

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION
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In re:

CINEMEX USA REAL ESTATE
HOLDINGS, INC., CINEMEX
HOLDINGS USA, INC., and CB
THEATER EXPERIENCE LLC,

Chapter 11

Case No. 20-14695-LMI

(Jointly Administered)

Debtors.

**DECLARATION OF JOSE LEONARDO MARTÍ IN SUPPORT OF
MOTION FOR POST-PETITION FINANCING**

I, Jose Leonardo Martí, submit this declaration pursuant to 28 U.S.C. § 1746 in support of a motion for post-petition financing (“Supplemental Declaration”) by Cinemex USA Real Estate Holdings, Inc. (“Cinemex Real Estate”), Cinemex Holdings USA, Inc. (“Cinemex Holdings”), and CB Theater Experience LLC (“CB Theater” and, together with Cinemex Real Estate and Cinemex Holdings, “Debtors” or “Cinemex”). This supplements a declaration that I submitted in support of the Debtors’ petitions for voluntary bankruptcy under chapter 11 of title 11 of the United States Code (“Bankruptcy Code”) in this Court (“Chapter 11 Cases”) and various motions for “first day” relief (“First Day Motions”), dated May 1, 2020 (“Declaration”).¹ I state as follows:

I. BACKGROUND AND PURPOSE

1. I am the President of each of the Debtors and currently the Chief Development Officer (“CDO”) of Cinemex Holdings. From December 2017 until August 2019, I was also the CEO of Cinemex Holdings. I assumed the CDO position so that I could focus on

¹ See “Declaration Of Jose Leonardo Martí In Support Of Chapter 11 Petition And First Day Motions.” [ECF No. 47].

Cinemex's growth strategy, including through the acquisition of existing theaters or construction of brand new buildings to house our theaters.

2. On April 25, 2020, Cinemex Real Estate and Cinemex Holdings filed for bankruptcy under chapter 11 of the Bankruptcy Code in this Court. The next day, April 26, CB Theater also filed for Chapter 11 bankruptcy in this Court. I refer to the two petition dates (April 25 and April 26) as the "Petition Dates."

3. Cinemex intends to operate its business and manage its assets as a debtor-in-possession as defined under the Bankruptcy Code.

4. To minimize the adverse effects of the Chapter 11 Cases, Cinemex has prepared and filed, with the assistance of its bankruptcy counsel, a motion for post-petition financing ("Financing Motion"). Through this Financing Motion, Cinemex seeks authority from the Court to allow it to obtain financing necessary to comply with immediate obligations (such as paying for insurance premiums that will become due in the near term) that will enable it to continue operations during the initial phase of the Chapter 11 Cases. In particular, Cinemex seeks authority for financing from Grupo Cinemex S.A. de C.V. ("Grupo Cinemex"), its parent company.

5. I have reviewed the Financing Motion and confirm that the facts set forth therein are true and correct to the best of my knowledge, information and belief. Furthermore, to the best of my knowledge after reasonable inquiry, I believe that the relief sought in the Financing Motion: (i) is necessary to enable Cinemex to transition smoothly into Chapter 11 with minimal disruption; (ii) is critical to Cinemex's efforts to preserve its value and maximize creditor and stakeholder recoveries; and (iii) best serves Cinemex's estate and the interests of its employees, creditors and stakeholders. In addition, it is my belief that the relief sought in the Financing

Motion is tailored and necessary to achieve the goals of the Chapter 11 Cases. Lastly, I believe that this Court's approval of the relief requested in the First Day Motions is essential to avoid immediate and irreparable harm to Cinemex.

6. I am personally knowledgeable about, and familiar with, the business and financial affairs of Cinemex and am authorized to submit this Declaration on behalf of Cinemex. Except as otherwise indicated, the facts set forth in this Supplemental Declaration are based upon (i) my personal knowledge of Cinemex's business operations; (ii) my review of relevant Cinemex business records; and (iii) my review of other information provided to me or verified by other executives or employees of Cinemex under my direction and control. Unless otherwise indicated, the financial information contained in this Declaration is unaudited and, due to the exigent circumstances facing Cinemex and the urgent need to file the Chapter 11 Cases, certain of the information contained in this Declaration is subject to change. Notwithstanding, I am not aware of any information contained in this Declaration that is inaccurate. If called upon to testify, I would testify that the facts set forth in this Declaration are true and correct.

