Docket #0611 Date Filed: 08/04/2025

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION

In re:	Chapter 11
AFH AIR PROS, LLC, *et al.*,[1]	Case No. 25-10356 (PMB)
Debtors.	(Jointly Administered)

DECLARATION OF ANDREW D.J. HEDE IN SUPPORT OF CONFIRMATION OF THE SECOND AMENDED CHAPTER 11 PLAN OF LIQUIDATION OF AFH AIR PROS, LLC AND ITS DEBTOR AFFILIATES

I, Andrew D.J. Hede, pursuant to 28 U.S.C. § 1746 and under penalty of perjury, declare the following to the best of my knowledge, information, and belief:

1. I am a Senior Managing Director of Accordion Partners, LLC ("Accordion") and Head of Accordion's Turnaround & Restructuring Practice. I have over 30 years of financial and operational transformation and restructuring experience in both the United States and Australia. I specialize in advising companies, creditors, and equity sponsors in distressed and non-distressed situations, focusing on financial and operational reviews, liquidity management, performance improvement, business and asset divestment, business plan preparation and review, recapitalization strategies, and negotiation of reorganization plans. I have regularly served in an interim management capacity, including as Chief Executive Officer, President, Chief Restructuring Officer, and Chief Transformation Officer. My experience covers a broad range of

[1] The last four digits of AFH Air Pros, LLC's tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at https://www.veritaglobal.net/AirPros. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.

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sectors with extensive experience in consumer products and retail, real estate and construction, media and telecom, and transportation and distribution.

2. Accordion has been retained by the above-captioned debtors and debtors in possession (collectively, "Air Pros", the "Company" or the "Debtors") as financial advisors since March 2024. [2] In addition, I have been retained to serve as the Chief Restructuring Officer ("CRO") of the Debtors in the above-captioned chapter 11 cases (the "Chapter 11 Cases") beginning in September 2024.

3. I submit this declaration in support of the confirmation of the *Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* (as may be amended, modified, or supplemented from time to time, the "Plan")[3] and in conjunction with the *Debtors' Memorandum of Law in Support of Final Approval of the Disclosure Statement and Confirmation of Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* filed contemporaneously herewith (the "Confirmation Brief").

4. References to the Bankruptcy Code, the chapter 11 process, and related legal matters are based on my understanding of such matters and on the explanation provided by counsel. If called upon to testify, I would testify competently to the facts set forth in this declaration.

5. I am generally familiar with the terms and provisions of the Plan, the Plan Supplement, the Disclosure Statement, and the various exhibits, schedules, and ancillary documents related thereto, including, but not limited to, the Liquidation Analysis. I was personally

[2] On April 17, 2025, the Court entered an order approving the retention of Accordion to provide a CRO and other additional personnel to the Debtors [Docket No. 219].

[3] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

involved in the development of, and negotiations regarding, the terms of the Plan and the settlements embodied therein.

6. All facts set forth in this declaration are based upon my personal knowledge, belief and understanding upon my review of applicable books and records and other information available to me; discussions with the Debtors' management, advisors and agents; my familiarity and experience with, and knowledge of, the Debtors' businesses, operations, financial affairs, and these Chapter 11 Cases; or my opinion based upon my experience, knowledge, and information concerning distressed situations. If called upon to testify, I would testify competently to the facts set forth in this declaration.

7. I have been advised by the Debtors' advisors and believe, based on my personal knowledge, experience, and review of the Plan and related materials, that the Plan satisfies all applicable provisions of the Bankruptcy Code and should be confirmed.

A. Background

1. Chapter 11 Cases

8. On March 16, 2025 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court. The Debtors have continued in possession of their properties and are operating and managing their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

9. On March 31, 2025, the United States Trustee for Region 21 (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Creditors' Committee") in the Chapter 11 Cases. No request has been made for the appointment of a trustee or an examiner.

10. Additional information regarding the Debtors, including their businesses and affairs, their capital and debt structures, and the events leading to the filing of these Chapter 11

Cases, is set forth in detail in the *Declaration of Andrew D.J. Hede in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 8].

2. Confirmation, Solicitation, and Notification Process

11. On June 23, 2025, the Bankruptcy Court entered the *Order (A) Approving the Disclosure Statement on an Interim Basis, (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, (C) Approving the Form of Ballot and Solicitation Materials, (D) Establishing Voting Record Date, (E) Fixing the Date, Time, and Place for the Hearing on Final Approval of the Disclosure Statement and Confirmation of the Plan and the Deadline for Filing Objections Thereto, and (F) Approving Related Notice Procedures and Deadlines* [Docket No. 477] (the "Solicitation Procedures Order"). The Solicitation Procedures Order set the hearing on final approval of the Disclosure Statement and confirmation of the Plan (the "Combined Hearing") for August 6, at 1:00 p.m. (prevailing Eastern Time) and approved, among other things: (a) the proposed procedures for solicitation of the Plan; (b) related notices, forms, and ballots (collectively, the "Solicitation Packages"); and (c) the form and notice of the Combined Hearing (the "Combined Hearing Notice").

12. On June 30, 2025, the Debtors caused the Claims and Noticing Agent to serve the Solicitation Packages, the Combined Hearing Notice, and other related notices as set forth under the Solicitation Procedures Order.

