Date: June 17, 2025

To: Creditors and Investors of LeFever Mattson

From: Brad Sharp, Chief Restructuring Officer

Subject: Monthly Status Update re: Chapter 11 Progress and Forward Work Plan

Dear Creditors and Investors,

I am writing with an update on the Chapter 11 proceedings of LeFever Mattson and its affiliated entities.

First, I want to note that we have been very fortunate to limit the number of disputes in the Bankruptcy Court. I want to assure you that fewer Court filings is not a sign that we are not making progress. In truth, we have been working very closely with the parties in interest to resolve issues in the most cost-effective way possible. We will raise a dispute in the Bankruptcy Court only when we have been unable to resolve the issue without the Court's involvement. Also, while I have received various inquiries from investors, I have not been able to respond to all of you.

However, we do recognize the importance of providing updates to stakeholders on the progress of the Chapter 11 proceedings. Going forward, I will provide you with monthly updates. As this month's update describes below, the past several weeks were marked by my team's continued focus on smoothing operations, maximizing asset values, and advancing a path towards a plan that will provide a distribution to investors. The professionals involved in the Chapter 11 cases continue to collaborate well and are avoiding duplication of efforts while moving with speed and diligence to maximize value, preserve estate assets, and facilitate transparency throughout the process.

The following summarizes key areas of recent work by me and my team at DSI, and it outlines our priorities for the coming period.

1. Chief Restructuring Officer Activities

- **Operations Management:** I continue to oversee the Debtors' day-to-day operations to ensure stability across LeFever Mattson and its affiliated entities. My focus remains on preserving value, ensuring compliance with court orders, and controlling costs.
- **Claims Against KSMP/Ken Mattson:** We are pursuing legal and strategic planning related to the Debtors' claims against Ken Mattson and his entity, KSMP, including taking action to understand the assets of the Mattson entities and ensure third-party

control of those assets. To that end, we were recently successful in securing KSMP's consent to entry into Chapter 11.

- **Plan Term Sheet Negotiations:** Discussions continue with the Creditor's Committee regarding the structure of a potential plan liquidating the Debtors' assets and distributing the proceeds to stakeholders, with an emphasis on terms that equitably allocate value while reducing costs to maximize the return to the investors.
- **Real Estate Strategy and Approvals:** In conjunction with FTI, our real estate advisors, a comprehensive sale strategy for the real estate portfolio was approved, and we continue working with counsel, brokers, and the advisors to balance speed, value maximization, and operational considerations when determining opportunities to monetize assets.
- **Board of Directors:** I am providing the Independent Board of Directors with regular briefings and facilitating in-depth discussions on issues that require the Board's approval.
- **Harrow Cellars Oversight:** As acting CEO, I have continued to supervise operations at Harrow Cellars (a non-Debtor entity owned by LeFever Mattson) and oversee the sale process for the Harrow Cellars brand, Sojourn Cellars.

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2. DSI Team Activities

Asset Monetization Process
Significant progress was made in the disposition strategy across the real estate portfolio:

- **Offer Evaluations**: In coordination with the Committee, we have evaluated and provided approvals for offers to purchase real estate owned by various Debtors, coordinating with the Independent Board of Directors when required for high-value assets, and we will continue to review and approve offers as they come in.
- **Sales Under Contract:** 30 properties are currently under contract, for a total estimated gross sale value of $75.8 million. DSI has been facilitating diligence and the documentation required for sale closings.
- **Marketing Pipeline:** An additional 100 properties are actively being marketed by our real estate advisors.
- **Upcoming Marketing Efforts:** 25 additional properties are queued for market launch in the coming weeks and months.
- **Properties Requiring Further Evaluation:** We are analyzing alternative solutions for properties with unique issues that complicate the sale process, including those properties appraised at or below their existing debt.

- **Pinyon Creek Development:** We are currently evaluating options with respect to this development. balancing recovery potential against financing and market execution risks.
- **Sojourn Cellars:** A sale process is underway, and we are managing due diligence and buyer interaction in coordination with counsel and our sale advisors.

Bankruptcy Administration

- **Monthly Operating Reports (MORs):** All MORs are current and have been filed in accordance with U.S. Trustee guidelines.
- **Cash Collateral and Budget Reporting:** We remain in compliance with all requirements regarding the use of the cash collateral of the many secured lenders in these cases, and we have provided the required detailed monthly reporting to secured lenders. We also prepare updated budgets as required by the various cash collateral stipulations.
- **Insurance Issues:** We are updating the U.S. Trustee with ongoing insurance information as required and requested.
- **DIP Budget Management:** Budget adherence and forecast-to-actual tracking are being closely monitored and reported to the lender.

Entity-Level Operations Management

- **Pineapple Bear & Harrow Cellars:** We continued direct oversight of cash management for the two non-Debtor entities owned by LeFever Mattson, with a focus on vendor control, cash conservation, and payment prioritization.
- **Plan Support:** We provided financial forecasts for the plan discussions.

Forensic Accounting Activities

- During the prior month, DSI received additional bank documents necessary to identify the payees and payors for the remaining unknown transactions in the -1059 account from May 2017 through the closing of that account in July 2024.
- DSI continues to provide analysis to support the legal strategy in KSMP's Chapter 11 case.

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3. Looking Ahead

In the month ahead, our priorities include:

- Finalizing financing solutions to bridge key sale processes and fund operations,
- Advancing key real estate closings and expanding the marketing pipeline,

- Concluding the plan negotiations with the Creditor's Committee,
- Preparing additional assets for sale or other disposition, and
- Continuing forensic analysis of transactions to support the plan discussions and the legal strategy to obtain court approval of the plan.

I remain deeply committed to maximizing recoveries and ensuring transparency throughout this complex process. As always, I welcome constructive dialogue and appreciate your continued engagement and patience as we work toward resolutions.

Sincerely,

Bradley Sharp
Chief Restructuring Officer
LeFever Mattson