

Regal Cinemas: The Grand 14 Esplanade Theatre

1401 W Esplanade Ave, Kenner, LA 70065



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



Table of Contents

Financial Overview

- Investment Highlights & Overview
- Lease Summary
- Concept Overview

Location Overview

- Location Highlights
- Location Overview
- Surrounding Aerial Map
- Property Photos
- Surrounding Area Photos

Demographics

- Population
- Income
- Employment

1401 W Esplanade Ave, Kenner, LA 70065

PRICE: \$5,992,625 | 8.00% CAP | RENT: \$479,410**PROPERTY DESCRIPTION**

Property	Regal Cinemas: The Grand 14 Esplanade Theatre
Property Address	1401 W Esplanade Ave
City, State, ZIP	Kenner, LA 70065
Building Size (SF)	49,135
Lot Size (Acres)	+/- 1.89

THE OFFERING

Net Operating Income (NOI)	\$479,410
CAP Rate	8.00%
Purchase Price	\$5,992,625

LEASE SUMMARY

Property Type	Net-Leased Movie Theater
Lease Term	20 Years
Rent Commencement	July 14, 2013
Lease Expiration	June 30, 2033
Lease Term Remaining	15 Years
Lease Type	NNN Lease
Roof & Structure	Tenant Responsible
Rental Increases	10% Every Five Years
Options to Renew	Seven, Five-Year Renewal Options
Rental Increases in Options	10% Every Five Years

HIGHLIGHTS

- Has a 20-Year Triple-Net (NNN) Lease with Zero Landlord Responsibilities | 15 Years Remaining
- Strong Performing Movie Theatre with Sales Per Screen Above the Regal Cinemas Systemwide Average
- State-of-the Art Multiplex Stadium-Seating Movie Theatre | 14 Screens | Features Include Wall to Wall and 3D Screens with Cutting Edge Audio and Video Capabilities
- Lack of Competition | The Grand 14 Esplanade Theatre is the Only Theatre Serving the Kenner, LA Market
- Minutes from the Louis Armstrong New Orleans Int'l Airport
- New Airport Terminal Under Construction | 2019 Construction Completion | One Million Square Foot Terminal | \$1 Billion Construction Cost
- Attractive Rental Increases | Strong Inflation Hedge | 10 Percent Every Five Years



INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Regal Cinemas: The Grand 14 Esplanade Theatre located in Kenner, LA. The property was constructed in 2013 as a 14-screen state of the art facility featuring stadium seating with high-backed rockers, a birthday room and a full-service concession stand and bar. The theatre features wall to wall and 3D screens with cutting edge audio and video capabilities. It is a strong performing location with sales per screen well above the Regal Cinemas systemwide average. The property consists of approximately 49,135 rentable square feet and is situated on a 1.89 acre lot adjacent to The Esplanade Mall.

The property is subject to a ground lease which commenced on 7/14/2013 and has 15 years of lease term remaining. The base annual rent is \$479,410 and the lease calls for 10 percent rental increases every five years that continue through the seven, five-year tenant renewal options.



ANNUALIZED OPERATING DATA

Current Annual Rent	\$479,410
Base Term Rental Increases	10% Every Five Years

RENT SCHEDULE

Lease Year	Lease Year Start	Lease Year End	Annual Rent	Monthly Rent
6	7/14/2018	7/13/2019	\$479,410	\$39,951
7	7/14/2019	7/13/2020	\$479,410	\$39,951
8	7/14/2020	7/13/2021	\$479,410	\$39,951
9	7/14/2021	7/13/2022	\$479,410	\$39,951
10	7/14/2022	7/13/2023	\$479,410	\$39,951
11	7/14/2023	7/13/2024	\$527,351	\$43,946
12	7/14/2024	7/13/2025	\$527,351	\$43,946
13	7/14/2025	7/13/2026	\$527,351	\$43,946
14	7/14/2026	7/13/2027	\$527,351	\$43,946
15	7/14/2027	7/13/2028	\$527,351	\$43,946
16	7/14/2028	7/13/2029	\$580,086	\$48,341
17	7/14/2029	7/13/2030	\$580,086	\$48,341
18	7/14/2030	7/13/2031	\$580,086	\$48,341
19	7/14/2031	7/13/2032	\$580,086	\$48,341
20	7/14/2032	7/13/2033	\$580,086	\$48,341

