

Warburg-HIH Invest Acquires Eight Day-Nurseries for Childcare Investment Fund

- New childcare open-ended special fund for savings banks and other institutional investors
- Four day-nurseries are located in Saxony and four property developments in North Rhine Westphalia
- Properties occupied on 25- and 30-year leases

Hamburg, 5 August 2020 – Following the acquisition of a portfolio of day nurseries in Saxony six months ago, Warburg-HIH Invest Real Estate (“Warburg-HIH Invest”) now acquired another four day-nurseries under development in North Rhine-Westphalia (“NRW”). Two additional acquisitions are in an advanced planning stage. The properties will be held in the “**Warburg-HIH Zukunft Invest**“ fund, the company’s new open-ended special AIF. Once the property development is completed, the fund will thus own ten day-nurseries worth a combined investment volume of more than 45 million euros. The fund volume target is 100 million euros. When fully invested, the fund will include about 20 assets. The fund envisions a stable cash-on-cash yield of 4.0 to 5,0 percent annually.

The properties in Saxony consist of two new-build and two existing buildings with a gross lettable area of 7,500 square metres. One of these two new buildings will be completed by the end of this year, the other asset is scheduled for completion by the end of 2021. The properties are let on 25-year leases.

The assets acquired in NRW represent four day-nursery developments that are being implemented by developer TERRA Projektentwicklung. The properties are located in Bochum (two assets), Duisburg and Oberhausen. Providing a total of 395 childcare spots, they are or will be occupied on 30-year terms leases by Step Kids Education (Stepke), a blue-chip sponsor. Stepke operates a total of 25 day-nurseries in Germany. The facilities are scheduled for completion between the fourth quarter of 2021 and year-end 2022.

Hans-Joachim Lehmann, Managing Director at Warburg-HIH Invest, emphasised: “With the acquisition of eight day-nurseries within a six-month period and with negotiations under way to acquire another two assets, Warburg-HIH Invest achieved the necessary market penetration to ensure the continued growth of the investment fund, and has built up the know-how needed to manage them. What we aim for in this context is a partnership-like cooperation with professional developers.” Lehmann added that the positive experiences made have already prompted the company to start devising another investment fund with similar investment profile.



NRW counts among the German states with the greatest shortfall in child care spots. The care gap describes the difference between the demand rate (i. e. the number of spots actually needed) and the care ratio (i. e. the number of children actually looked after). It amounts to 19 percent in NRW, the widest gap of any state except Bremen (20.2 percent). This documents the enormous present and future requirement for daycare options for children of preschool age in NRW.

According to calculations done by the IW German Economic Institute in Cologne, the shortfall in child care spots in Germany adds up to nearly 320,000 nationwide. And this even though cities and communities created around 155,000 new day-care spots since 2014, bringing the total up to 818,000 spots. The steady growth in the number of women who accept gainful employment makes it reasonable to expect the number of children requiring day care to keep going up. This in turn translates into additional demand for childcare facilities.

“Through the Warburg-HIH Invest, we are paving the way for important investments in the social infrastructure in Germany,” said Alexander Eggert, Managing Director at Warburg-HIH Invest. “The demand for child care spots could hardly be stronger. The investment fund is primarily intended for savings banks. It offers long-term income and meets important ESG criteria,” Eggert said. “Environmentally friendly new buildings and a focus on training and educating children constitute an excellent basis for sustainable real estate investments in a positive market environment.”

The legal and tax due diligences for the acquisitions in NRW were undertaken by the law firm of Heuking Kühn Luer Wojtek (Hamburg), the technical due diligence by ES Enviro Sustain GmbH (Berlin).

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About Warburg-HIH Invest

Warburg-HIH Invest Real Estate (Warburg-HIH Invest) is one of the leading investment managers for real estate in Germany and elsewhere in Europe. We find, develop and control real estate and investments under a forward-looking approach in the best interest of our clients. Decades of experience, the proximity to real estate markets and tight networking enables us to identify real estate opportunities and to act on them quickly in the right market cycle.

Around 150 institutional clients entrust their investments to Warburg-HIH Invest. They benefit from the structuring, product development, property management and market development specialists we make available for the purpose of developing just the right investment solutions for them.

Warburg-HIH Invest maintains a presence in ten different locations across Europe. As part of the HIH-Group, we cover the entire real estate investment value chain with in-house capacities. The early recognition of market changes, the implementation of regulatory requirements and forward-looking digital management are part of our corporate philosophy.

At the moment, we have 11.6 billion euros worth of assets under administration in 72 investment funds.

More information can be found on the company's website at: www.warburg-hih.com/en

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