



2014

Sustainability report

TAG

Immobilien AG



TAG can provide assistance in designing a self-determined life, at all stages of life, by offering leisure activities, advice, flexibility and adapting living spaces.”

Andreas Zube, managing director Caritas in Gera

SUSTAINABILITY REPORT 2014

Forward-looking residential property management is no longer conceivable without taking sustainability into account, and TAG has devoted itself to the topic for years. The Group focuses its business policy not only on economic, but also on environmental and social aspects. However, commercial success creates the conditions for social engagement to even be possible. So as a successful company, TAG sponsors a wide variety of projects in its regions and districts.

Clever concepts, better development

Germany's tenants are demanding when it comes to choosing a new home. They like to live in the middle of things, but still be surrounded by leafy green areas. For 52%, good infrastructure with quick access to shops, schools, kindergartens and hospitals is very important. At the same time, however, 49% attach great importance to a quiet living environment with little traffic noise. These are the results of a representative TAG study in collaboration with the Technical University of Darmstadt, which surveyed 1,000 tenants in Germany.

TAG is able to fulfil these wishes very nicely with its residential inventories in various German regions. Just as important, though, is the fact that homes can be flexibly equipped in accordance with the tenant's preferences and budget. The advantage is a housing supply individually tailored to the tenant's wishes and needs, which in many market segments represents a significant competitive advantage.

To meet tenants' various furnishing needs, TAG developed a new 'Wohnen nach Maß' ('Made-to-measure living') concept, which allows tenants in Chemnitz, Döbeln, Erfurt or Gera, for example, to choose from a range of floor and wall coverings, tiles and bathroom furnishings – according to their preferences, tastes and budgets, and letting them choose to either have everything or just some of the options redone. Specially decorated show homes at the site help tenants decide which sockets and light switches they want installed. TAG offers a wide variety of styles, options and ideas on how to furnish a home, making optimum use of space.

Bespoke living

Another decisive factor when tenants are choosing a new home is a landlord who is easy to get hold of, takes their concerns seriously, maintains the property well, and quickly sorts out problems or defects. TAG proves that it provides this with more than 60 tenant offices at all locations. TAG always manages its units locally and ensures that tenants have a direct contact person on-site. Specific concerns can be discussed during office hours and are resolved immediately if possible. The staff quickly and efficiently addresses the tenants' problems. In addition, interested parties can take the opportunity to find out about the latest apartment listings at the tenant office.



Otto-Hofmann-Strasse, Chemnitz



Berliner-Strasse, Erfurt



As a landlord, social commitment, neighborhood assistance and interaction between generations are very important.”

Prof Dr Schiereck, TU Darmstadt



Family living

TAG again stepped up its efforts for families with children in 2014. For example, a four-storey building in the Stotternheim district of Erfurt was converted into family-friendly flats with individual layouts. By carrying out this extensive modernisation, the company is responding to the great demand for affordable housing for families.

The flats are situated in a child-friendly environment with a green courtyard and playground. In addition to spacious 3- to 5-bedroom flats, studios have been created. To accomplish this, the property was vacated and everything was modernised, from the electrical system, windows and doors, to the installation of a solar system. An energy-saving insulated exterior façade, modernised (and upgraded) bathrooms, balconies, and renovated stairwells complete the overall picture.

As a special offer to families with young children, TAG launched a subsidised system of waste locks as part of its waste management in Salzgitter. Families with children under the age of three can apply for a ‘nappy chip’ to bring down the cost of their waste disposal.

In the Zwötzen district of Gera, TAG has renovated several playgrounds to the delight of the resident children. In the Lusan district, a playground was opened with a new climbing wall, swings and slide. TAG operates a total of 33 playgrounds in the urban districts of Gera.



In other cities too, such as Döbeln and Merseburg, TAG has invested in playgrounds and football pitches with goals. Besides the inauguration of the football pitch, the children of tenants in Merseburg were also given TAG school bags at the start of the school year.

In Salzgitter, two boys aged 11 and 12 campaigned for the restoration of the football pitch in their urban neighbourhood. With plenty of enthusiasm, good ideas and prices researched online, they approached the City of Salzgitter to get in contact with the owner, who turned out to be TAG. In consultation with the two children, the football pitch was not only provided with new turf, but also new goals – and the adjacent playground for small children was restored at the same time, providing good playing conditions for the big and small children again. The two boys received a signed football from the Mayor of Salzgitter for their efforts.