Base Annual Rent	\$479,410
CAP Rate	8.00%
Purchase Price	\$5,992,625



ABOUT REGAL CINEMAS

Regal Entertainment Group (REG) is an American movie theater chain headquartered in unincorporated Halls Crossroads, just north of Knoxville, Tennessee. Regal operates the second-largest theater circuit in the United States, with over 7,307 screens in 564 theaters as of June 2016. The three main theatre brands operated by Regal Entertainment Group are Regal Cinemas, Edwards Theatres, and United Artists Theatres.

These chains retain their exterior signage, but most indoor branding (popcorn bags, policy trailers) uses the Regal Entertainment Group name and logo. Where applicable, the REG logo is used alongside the three individual brands. Most new cinema construction uses the Regal Cinemas name, although Regal has built new Edwards locations in California and Idaho. Regal has acquired several smaller chains since this merger; these, however, have been rebranded as Regal Cinemas.

In 2017, REG had purchased Wichita, Kansas based Warren Theatres

On December 5, 2017, it was officially announced that the UK theater chain Cineworld would acquire Regal for \$3.6 billion. On February 27th, 2018, the acquisition of Regal by Cineworld was completed, making it the second largest cinema exhibitor behind AMC.



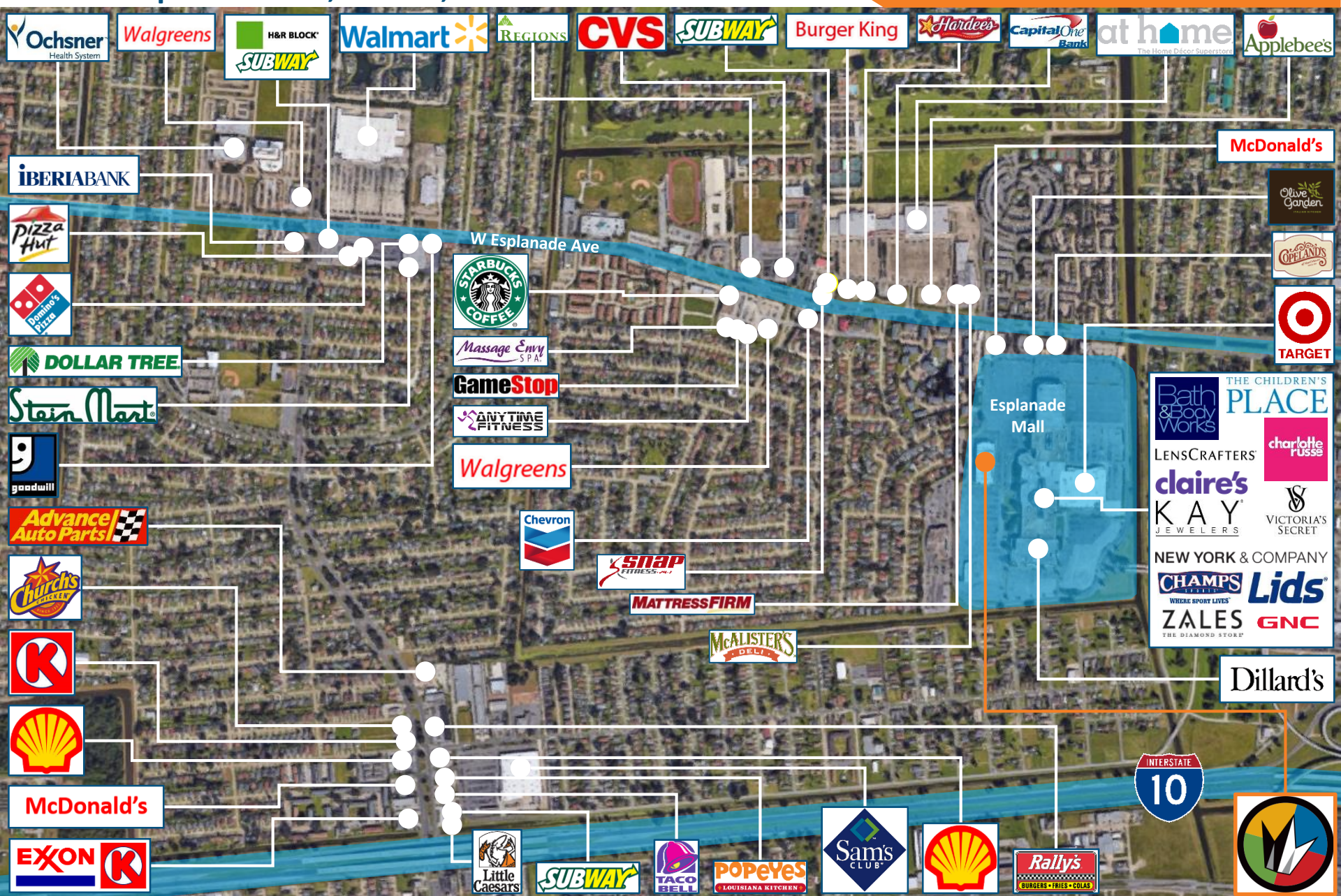
Cineworld's \$3.6B Acquisition Of Regal Cinemas Approved By Shareholders

