

Cromwell sets sights on multiple capital projects in Europe under new leader

Cromwell's new Europe CEO Pertti Vanhanen explains what's brewing for the regional business of the Australian property group

BY ROBIN MARRIOTT

Pertti Vanhanen, the new European head of Cromwell Property Group, is sitting in the boardroom of the company's London offices near Oxford Street.

It is the 12th of May and the former co-head of global real estate at Aberdeen Standard Investments has recently moved back to London from his native Finland after a period of gardening leave and an enforced delay due to Covid travel restrictions.

Itching to deliver on his new business plan for the group, he says the first question asked of him by investors and contacts is: 'So, how does Cromwell compare to your former firm?'

Vanhanen took up the role of running the European business for Cromwell in January this year and only physically moved back to the UK capital weeks ago.

In his first interview with the property press, PropertyEU finds he is keen to answer that burning question, as well as set out his five strategic objectives to build upon Cromwell's €3.7 bn of AUM in Europe and improve profitability.

When explaining how the company differs from his former employer, the veteran of Aberdeen Standard Investments talks about how Cromwell is 100% focused on real estate and is small enough and focused enough to be nimble.

'It is fun to be in an organisation where people are talking about real estate only, because when you are with a large organisation it is not the same, and we are nimble, flexible and able to do things that maybe don't make as much sense for larger companies,' says Vanhanen.

He adds: 'It is so exciting because we have many countries with different strategies. The market will see a lot of things happening that are already brewing.'



PERTTI VANHANEN

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These are important times not least because June marks the beginning of the company's new financial year – and Vanhanen is energised.

FIVE STRATEGIC OBJECTIVES

Cromwell Property Group Europe's 2025 Strategy into Action plan is hot off the press, he tells PropertyEU.

The five strategic objectives are to build up the investment management business, raise brand awareness, launch new products including winning more separate account mandates, leverage the already advanced IT

systems, and to become more efficient.

The board of Brisbane-headquartered Cromwell approved Vanhanen's plan in March. Following that, Vanhanen and the leadership team have been busy disseminating the plan to the 200-plus staff and country heads in 12 European countries.

'We are now putting the detail into the plan for each and every country or region,' he says. Cromwell operates in the UK, Benelux, France, Germany, Italy, the Nordics, and the CEE region. Providing a glimpse into how things might develop, Vanhanen says one country team has identified hospitality assets that could lead to a country-specific hotel fund or to the creation of a vehicle in that country for a single equity source. There are plenty of things cooking, he asserts, which he cannot yet divulge. But it seems likely there will be a mix of European asset-specific and country-specific products.

At press time, the company was working on its first new European product – a core-plus logistics fund into which Cromwell will contribute up to €40 mln co-investment capital from the balance sheet – an example of the firm 'putting its money where its mouth is'.

The co-investment is roughly 20% of the fund equity target of €200 mln and the fund itself is seeded with around €55 mln of Italian assets. To help convince investors of its track record in logistics, Cromwell can point to experience going back to Teesland in the UK in the 1980s and more recently nearly €1 bn of acquisitions in Europe for the Singapore-listed Cromwell REIT (CEREIT). It also has experts on board such as Andrew Stacey, with more than 30 years of experience, who joined in 2019 having most recently served as director general of GIC's P3 Logistic Parks.

NEW PRODUCT LAUNCHES

In addition to this, other new product launches are going ahead in another development

Cromwell pursues logistics deals, makes new appointments

Cromwell has been actively pursuing logistics deals at the same time as arranging a dedicated fund for the asset class.

In March, the company acquired 11 logistics and light industrial properties in the Czech Republic and Slovakia for a total purchase price of €113.2 mln on behalf of its Singapore-listed Cromwell European REIT (CEREIT) vehicle.

The deal marked one of the largest transactions of its type in the region.

Simon Garing, CEO of the manager of CEREIT, commented: 'Our current focus is on increasing our weighting towards the logistics and light industrial sector and this acquisition takes us to 38%. Importantly, CEREIT now also has a presence in two new attractive high-growth markets.'

The properties are all freehold, almost



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WORKED FOR ALLIANZ
REAL ESTATE

100% occupied by 17 mostly logistics tenant-customers and featuring a long weighted average lease expiry of 6.2 years. They span more than 125,000 m² of modern logistics and light industrial properties and are located in good micro-locations in established business parks with access to major transport links. The portfolio also features three assets with a total of approx-

imately 140,700 m² of land permitted for development.

Around the same time as announcing the deal, the company said it had promoted Patrick Lowe to head of transactions for Europe. In addition to leading the sourcing and execution of single-asset and portfolio deals, he will continue to be responsible for all transactions for CEREIT.

Meanwhile, the company has appointed Lionel Naturkrejt as head of investment in France, based in Cromwell's Paris office. He has joined from Société Générale Real Estate Advisory, where he was head of corporate clients. Prior to this, Naturkrejt spent eight years at Allianz Real Estate, latterly as head of acquisitions for Western Europe. He has also worked at AMB (now Prologis) and Unibail (now Unibail-Rodamco-Westfield).

for the company. There have been no new products in Europe from Cromwell for at least three years, which Vanhanen attributes to the effort required to launch CEREIT more than three years ago. The IPO of the listed vehicle in Singapore was intense work and many resources within the European team have been devoted to it. Assets for CEREIT have grown from €1.4 bn to €2.3 bn. Meanwhile, other initiatives were placed on hold. In lockstep with new product and capital initiatives, the company has shifted some internal resources around. For instance, in April of this year, Danya Pollard was promoted to the European management team as head of capital solutions having been part of the product and research team.

BOARD CHANGES

These developments are taking place during an interesting time for the group. Over in Australia and in Asia, there have been some massive changes in personnel. Founder Paul Weightman stepped down in December in what one Asian news outlet called a 'bitter fight for control'. Singapore's ARA Asset Management launched a partial takeover attempt in 2020 which it pulled once it got seats on the Cromwell board. None of that, however, prevented Vanhanen's plan from being rubber-stamped earlier this year.

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His view is that in Europe, the Cromwell brand is not as well known as in Australia and Asia. That said, those who know the company recognise it for its value added asset management and development capability. Long-standing private equity partners such as KKR and Goldman Sachs regard it as a trusted asset manager that has partnered with them across several European markets for many years.

Vanhanen says the firm wants to keep private equity clients such as KKR, but on top of that, attract more institutional clients. The €2.3 bn pan-European CEREIT regulated vehicle is a good starting point to prove track record, governance, and compliance credentials that should help with the overall effort.

Vanhanen is clearly enthused: 'To use my knowledge, experience and contacts to help this organisation grow is really the feeling. You can really have an influence and move the needle,' he says.

He adds: 'It has been a great start here. Starting a new job "virtually" because of Covid has been a new experience, but I have learned we have really good quality people.'

He also hints at future possibilities: 'There are also a lot of Middle Eastern and North American organisations looking for a suitable strategic partner in Europe.'

Concluding, the new CEO says: 'There is a whole lot of work in front of me and for the entire organisation, but it has been a very good start.' ■

Cromwell Property Group at a glance

HQ: Brisbane, Australia

Acting CEO: Michael Wilde

Europe CEO: Pertti Vanhanen

Europe AUM: €3.7 bn

Staff in Europe: 200-plus

European markets: 12