

Another bid from China for U.S. hotel

By Associated Press

HNA Group is snapping up a 25 percent ownership stake of the Hilton hotel chain for about \$6.5 billion, the latest attempt by a Chinese interest to acquire real estate in the U.S.

HNA will appoint two directors at Hilton, expanding the board to 10 members, and will have partial ownership of Hilton's planned spinoffs of Park Hotels & Resorts and Hilton Grand Vacations, expected to conclude by the end of the year.

HNA's deal for Hilton is expected to close not long after that, in early 2017.

With real estate investors looking to cash out of a red hot market over the last several years, Chinese interests have stepped in, seeking a safe place to keep cash.

Anbang Insurance Group bought the flagship Waldorf Astoria in New York two years ago from Hilton. It tried unsuccessfully to acquire Starwood Hotels in a \$14 billion deal.

Late last year, the Starwood Capital Group sold the 50-story Baccarat Hotel, just north of Rockefeller Center in Manhattan, to the Sunshine Insurance Group of China.

Last week China Life Insurance Co., the country's biggest life insurance company, took an approximately \$2 billion stake in U.S. hotels owned by Starwood.

HNA Group runs hotels, airlines, airports and financial services and real estate businesses. Earlier this year, a wing of HNA acquired Carlson Hotels, which owns Radisson, Country Inns & Suites and other chains.

The company is acquiring its stake from the private equity firm Blackstone, which now has an approximately 21 percent interest in Hilton Worldwide Holdings Inc. Blackstone will also control two board seats.

Blackstone led a \$20 billion deal to take Hilton private in October 2007. It brought in new management, expanded its luxury brands, Waldorf Astoria and Conrad. It was aggressive in pursuing growth through franchise deals.

That growth extended overseas and Hilton soon became the world's largest hotel until it was surpassed recently after Marriott International won in the contentious fight with Anbang for ownership of Starwood.

Blackstone typically turns deals around quickly after acquisitions like Hilton, but the recession and an ensuing drop-off in business travel delayed its turnaround plans.

Blackstone took Hilton public almost three years ago. The initial public offering raised \$2.35 billion, surpassing Twitter's IPO the month prior.

It was the second largest IPO of the year and the biggest ever for a hotel chain.