13. On July 14, 2025, the Debtors filed certain of the Plan Supplement Documents, including the identity and compensation of the Litigation Trustee, the form of Litigation Trust Agreement, and the Schedule of Assigned Causes of Action [Docket No. 557]. Further, on July 18, 2025, the Debtors filed the additional Plan Supplement Documents [Docket No. 562].

14. On August 1, 2025, the Debtors filed the *Declaration of Sydney Reitzel, on Behalf of Kurtzman Carson Consultants LLC d/b/a Verita Global, Regarding Solicitation and Tabulation*

of Ballots Cast on the Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates [Docket No. 607] (the "Voting Declaration").

3. Creditors' Committee Settlement

15. After arms'-length negotiations among the Debtors, the Prepetition Lenders and DIP Lenders, and the Creditors' Committee, the parties reached an agreement with respect to the terms of a plan of liquidation, as embodied in the Plan and described in the Disclosure Statement, including the Committee Settlement Term Sheet attached thereto as Exhibit C. As described in greater detail in the Disclosure Statement and in the Committee Settlement Term Sheet, the Creditors' Committee Settlement provides for the establishment of a litigation trust (the "Litigation Trust") for the benefit of Holders of Allowed General Unsecured Claims, including the Prepetition Lender Deficiency Claim. The Litigation Trust will be funded with $1 million plus the unused portion of the DIP Budget allocated for payment of the Committee's professionals. Certain Causes of Action of the Debtors and their Estates, as described in the Plan and the Schedule of Assigned Causes of Action filed with the Plan Supplement, will be transferred to the Litigation Trust.

16. I believe that the Creditors' Committee Settlement is a significant achievement in the Debtors' Chapter 11 Cases. It is the product of arms' length negotiations that results in consensus with the representatives of the largest creditor constituencies in these Chapter 11 Cases. It further provides a path to confirming a Plan that provides a potential source of recovery for Holders of General Unsecured Claims. Accordingly, I believe the settlement is in the best interests of the Debtors, their estates, and their creditors, and should be approved in connection with confirmation of the Plan.

4. The Plan Process Generally

17. As described and set forth in the Disclosure Statement and Plan, on May 19, 2025, the Court approved the Debtors' sale of substantially all of their operating assets through six

separate sales. The Debtors subsequently consummated all of the sales. [*see* Docket Nos. 437, 438, 446, 447, 454, and 507].

18. After extensive negotiations among the Debtors and their primary constituencies, the parties reached an agreement regarding the terms of a plan that provides for the orderly winddown of the Debtors and liquidation of remaining assets. As noted above, the Plan provides for, among other things, the establishment of a Litigation Trust for the benefit of Holders of General Unsecured Claims. The Plan maximizes potential recoveries available to all constituents and provides for an equitable distribution to the Debtors' stakeholders. More specifically, pursuant to the terms of the Plan:

- All Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Secured Claims, and Allowed Other Priority Claims shall be paid in full in cash or receive such other treatment that renders such Claims Unimpaired.
- The DIP Lender Claims and all Liens securing such DIP Lender Claims shall, at the option of the DIP Lenders, the DIP Agent, and the Debtors, (i) be satisfied in full in Cash on the Effective Date, (ii) be waived and released by the DIP Lenders or the DIP Agent, as applicable, or (iii) receive such other treatment agreed to by the DIP Lenders, the Debtors, and the DIP Agent.
- Each Holder of an Allowed Prepetition Lender Secured Claim shall receive their respective Pro Rata share of the Remaining Assets Net Proceeds.
- Each Holder of General Unsecured Claims, including the Prepetition Lender Deficiency Claim, shall receive its Pro Rata share of the Litigation Trust Interests.
- Holders of Interests shall not receive or retain any property on account of such Interests.

5. Objections and Informal Comments

19. I understand that the Debtors received two formal objections and informal comments to the Plan and the Confirmation Order, and questions and information requests from parties in interest. I understand that the Debtors worked with various parties in interest to consensually resolve and answer the majority of the objections, comments, and requests, which are described in the Confirmation Brief, but that certain of the objections are not yet resolved. The

Debtors will continue to attempt to resolve any outstanding objections. But if the Debtors cannot resolve all objections, I believe such objections should be overruled and the Plan should be confirmed.

B. The Plan Satisfies Each Mandatory Requirement for Confirmation

20. For the reasons detailed below, and after discussions with counsel, I believe the Plan satisfies the applicable Bankruptcy Code requirements for confirmation of a plan of reorganization. I have set forth the reasons for such belief below, except where such compliance is apparent on the face of the Plan, the Plan Supplement, and the related documents.

1. The Plan Complies Fully with the Applicable Provisions of the Bankruptcy Code – Section 1129(a)(1)

21. I believe that the Plan complies with 11 U.S.C. § 1129(a)(1), which I understand requires the Plan to comply with 11 U.S.C. §§ 1122 and 1123 in all respects.

i. The Plan Properly Classifies Claims and Interests as Required Under Section 1122 of the Bankruptcy Code

22. I understand that Article III.A of the Plan provides for the following separate Classes of Claims and Interests:

Class	Claims and Interests	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	Prepetition Lender Secured Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Entitled to Vote
5	Subordinated Claims	Impaired	Deemed to Reject
6	Intercompany Claims	Impaired	Deemed to Reject
7	Interests in the Debtors	Impaired	Deemed to Reject

23. I believe that each Class is composed of substantially similar Claims or Interests, and each instance of separate classifications of similar Claims and Interests is based on valid

business, factual, and legal reasons. In general, I understand that the Plan's classification scheme follows the Debtors' capital structure, properly classifying Claims and Interests into Classes based on their legal and/or factual nature or other relevant and objective criteria and establishing that a legitimate basis exists for the classification scheme under the Plan.