February 2nd, 2018: Cineworld shareholders have approved the UK exhibition chain's \$3.6B deal to acquire Regal Cinemas, the circuit controlled by Philip Anschutz. The mega-merger will create the world's second largest cinema group after AMC, operating in 10 countries with 9,542 screens across the U.S. and Europe. Cineworld, which is part owned by Israel's Greidinger family, announced that 87% of shareholders approved the deal, which is now expected to close next month.

The move came after Regal's "go shop period," which allowed the theater chain to actively solicit and evaluate competing offers, although despite suggestions that another prospective buyer could come in with a spoiler bid, this did not materialise. The exhibition sector is under some pressure due to ongoing stress on the traditional movie model, and consolidation has been seen as the order of the day. Cineworld operates 2,217 screens across 232 sites in the UK, Ireland, Poland, the Czech Republic, Slovakia, Hungary, Bulgaria, Romania and Israel. Regal operates 7,315 screens in 561 theaters in 43 U.S. states along with Guam, Saipan, American Samoa and the District of Columbia. Each company has a market capitalization in the range of \$2.5B-\$3B.

Cineworld Chairman Anthony Bloom said: "As will be seen from the proxy votes, there was very strong support from Shareholders for the Acquisition. The Board would like to express its appreciation to Shareholders for this support, and to reiterate its confidence in this important development in the company's history."