Initiatives like these are important in two respects. First, TAG would like to offer families with children a diverse supply of housing in a child-friendly environment. Secondly, these actions often provide an excellent opportunity for TAG's account managers to talk with tenants.

Senior living

In the years ahead, the proportion of the population requiring daily help will increase. TAG is preparing for this by steadily adapting its portfolio to the needs of this target group. New, creative and affordable solutions are required, as currently only 5% of the 11 million senior households in Germany live in wheelchair-accessible housing.

And yet there are manifold ways to create suitable housing for seniors – from assisted living to neighbourhood concepts and flat-sharing communities. TAG's aim is to help older people live a self-determined, autonomous and independent life in their own homes for as long as possible.

TAG has decided to enter into partnership with welfare organisations at the locations in question. Under these collaboration agreements, TAG voluntarily commits to providing senior-friendly housing in the urban neighbourhood, as well as premises for the welfare organisations' work and meeting places (lounges) for tenants. Furthermore, TAG financially supports their work at the site. The partner, meanwhile, uses their own staff to address tenant concerns, provide care and nursing services, and operate the meeting places. The objective here in each case is to also actively involve tenants in the work, and thereby initiate a network of voluntary neighbourhood assistance.

A good example is the first intergenerational lounge in Salzgitter, run by the Diakonie – the church's welfare and social work arm – since 2013, where tenants get together to shop and cook, celebrate birthdays, and for cheerful afternoons of games. On their own initiative, the tenants have set up a telephone hotline to help each other out in small ways in everyday life. In addition, there is advice and support for people who need help. The lounge is going so well that an expansion is now being considered. In 2014, three other tenant lounges of this kind were opened with various partners in Salzgitter so that TAG can ensure care for elderly tenants in nearly all of the urban neighbourhoods where it has properties.

In a seniors' quarter in Erfurt, there has for years been a housekeeper from a welfare association to look after the needs of older tenants, advise them on receiving care in their own home, and even do their shopping. The tenants live in flats equipped for the disabled, with wheelchair ramps, wide doors, adequate space in the bathrooms (with floor-level showers), a glazed balcony, and a lift. If necessary, tenants can use the care services. Offerings also include (elder)care apartments with suitable bathrooms and a professional nurse in the building.

In the centre of the Lusan district of Gera in September 2014, TAG Wohnen and Caritas built the 'Eichenhof' community house. The building, which had stood empty for some time, was turned into to a new advisory, meeting and communications centre. Here, too, a sustainable network of neighbourhood assistance has been created. The great demand at the location was already evident when it opened - so many tenants came that the premises were hardly big enough to hold them. A dance for seniors was in particularly high demand from the start.



We want to help older people with creative solutions to live a self-determined, autonomous and independent life for as long as possible – including eldercare services on request.”

Claudia Hoyer

On Lommatzschen Strasse in Döbeln, two properties were given a complete overhaul in 2014 to make them senior-friendly, with the residential needs of tenants being given special attention by providing different layout concepts. The Döbeln Workers' Welfare Federal Association (AWO) will operate the tenants' lounge for the two properties, ensuring recreational activities as well as nursing care for the tenants. The first property was completed at the end of the year and was quickly let; the second property will be handed over to the new tenants in the spring of 2015.

Attractiveness through renovation

Each year, TAG partly carries out extensive and selective renovation work on its properties. Due to the good market situation and declining vacancy rate, the extent of renovation and modernisation carried out in 2014 was stepped up significantly, and there is now rental demand even for properties that are entirely vacant.

A good example of this is Bürgelstrasse 9 and 13 in Schwerin, where TAG decided to invest around EUR 1.2 m in extensively renovating the buildings, which had been vacant for years. 20 fully-refurbished homes, widely accessible for people with disabilities, some of which were converted into 3- and 4-bedroom flats, await new in the spring of 2015. The bright, revamped flats will be accessible by lift from now on. Each flat has a balcony, high-quality flooring, white front and interior doors, and modern bathrooms fitted with light tiles and a new interior. All plumbing and electrical systems were replaced. The exterior was cleaned, and the balconies freshly painted in cheerful colours to complete the new overall impression.