24. I believe that valid business, legal, and factual reasons justify the separate classifications of the particular Claims or Interests into the Classes created under the Plan, and no unfair discrimination exists between or among Holders of Claims and Interests. Namely, the Plan separately classifies the Claims and Interests because each Holder of such Claims or Interests may hold (or may have held) rights in the Estates legally dissimilar to the Claims or Interests in other Classes or because substantial administrative convenience resulted from such classification. For example, Claims are classified separately from Interests and Secured Claims are classified separately from Unsecured Claims.

25. Based on the above, I believe that these differences in classification are in the best interests of creditors, facilitate ease of distributions on the Effective Date, comply with the absolute priority rule, and do not needlessly increase the number of Classes. Accordingly, I have been advised that the Plan fully complies with and satisfies the classification requirements of section 1122 of the Bankruptcy Code.

ii. The Plan Satisfies the Applicable Mandatory Plan Requirements of Section 1123(a) of the Bankruptcy Code.

26. It is my understanding that section 1123(a) of the Bankruptcy Code sets forth criteria that every chapter 11 plan must satisfy. I believe that the Plan satisfies each of these requirements.

27. ***Specification of Classes, Impairment, and Treatment.*** I believe that Article III of the Plan properly designates Classes of Claims and Interests. As discussed previously, it is my

understanding that each Class contains Claims or Interests that are substantially similar. The Plan identifies, in Article III, each Class that is Unimpaired. Specifically, Article III of the Plan identifies Classes 1 and 2 as Unimpaired, satisfying section 1123(a)(2) of the Bankruptcy Code. The Plan also sets forth the treatment of each Class in Article III that is Impaired. Specifically, Article III of the Plan identifies Classes 3, 4, 5, 6, and 7 as Impaired, satisfying section 1123(a)(3) of the Bankruptcy Code.

28. ***Equal Treatment.*** As described in Article III of the Plan, Holders of Allowed Claims or Interests will receive the same rights and treatment as other Holders of Allowed Claims or Interests within such Holders' respective Class.

29. ***Adequate Means for Implementation.*** It is my understanding that section 1123(a)(5) of the Bankruptcy Code has been satisfied because Article IV of the Plan, in particular, sets forth the means for implementation of the Plan, including (a) the cancellation of certain existing agreements, obligations, instruments, and Interests; (b) the appointment of the Plan Administrator to effectuate the Wind Down of the Wind Down Debtors in accordance with the Plan Administration Agreement and the Plan; (c) the establishment and funding of the Litigation Trust pursuant to the Litigation Trust Agreement and the transfer of the Litigation Trust Assets to the Litigation Trust free and clear of all Liens, Claims, charges, or other encumbrances, subject only to the Litigation Trust Interests; (d) the execution, delivery, filing, or recording of all contracts, instruments, releases, and other agreements or documents in furtherance of the Plan; and (e) the authorization of the Plan Administrator and the Litigation Trustee, as applicable, to take all actions necessary to effectuate the Plan.

30. Additionally, Article IV.J provides for the substantive consolidation of the Debtors' Estates for voting, confirmation, and distribution purposes. I believe that substantive consolidation

of the Debtors' Estates is fair, appropriate, and necessary in these Chapter 11 Cases, because, among other reasons (a) the Debtors have historically maintained consolidated financial statements and an integrated cash management system, which includes regular intercompany transfers; (b) the Debtors share a unity of ownership and interests; (c) the Debtors are jointly and severally liable under the Prepetition Loan Documents and the DIP Loan Documents as either a borrower or guarantor and, accordingly, all Debtors have pledged substantially all of their assets as security for their obligations under the Prepetition Loan Documents and the DIP Loan Documents; (d) it would be administratively impossible to segregate and ascertain the individual assets and liabilities to be administered and dealt with under the Plan, including, but not limited to, apportioning the value of the Litigation Trust Claims among the Debtors; and (e) each of the Debtors historically had the same executive leadership team and have substantial overlap of core management, including officers, directors, and managing members.

31. ***Non-Voting Stock.*** No equity securities are being issued pursuant to the Plan, and therefore I understand that section 1123(a)(6) of the Bankruptcy Code does not apply to the Plan.

32. ***Selection of Officers and Directors.*** The Plan does not provide for the reorganization of the Debtors. Article V.B of the Plan provides that the Litigation Trust Assets will vest in the Litigation Trust, which will be administered by the Litigation Trustee, and Article IV.D of the Plan provides that the Remaining Assets will be vested in the Wind Down Debtors, which will be administered by the Plan Administrator. The Plan, the Plan Administration Agreement, and the Litigation Trust Agreement provide for the selection of the Plan Administrator and the Litigation Trustee in a manner and on terms consistent with the interests of creditors and equity holders and public policy. Moreover, the Debtors have disclosed the identity of the Plan Administrator and the Litigation Trustee. The Plan Supplement identifies LRHIRSH, LLC as Plan

Administrator and Olympus Guardians LLC as Litigation Trustee. Accordingly, I believe that the Plan satisfies the requirements of Bankruptcy Code section 1123(a)(7).

