



Sustainability report 2013

Forward-looking residential property management is no longer conceivable without considering sustainability aspects. TAG Group, too, devoted itself to this topic at an early stage and has for years formulated its business policy not only with economic aspects in mind, but also with a view to environmental and social factors – albeit with commercial success creating the means for social responsibility in the first place. A key point here is the respectful and fair treatment of internal stakeholders, especially employees and shareholders, as well as external stakeholders, first and foremost our tenants and other business partners.

Our sustainability efforts are based on the TAG Group's governing values: compliance with the rules, respect, discipline, and transparency. Therefore, in addition to requirements for compliance with legal regulations, our business principles also address our public image, our donations policy, rules on conflicts of interest, and in particular how we expect people within the company to treat each other, and managers to act as role models.

In fiscal 2013, the Group concentrated its sustainability efforts on the following areas:

Residential real estate management

TAG Group's actions as a long-term real estate investor are directed at safeguarding the value of the property, generating income from stable cashflows, and leveraging potential in its portfolio. A constant focus on the needs of the tenants is essential to achieve this.

To keep the inventories attractive long term, TAG Group invests in an effective, long-view maintenance policy. For example, regular maintenance and inspections of the buildings' technical facilities (heating, lifts, fire alarm systems, smoke detectors, fire doors, ventilation systems, etc.) are carried out to ensure a long service life for parts and avoid excessive wear, which leads to premature replacement.

Also, each year, numerous properties at various locations are renovated and modernised. As part of these renovation and modernisation measures, TAG Group gives some of the properties a fundamental overhaul, renovating them to be environmentally compatible in accordance with the EnEV (German regulation for energy saving in buildings and building systems) as well as contemporary requirements for floor plans and amenities. Here, the needs and requirements of various potential customer groups are specifically taken into account. For instance, in 2013 we modernised properties on Konrad-Struwe-Straße in Elmshorn and at Lommatzsche Straße 23 and 24 in Döbeln to make them suitable for senior living. In the process, one major challenge is to strike a balance between amenities and cost effectiveness. At other locations, such as in Erfurt and Rostock, individual construction projects such as wall insulation or the installation of new windows were carried out. This leads to significantly lower energy consumption and therefore serves both environmental and economic purposes by reducing ancillary costs. To enhance the family-friendliness of the neighbourhoods, playgrounds were replaced or renovated and large family apartments were built during construction projects such as the one on Heeresbergstraße in Gera.

In 2013, TAG Group's efforts for the customer group of seniors were mainly centred in Salzgitter among other sites. Here, in collaboration with Caritas, older tenants were offered a housing consultation, with the aim of enabling them to stay in their own homes for as long as possible through minor alterations to their flats. Tenants were given expert advice on age-related problems, and with the assistance of care funds, support handles, special toilet seats and walk-in showers were installed in bathrooms, e.g.



Art & home project: tenants paint, Salzgitter

Another focus of the Group's sustainability efforts in 2013 was the management of operating and heating costs. The Group leveraged the size it has now attained to negotiate new energy supply contracts for the benefit of tenants. Besides the switch to green electricity in many locations such as Bestensee and Schwerin, the heating system technology was also optimised at selected locations. Intelligent system controls enabled a significant energy savings. Expiring contracting agreements are regularly reviewed and assessed to see whether the existing heating or district heating systems provide sustainable benefits for the tenants and the environment; whether new equipment needs to be installed and when; or whether an energy-related upgrade of an existing system would produce a corresponding effect. As last year, there was a focus on the issue of waste management. Apart from introducing waste sorting, waste locks were also introduced at many locations that register the volume deposited by each tenant, thereby directly rewarding those who cut down on the amount of rubbish they throw away. All these measures have two aims: to reduce energy consumption/volume of waste, which is a clear environmental goal, as well as to reduce costs for tenants. However, achieving this goal

also requires the active support of tenants in terms of their consumption patterns. To actively support this process, tips on recycling and proper heating and ventilation have been posted on the homepage at www.tag-wohnen.de.

To provide tenants with a wide range of services and meet TAG Group's own standards of service quality, in 2013 the strategy of providing all property-related services in-house was systematically driven forward. In particular, the company further built up its own team of caretakers/janitors, who are now active at several major sites as well, including Gera, Erfurt and Döbeln. Since the third quarter of 2013, TAG Group has been consolidating its infrastructural and technical contractors with a view to an energy-saving and therefore sustainable process landscape.

Furthermore, new tenant offices were opened in order to be more available to tenants. In receivables management, TAG Group continues to provide assistance to tenants in arrears. For example in Döbeln, a social manager advises tenants in financial difficulties.

Social responsibility

As in previous years, in 2013 TAG Group further expanded its social efforts for tenants, including neighbourhood developments and matters.

TAG's work received the greatest recognition in May when it won the Braunschweig Chamber of Commerce's Social Transfer Award 2013 – with the Workers' Welfare Association (AWO) – for a joint project in Salzgitter. Under a cooperation contract, TAG shoulders the annual personnel and material costs for the AWO centre in the Fredenberg district of Salzgitter. The contract parties received the award for a project that promotes special language courses for immigrants including practical support for everyday life in Germany (authorities, kindergartens, schools, forms, applications, etc.)

A cooperation was also agreed with the Church's welfare and social workers (Diakonie) in Salzgitter, to set up and run inter-generational meetings in the Lebenstedt district. It gives sprightly seniors, young women, and children as well as disabled people, singles in need, and the socially disadvantaged a place to meet daily and form a community that supports one another and cares for the neighbourhood. Social support reinforces social cohesion in the neighbourhood and makes it a more attractive place to live.

The 'meine Szitty-Club Salzgitter e.V.', on a constant budget, continued to support projects for children, teenagers and senior citizens in TAG's residential districts in 2013, as well as equipping kindergartens, giving Christmas presents to children served by the 'Tafel e.V.', providing subsidised lunches and extra teaching for socially disadvantaged primary school pupils in Fredenberg, etc.

A new project was launched in Döbeln in May 2013: 'L(i)ebenswert Wohnen' (Loving this Living Space), where two flats were converted, in collaboration with local craftsmen and utility companies, into a meeting place that offers residents an extensive library, a fully equipped nursery, and computer stations, along with the assistance of two social workers. This too, serves to promote social interaction in the urban district and encourage a sense of caring and community.

TAG continues its work on neighbourhood councils and associations in various urban areas, such as the Marzahn and Hellersdorf district councils or the 'Die Platte lebt' club in Schwerin. In Bestensee, a dedicated social officer works to promote social cohesion in the neighbourhood.

In Gera, TAG and other major housing companies sponsor the INKA project, which was created to promote the social integration of disadvantaged citizens, and especially to help get young people back to work.

The company also supports or organises sports clubs (including the youth teams of Gera's 1. FC Post and VfL 1990, as well as 1. FC Marzahn), kindergartens (including in Strausberg and Moers), tenant and district festivals (e.g. the summer festival in Erfurt, the Stralsund meadow festival, tenant party as thanks for their help during the floods in Döbeln, and many more) through a variety of individual measures.

Conclusion

Sustainable action is a cornerstone of TAG Group's business policy. This includes the sustainable management of real estate to attain stable cashflows, maintain or increase the value of the properties, and exploit potential, as well as the shouldering of environmental and social responsibility. TAG Group is involved in social efforts at many locations to develop residential neighbourhoods, improve the attractiveness of city districts, and provide added value for its tenants. All of these measures are ultimately aimed at increasing the attractiveness of TAG Group apartments. This basic principle was further mainstreamed into the Group in 2013 and will continue to determine the actions of everyone involved going forward.