

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA

In re:

CAFE HOLDINGS CORP., *et al.*,¹

Debtors.

Chapter 11

Case No. 18-05837 (hb)

(Jointly Administered)

**DEBTORS' REPORT OF SALE AND NOTICE OF ASSIGNMENT AND
ASSUMPTION OF ASSUMED CONTRACTS AT CLOSING OF SALE**

The above captioned debtors and debtors in possession (collectively, the “**Debtors**”), by and through their undersigned counsel, hereby file this *Debtors' Report of Sale and Notice of Assignment and Assumption of Assumed Contracts at Closing of Sale* (the “**Report**”), reflecting the sale pursuant to the *Debtors' Expedited Motion, Pursuant to Bankruptcy Code Sections 105(a), 363, and 365, and Bankruptcy Rules 2002, 6004, and 6006, for Entry of Orders (I) Approving Sale, Bidding, Notice, and Auction Procedures in Connection with the Sale of Substantially All of the Assets of the Debtors; (II) Approving Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (III) Authorizing the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, and (IV) Granting Related Relief* [Docket No. 106] (the “**Motion**”), the *Notice of Filing of Further Revised Asset Purchase Agreement* [Docket No. 423] (the “**APA**”, and together with the Motion, the “**Sale Motion**”),² the *Order Regarding Bid and Auction Procedures, Establishing Deadlines and Scheduling Sale Hearing* [Docket No. 335] (the “**Bid Procedures Order**”), the *Order (A) Authorizing the Sale of Assets of the Debtors Outside the Ordinary Course of Business Free and Clear of All Liens, Claims, Encumbrances and Interests, (B) Authorizing the Assumption and Sale and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 441] (the “**Sale Order**”); and the *Notice of Final List of Executory Contracts and Unexpired Leases to be Assumed and Assigned as “Transferred Contracts” in Connection with Proposed Sale* [Docket No. 455] (the “**Final List of Transferred Contracts**”).

DATE OF SALE: The Closing occurred on February 22, 2019, and the Final List of Transferred Contracts was subsequently modified on March 8, 2019 pursuant to the *Order Granting Expedited Motion for Entry of an Order (I) Authorizing the Debtors to Enter Into Assumption, Assignment, and Rejection Agreement; (II) Approving the Assumption and Assignment of Certain Unexpired Leases with Old Mill Stream, LLC; (III) Approving the Rejection of Certain Unexpired Leases with Old Mill Stream, LLC and M&R Investors, LLC, and (IV)*

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Cafe Holdings Corp. (7910); Cafe Enterprises, Inc. (4946); CE Sportz LLC (2009); and CES Gastonia LLC (0863). The location of the Debtors' corporate headquarters is 4324 Wade Hampton Blvd., Suite B, Taylors, South Carolina 29687.

² Capitalized terms not defined in this Report shall have the meanings set forth in the APA.

Authorizing Abandonment of Related Personal Property [Docket No. 476] (the “**Old Mill Stream Order**”).

TYPE OF SALE: Private sale pursuant to the terms of the APA.

PROPERTY SOLD: Substantially all of the assets of Cafe Holdings Corp.; Cafe Enterprises, Inc.; CE Sportz LLC; and CES Gastonia LLC

PURCHASER: ACM Fatz VII LLC, a Delaware limited liability company

PRICE: Consideration of approximately \$4.2 million in the aggregate, consisting of a non-cash credit bid of prepetition senior indebtedness and assumption of postpetition indebtedness.

SALES AGENT, AUCTIONEER, BROKER, ETC.: Duff & Phelps, 55 East 52nd Street, 31st Floor, New York, New York 10055, Attention: Vin Batra (vin.batra@duffandphelps.com) and Matthew Gates (matthew.gates@duffandphelps.com).

COMMISSION PAID ON SALE: Duff & Phelps has requested compensation of 4% of sale consideration up to \$10,000,000 and 6% of sale consideration in excess of \$10,000,000, subject to a minimum of \$450,000.

EXPENSES OF SALE: The exact amount of sale expenses will not be known until final fee applications are approved in the Chapter 11 Cases.

DEBTORS' EXEMPTION: N/A

LIENS PAID FROM SALE PROCEEDS/ATTACHING TO PROCEEDS: The Sale did not generate cash proceeds to the Debtors' Chapter 11 estates to be used to satisfy outstanding liens.

NET TO ESTATE: Consideration of approximately \$4.2 million in the aggregate (exclusive of contract cure amounts), consisting of a non-cash credit bid of prepetition senior indebtedness and assumption of postpetition indebtedness.

AMOUNT DISBURSED TO DATE/RETAINED BY DEBTORS: N/A

ASSUMED AND ASSIGNED CONTRACTS: The complete list of assumed and assigned contracts is contained on the Final List of Transferred Contracts (defined above), as modified by the Old Mill Stream Order (defined above).

NOTICE

Notice of this Report has been provided to (i) all parties on the Core/2002 Service List in accordance with the *Order Authorizing the Debtors to (I) Prepare a Consolidated List of Creditors in Lieu of a Mailing Matrix, (II) File a Consolidated List of the Thirty Largest Unsecured Creditors, (III) Mail Initial Notices, and (IV) Shorten the Mailing List* [Docket No. 57], (ii) the counterparties to the assumed and assigned contracts, (iii) cash management banks, (iv) all secured

creditors of the Debtors, and (v) all holders of UCCs/liens against the Debtors. The Debtors submit that no other or further notice need be given.

BURR & FORMAN LLP

March 28, 2019

/s/ Michael H. Weaver

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- AND -

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