2. The Plan Satisfies the Applicable Provisions of Section 1129(a)(2).

33. I understand that section 1129(a)(2) principally reflects the disclosure and solicitation requirements of section 1125 of the Bankruptcy Code, which prohibits the solicitation of plan votes without a court-approved disclosure statement. I believe that the Plan satisfies section 1129(a)(2) of the Bankruptcy Code because the Debtors have fully complied with sections 1125 and 1126 of the Bankruptcy Code.

i. The Debtors Have Complied with Section 1125 of the Bankruptcy Code.

34. I understand that before the Debtors solicited votes on the Plan, the Court approved the Disclosure Statement on an interim basis in accordance with section 1125(a)(1) of the Bankruptcy Code. The Court also approved the contents of the Solicitation Packages provided to Holders of Claims entitled to vote on the Plan, the non-voting materials provided to parties not entitled to vote on the Plan, and the relevant dates for voting on and objecting to the Plan. The Debtors, through their Claims and Noticing Agent, complied with the content and delivery requirements of the Solicitation Procedures Order, thereby satisfying sections 1125(a) and (b) of the Bankruptcy Code. The Debtors also satisfied section 1125(c) of the Bankruptcy Code, which provides that the same disclosure statement must be transmitted to each holder of a claim or interest in a particular Class, given that the Debtors caused the Disclosure Statement to be transmitted to all parties entitled to vote on the Plan.

35. Accordingly, I believe that the Debtors have complied with section 1125 of the Bankruptcy Code, thereby satisfying section 1129(a)(2) of the Bankruptcy Code.

ii. The Debtors Complied with Section 1126 of the Bankruptcy Code.

36. I understand that under sections 1126(f) and (g) of the Bankruptcy Code a plan proponent is not required to solicit votes from holders of claims and interests in classes deemed to have accepted or reject a chapter 11 plan.

37. I understand that the Debtors solicited votes only from Holders of Allowed Claims in Classes 3 and 4 (together, the "Voting Classes") because each of these Classes is Impaired and may be entitled to receive a distribution under the Plan. I have reviewed the Voting Declaration. I understand that the Voting Declaration reflects the results of the voting process in accordance with section 1126 of the Bankruptcy Code.

38. Based on the foregoing, I believe the Debtors have satisfied the requirements of section 1129(a)(2).

3. The Debtors Proposed the Plan in Good Faith and Not by Any Means Forbidden by Law (Section 1129(a)(3))

39. I understand that section 1129(a)(3) of the Bankruptcy Code requires that the proponent of a plan propose the plan "in good faith and not by any means forbidden by law."

40. The Plan was negotiated and proposed with the intent of accomplishing a controlled liquidation of the Debtors and their assets and maximizing stakeholder value and for no ulterior purpose. The Plan is the result of negotiations among the Debtors and their key stakeholders, including their senior secured lenders and the Creditors' Committee. I believe the Plan is the most efficient means to effectuate a wind down and liquidation of the Debtors. Thus, I believe that the Plan satisfies section 1129(a)(3) of the Bankruptcy Code.

4. The Plan Provides that the Debtors' Payment of Professional Fees and Expenses Are Subject to Court Approval (Section 1129(a)(4))

41. I understand that section 1129(a)(4) of the Bankruptcy Code requires that certain fees and expenses paid by the plan proponent, by the debtor, or by a person receiving distributions of property under the plan be approved by the Court as reasonable or subject to approval by the Court as reasonable. The Plan provides that Professional Fee Claims and corresponding payments are subject to prior Court approval and the reasonableness requirements under sections 328 or 330 of the Bankruptcy Code. Further, the Plan provides that Professionals shall file all final requests for payment of Professional Fee Claims no later than 45 days after the Effective Date, which I believe provides adequate time for interested parties to review such Professional Fee Claims. Accordingly, I believe the Plan complies with section 1129(a)(4) of the Bankruptcy Code.

5. The Debtors Have Complied with the Bankruptcy Code's Governance Disclosure Requirement (Section 1129(a)(5))

42. I understand that the Bankruptcy Code requires the proponent of a plan to disclose the identities of directors and officers of the debtor or successor to the debtor. I believe that the Debtors have satisfied section 1129(a)(5)(A) of the Bankruptcy Code because the Debtors have disclosed in the Plan Supplement the identity of the Plan Administrator and the Litigation Trustee.

6. The Plan does not Require Government Regulatory Approval of Rate Changes (Section 1129(a)(6))

43. I understand that Section 1129(a)(6) of the Bankruptcy Code is inapplicable to these Chapter 11 Cases because the Plan does not contain any rate changes subject to the jurisdiction of any governmental regulatory commission and therefore will not require governmental regulatory approval.

7. The Plan is in the Best Interests of Holders of Claims and Interests (Section 1129(a)(7))

44. I understand that the best interests of creditors test requires that, "[w]ith respect to each impaired class of claims or interests," members of such class that have not accepted the plan will receive at least as much as they would in a hypothetical chapter 7 liquidation. I further understand that the best interests test applies to each non-consenting member of an impaired class and is generally satisfied through a comparison of the estimated recoveries for a debtor's stakeholders in a hypothetical chapter 7 liquidation of that debtor's estate against the estimated recoveries under that chapter 11 plan.

