

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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: Chapter 11
In re :
: Case No. 21-10636 (JTD)
AEROCENTURY CORP., *et al.*, :
: (Jointly Administration)
Debtors.¹ :
: Re: Docket Nos. 12, 13 & 87
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DECLARATION OF ADAM M. ROSEN IN SUPPORT OF SALE TO STRATUS

I, Adam M. Rosen, hereby declare pursuant to 28 U.S.C. § 1746, under penalty of perjury, to the best of my knowledge and belief, that:

1. I am a Managing Director at B. Riley Securities, Inc. (“B. Riley”), an investment bank which has its principal office at 11100 Santa Monica Blvd., Suite 800 Los Angeles, CA 90025. I have been retained as the investment banker to AeroCentury Corp. and its affiliates (the “Debtors”) and I am submitting this Declaration in that capacity.

2. I have been a Managing Director at B. Riley since April 2016. Prior to joining B. Riley, I was a Director at PricewaterhouseCoopers LLP from 2009 to 2016. I have over 16 years of experience in the field of rendering financial advisory and corporate finance related services in bankruptcy, workouts, and restructuring transactions. During the course of my career, I have advised debtors, creditors and acquirers in financial restructurings, distressed mergers and acquisitions and raised capital for troubled companies.. I received my M.B.A. from Fordham University and B.S. from Union College.

¹ The Debtors in these chapter 11 cases, along with the last four digits of their federal employer identification number, are: AeroCentury Corp. (3974); JetFleet Holding Corp. (5342); and JetFleet Management Corp. (0292). The Debtors’ mailing address is 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010.



3. I submit this declaration (this “Declaration”) in further support of the *Debtors’ Motion for Entry of (A) an Order (I) Approving Bidding Procedures in Connection with the Sale of Substantially All of the Debtors’ Assets; (II) Authorizing the Debtors to Enter into the Stalking Horse Purchase Agreement; (III) Scheduling an Auction for and Hearing to Approve the Sale; (IV) Approving Notice of Respective Date, Time and Place for Auction and for Hearing on Approval of Sale; (V) Approving Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (VI) Approving Form and Manner of Notice Thereof; and (VII) Granting Related Relief; and (B) an Order Authorizing and Approving (I) the Sale Free and Clear of Liens, Claims, Rights, Encumbrances, and Other Interests; and (II) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases and (III) Related Relief* [Docket No. 12] (the “Bidding Procedures Motion”).² This Declaration incorporates the statements and testimony set forth in the *Declaration of Adam M. Rosen in Support of Bidding Procedures Motion* [Docket No. 13] (the “Original Declaration”) and the *Declaration of Adam M. Rosen in Support of Entry of the Order (I) Approving and Authorizing the Sale of A Certain De Havilland Model DHC-8-311 Aircraft and Related Engines and Parts to Skyward Express Limited, Free and Clear of all Liens, Claims, and Encumbrances, and (II) Granting Related Relief* [Docket No. 145] the (“Skyward Declaration”).

4. This Declaration is submitted to supplement the Original Declaration and the Skyward Declaration with respect to the Debtors’ proposed sale (the “Sale”) to Stratus Aero Partners (“Stratus”) for certain spare parts and inventory for the 453 Saab 340B Plus and the 4020 Bombardier Q400 (the “Stratus Assets”), for a total purchase price of \$290,000 (the “Stratus Bid”).

² Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Bidding Procedures Motion.

5. Except as otherwise set forth herein, all statements in this Declaration are based upon my review of relevant documents, my discussions with the Debtors and their professionals, my discussions with other members of the B. Riley team working on this engagement, and my personal knowledge and experience. If I were called upon to testify, I could and would testify to each of the facts set forth below.

A. The Postpetition Sale Process

6. As set forth in the Original Declaration and the Skyward Declaration, the Debtors extensively marked their Assets prior to the Petition Date. Shortly after the Petition Date, B. Riley commenced the postpetition marketing process for the Assets by engaging or reengaging with approximately 90 prospective strategic, financial and hybrid buyers across a myriad of industries, including those associated with aerospace industry, private equity, banks, attorneys, and other professionals. B. Riley prepared and circulated marketing materials, which included a brief description of the Assets and the Sale process, and was accompanied by a form non-disclosure agreement (an “NDA”). In addition, for those parties which executed an NDA, B. Riley provided them a confidential information memorandum for the Assets (the “CIM”), and populated an electronic data room with related diligence information (the “Data Room”). The CIM included a description of the Debtors’ business history and background, financial information, the Assets, and other relevant information.

7. While a number of parties did execute NDAs and receive the CIM and access to the Data Room, only one party other than Stratus expressed an interest in the Stratus Assets. Throughout the Sale process, B. Riley supplemented its outreach efforts by sending periodic emails to all interested parties with updates on the process, additions to the Data Room, and other supplemental information as the Chapter 11 Cases progressed. My colleagues or I followed up

with almost all of the prospective purchasers who expressed interest in the Assets on multiple occasions, and continued to facilitate buyer due diligence right up to the May 17, 2021, Bid Deadline established by the Bidding Procedures Order.

