PHOTO BY THOMAS WASPER

Marquee Development: The Five Star complex on Maryland Avenue, where Mann Theatres had operated a multiplex.

Screen Glory?

ENTERTAINMENT: A premium theater set to open this spring could help revive Glendale's aging Exchange redevelopment project.

By ELLIOT GOLAN *Staff Reporter*

The Exchange in Glendale, with its red-brick streets and luxurious Canary Island Date Palms, was one of the city's first major retail and entertainment projects outside of its Galleria mall.

The city kicked $9.6 million of redevelopment funds into the privately developed Maryland Avenue complex in the late 1980s as it sought to make itself known for more than its downtown high rises and huge mall.

But the Exchange never really lived up to the lofty expectations – and it's only gotten worse. Over the last several years, restaurants have closed and in 2011 the 10-screen Mann Theatres closed as well as that chain went bankrupt.

Now, there is renewed hope – and it's based on move tickets that cost $20.

In October, **Mgn Five Star Cinema LLC** began remodeling the former Mann space and that of a closed nearby restaurant – 60,000 square feet in all – to make room for the newest entrant into the greater San Fernando Valley's luxury theater market.

Viewers will have a chance to watch the blockbusters of summer in posh reclining chairs and order food directly to their seats. Access to a full bar will also be available.

"This will bring a lot of attention to the city," said project architect **Aram Alajajian**, a principal of **Alajajian Marcoosi Architects** in Glendale. "It's going to energize the commercial corridor."

Glendale is fully behind the project, with the City Council giving final entitlements to the theaters in May of last year.

Hassan Haghani, director of community development, said when Five Star approached the city to request approval, it was an easy decision. The city viewed the theaters as a way to logically extend the growing shopping and entertainment district that has developed south of the Exchange, where the Glendale Marketplace and the Americana at Brand are.

The Americana currently hosts an 18-screen **Pacific Theatres** and the Marketplace has a 4-screen **Galaxy Theatres** but neither offers the upscale experience Five Star is promising. The idea is that the luxury theaters will become a destination in themselves.

"For us, it's the right investment in the city," he said. "We want to create a district in Glendale that could attract nighttime entertainment users from within the city and outside it."

Glendale is not breaking ground with the addition of a luxury theatre. Other theatres, such the **Muvico Entertainment LLC** theater in Thousand Oaks and the **iPic Theatres** in Old Town Pasadena, offer similar amenities for a similar price and have done well.

The iPic theater offers patrons a full menu that includes everything from Skittles to Peppercorn Crusted Beef Satays and truffle fries, as well as access to a lounge for custom cocktails. Tickets for an iPic show are $27 and include a fully reclining seat with a blanket, pillow, popcorn and access to the beverage and dining service.

Untested market

But it remains to be seen whether Five Star cinema can attain similar success in Glendale, despite the hordes of shoppers who are attracted to the Galleria and American at Brand malls.

Marty Shindler, chief executive of the **Shindler Perspective Inc.**, a film industry consultancy in Encino, notes that all such theaters are swimming against a demographic tide.

"There are some people with money in Glendale. They may have an opportunity to do okay," he said. "But older crowds would be the ones to pay for this experience. The majority of moviegoers are in their teens and twenties."

Another potential question mark is the company's familiarity with the American market.

Five Star is a subsidiary of **Mgn Films Inc.**, a film distribution company based in Glendale that runs 120 screens in Russia and England. The Exchange will be the company's first domestic theater, said **Greg Astorian**, senior vice-president of commercial properties at **RE/MAX Tri-City**, who brokered the lease Mgn signed with the building's owner.

Haghani said the city is not concerned with the company's newcomer status. "It's a risk that they're taking," he said. "It meets our requirements and fits in perfectly."

Five Star is retaining the 10 screens but installing just 508 recliners in place of the 2,500 traditional seats Mann operated. The adjoining restaurant space will be converted into a lounge bar and eating area.

Other renovations include a new glass atrium lobby, a steel and glass canopy over the courtyard and a fountain in the courtyard outside the theater. But that doesn't change the Exchange itself.

The theater site is flanked by a tuxedo shop and a vacancy formerly occupied by a Tony Roma's restaurant. Across the street there is a home décor retailer side and clothing boutique.

Judi Kendall, chief executive of the Glendale Chamber of Commerce, said the theater is just a star for reviving the Exchange, but she agreed it needs more attractions.

"There needs to be more businesses open at night," she said.

THQ Likely to Exit 100,000-Square-Foot Offices

VIDEO GAMES: Liquidation of Agoura Hills company puts headquarters in limbo.

By MARK R. MADLER *Staff Reporter*

The liquidation of video game maker **THQ Inc.** will likely put onto the market a 100,000-square-foot building in Agoura Hills that had been the company's headquarters for seven years.

THQ, once one of the top U.S. video game publishers, filed for voluntary Chapter 11 bankruptcy protection in December. Most of its assets were auctioned off for $72 million on Jan. 22.

For now, a few THQ staff members remain at the 29903 Agoura Road offices as the company completes the sale of many game titles and development studios.

The company has been leasing a 103,394-square-foot building owned by **Realty Bancorp Equities**, a Woodland Hills developer and manager of office, retail and industrial properties in Los Angeles County and the Inland Empire.

Attempts to reach **Norman Kravetz**, principal owner and managing member of Realty Bancorp, were not successful.

In a Jan. 23 memo to THQ employees, former Chief Executive **Brian Farrell** and former President **Jason Rubin** said there were sufficient resources to pay for employees remaining at the corporate headquarters. The memo did not state how long those workers would remain employed.

"We are requesting the ability to offer certain severance pay to minimize disruption for employees of non-included entities as they determine the next steps in their careers," Farrell and Rubin said in their memo.

The day before, THQ auctioned off three game studios; its top-selling game titles, including "Saints Row" and "Homefront"; and games that had been in development, including the anticipated "South Park: The Stick of Truth." Buyers included U.S. and European video game companies.

Assets not included in the auction were the THQ publishing business and Vigil Games, an Austin, Texas-based studio behind the "Darksiders" and "Darksiders II" games released by THQ. Those assets could be acquired by other buyers.

THQ's steep fall from strong competitor to video game giants **Activision Blizzard Inc.** of Santa Monica and **Electronic Arts Inc.** of Redwood City to bankruptcy was a combination of changes in the industry and poor decisions on the part of THQ management, according to industry analysts.

"They were trying to reimagine themselves as a hardcore gaming company, but they could not string enough games together to make a profit," said **Michael Pachter**, who follows the video game industry for **Wedbush Securities**, a Los Angeles financial services firm.

The downfall accelerated following a poor 2011 holiday sales season for its uDraw tablet and software for the Xbox 360 and PlayStation 3 consoles, Pachter said.

Within months, THQ cut staff, exited the licensed children's console game business and risked delisting on the Nasdaq exchange. In June, the company reverse split its stock to get the share price up, a tactic that worked only in the short term. In a five-year period, THQ went from having $400 million in cash to piling up more than $100 million in debt.