45. In order to determine whether the Plan satisfies the "best interests test," the Debtors, with the assistance of Accordion, prepared a liquidation analysis (the "Liquidation Analysis"), which is attached to the Disclosure Statement as Exhibit D. The Liquidation Analysis includes an estimate of projected recoveries that would result from the liquidation of the Debtors in a hypothetical conversion to chapter 7 of the Bankruptcy Code. The Liquidation Analysis is based on the estimated value of the Debtors' assets and liabilities in a forced sale by a chapter 7 trustee, and incorporates various estimates and assumptions, including the projected costs associated with the administration of the estates and wind down of the Debtors' operations in a hypothetical conversion to a chapter 7 liquidation. Further, the assumptions contained within the Liquidation Analysis are subject to potentially material changes, including with respect to economic and business conditions as well as legal rulings.

46. Based on the Liquidation Analysis, Holders of Claims and Interests will receive at least the same recovery as they would in a hypothetical chapter 7 liquidation. Accordingly, I believe that the Plan satisfies section 1129(a)(7) of the Bankruptcy Code and the best interests test.

8. The Plan is Confirmable Notwithstanding the Requirements of Section 1129(a)(8) of the Bankruptcy Code

47. I understand that the Bankruptcy Code generally requires that each class of claims or interests must either accept the plan or be unimpaired under the plan. Classes 1 and 2 are Unimpaired under the Plan. Classes 5, 6, and 7 are Impaired and deemed to reject the Plan. In addition, as set forth in the Voting Declaration, Class 3 and Class 4 are Impaired and voted to accept the Plan.

48. As a result, only Classes 5,6, and 7 (the "Nonaccepting Classes") have not accepted the Plan. However, as discussed below, I believe that the Plan satisfies section 1129(b) with respect to the Nonaccepting Classes. Accordingly, I believe that the Plan is confirmable notwithstanding the existence of the Nonaccepting Classes.

9. The Plan Complies With Statutorily-Mandated Treatment of Administrative and Priority Tax Claims (Section 1129(a)(9))

49. I understand that section 1129(a)(9) of the Bankruptcy Code requires that certain priority claims be paid in full on the effective date of a plan and that the holders of certain other priority claims receive deferred cash payments. In particular, pursuant to section 1129(a)(9)(A) of the Bankruptcy Code, holders of claims of a kind specified in section 507(a)(2) of the Bankruptcy Code – administrative claims allowed under section 503(b) of the Bankruptcy Code – must receive, on the effective date, cash equal to the allowed amount of such claims. I also understand that section 1129(a)(9)(B) of the Bankruptcy Code requires that each holder of a claim of a kind specified in section 507(a)(1) or (4) through (7) of the Bankruptcy Code – generally domestic support obligations, wage, employee benefit, and deposit claims entitled to priority – must receive deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim (if such class has accepted the plan), or cash of a value equal to the allowed amount of such claim on the effective date of the plan (if such class has not accepted the plan). Finally,

section 1129(a)(9)(C) provides that the holder of a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code (i.e., priority tax claims) must receive cash payments over a period not to exceed five years from the petition date, the present value of which equals the allowed amount of the claim.

50. I believe that the Plan satisfies section 1129(a)(9) of the Bankruptcy Code. First, Article II.A of the Plan satisfies section 1129(a)(9)(A) of the Bankruptcy Code because it provides that each Holder of an Allowed Administrative Claim will be paid in full in Cash the unpaid portion of its Allowed Administrative Claim on the latest of: (a) the Effective Date, if such Administrative Claim is Allowed as of the Effective Date; (b) the date such Administrative Claim is Allowed or as soon as reasonably practicable thereafter; and (c) the date such Allowed Administrative Claim becomes due and payable or as soon thereafter as is reasonably practicable. Second, the Plan satisfies section 1129(a)(9)(B) of the Bankruptcy Code because no holders of the types of Claims specified in 1129(a)(9)(B) are Impaired under the Plan. Finally, Article II.D of the Plan satisfies section 1129(a)(9)(C) of the Bankruptcy Code because it specifically provides that each holder of Allowed Priority Tax Claims will receive, in full and final satisfaction of such Allowed Priority Tax Claim, Cash equal to the amount of such Allowed Priority Tax Claim or other treatment in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. Accordingly, I believe that the Plan satisfies each of the requirements set forth in section 1129(a)(9) of the Bankruptcy Code.

10. At Least One Impaired Class of Claims Has Accepted the Plan, Excluding the Acceptances of Insiders (Section 1129(a)(10))

51. I understand that section 1129(a)(10) of the Bankruptcy Code provides that, to the extent there is an impaired class of claims, at least one impaired class of claims must accept the plan, "without including any acceptance of the plan by any insider," as an alternative to the

requirement under section 1129(a)(8) of the Bankruptcy Code that each class of claims or interests must either accept the plan or be unimpaired under the plan. As set forth in the Voting Declaration, Class 3 (Prepetition Lender Secured Claims) and Class 4 (General Unsecured Claims) are Impaired and have voted to accept the Plan, and therefore at least one Voting Class has accepted the Plan. Accordingly, I believe that the Plan satisfies the requirement set forth in section 1129(a)(10) of the Bankruptcy Code.

