

## Kimpton Unveils Big Expansion

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Kimpton Hotels Closes \$157 Million Fund and Launches Kimpton Hospitality Partners, L.P.; KHP Fund to Expand Kimpton's Hotel Portfolio, While Providing Superior Returns to Investors

Kimpton Group Holding, LLC, the parent company of Kimpton Hotel & Restaurant Group, LLC, ("Kimpton") the leader in the boutique hotel segment, today announced the launch of Kimpton Hospitality Partners, L.P. ("KHP Fund"), a limited partnership formed to acquire, develop and redevelop boutique/lifestyle hotel properties in select major U.S. metropolitan cities and resort areas across the country. The KHP Fund seeks to acquire over \$450 million of hotel properties over the next two years.

With the KHP Fund, Kimpton becomes the first branded hotel company with an institutionally funded, fully discretionary, dedicated fund for the acquisition and development of hotel and mixed-use (hospitality-retail-residential) properties. According to Kimpton Real Estate CEO, Mike Depatie, "Our new fund along with the acquisition line of credit we just arranged with Bank of America, gives us the unparalleled ability to close quickly on projects we determine meet our acquisition criteria. In addition to controlling our capital source, we make all the brand, management and development decisions, meaning less time is spent on getting input or approval from third parties to enter into a transaction."

The KHP Fund will utilize a multi-pronged strategy for investments:

Acquire existing hotels in desirable locations where the property is underutilized and where opportunities exist to reposition as a Kimpton hotel;

Acquire non-hotel buildings that can be converted to Kimpton hotel properties;

Acquire or develop Kimpton hotels within mixed-use developments;

Acquire boutique hotels in good physical condition and in need of some redevelopment or repositioning.

"The timing is ripe for investment in the hotel sector," said Depatie. "Many hotels are still under-performing due to the severity of the recent economic downturn, lack of capital or ineffective management. Most industry experts are predicting a further rebound in the hospitality sector, estimating room revenue growth to increase by more than seven percent this year and more than six percent in 2006."

The KHP Fund will play a critical role in Kimpton's future plans for growth, which include additions to the company's existing 39 properties, 25 percent of which are adaptive re-use projects. Primary target urban and resort markets for acquisitions include New York, Boston, Washington D.C., Miami and other South Florida cities, Los Angeles, Napa Valley, San Diego, Seattle, and Chicago.

Steering the course of Kimpton's future development is a recently formed team of top real estate executives led by Mike Depatie and Joe Long, EVP Acquisitions and Development. Long, who formerly served as head of North American development for Starwood Hotels & Resorts Worldwide, Inc., joined Kimpton in 2003. Long has a team of professionals, including Vice Presidents Troy Furbay and Afzal Hemani, who are responsible for sourcing and negotiating acquisitions. Furbay is responsible for the eastern half of the U.S., while Hemani handles the western regions.

"The KHP Fund, coupled with our experienced real estate team, will enable us to double the number of Kimpton-owned and managed properties and further expand the Kimpton brand across North America over the next seven years," explained Joe Long. "As Kimpton's brand recognition continues to strengthen, we have an extraordinary opportunity to capitalize on the growing popularity of the boutique/lifestyle niche and take the company into a new phase of growth."

Kimpton has a 24-year history of acquiring, managing and converting under-performing hotels and buildings to profitable Kimpton-branded hotels. Kimpton and its affiliates formed 11 syndicated partnerships to invest in 13 Kimpton hotels between 1981 and 1995. Kimpton formed the Kimpton Development Opportunity Fund in 1997, with an affiliate of Crow Holdings serving as the lead investor, which invested in nine Kimpton hotels.

Kimpton is the largest operator of boutique hotels with 39 properties in 17 cities across the U.S. and is continuing on a path of rapid expansion, based on the continued success of its existing brands. Kimpton's largest sub-brand, Hotel Monaco, is known for its genuine service and luxurious and whimsical urban design set in architecturally or historically significant buildings. Kimpton is also expanding another of its popular sub-brands, Hotel Palomar, with new properties scheduled to open in Dallas, Texas and Arlington, Virginia, next year, and plans for additional properties to come.

Kimpton will also continue to look for development opportunities to bring unique stand-alone properties to the market, such as the 70 park avenue hotel, which made Conde Nast Traveler's "2005 Hot List" as one of the top new hotels in the world, and the Hotel Solamar, which opened in San Diego this spring. The KHP Fund will further enable the company to build on its growing brand strength, capturing a bigger piece of the market in the lifestyle/boutique segment while providing attractive hotel investment opportunities for its investors.

About Kimpton Hotels | San Francisco-based Kimpton Hotels & Restaurants is a unique collection of boutique hotels coupled with chef-driven, high-profile restaurants. Founded in 1981, all Kimpton Hotels are thoughtfully appointed and managed to help guests maintain and enrich their lifestyles on the road, in addition to being individually designed to reflect the energy, personality, and pulse of its distinct location, history, and architectural style. Featuring highly personalized guest services, comforting in-room amenities, and one-of-a-kind specialty rooms and suites, Kimpton Hotels provide travelers with welcoming atmospheres that embrace its signature elements of care, comfort, style, flavor, and fun. Kimpton takes pride in its social responsibility, supporting select like-minded partners and is a hospitality industry leader in ecological practices. Kimpton currently operates 39 boutique hotels with restaurants throughout the United States and Canada. This includes the recently opened Onyx Hotel in Boston, 70 Park Avenue in New York City, and the Hotel Solamar in San Diego. Palomar hotels are currently under development in Dallas and Arlington, Virginia, and additional projects are underway in South Beach and the Washington D.C. area.

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