

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

In re:

ALAMO DRAFTHOUSE CINEMAS
HOLDINGS, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 21-10474 (MFW)

(Jointly Administered)

Ref. Docket No. 80

**SUPPLEMENTAL DECLARATION
OF RUSSELL MASON IN SUPPORT OF THE APPLICATION
OF THE DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING RETENTION AND
EMPLOYMENT OF HOULIHAN LOKEY CAPITAL, INC AS INVESTMENT BANKER
TO THE DEBTORS EFFECTIVE AS OF THE PETITION DATE**

I, Russell Mason, declare as follows:

1. I am a Director in the Financial Restructuring Group at Houlihan Lokey Capital, Inc. (“**Houlihan Lokey**”), and am duly authorized to execute this supplemental declaration (the “**Supplemental Declaration**”) on behalf of Houlihan Lokey.

2. I am familiar with the matters set forth herein and, if called as a witness, I could and would testify thereto. Unless otherwise stated in this Supplemental Declaration, I have personal knowledge of the facts hereinafter set forth.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Alamo Drafthouse Cinemas Holdings, LLC (2205); Alamo Drafthouse Cinemas, LLC (5717); Alamo Vineland, LLC (1626); Alamo League Investments GP, LLC (1811); Alamo League Investments, Ltd. (7227); Alamo South Lamar GP, LLC (3632); Alamo South Lamar, LP (4563); Alamo Drafthouse Raleigh, LLC (5979); Alamo DH Anderson Lane, LLC (3642); Alamo Yonkers, LLC (4971); Alamo Mission, LLC (2284); Alamo Ritz, LLC (9465); Alamo Mueller, LLC (1221); Mondo Tees, LLC (6900); Alamo City Foundry, LLC (6092); Alamo Mainstreet, LLC (2052); Alamo City Point, LLC (3691); Alamo Liberty, LLC (5755); Alamo Satown, LLC (6197); Alamo Marketplace, LLC (7041); Alamo Stone Oak, LLC (8398); Alamo Westlakes, LLC (4931); Alamo Park North, LLC (1252); Alamo North SA, LLC (6623); Alamo Avenue B, LLC (8950); Alamo Slaughter Lane GP, LLC (6968); Alamo Slaughter Lane, Ltd. (5341); Alamo Cinema Group I GP, LLC (9537); Alamo Cinema Group I, LP (9656); Alamo Westminster, LLC (8906); Alamo Staten Island, LLC (7781); Alamo Aspen Grove, LLC (7786); Alamo Lakeline, LLC (5294); Alamo Sloans, LLC (9343). The location of the Debtors’ service address is: 3908 Avenue B, Austin, Texas 78751.

3. I am filing this Supplemental Declaration to supplement the Houlihan Lokey's disinterestedness disclosures that were included in my declaration, dated March 11, 2021 (the "**Mason Declaration**"),² which was attached to the *Application of the Debtors for Entry of an Order Authorizing Retention and Employment of Houlihan Lokey Capital, Inc. as Investment Banker to the Debtors Effective as of the Petition Date* [Docket No. 80] (the "**Houlihan Retention Application**"). This Supplemental Declaration is also submitted to comply with the applicable provisions of sections 327, 328(a), 504 of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and Local Rule 2014-1.

A. Houlihan Lokey's Disinterestedness

4. As of the Petition Date, the Debtors did not owe Houlihan Lokey for any fees or expenses incurred prior to the Petition Date. It is possible that certain expenses that were incurred by Houlihan Lokey that are reimbursable under the terms of the Engagement Agreement were not yet reflected on Houlihan Lokey's books and records as of the Petition Date. For the avoidance of doubt, Houlihan Lokey unequivocally waives any claim for such unreimbursed expenses from the prepetition period.