11. The Plan Is Feasible and Is Not Likely to Be Followed by the Need for Further Financial Reorganization (Section 1129(a)(11))

52. As I understand, feasibility refers to the Bankruptcy Code's requirement that plan confirmation is not "likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor . . . , unless such liquidation or reorganization is proposed in the plan." 11 U.S.C. § 1129(a)(11).

53. The Plan provides for the orderly wind down and liquidation of the Debtors. Based on current projections, there will be sufficient cash to fund payments required under the Plan, as described below:

- As of the Effective Date, the Debtors are projected to have, or have access to, approximately $3,200,000 of cash ("Available Cash").
- As of the Effective Date, the Debtors are projected to have accrued and unpaid Administrative Claims, including Professional Fee Claims, of approximately $2,500,000. Thus, the Available Cash is sufficient to pay Allowed Administrative Claims.

- In addition, the Senior Secured Parties[4] have agree to fund the Wind Down Cash Amount in the amount of $675,000 as set forth in the Plan Supplement. Pursuant to the Plan and the Plan Administration Agreement, the Plan Administrator shall use the Wind Down Cash Amount to fund the Wind Down Expense Fund and to pay the Wind Down Expenses in accordance with the Wind Down Budget.
- The Debtors project Wind Down Expenses to be approximately $675,000 in the aggregate. In addition, to the extent that the actual Wind Down Expenses incurred exceed the Wind Down Cash Amount, the Plan Administration Agreement provides a mechanism to satisfy such Wind Down Expenses. Specifically, the Plan Administrator, with the consent of the Senior Secured Parties, may fund the Wind Down Expense Fund with Remaining Assets or the proceeds thereof.

54. Therefore, I believe that the Debtors and the Plan Administrator will have sufficient funds available to meet their respective obligations under the Plan, including sufficient Cash to reasonably ensure payment of Allowed Claims that will receive Cash distributions pursuant to the terms of the Plan. Additionally, the Plan Administrator will have the financial wherewithal to pay Claims that accrue, become payable, or are allowed by Final Order following the Effective Date.

55. Accordingly, I believe the Plan satisfies section 1129(a)(11) of the Bankruptcy Code.

12. The Plan Provides for the Payment of All Fees Under 28 U.S.C. § 1930 (Section 1129(a)(12)).

56. I understand that the Bankruptcy Code requires the payment of all fees payable under 28 U.S.C. § 1930. Article II.E of the Plan includes an express provision requiring payment

[4] The "Senior Secured Parties" are, collectively, the Prepetition Agent, the Prepetition Lenders, the DIP Agent, and the DIP Lenders.

of all fees under 28 U.S.C. § 1930. Accordingly, I believe that the Plan complies with section 1129(a)(12) of the Bankruptcy Code.

13. Section 1129(a)(13) of the Bankruptcy Code Does not Apply

57. I understand that the Bankruptcy Code requires that all retiree benefits continue post-confirmation at any levels established in accordance with section 1114 of the Bankruptcy Code. The Debtors do not have any such retiree benefits. Accordingly, I understand that section 1129(a)(13) of the Bankruptcy Code does not apply.

14. Sections 1129(a)(13) Through Sections 1129(a)(16) of the Bankruptcy Code Do Not Apply to the Plan

58. I believe that several of the Bankruptcy Code's confirmation requirements are inapplicable to the Plan. Section 1129(a)(13) is inapplicable because, as I understand, the Debtors do not provide retiree benefits. Section 1129(a)(14) of the Bankruptcy Code is inapplicable to the Plan because the Debtors are not subject to any domestic support obligations. Section 1129(a)(15) is inapplicable because no Debtor is an "individual" as defined in the Bankruptcy Code. Section 1129(a)(16) is inapplicable because the Plan does not provide for any property transfers by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

15. The Plan Satisfies the Cramdown Requirements (Section 1129(b))

59. I understand that if an impaired class has not voted to accept the plan or is deemed to reject the plan, the plan must be "fair and equitable" and not "unfairly discriminate" with respect to that class. Here, as described in section B.10 of the Confirmation Brief, the Nonaccepting Classes are Impaired and are deemed to reject the Plan. However, the Plan satisfies the cramdown requirements because it does not discriminate unfairly and is fair and equitable with respect to those Nonaccepting Classes.

i. The Plan is Fair and Equitable

60. As I understand, a plan is "fair and equitable" with respect to an impaired class of claims or interests that rejects the plan (or is deemed to reject the plan) if it follows the "absolute priority rule." I further understand that this rule requires that an impaired rejecting class of claims or interests either be paid in full or that a class junior to the impaired rejecting class not receive or retain any property under a plan on account of its junior claim or interest.

61. I believe that the Plan satisfies section 1129(b) of the Bankruptcy Code. Under the Plan, no Holder of a Claim or Interest junior to the Claims and Interests in the Nonaccepting Classes will receive any recovery under the Plan on account of such junior Claim or Interest. The Plan is a straightforward liquidating plan that follows the priority scheme established by the Bankruptcy Code. Based on the foregoing, I believe the Plan is fair and equitable.

ii. The Plan Does Not Unfairly Discriminate Against the Rejecting Classes

62. I understand that the unfair discrimination standard of section 1129(b) ensures that a plan does not unfairly discriminate against a dissenting class with respect to what the dissenting class will receive under a plan when compared to the value given to all other similar situated classes

63. As stated above, with respect to the Nonaccepting Classes, no other Classes of equal priority are provided a recovery under the Plan. Accordingly, I believe that the Plan does not unfairly discriminate with respect to these Classes.