Another example are the investments in the Bestensee location near Berlin. In order to improve the quality of life, cut energy consumption and reduce long-term vacancy, TAG has invested in various projects here. A total of four major measures were initiated and successfully completed. For example, blocks 4a-c and 7a-c on Friedenstrasse were extensively renovated. The properties are fitted with a modern thermal insulation system, cellar ceiling and loft insulation, new balconies, some new windows, and the plumbing and electrical systems were completely refurbished. The empty flats were all modernised, some with spacious floor plan alterations. For example, enclosed kitchens were converted into combined kitchen-living rooms with windows or open-plan kitchens with bar areas. Demand for the modernised flats was so great that all of the vacant flats were re-let immediately. Meanwhile, existing tenants can look forward to significantly lower heating costs. Extensive renovations were also carried out at Friedenstrasse 13c, and 15, where the old façade and the out-dated balconies were dismantled and completely rebuilt. The work was completed in February 2015 so that the tenants can enjoy spring on their new balconies. The last completely empty block of houses is being converted into senior-friendly housing in 2015, and will have an attached nursing ward.

On Heeresbergstrasse in the Lusan district of Gera, TAG has invested EUR 3.8m in an elaborate renovation of a housing complex based around a green courtyard. Begun in 2013, the work was successfully completed last year. The old windows were replaced; the flats were given new entrance doors, and the façade and mezzanine floors insulated to prevent heat loss. The fire protection was brought up to date, the roofs repaired, and the electrical systems refurbished. Now all flats have intercoms, the stairwells and facades have been given a colourful coat of paint, and each flat has a balcony, as well as windows in the bathroom and kitchen.

These are just some examples that describe TAG's extensive renovation and modernisation programme at many other locations as well.

Higher quality, better service

Rising utility and heating costs constitute a challenge for TAG, as well as for tenants. A survey indicates that six out of ten Germans regard this 'second rent' as a significant financial burden every month. And the vast majority (70%) are worried that utility and heating costs will to continue to rise uncontrollably.

Reducing utility and heating costs

TAG therefore feels it is its duty to regularly review each item on the utility bill for possible savings, as most tenants in Germany believe they pay too much. Nearly two-thirds believe there is considerable potential for savings on electricity, gas, water, waste disposal or caretaker services.



We see it as our duty to regularly review each item on the utilities bill for possible savings.”