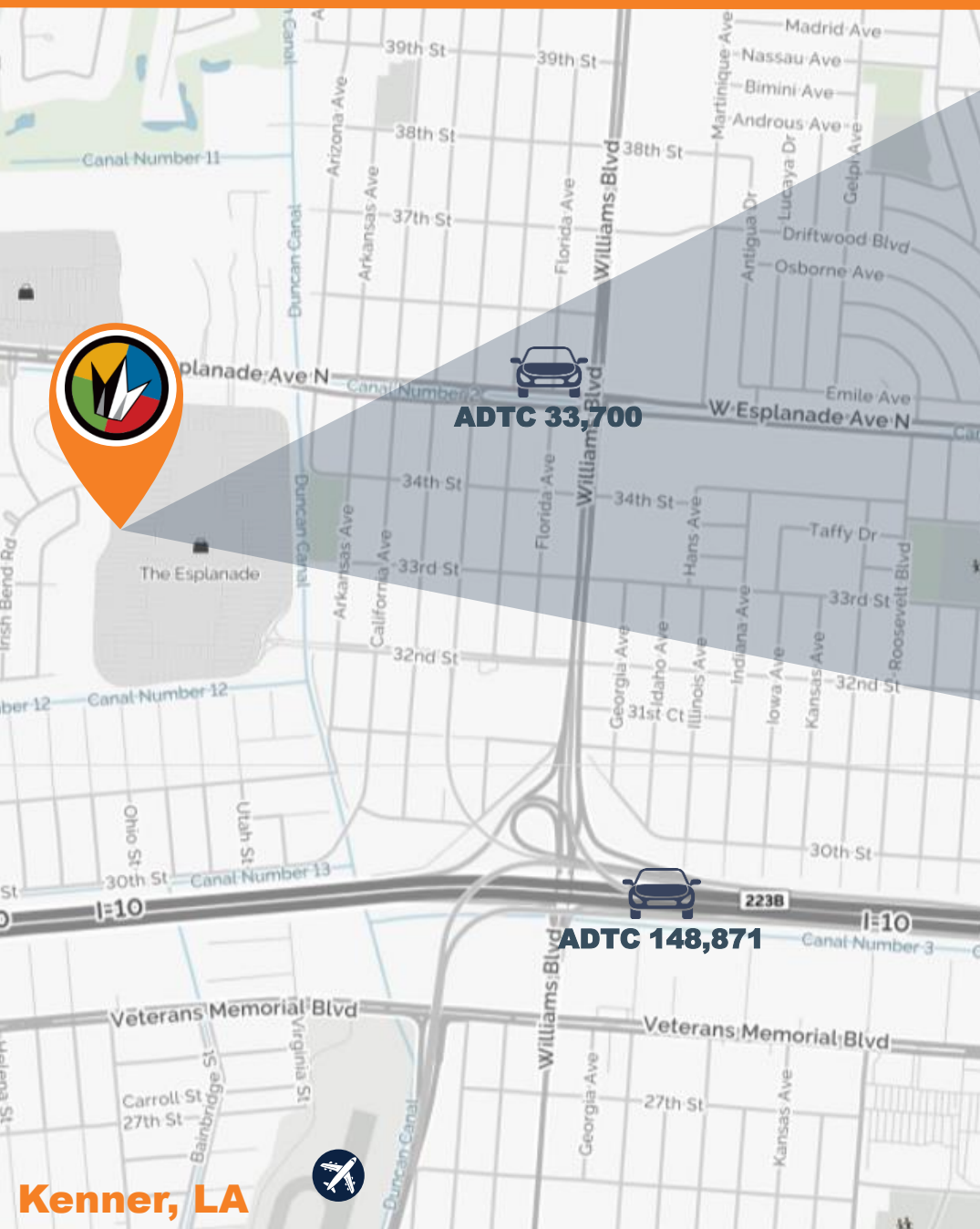
HIGHLIGHTS

- Located within the New Orleans Metro | New Orleans is the Largest City in the State of Louisiana
- Only Movie Theatre Serving the Kenner, LA Market
- Adjacent to The Esplanade Mall | ~915,000 SF Super Regional Mall | Anchor Tenants Include Dillard's and Target As Well As Many Other National and Regional Retailers
- The Mall is Located in a Prime Retail Corridor with Direct Access off of West Esplanade Avenue, a Major Arterial Roadway, and Indirect Access to Interstate 10, the Primary Interstate Servicing New Orleans
- Strategic Location | Louis Armstrong New Orleans International Airport Less than Four Miles Away | Excellent Intermodal Transportation Network Consisting of the Federal Interstate System, Major Highways and Class I Railroads
- Continued Investment in the Area | Newly Constructed Adjacent Multi-Family Development | \$1B Expansion of the Louis Armstrong New Orleans International Airport
- Robust Demographics | 173,792 People Residing within a Five Mile Radius with Average household Income of \$73,400

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Ochsner Medical Center	9,009
Avondale Industries NY Inc	5,400
US Security Associates Inc	5,007
Ochsner Health System	4,800
Louisiana Childrens Med Ctr	4,061
Huntington Ingalls Inc	4,006
EJGH	3,428
Ochsner Clinic	3,071
Alton Ochsner Med Foundation	3,000
U S Army Corps of Engineers	2,940
TULANE UNIVERSITY	2,500
Entergy Louisiana LLC	1,696

