLC |
| 20 | Wilmington | Wilmington | NC | New Market Hanover LP |
| 23 | South Park | Winston Salem | NC | DGV, LLC |
| 27 | Salem | Salem | VA | SVS Hospitality, Inc |
| 29 | Statesville | Statesville | NC | Brixmor holdings |
| 30 | Holden Road | Greensboro | NC | BVP Properties, Inc |
| 36 | Hanes Mill Road | Winston Salem | NC | DGV, LLC |
| 42 | Cherry Grove | N. Myrtle Beach | SC | Allred Investment Company, LLC |
| 45 | Burlington | Burlington | NC | I-85 Plaza |
| 46 | Arlington Crossing NC | Greenville | NC | The Overton Group |
| 48 | Pineville | Pineville | NC | Tower Place NC |
| 49 | Towers | Raleigh | NC | M2k CCRE |