16. The Plan Complies with the Other Provisions of Section 1129 of the Bankruptcy Code (Section 1129(c)-(e)).

64. I believe that the Plan satisfies the remaining provisions of section 1129 of the Bankruptcy Code. Section 1129(c), which prohibits confirmation of multiple plans, is not implicated because there is only one proposed plan. Additionally, the purpose of the Plan is not to

avoid taxes or the application of section 5 of the Securities Act of 1933 as prohibited by section 1129(d) of the Bankruptcy Code. Moreover, no governmental unit or any other party has requested that the Court decline to confirm the Plan on such grounds. Lastly, I do not believe that section 1129(e) of the Bankruptcy Code is applicable because none of the Debtors' Chapter 11 Cases is a "small business case."

C. The Discretionary Contents of the Plan Are Appropriate

65. As I understand, the Bankruptcy Code identifies various additional provisions that may be incorporated into a chapter 11 plan under section 1123(b). As provided in detail below, I believe the discretionary contents of the Plan are appropriate.

1. The Plan Complies with Section 1123(b)(1): Impairment/Unimpairment of Classes of Claims and Interests

66. I understand that section 1123(b)(1) of the Bankruptcy Code provides that a plan may "impair or leave unimpaired any class of claims, secured or unsecured, or of interests." As discussed above, consistent with section 1123(b)(1) of the Bankruptcy Code, Article III of the Plan classifies and describes the treatment of each Impaired and Unimpaired Class.

2. The Plan Complies with Section 1123(b)(2): Assumption, Assignment, and Rejection of Executory Contracts and Unexpired Leases

67. I understand that section 1123(b)(2) of the Bankruptcy Code permits a plan to provide for the assumption, assumption and assignment, or rejection of executory contracts and unexpired leases, subject to section 365 of the Bankruptcy Code. Article VI of the Plan addresses the assumption and rejection of executory contracts and unexpired leases and meets the requirements of section 365(b) of the Bankruptcy Code. Consistent with section 1123(b)(2) of the Bankruptcy Code, Article VI.A of the Plan provides that on the Effective Date, except as otherwise provided in the Plan, each Debtor will be deemed to have rejected each Executory Contract or Unexpired Lease to which such Debtor is a party, unless such Executory Contract or Unexpired

Lease (i) was previously assumed, assumed and assigned, or rejected; (ii) was previously expired or terminated pursuant to its own terms; or (iii) is the subject of a motion or notice to assume or reject filed on or before the Confirmation Date.

68. I believe that the time given to parties in interest to object to the assumption, assumption and assignment, and rejection of their executory contracts or expired leases was good and sufficient and no other or further notice is required. Accordingly, I believe the Plan complies with section 1123(b)(2).

3. The Plan Complies with Section 1123(b)(3): Settlement and Retention of Claims and Causes of Action

i. The Committee/Lender Settlement

69. I believe that the Creditors' Committee Settlement is a key achievement for the Debtors that is in the best interests of the Debtors, their Estates, and their Creditors.

70. I believe the Creditors' Committee Settlement and the Debtors' support thereof is a valid exercise of the Debtors' reasonable business judgment. As an initial matter, the Debtors have limited obligations under the Creditors' Committee Settlement, and it does not place any significant burden on the Debtors or their Estates. Further, the Creditors' Committee Settlement offers (a) a global resolution to the parties' issues and (b) the potential for creditors (namely General Unsecured Creditors) to obtain a recovery in these Chapter 11 Cases. Indeed, absent court-approval of the Creditors' Committee Settlement, the Debtors will likely face significant issues related to time, expense, and uncertainty as to their ability to confirm a chapter 11 plan. Accordingly, I believe that entry into the Creditors' Committee Settlement is a valid exercise of the Debtors' reasonable business judgment.

71. By entering into the Creditors' Committee Settlement, the Debtors reached a resolution with their key constituents, which fosters a far more "consensual" path to confirmation

of the Plan and ultimately creating an opportunity for the Holders of Class 4 Claims to obtain a recovery. The Creditors' Committee Settlement was the product of arm's-length negotiations and not fraud or collusion. The Creditors' Committee Settlement was reached only after extensive negotiations between the Creditors' Committee, the Prepetition Lenders, the DIP Lenders, and the Debtors. Thus, I believe that the settlement should be approved in connection with confirmation of the Plan.

ii. Retention of Causes of Action and Reservation of Rights

72. I understand that section 1123(b)(3)(B) of the Bankruptcy Code permits a chapter 11 plan to provide for the retention and enforcement of any claim or interest by the debtor, a trustee, or a representative of the estate. Article IV.E of the Plan provides that, except for any Cause of Action against a Person that is expressly waived, relinquished, exculpated, released, compromised under the Plan or Final Order, transferred to the Litigation Trust, or settled in the Plan or a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, the Wind Down Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date and such rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. Accordingly, I believe that the Plan is consistent with section 1123(b)(3)(B) of the Bankruptcy Code.

i. The Releases

73. As discussed in section D of the Confirmation Brief, Article X of the Plan defines and sets forth the Debtor Release and the Third-Party Release. For each of the reasons set forth in section D therein, and as I provide in further detail below, I believe that the Debtor Release and the Third-Party Release are permissible under, and consistent with, section 1123(b)(3)(A) of the Bankruptcy Code.