* Based on a 10-mile radius



ADTC 33,700

ADTC 148,871

Kenner, LA



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap 20331574

This Grand 14 Cinema property is located at 1401 W Esplanade Ave, Kenner, LA. The City of Kenner is located in the northwestern part of Jefferson Parish, Louisiana, approximately 10 miles west of New Orleans and 70 miles east of Baton Rouge. Kenner is the sixth largest city in the state of Louisiana and is located within the “Eastbank”, which refers to all portions of metropolitan New Orleans south of Lake Pontchartrain and situated on the Eastern Bank of the Mississippi River.

Surrounding Retail and Points of Interest

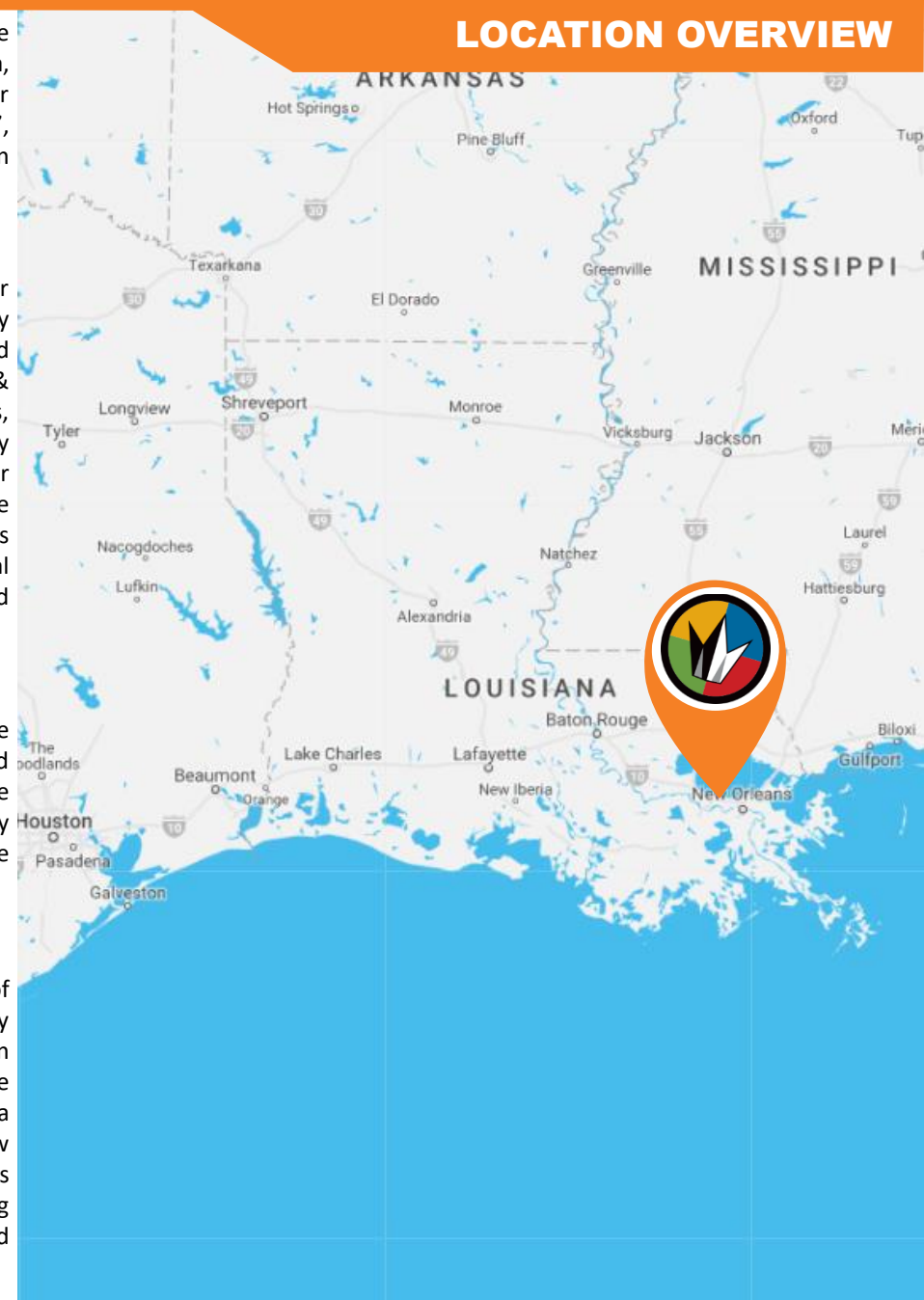
The subject property sits adjacent to The Esplanade Mall, a two-story enclosed super regional mall anchored by Dillard’s and Target. The Mall comprises approximately 915,000 square feet of rentable space and features over 80 shopping and entertainment options as well as delectable dining. Other major tenants include Bath & Body Works, Champs Sports, Charlotte Russe, GNC, Image, Journeys, LensCrafters, Torrid, Victoria’s Secret and many more. Directly west of the mall will be The Gateway at Esplanade, a 265-unit luxury apartment complex that was granted approval for construction by the city in 2015. Additionally, the subject property and Mall are strategically located in a prime location with the Louis Armstrong New Orleans International Airport less than four miles away and an excellent intermodal transportation network consisting of the federal interstate system, major highways and Class I railroads.

