

Fosun Group inks airport deal in Greece

Updated: 2014-06-23 07:57

By Wei Tian in Shanghai (China Daily USA)

Conglomerate lines up \$200m for Hellenikon project redevelopment

China's biggest private conglomerate Fosun Group signed an agreement in Greece on Thursday to invest \$200 million to develop an old airport in Athens, marking another step in the company's expansion in Europe.

The agreement was signed with Latsis Group, the parent company of real estate firm Lamda Development, at a ceremony in the Zappeion Hall during the visit of Chinese Premier Li Keqiang to the Mediterranean country.

The two companies will join hands to develop the former airport in the Greek capital at Hellenikon area 8 km from downtown Athens, in which Fosun will invest \$200 million, as well as seek broader cooperation in the future, Chinese newspaper 21st Century Business Herald reported. Fosun controls 40 percent of the shares in the newspaper.

The entire Hellenikon project, with a lease of 99 years, covers an area of 6.2 square kilometers - three times as large as Monaco. It comprises the 5.25-sq-km old airport and a seaside area of 0.95 sq km.

The project is expected to create 50,000 job opportunities over the next 10 years, according to Greek research institute IOBE.

The deal was part of more than 20 government and commercial agreements signed between China and Greece, worth \$7 billion and covering sectors such as logistics, energy, shipping and property.

It is also the latest step made by Fosun after a series of purchases in Europe by the Shanghai-headquartered company. In January, Fosun won the bid to purchase an 80 percent stake in Caixa Seguros, Portugal's largest insurance group. In March, it announced the acquisition of the entire equity interests in German private bank BHF-BANK.

In March, Hellenic Republic Development Fund, Greece's privatization agency, announced that it had received a 915-million-euro (\$1.27 billion) offer from a bidding group led by Lamda for the project at Hellenikon. Apart from Fosun, the group also includes an Abu-Dhabi-based real estate company, Reuters reported.

The group will invest a total of 5.7 billion euros in developing the entire project, and will be responsible for the extra 1.25-billion-euro infrastructure construction. The internal return rate for the investment is projected to be 15 percent, but 30 percent of the profits must be returned to the Greek government. The project will also generate 2 to 3 billion euros in value added tax and 1 billion euro in business tax.

Earlier reports said Fosun made its first contact with Lamda at a forum in Shanghai last year, which was attended by a Greek business delegation including Stelios Stavridis, president of HRADF, and Guo Guangchang, chairman of Fosun Group.