4. The Plan Complies with Section 1123(b)(5): Modification of Rights

74. I understand that section 1123(b)(5) of the Bankruptcy Code permits a plan to modify or leave unaffected the rights of holders of any class of claims. In accordance and in compliance with section 1123(b)(5) of the Bankruptcy Code, I believe the Plan properly modifies or leaves unaffected the rights of Holders of Claims and Interests in each of the Classes. Thus, I believe the Plan complies with section 1123(b)(5) of the Bankruptcy Code.

5. The Plan Complies with Section 1123(b)(6): Additional Plan Provisions

75. I understand that section 1123(b)(6) permits a plan to include "any other appropriate provision not inconsistent with the applicable provisions of [the Bankruptcy Code,]" which I believe is fully complied with under the terms of the Plan.

i. The Releases

76. I have reviewed the Plan, and Article X of the Plan provides for the Debtor Release, the Third-Party Release, and exculpation of the Exculpated Parties. I understand that the parties receiving releases under the Plan and the scope of the releases and exculpation are limited to only those Persons described in the "Released Party" and "Exculpated Party" definitions, respectively. Moreover, the identity of such Released Parties and Exculpated Parties and the scope of the releases and exculpation have been the subject of negotiations with the Creditors' Committee, the Prepetition Lenders, and the DIP Lenders, and are specifically contemplated under the Creditors' Committee Settlement. As provided in further detail below, I believe that the Debtor Release, the Third-Party Release, and the exculpation are integral components of the Plan and the settlement and transactions embodied therein, are appropriate and necessary under the circumstances, are consistent with the Bankruptcy Code, and comply with applicable law. Accordingly, I believe that the Debtor Release, the Third-Party Release, and the exculpation should be approved.

(A) The Debtor Release is Appropriate and Should be Approved

77. I believe that the Debtor Release is appropriate under these circumstances and should be approved. Article X.C of the Plan contains the Debtor Release – the release of certain Causes of Action of the Debtors and the Estates against the Released Parties in exchange for good and valuable consideration and valuable compromises made by the Released Parties. Such consideration includes, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the implementation the Plan.

78. I believe that the Debtor Release is an essential component of the Plan and constitutes a sound exercise of the Debtors' business judgment given that the Plan represents a fully-integrated comprehensive liquidation of the Debtors' Assets, including the Litigation Trust Assets, and provides a potential recovery to Holders of General Unsecured Claims. It is also the result of extensive negotiations with the Prepetition Lenders, the DIP Lenders, and the Creditors' Committee. Accordingly, I believe that the Debtor Release represents a valid exercise of the Debtors' business judgment and should be approved.

(B) The Third-Party Release is Appropriate and Should be Approved

79. I understand that Article X.D contains the Third-Party Release, which provides for releases by the Releasing Parties of the Released Parties for liability relating to the Debtors or these Chapter 11 Cases. I further understand that the Plan and the solicitation procedures approved by the Solicitation Procedures Order provide creditors an opportunity to opt out of granting the Third-Party Release by checking the opt-out box on the applicable ballot or opt-out form and timely returning the Ballot or opt-out form to the Debtors' Claims and Noticing Agent.

80. I believe that the Releasing Parties have consented to the Third-Party Release, because the Releasing Parties (a) voted to accept the Plan; (b) are left unimpaired and deemed to

accept the Plan and did not opt out of granting the Third-Party Release; (c) rejected, were deemed to reject, or abstained from voting on the Plan, and did not opt out of granting the Third-Party Release; or (d) did not otherwise object to the Third-Party Release.

81. In this case, I believe that the Third-Party Release is clear and conspicuous, properly noticed, justified under the facts, and is consensual, given that the Debtors' solicitation materials, including the Ballots, provide clear and conspicuous notice of the process for opting out of the Third-Party Release and the deadline for objecting to such Third-Party Release.

ii. The Plan Exculpation Provision Should be Approved

82. I understand that Article X.E of the Plan provides that no Exculpated Party shall have or incur liability for, and each Exculpated Party is released and exculpated from, any Cause of Action or any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, the Plan Supplement, solicitation of votes on the Plan, the pursuit of confirmation, the pursuit of consummation or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place from the Petition Date through the Effective Date, except for Claims related to any act or omission that is determined by a final order by a court of competent jurisdiction to have constituted criminal conduct, actual fraud, willful misconduct, knowing violation of law, or gross negligence.

83. After review, I believe that each of the Exculpated Parties has participated in the Debtors' Chapter 11 Cases in good faith. I further believe that Exculpation is necessary to protect parties that have made substantial contributions to the Chapter 11 Cases from collateral attacks related to good faith acts or omissions related to the Chapter 11 Cases. Further, the scope of the exculpation provision is appropriately tailored to cover only actions on or after the Petition Date

in connection with these Chapter 11 Cases and will not affect any liability that arises from criminal conduct, actual fraud, gross negligence, willful misconduct, knowing violation of law, or gross negligence. Accordingly, I believe that the exculpation provided to the Exculpated Parties is appropriate and should be approved.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: August 4, 2025

/s/ Andrew D.J. Hede
Andrew D.J. Hede
Chief Restructuring Officer
AFH Air Pros, LLC, *et al.*