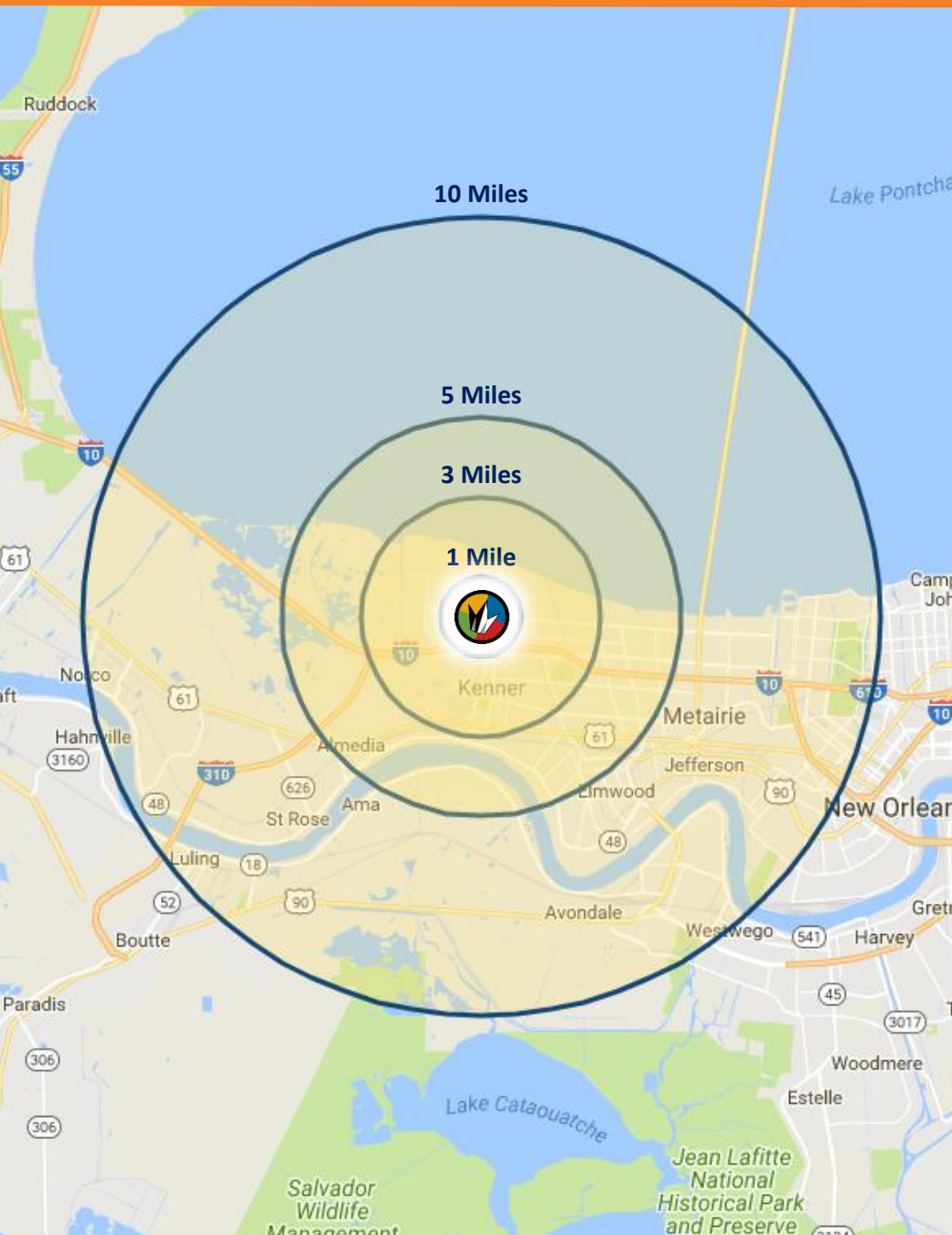
Traffic Counts and Demographics

There are approximately 101,062 individuals residing within a three-mile radius of the property and 173,792 individuals within a five-mile radius. This property is located within The Esplanade Mall which benefits from its direct access from West Esplanade Avenue, a major arterial roadway, and indirect access to Interstate 10, the primary interstate servicing New Orleans. West Esplanade Avenue and Interstate 10 experience average daily traffic counts of 33,700 and 148,871 vehicles respectively.

New Orleans, LA

Situated on the bend of the Mississippi River, New Orleans has been the chief city of Louisiana and the Gulf of Mexico’s busiest northern port since the early 1700s. The city has grown as a tourist destination, with hundreds of thousands of annual visitors drawn to its Mardi Gras Festivities, live music and history enriched culinary cuisine. The Greater New Orleans Area is home to several leading universities such as Loyola University, Southeastern Louisiana University, Tulane University, University of New Orleans and a campus of Louisiana State University. The last decade in New Orleans brought a rush of money, construction, tourists and second-lines, expats returning home, young people flowing in, billions in real estate deals, a budding tech industry and booming restaurant scene - even a newly popular nickname: NOLA.