8. As the foregoing demonstrates, B. Riley spent considerable time, energy and resources engaging with potential bidders and other parties. Throughout the Sale process, I and other members of the B. Riley team regularly provided updates to the Debtors' bankruptcy counsel, board of directors, and senior management, and sought their direction where appropriate.

9. As a result of the foregoing efforts, one party, other than Stratus, submitted a bid for the Stratus Assets (the "Unsuccessful Bidder"). Initially, the Unsuccessful Bidder submitted a bid for the Stratus Assets in the amount of \$50,000. After receiving the Stratus Bid, B. Riley engaged with the Unsuccessful Bidder, and the Unsuccessful Bidder submitted a revised proposal for the Stratus Assets in the amount of \$300,000.

10. However, the Stratus Assets are currently on consignment with Worthington Aviation, LLC ("Worthington"), which is an affiliate of Stratus. Under the applicable consignment agreement with Worthington, Worthington would claim a 28% consignment fee in the event of a sale. Additionally, Stratus was the only party willing to acquire the Stratus Assets "as is" without any further diligence, thereby significantly reducing any potential risk or cost to the Debtors. After further discussions with Stratus and Worthington, Worthington agreed to waive the consignment fee with respect to the Sale to Stratus. As a result of Worthington waiving its consignment fee, the net cash proceeds to the Debtors is greater in a sale to Stratus than to the Unsuccessful Bidder.

11. The Debtors scheduled an Auction for the Stratus Assets to determine the highest and best bid [Docket No. 153]. Prior to the Auction, B. Riley informed the Unsuccessful Bidder that the Stratus Bid was the baseline bid because Worthington agreed to waive the consignment

fee for the Sale to Stratus. The Unsuccessful Bidder informed B. Riley that it was not willing to increase the purchase price beyond its updated bid number. With no competing bids, the Debtors canceled the Auction, and the Debtors, after consultation with their advisors and in their business judgment, determined that the Stratus Bid was the highest and best bid for the Stratus Assets. [Docket No. 156].

B. The Stratus Bid Represents the Highest and Best Value.

12. Based on the extensive marketing efforts described above and in the Original Declaration and the Skyward Declaration, along with my experience as a restructuring professional, I believe that the terms of the Stratus Bid represent the highest and best value for Stratus Assets. A market test, such as the extensive one conducted by B. Riley, is the best means to identify the value of the Stratus Assets. Here, the market has spoken: the Stratus Bid represents the highest and best value for the Stratus Assets.

13. I believe that: (a) the Debtors conducted a fulsome marketing process for the Stratus Assets; (b) the Debtors conducted the Sale process in compliance with the Bidding Procedures Order and the Bidding Procedures; and (c) the Debtors and their professional advisors afforded all potential purchasers an appropriate opportunity to participate in the Sale process and submit a bid for the Stratus Assets.

14. Based on my professional experience and knowledge of the Chapter 11 Cases, I believe that: (a) the Sale process was robust, fair, and consistent with other sale processes in other similar chapter 11 cases; (b) Stratus and their respective professional advisors and representatives acted in compliance with the Bidding Procedures Order and the Bidding Procedures, and conducted themselves in a non-collusive, fair and good-faith manner in connection with the Sale

process; and (c) the Stratus Bid represents fair and reasonable terms for the purchase of the Stratus Assets, based on the extensive marketing process described herein.

15. Except as otherwise provided for in the proposed order approving the Sale to Stratus, the Debtors are seeking to sell the Stratus Assets free and clear of all liens, claims, encumbrances, and other interests. I believe Stratus would not have submitted the Stratus Bid, and would not consummate the Sale, if the Sale was not free and clear of the foregoing. Moreover, I believe that not selling the Stratus Assets in this manner would result in significantly reduced consideration for the Stratus Assets, which would adversely impact the Debtors' efforts to preserve and maximize the value of the Stratus Assets.

16. I am not aware of any facts indicating that the Stratus Bid was entered into for the purpose of hindering, delaying or defrauding creditors or fraudulently entered into. I believe that under the circumstances, including the extensive marketing process conducted by the Debtors, the consideration provided by Stratus is fair and reasonable, and the highest and best value for the Stratus Assets.

C. Conclusion

17. For all these reasons, given the fulsome marketing process that the Debtors and their professional advisors undertook, as described herein, I believe that the sale of the Stratus Assets to Stratus represents the highest and best value for the Stratus Assets, and that entry of an order approving the Sale is appropriate.

Dated: May 26, 2021

/s/ Adam M. Rosen
Adam M. Rosen