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Four Seasons secures funds

Experts suggest \$200 million boosts chances for building

By **John Rebchook**, Rocky Mountain News

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The group that plans to build a 50-story Four Seasons hotel in downtown Denver has arranged about \$200 million in financing, public records indicate.

The financing is the most compelling evidence yet that the hotel will be built, hotel experts said. Many in the real estate community had been skeptical that developers Jeff Selby and Michael Brenneman could complete the deal, but with the financing in hand it looks more like a sure thing.

The financing is coming from "major players in the world arena of finance," Selby said Monday.

He gave no details, but public records show his group, called 1111 Tower LLC, received two loans, one for \$135 million and another for about \$65 million.

Records indicate LaSalle Bank made the loans to his group, but LaSalle is not the lender, Selby said. He said it's just holding the escrow money.

"Basically, they just facilitate it," he said.

Selby said his group has the equity for the Four Seasons as well as junior and senior debt.

The Four Seasons will have 235 hotel rooms and 102 luxury condominiums called Four Seasons Private Residences.

Selby and Brenneman recently sold the 111-room Hotel Teatro in Denver to Los Angeles-based DiNapoli Capital Partners for \$31 million.

"That was a different ownership group, and the motivation to sell it was more to take advantage of a good hotel sales market" than to help finance the Four Seasons, Selby said. DiNapoli owns Four Seasons in other markets but will not be involved with the Denver Four Seasons, Selby said.

Charlie Woolley, principal of the St. Charles Town Co., which owns land along 14th Street, said he thinks the \$200 million is the largest private real estate development loan in downtown Denver since the high-rise office building boom ended in the mid 1980s.

It may be the largest private downtown development loan ever in noninflation dollars, he said.

Michael Cahill, president of Hospitality Real Estate Counselors Inc., said he heard Selby's group received its financing from European lenders.

"It says a lot about Denver that an overseas funding source considers Denver enough of a significant U.S. city to commit those kind of dollars," Cahill said.

He said that "domestic lenders may not have been willing to come to the table with such a sizeable investment. Or maybe he just got a better deal overseas. Hotel debt probably has the lowest cost and is at the highest availability in my entire career."

Hotel consultant John Montgomery said he thinks with the financing in hand and its location, the Four Seasons looks increasingly like a sure thing.

"I believe that location is one of the best you can find in downtown Denver," Montgomery said.

That is because of the site's proximity to lower downtown, Larimer Square, Writer Square, the Denver Performing Arts Complex, the Colorado Convention Center, Coors Field, Pepsi Center and the 16th Street Mall.

Selby said the Four Seasons will not be finished by August 2008, when Denver will host the Democratic National Convention.

"But it should be well on its way," Selby said. "It will be a sign of what the future holds for Denver."

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