

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

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

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”).

4. 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

5. As set forth in the Original Declaration, the Debtors extensively marked their Assets prior to the Petition Date. Shortly after the Petition Date, B. Riley commenced the

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

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.

6. 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.

7. 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.

8. As a result of the foregoing marketing efforts, the Debtors received three bids, in addition to the Stalking Horse Purchase Agreement, for all or a subset of assets subject to the Stalking Horse Purchase Agreement (the “Stalking Horse Assets”). After reviewing such bids, the Debtors determined, in their business judgment, that the bids were not Qualified Bids as they did

not conform to the requirements of the Court-approved bidding procedures, including that they were neither higher nor better on terms or price than the Stalking Horse Purchase Agreement (the “Non-Qualified Bidders”).

9. B. Riley reengaged with the Non-Qualified Bidders to inquire as to whether such bidders were willing to increase their offers for the Stalking Horse Assets. Each of the Non-Qualified Bidders stated that they were not willing to increase the offer for the Stalking Horse Assets in an amount that would render such bid a Qualified Bid. Accordingly, the Debtors, after consultation with their advisors and in their business judgment, determined that the Stalking Horse Purchase Agreement was the highest and best bid for the Stalking Horse Assets.

10. I understand that, as permitted under section 2.1 of the Stalking Horse Purchase Agreement, the Stalking Horse Bidder intends to name Regional One, Inc. (the “Nominee”), as its nominee for one or more of the Stalking Horse Assets, and that the Nominee will pay a nominee fee in connection therewith, which shall be paid directly by the Nominee to the Stalking Horse Bidder.

B. The Stalking Horse Purchase Agreement Represents the Highest and Best Value.

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

12. I believe that: (a) the Debtors conducted a fulsome marketing process for the Stalking Horse Assets; (b) they 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 Stalking Horse Assets.

13. 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) the Stalking Horse Bidder and its 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 Stalking Horse Purchase Agreement represents fair and reasonable terms for the purchase of the Stalking Horse Assets, based on the extensive marketing process described herein.

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

15. I am not aware of any facts indicating that the Stalking Horse Purchase Agreement 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 the Stalking Horse Bidder is fair and reasonable, and the highest and best value for the Stalking Horse Assets to be sold.

C. Conclusion

16. 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 Stalking Horse Assets to the Stalking Horse Bidder represents the highest and best value for the Stalking Horse Assets, and that entry of an order approving the Sale is appropriate.

Dated: May 27, 2021

/s/ Adam M. Rosen
Adam M. Rosen