



## Sustainability report

TAG is committed to the principle of sustainable development, and therefore not only includes economic performance in its strategy, but also environmental and social aspects. In the company's view, the principle of sustainability also extends to a fair and respectful treatment of employees, tenants and business partners.

In the 2012 financial year, numerous projects were realised as part of this strategy, and the commitment of the Group, its management and employees to sustainable business.

### **Service, economic and environmental sustainability**

For TAG as a real estate company, sustainable management of its real estate portfolios first and foremost means the upkeep of the properties themselves. Various on-going renovation and modernisation measures, such as the regular maintenance and inspection of inventories, lead to improved rentability and a strengthening of the 'customer relationship' in existing leases, and increase the attractiveness of inventories. The quality of the services provided by the company is also crucial. The Group currently manages on-going rental relationships with approximately 175,000 tenants. Important criteria for the success of the day-to-day work include the accessibility of the regional service staff, good communication and reliability, as well as active contract management.

In Salzgitter, as part of a pilot project with a strategic partner, a direct hotline was set up for small repairs. Tenants can order repairs by phone, which are then carried out within a few days. As part of the project, tenant satisfaction is also regularly measured and evaluated. The project will run until the end of 2013, at which point it will be decided whether it will be transferred to other sub-portfolios.

Examples of sustainable maintenance and modernisation measures in 2012 include various modernisations of the building shell of residential complexes in Salzgitter, Gera and Erfurt; upgrades to building services; and the senior-friendly optimisation of flats. This creates an economically sensible prerequisite for a long-term, stable relationship with the tenant on the one hand, and on the other hand enables tenants to stay in their homes long-term. Criteria for ordering such measures include ecological aspects, improvements in energy consumption, and the minimisation of costs for all parties. The size of the company strengthens TAG's negotiating position with service providers and suppliers, so the growth course we have taken also benefits our tenants and improves the conditions for ecologically sound measures. In Salzgitter last year, energy supply contracts with the local provider were sensibly extended taking into consideration a combined heat and power facility, and on better terms. The common areas at the site have been supplied with electricity from renewable sources since mid-2012. The vacant land resulting from the demolition of high-rise buildings in the Lebenstedt district of Salzgitter in 2011 has been reclaimed and open spaces have been integrated to create additional green spaces. Sustainable business conduct also includes the issues of waste management, security and good media networking. At the Dusseldorf, Salzgitter, Erfurt and Gera inventories, there are collaborations in place that pre-sort the rubbish and thereby reduce the volume of residual waste. This benefits the environment and the tenants, who can save money as a result.

Considerable investments are also planned to energetically upgrade inventories at various locations in 2013.

Most works and service contracts are awarded to local and regional partners. In addition to better accessibility, local networking leads to positive property-related synergies.

## Social sustainability

For TAG, social responsibility to the tenants and their immediate living environment is also at the forefront of our daily work, because inventories can only be successfully managed where people feel at home.

TAG's dedicated asset managers on the ground support measures in the existing inventories' surrounding areas as well as numerous social/community projects. For instance, TAG regularly attends neighbourhood council meetings in Marzahn and Hellersdorf, as well as in Elmshorn. The budgets established for social purposes are then used together with the neighbourhood associations for various projects to integrate or promote children.

TAG supports a vehicle operation run by the town of Halberstadt, which maintains order and security in the town. There is a joint project in place with the City of Leipzig's social housing department to find homes for hard-to-place tenants. In Halle, TAG supports the BBZ Lebensart Halle association.

The community club at the Salzgitter site has been continued under the 'meineSZitty' rental brand. The 'meineSZitty Club' works with other associations and institutions to provide services for children, teenagers and senior citizens in Salzgitter. The aim is to promote constructive leisure activities and strengthen the 'social fabric'. In the district of Fredenberg, TAG supports a project providing hot lunches for primary school pupils.

Focal points of community involvement at the Gera, Döbeln, Erfurt and Blankenhain sites included events for senior living, a contribution to 'Green Gera' promoting green electricity from hydropower and plantings in the Bieblach district of Gera, as well as support for residents' get-togethers, and collaborations with 'Volkssolidarität' and local history associations.

Children and teenagers are the primary focus of our commitment. In 2012 many sports clubs such as the CRE Icefighters Salzgitter (hockey), the CRE Eagles Itzehoe (basketball) and the football clubs of 1. FC Marzahn in Berlin and Rot-Weiss Moers in NRW continued to receive financial support from TAG. Most of the partnerships are long term and will be continued in 2013.

## Summary

A company can only shoulder social and environmental responsibility if it is economically successful and achieving reasonable returns on the capital provided by investors and shareholders. This does not, however, run counter to the principle of sustainability, because as the above report shows, respecting the principles of sustainable development ultimately leads to added value and hence to an increase in shareholder value. For TAG as a company focused on residential real estate, whose inventory and employee count have grown strongly in the past year, putting sustainability into action represents a particular challenge. The task at hand is to further develop and put into practice a corporate culture in which individual employees identify with the company's goals and which reconciles the premises resulting from the need for profit-oriented action with those of sustainability.