II. POST-PETITION FINANCING

7. Pursuant to the Financing Motion,² Cinemex seeks entry of an Interim Order, and subsequently a Final Order (as defined in the Motion), authorizing Cinemex to obtain post-petition financing from Grupo Cinemex to pay Cinemex's immediate obligations necessary to continue operations, as set forth in a budget attached as **Exhibit B** to the Motion ("Budget"). Among other things and as detailed in my Declaration, Cinemex must make payments to third parties to continue its operations on a going-forward basis, such as payments to insurance companies and utilities companies (which are essential to operating Cinemex's movie theaters

² See "Debtors' Emergency Motion (i) for Authorization to Obtain Post-Petition Unsecured Financing Pursuant to 11 U.S.C. §§ 105, 361, 362 and 364; and (ii) Scheduling a Final Hearing Under Bankruptcy Rule 4001."

across the country). In addition, Cinemex must pay taxes that may accrue during the bankruptcy as well as taxes that accrued before the Petition Dates but have not yet been paid, including importantly sales and use taxes owed to state and local tax authorities.

8. I understand that Grupo Cinemex would provide a loan not to exceed \$1,920,000 (“DIP Loan”) to cover Cinemex’s expenses during the forthcoming one-month period and would do so in its capacity as the debtor-in-possession lender. I believe that the terms of the DIP Loan are appropriate, reasonable and, in Cinemex’s business judgment, essential to enable it to continue operating during the initial weeks of the Chapter 11 Cases.

9. Grupo Cinemex is only charging interest at an annual rate equal to 5% and is not requiring any payments be made under the DIP Loan, whether for principal or interest, until the maturity date. In addition, Grupo Cinemex is not seeking to supersede any pre-petition secured creditor, but rather is seeking a super priority administrative expense claim in the Chapter 11 Cases. I understand that this means Grupo Cinemex will be repaid its loan to Cinemex but after certain other payments are first made, such as to the Court for expenses and to Cinemex’s external advisors, such as its lawyers.

10. Grupo Cinemex is advancing the DIP Loan solely to Cinemex as a means to support it in the immediate term until other sources of funds may become available either from new borrowing, resumed operations (which would lead to revenues from the sale of movie tickets and food and beverages) or a combination of the two.

11. Given the current economic situation, Cinemex is likely unable to obtain a loan on such an emergency basis to cover immediate needs from any other person or entity, whether on better or worse terms than the proposed DIP Loan from Grupo Cinemex.

12. As set forth in the Budget attached to the Financing Motion, Cinemex requires

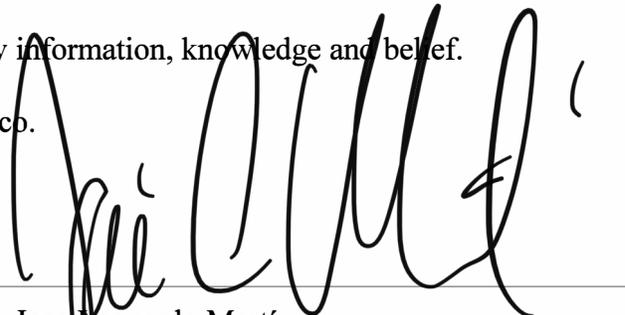
immediate access to the DIP Loan in order to continue its operations for the first 30 days as a debtor-in-possession as well as to comply with requirements of the Chapter 11 Cases, such as producing information to the Court and U.S. Trustee with the assistance and expertise of external advisors. Cinemex must have access to loan proceeds to pay its overhead costs such as utilities, tax obligations and make all other payments set forth in the Budget that are essential for the continued management, operation and preservation of its business and assets. The ability to satisfy these obligations when due is also essential to Cinemex's success in its reorganization efforts during the early phases of these Chapter 11 Cases.

13. In summary, I believe that the DIP Loan is necessary to avoid immediate and irreparable harm to Cinemex and its bankruptcy estate. In my business judgment, the DIP Loan represents the best possible opportunity for Cinemex to retain the chance to preserve going concern value. The funds provided by the DIP Loan are required to avert an immediate shutdown of Cinemex and to allow it to preserve the value of its assets, all of which is clearly in the best interests of its estate.

28 U.S.C. § 1746 Declaration

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my information, knowledge and belief.

Executed on May 5, 2020, in Mexico City, Mexico.

A large, stylized handwritten signature in black ink, appearing to read 'Jose Leonardo Martí', is written over a horizontal line.

Jose Leonardo Martí
President and Chief Development Officer,
Cinemex Holdings USA, Inc.; President,
Cinemex USA Real Estate Holdings, Inc.;
President, CB Theater Experience, LLC