B. Organizational Structure

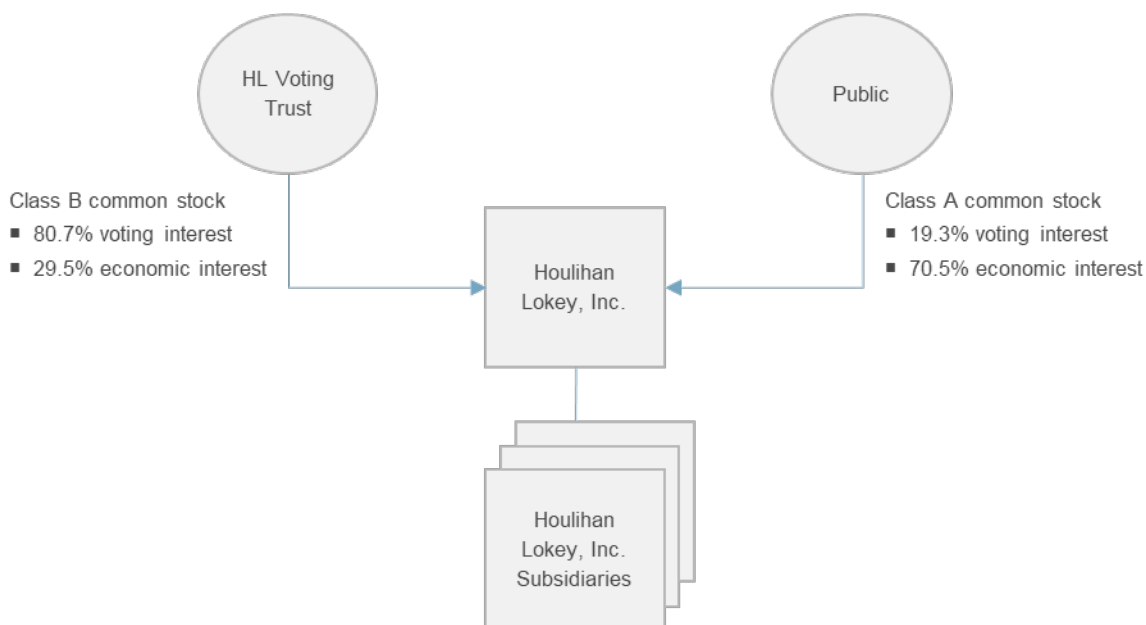
5. Houlihan Lokey, Inc. is a publicly traded holding company and a Delaware corporation that controls, and operates its business through, the following primary subsidiaries: (i) Houlihan Lokey (as defined above), a California corporation, a wholly owned direct subsidiary of Houlihan Lokey, Inc. and a registered as a broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and a member of Financial Industry Regulatory Authority, Inc.; (ii) Houlihan Lokey Financial Advisors, Inc., a California corporation and a wholly owned direct

² Capitalize terms used herein shall have the meaning ascribed to them in the Mason Declaration.

subsidiary of Houlihan Lokey, Inc.; (iii) HL Finance, LLC, a syndicated leveraged finance platform established to arrange senior secured leveraged loans for financial sponsor-backed, privately-held, and public corporate entities; and (iv) Houlihan Lokey EMEA, LLP, a limited liability partnership registered in England, an indirect subsidiary of Houlihan Lokey, Inc. and regulated by the Financial Conduct Authority in the United Kingdom.

6. HL Finance, LLC acts as an arranger on syndicated loan transactions and has entered into an agreement with HPS Investment Partners, an unaffiliated third party investor that may provide commitments with respect to certain syndicated loans arranged by HL Finance LLC unrelated to the Debtors or these cases. HL Finance, LLC has not performed work related to the Debtors or these cases.

7. The diagram below depicts Houlihan Lokey's current organizational structure and the percentages as of March 31, 2020:



8. The HL Voting Trust controls a majority of the voting power of Houlihan Lokey, Inc.'s outstanding common stock. As a result, Houlihan Lokey, Inc. is a "controlled company" under the rules of the New York Stock Exchange.

9. In connection with the corporate reorganization and the IPO in August 2015, Houlihan Lokey, Inc. entered into the Voting Trust Agreement (the “**HL Voting Trust Agreement**”) dated as of August 18, 2015 with the HL Holders (as defined in Houlihan Lokey’s latest Form 10-K) and the trustees of the HL Voting Trust. Pursuant to the HL Voting Trust Agreement, the trustees have the right to vote the shares of the common stock deposited by any HL Holder, together with any shares of Class B common stock acquired by such HL Holder, in their sole and absolute discretion on any matter, without fiduciary duties of any kind to the HL Holders. As of March 31, 2020, the HL Voting Trust controlled approximately 80.7% of the total voting power of the Company.

