

STACY R. SCHIFFMAN, ADELAIDA MARTINEZ, WILLIAM D. AND SUSAN M. MADDEN, A.H. ROOT BUILDING, LLC, RYAN AND LISSA ONG LIVING TRUST, BLACK TORTUGA GROUP, LLC, ALLA INVESTMENTS, LLC, 2M & 3D LTD., TEXAS LIMITED PARTNERSHIP, BUTT RENTALS, LLC, HUGH G. DYKES III, TRUSTEE OF THE DYKES FAMILY REVOCABLE TRUST DATED JULY 7, 2004, SYDNEY CRISP AND NICOLA CRISP, DANIEL M. BELL, WILLIAM SMITH, PAUL TESSIER, CO-TRUSTEE, ANNE T. TESSIER FAMILY TRUST, DONNA DEKKER, TRUSTEE OF THE DEKKER-ROBERTSON FAMILY TRUST, AND HARRY V. AND JOANNE P. HANSEN, TRUSTEES OF THE HANSEN FAMILY TRUST, LAWRENCE K. SAMUELS AND JANE HEIDER, TRUSTEES OF THE HEIDER SAMUELS FAMILY TRUST DATED JUNE 29, 2007, AND JOHN C. POLK AND JANICE C. POLK, INDIVIDUALLY AND DERIVATIVELY ON BEHALF OF NP SKY LOFT DST, LLC, A DELAWARE STATUTORY TRUST AND JAMES PARZIALE DERIVATIVELY ON BEHALF OF NP SKY LOFT DST, LLC, A DELAWARE STATUTORY TRUST,

Plaintiffs,

Vs.

NELSON PARTNERS, LLC, NELSON BROTHERS PROPERTY MANAGEMENT, INC. D/B/A NELSON PARTNERS PROPERTY MANAGEMENT, INC., AND PATRICK NELSON,

Defendants

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

98th JUDICIAL DISTRICT

**NELSON PARTIES' SIXTH REPORT TO THE COURT
PURSUANT TO JOINT STIPULATION AND LIQUIDATION PLAN**

Nelson Partners, LLC, Nelson Brothers Property Management, Inc. d/b/a Nelson Partners Property Management, Inc. and Patrick Nelson (collectively, the "Nelson Parties" or "Defendants") file this Sixth Report to the Court Pursuant to the Joint Stipulation and Liquidation Plan ("Plan") as follows:

1. On April 25, 2022, the Court approved the Plan. The Plan required the Nelson Parties to prepare and submit a monthly report to the court advising of the status and progress the Nelson Parties are making toward fulfilling their obligations under the Plan.

2. Since the Court's approval, the Nelson Parties engaged a nationally recognized broker and identified several properties for sale. The broker is currently marketing a portion of the properties. Through the Nelson Parties' and their brokers' joint efforts, the Nelson Parties, through an affiliated entity under their control, signed and entered into a letter of intent ("LOI") regarding one of the properties and advised the Plan Administrator regarding the executed LOI. The Nelson Parties and their broker continue to market other properties while negotiating specific terms to advance the executed LOI to an executed and enforceable purchase and sale agreement ("Property 1").

3. Through their counsel, on May 19, 2022, the Nelson Parties met with the Plan Administrator's counsel and Investors' counsel by phone. During the call, the Nelson Parties' counsel outlined the current strategies for the Nelson Parties to fulfill their obligations under the Plan and advised the Plan administrator of the LOI and the status of negotiations regarding the purchase and sale agreement arising from the LOI.

4. On June 17, 2022, the Nelson Parties reached an agreement on the sale of Property 1, one of the properties identified as part of the Plan. The Contract of Sale ("COS") was effective June 17, 2022 and has an initial closing date of September 15, 2022. The potential buyer under the COS has already begun performing its due diligence. The Nelson Parties advised the Plan Administrator of the COS.

5. Soon after executing the COS, the Nelson Parties, through an affiliated entity under their control, signed and entered into another LOI on an additional property (“Property 2”) identified as part of the Liquidation Plan. The Parties to that LOI began preparing purchase agreement drafts.

6. Additionally, the Nelson Parties, through affiliated entities under their control, have begun a bid process on some additional properties identified under the Liquidation Plan. While the recent debt markets slowed interest, the Nelson Parties believe they will secure additional LOIs soon.

7. The Nelson Parties continue directing all investor inquiries they receive to the Plan Administrator.

8. On July 21, 2022, the Court held a hearing regarding the Plan and granted final approval of same.

9. Days before the July 21, 2022 hearing, the COS for Property 1 was terminated by the buyer. Since that time, the COS for Property 1 was reinstated. On October 11, 2022, counsel for the Nelson Parties met with the Plan Administrator via telephone and advised the Plan Administrator that the sale of Property 1 was moving forward, but a closing date was still not set because the purchaser of Property 1 required a number of conditions to close. Without any advance notice, on October 21, 2022 at around noon central time, the Buyer for property 1 then abruptly waived all remaining closing conditions and insisted upon quickly closing the sale on or around October 21, 2022. Counsel for the Nelson Parties conferred with the Plan Administrator and the Plaintiffs’ counsel regarding this development, provided them with a copy of the draft settlement statement for the transaction, and appeared before this Court to obtain emergency relief.

10. The sale of Property 1 closed on October 24, 2022. The Final Settlement Statement was generated on October 25, 2022 and provided to the Plan Administrator and Plaintiffs' counsel on October 27, 2022.

11. \$9.3 million in Net Proceeds were generated as a result of the sale of Property 1 and were deposited into the Plan Administrator's designated escrow account per instructions from the Plan Administrator.

12. The proposed purchaser under the LOI for Property 2 could not agree with the owner of Property 2 and that proposed deal has been terminated effective October 7, 2022.

13. The Nelson Parties through affiliated entities continue to work toward fulfilling their obligations under the Joint Stipulation and Liquidation Plan.

Dated: November 16, 2022

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Greg C. Noschese

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ATTORNEYS FOR DEFENDANTS

CERTIFICATE OF SERVICE

The undersigned certifies that, on November 16, 2022, a true and correct copy of this document was served via the court's electronic filing system, on all counsel of record.

By: /s/ Greg C. Noschese

Greg Noschese

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