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Kimpton to Invest Recently Closed Fund in Fourth Chicago Hotel

New Hotel Palomar Chicago Sign of Confidence in City by Boutique Hotelier

SAN FRANCISCO (May 28, 2008) – Kimpton Hospitality Partners II, which recently closed a \$246 million equity fund, announced this week it will invest in the development of a new Hotel Palomar Chicago, the fourth hotel for Kimpton in Chicago. The newly constructed, full-service hotel, being developed in a partnership with The John Buck Company, will be the eleventh Hotel Palomar in the Kimpton collection of boutique hotels.

Scheduled to open in the fall of 2009, the 35-story, mixed-use tower will be located at 505 North State Street in Chicago's North Bridge district, two blocks west of the "Magnificent Mile" area of North Michigan Avenue. Above the hotel will be approximately 121 luxury corporate housing units operated by Bridgestreet Corporate Housing.

"Chicago has been such a great market for us since opening our first property there—Hotel Allegro—in 1998," said Kimpton CEO and President Michael Depatie. "Choosing to invest a part of our own discretionary fund here is a testament to this city which has proved to be a great market base for our product."

North America's largest and most established player in the boutique hotel segment, Kimpton already operates three other properties in Chicago including Hotel Monaco, Hotel Burnham and Hotel Allegro, which is currently undergoing a multimillion dollar makeover. Kimpton manages a total of 43 boutique hotels in the United States and Canada, with another 18 under development and scheduled to open in the next three years.

Hotel Palomar Chicago's front entrance and lobby will be predominantly visible on State Street facing an outdoor plaza shared with the adjacent office building. The hotel will feature 261 state-of-the-art guest rooms including 20 suites with one large presidential suite. The street-level, chef-driven restaurant and bar will be located at the corner of State and Illinois streets, and will feature additional outdoor terrace seating.

Based upon the results of more than 100,000 surveys conducted by the Harris Interactive, the 2007 Market Metrix Hospitality Index survey, recently ranked Kimpton the highest in customer satisfaction—exceeding all industry competitors and such luxury brands as The Ritz-Carlton, Four Seasons and Peninsula Hotels.

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Pioneering the boutique hotel movement for the past 27 years, Kimpton continues to define the fast-growing segment and has earned a reputation for its innovative and personalized approach to hospitality, providing a comfortable, one-of-a-kind experience for guests based on special attention and dedication to individuality in design, service, unique programs and amenities. For more information about Kimpton visit www.kimptonhotels.com or call 1(800) KIMPTON.

ABOUT KIMPTON

San Francisco-based Kimpton Hotels & Restaurants is the first and leading collection of boutique hotels, throughout the United States and Canada. Founded in 1981 by Bill Kimpton, every Kimpton hotel features personalized guest services, comforting in-room amenities, specialty rooms and suites, and provides a range of exciting culinary experiences through affiliated top-rated destination chef-driven restaurants. Kimpton takes pride in its commitment to social responsibility and leads the hospitality industry in ecological practices through its innovative EarthCare programs. Privately held, Kimpton received the highest ranking in customer satisfaction by the Market Metrix Hospitality Index for the entire year of 2007, exceeding all others in the upscale hotel segment. Among the company's newest properties is the Hotel Monaco Alexandria and Jackson 20 restaurant in Virginia, which opened in January 2008. Additional projects are underway in Los Angeles, New York, Florida, Philadelphia and Virginia. For more information, please visit www.KimptonHotels.com or call 1-800-KIMPTON.

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