10. All employee-owned shares of Houlihan Lokey, Inc. are held within the HL Voting Trust and, as such, these employees are parties to the HL Voting Trust Agreement. This includes the following deal team members providing services to the Debtors in these cases: William H. Hardie III, Russell Mason, Jim Georgeadis.

11. Houlihan Lokey, Inc.’s subsidiaries market their services through product areas, industry groups and its financial sponsors group, serving clients in three primary business practices: Corporate Finance (“**CF**”) encompassing M&A and capital markets advisory; Financial Restructuring Group (“**FRG**”), including both out-of-court and formal bankruptcy or insolvency proceedings; and Financial and Valuation Advisory (“**FAS**”), which provides a variety of valuation and financial consulting services including services through Houlihan Lokey’s Portfolio Valuation and Fund Advisory Services Group (“**PV Group**”). In addition, Houlihan Lokey previously provided consulting services through its Strategic Consulting Group (“**SC**”); however, that group was wound down in Q1 2019 and has not been engaged since. Relationship checks were performed

on all engagements of these groups, including SC. The interested party list in connection with these groups is referenced in **Schedule 2** of the Mason Declaration.

12. The PV Group provides services to asset managers, special committees of the board, trustees, and audit committees. These services include, but are not limited to, derivatives valuation, risk management, fair valuation for financial reporting, fund manager valuation, fund opinions, LIBOR transition advisory, portfolio acquisition and divestiture services, regulatory compliance, structure products valuation advisory, and valuation governance. This work is unrelated to the Services that Houlihan Lokey intends to provide in these cases. Moreover, Houlihan Lokey, through the establishment of an “Information Wall” has separated its employees in the PV Group from the rest of the employees of Houlihan Lokey. This “Information Wall” includes physical and technological barriers, compliance mechanisms and policies and procedures designed to prevent confidential, non-public information and work product from being shared improperly.

13. Houlihan Lokey, Inc. does not have an investment arm or an asset management group, and it does not make investments for third parties or their employees.

14. Additional information on Houlihan Lokey, Inc. and its subsidiaries and services is available through Houlihan Lokey, Inc.’s latest Form 10-K.

C. Connections Check

15. Houlihan Lokey has access to an internal computer database (the “**Database**”) that contains information about actual client engagements and potential engagement activity of the entities within Houlihan Lokey’s current organizational structure. The Database also includes the names of other parties that the professionals on the relevant engagement team have identified as also being involved in each engagement (e.g., adverse parties and co-clients). Thus, the Database indicates whether any Debtor entity is involved in an engagement by Houlihan Lokey or its

affiliates, in which a party in interest is a client.³ Accordingly, Houlihan Lokey, Inc., its subsidiaries and its affiliates, including the PV Group, each were searched when performing our relationships check with parties in interest listed on **Schedule 1** to the Mason Declaration.

16. All connections disclosed on **Schedule 2** in the Mason Declaration are unrelated to the Debtors and their Chapter 11 Cases.

17. Notwithstanding paragraph 18 of the Mason Declaration, Houlihan Lokey did not omit any connections that should be listed in **Schedule 2** on account of industry-wide confidentiality standards governing non-public information.

18. Houlihan Lokey's PV Group provides asset management services to an affiliate of Fortress Credit Corp. along with other entities listed in **Schedule 2**. These asset management services are unrelated to the Debtors or their Chapter 11 Cases.

19. Houlihan Lokey does not allocate revenue at the party level in situations where there are multiple clients in a single engagement. However, based on engagements where parties in **Schedule 2** in the Mason Declaration are included as clients, none were part of engagements which, in aggregate, exceeded 1% of Houlihan Lokey's aggregated revenues for fiscal years 2020 and 2021.

20. Neither Houlihan Lokey, Inc. nor its subsidiaries own debt or equity securities of any of the Debtors.

³ The information in the Database is populated by the professionals who are providing services under each engagement. Therefore, the information in the Database may not be 100% correct with respect to all engagements, as human errors may occur.

Based upon the foregoing, pursuant to 28 U.S.C. § 1746, I declare under penalties of perjury that the foregoing is true and correct.

Executed on this 25th day of March 2021.

/s/ Russell Mason
Russell Mason
Director
Houlihan Lokey Capital, Inc.