POPULATION

	1 Mile	3 Miles	5 Miles	10 Miles
2022 Projection	17,936	99,953	172,107	391,955
2017 Estimate	17,926	101,062	173,792	395,312
2010 Census	17,360	99,400	170,831	379,656
2000 Census	19,041	104,780	178,914	411,264

INCOME

Average	\$63,627	\$73,274	\$73,400	\$77,467
Median	\$43,835	\$52,057	\$51,470	\$50,244
Per Capita	\$23,396	\$27,767	\$29,078	\$31,756

HOUSEHOLDS

2022 Projection	6,639	38,190	68,692	161,114
2017 Estimate	6,580	38,215	68,734	161,003
2010 Census	6,393	37,723	67,902	155,587
2000 Census	7,038	38,880	70,411	166,643

HOUSING

2017	\$162,138	\$182,912	\$189,853	\$204,635
------	-----------	-----------	-----------	-----------

EMPLOYMENT

2017 Daytime Population	15,173	76,884	157,870	402,603
2017 Unemployment	5.50%	5.07%	4.91%	4.96%
2017 Median Time Traveled	26 Mins	26 Mins	26 Mins	25 Mins

RACE & ETHNICITY

White	56.34%	66.80%	68.57%	68.17%
Native American	0.01%	0.04%	0.04%	0.04%
African American	26.18%	19.11%	18.71%	21.87%
Asian/Pacific Islander	3.91%	3.86%	3.68%	3.02%



Chris Shaheen
LA Broker of Record
Marcus & Millichap
10527 Kentshire Ct., Suite B
Baton Rouge, LA 70810
Tel: 901-620-3600
License: BROK.0095692662-ACT



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap