

CPI planning acquisitions and preparing legal actions for determining rent

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CPI group wants to invest around three billion CZK of their own resources into real estate in the Czech Republic and Slovakia in 2011. They want to invest further approximately CZK 1.3 bill. into renovation of their hotels in the regions in the next three years. CPI is the largest investor in the domestic market with four billion crowns of property purchases so far this year. "Our purchases haven't come to an end yet and I believe that before the end of this year and in the first half of next year, we are going to announce more large transactions," said company director Zdeněk Havelka. According to Havelka, it is now possible to buy for a good price in the market. About one fifth of the planned three billion crowns may concern real estate acquisitions in Slovakia. New acquisitions are heading for example into retail and office buildings. The company has previously said that it is considering purchase of Finep's office centre in Stodůlky, Prague - headquarters of Siemens.

The planned new investment will probably not include hotels, which are also within the group's scope of operations. "Due to the crisis, in this area one must buy for an extremely affordable price," noted Havelka. Thus, Havelka wants to focus mainly on the development of the current hotel network. They want to expand their hotels in the regional capitals gradually with convention centres and offices for rent.

Over the last ten months, CPI has expanded their portfolio with an office building in Prague's Modřany, headquarters of the food company Nestlé for the CR and Slovakia and retail properties in the regions with retail chains such as Interspar, Penny Market and OBI. The group bought the 2,700 flat stock of the former petrochemical company Unipetrol RPA in Litvínov, in mid-October they acquired an industrial complex in Brandýs nad Labem including the Continental Automotive Czech Republic plant. Last week, the group announced acquisition of Longin Business Centrum office building in the centre of Prague.

CPI doesn't plan to sell their properties in the next year. "We want to own our properties long term, we want to develop them long term in terms of rent collection and higher revenues from rents in the future," said Havelka. The director estimates CPI's net profit for 2010 to be approximately CZK 1.5 bill.

CPI was founded in 1991. Its majority owner is the billionaire Radovan Vítěk's mother Milada Mladá, through a Cypriot company Gandolf Consultancy Limited. The group owns around 13,000 rental flats in the Czech Republic. They own approximately 300,000 sqm of retail and 56,000 sqm of office space in the CR and Slovakia. Their portfolio also includes 17 hotels with 7,500 beds. The value of CPI's assets at the end of this year's first six months was CZK 23.6 bill.

CPI is currently addressing the issue of rent of the flats which they own and lease. Regulation of rent will end this year, it concerns about 8,000 of their flat units. Probably in the first days of 2011 already, CPI will file thousands of legal actions to the court to determine rents in flats where rent regulation will end on the last day of this year and where the tenants don't agree with the proposed rent increases. The number of negative responses by tenants is in the order of thousands.

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