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## German GxP plans reverse stock split, move to Frankfurt

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GxP German Properties plans to carry out a reverse stock split and move its headquarters to Frankfurt from Berlin as part of the company's strategy to improve capital market performance, according to CEO Johannes Meran.

"Following the capital increase and acquisitions last year, the GxP stock price performance has been very disappointing," Meran told Property Investor Europe in an exclusive interview in Frankfurt on 4 April. "We are working on that."

Last year, GxP [took over](#) <sup>[1]</sup> Cleanventure, the 'empty' company shell of a former investor in the energy sector, which was still listed on the Munich and Stuttgart stock exchanges. GxP shares are currently trading at around €0.56, below the €0.88 level in debut trading and the €1.00 price, at which the company [raised](#) <sup>[2]</sup> equity in a capital increase last October.

GxP plans to consolidate non-par bearer shares in an 8:1 ratio, therefore reducing the total number of units to 8.6m from 69.3m. "Technically, this is just a transfer within the equity positions of the balance sheet, there will be no distribution to shareholders so that every investor will hold the same share of the equity, just in a smaller number of shares," Meran said.



[3]

Johannes Meran, CEO of GxP German Properties (photo: GxP)

Around 20% of the firm's stock is held by its management, and Meran said he has just bought another 1m, as he believes "the shares are significantly undervalued." Another 35% is held by core investors, which include a Swiss investment fund, a UK hedge fund, two German family offices and a Finnish institutional investor. German investor Karl Ehlerding, once the main shareholder of property and holding company WCM, is also part of that group, according to PIE sources. Meran declined to comment on the identity of the shareholders. The stock remainder is held in relatively small tranches, mostly by

German investors.

GxP is also taking a physical step closer to the capital markets as it plans to transfer its HQ from Berlin to Frankfurt – Germany’s financial hub and an area where the company owns several properties.

The share consolidation and the move are subject to approval by the Annual General Meeting on 17 May.

At the AGM, co-founder and former CFO Andreas Lewandowski is to be reconfirmed as chairman of the firm’s supervisory board. He stepped down from his position as an executive director in February, which additionally [affected](#) <sup>[4]</sup> the firm’s share price. His responsibilities were taken over by Meran, who is now GxP’s sole management board member. “We restructured some tasks and processes and trimmed operations, which additionally resulted in cost savings, and are now well-positioned for near-term growth,” Meran noted.

The investment [strategy](#) <sup>[5]</sup> remains in place. GxP plans to grow its portfolio of core-plus and value-add commercial assets, mainly in German B-cities, through single and portfolio acquisitions. “A lot less capital is flowing into these locations, even though the main economic strength of the country is rooted in places like Darmstadt, Heilbronn or Mannheim.” Meran noted that any larger initiative to generate growth will probably be financed through a capital increase. “We are monitoring several acquisition opportunities at the moment,” he added.

The €750m portfolio target set for mid-2018 is not at the top of the list of priorities for the company at the moment. “Our main goal is to increase net asset value and FFO per share – that is what we are looking for in any transaction we do,” Meran said. pie

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[4] [affected](https://pie-mag.com/news/german-gxp-shares-slump-5-after-cfo-lewandowski-steps-down/): <https://pie-mag.com/news/german-gxp-shares-slump-5-after-cfo-lewandowski-steps-down/>

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