

## Kimpton Closes \$246 Million Third Hotel Acquisition Fund

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Proprietary, Discretionary Fund Will Add \$800+ Million Worth of Hotels in Three Years

Kimpton Group Holding, LLC, the parent company of Kimpton Hotels & Restaurants, the largest player in the boutique/lifestyle hotel segment, has closed its third institutional real estate fund and its follow up fund to Kimpton Hospitality Partners, L.P. ('KHP Fund'). With the close of this second KHP Fund ('KHP Fund II, LP'), Kimpton has raised \$246 million - 50 percent more than the amount raised in the first KHP Fund three years ago - with the goal of acquiring more than \$800 million worth of hotels over the next three years.

The first KHP Fund closed in 2005 and now has an ownership interest in 13 Kimpton properties. Kimpton's first institutional fund, the \$122 million Kimpton Development Opportunity Fund ('KDOF'), was raised in 1997 and acquired nine properties. All but two of those have now been sold. Similar to KDOF, the KHP Funds have been raised to acquire, develop and redevelop boutique/lifestyle hotel properties in select major U.S. metropolitan cities and resort areas across the country. Already acquired and under development in KHP II are the Architects Building in Philadelphia, being redeveloped as Hotel Palomar Philadelphia, which began construction in February for a planned 2009 opening and a new-build Hotel Palomar in Chicago.

Kimpton is the only branded boutique hotel company with institutionally funded, fully discretionary, dedicated funds for the acquisition and development of boutique hotels. According to Kimpton CEO, Michael Depatie, 'Our ability to raise money at this time of tightening credit within the real estate capital markets shows the increasing popularity of Kimpton style hotels and the strength of our business model.'

Similar to the first fund, KHP Fund II will utilize a multi-pronged strategy for investments:

- Acquire non-hotel buildings that can be converted to Kimpton hotel properties (i.e., 'adaptive reuse' projects such as Hotel Palomar Philadelphia, formerly the Architects Building, an historic office structure dating from 1929),
- Acquire existing hotels that either fit the Kimpton model, such as KHP's acquisition of Boston's Nine Zero Hotel or properties that are underutilized and where opportunities exist to reposition as a Kimpton hotel, such as the former Radisson Hotel in Washington, D.C. which was converted to a Hotel Palomar,
- Build new boutique hotels in targeted urban and resort areas in North America.

Kimpton has a 27-year history of acquiring, managing and converting underperforming 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.

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