Claudia Hoyer

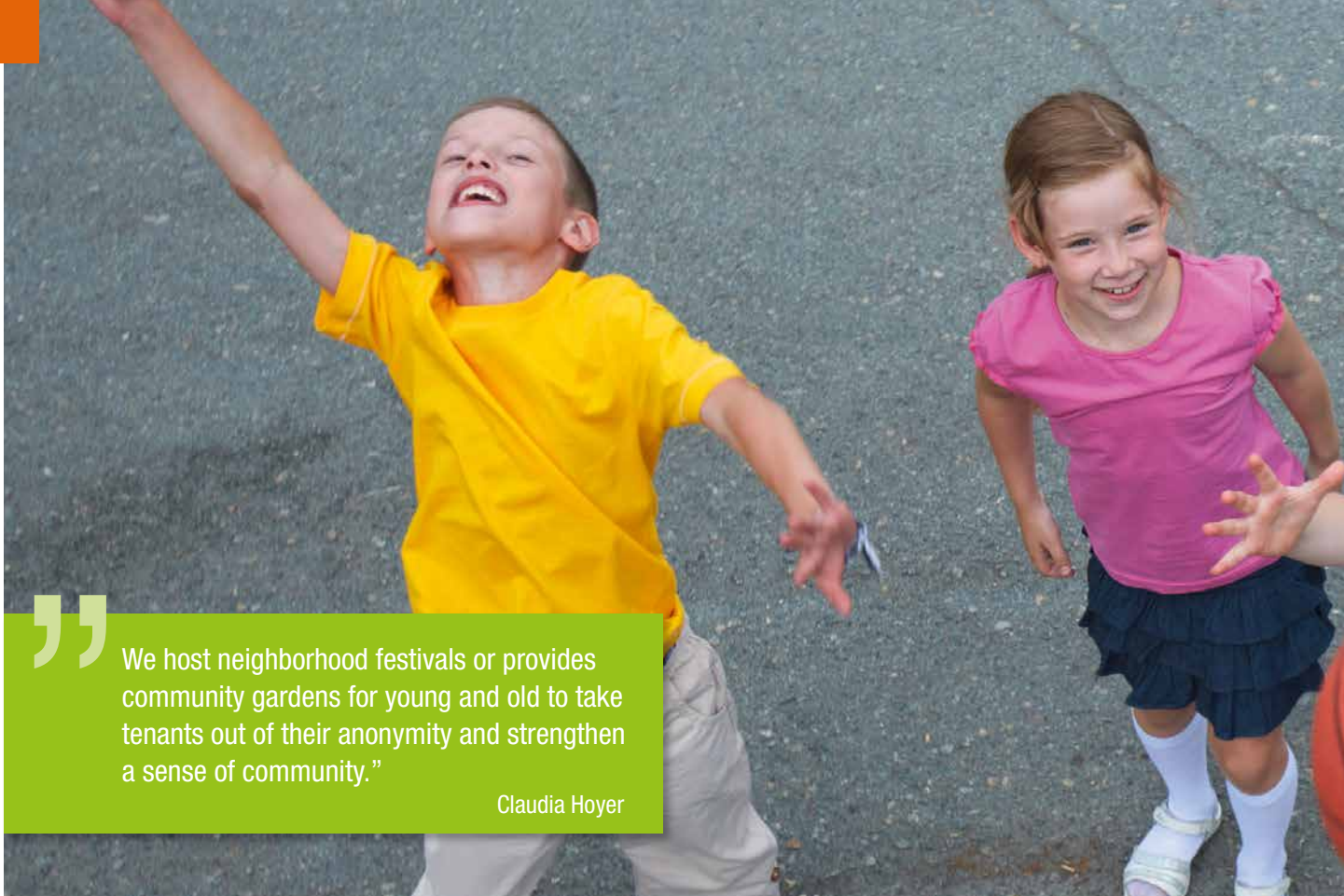
Example: Salzgitter

The Salzgitter location is a good example of TAG's successful utilities cost management. TAG has reduced the utility bills by up to EUR 340, or 20% of the total rent per apartment and year for its tenants in the town in Lower Saxony. Since it took over the residential portfolio in 2011, costs for energy, waste management, cable TV, Internet and caretaker services have been optimised by developing the previous operating cost billing system into a new operating cost management system.

The entire power supply was retendered and now, for example, eco-friendly electricity is supplied to households from cogeneration plants. Depending on individual consumption habits, this saves each tenant EUR 60-275 in heating costs per year. By changing the service provider and meticulously managing the waste disposal areas (household waste, bulky waste, waste paper), disposal costs have been halved, among other things, because TAG identified in detail how many waste bins were in front of a building, how quickly they were filled, and whether collection could take place every 14 days rather than once a week. A new concept involving waste locks and usage-based billing led to further savings in 2014. Furthermore, waste consultation sessions were introduced, where interested tenants can get expert answers to their questions on the subject of waste.

In addition, state-of-the-art remote meter reading was installed for electricity/gas/water, guaranteeing technically precise and accurate measurement of consumption and further cost savings. The measures described above have resulted in cheaper total monthly rent for over 15,000 tenants in almost the entire residential housing portfolio of around 9,000 units in Salzgitter (in the northern Harz region).

So TAG not only offers its customers more affordable housing with quality features, but also active cost management through proactive retendering and negotiations with utilities and waste management companies. The Group seeks and finds sustainable solutions. This helps to improve the quality and attractiveness of the locations for customers, and above all to lower ancillary costs and indirectly reduce portfolio vacancy.



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We host neighborhood festivals or provides community gardens for young and old to take tenants out of their anonymity and strengthen a sense of community.”

Claudia Hoyer

More responsibility, more engagement

In an ageing society, social commitment, neighbourhood assistance and cooperation between generations is becoming increasingly important. The TAG survey shows that Germany is split when it comes to wanting to get to know your neighbours. While half prefer to withdraw, the other half know their neighbours well. Neighbourhood festivals for tenants, community gardens and meeting places for young and old are offered in all of TAG's regions. They are important if for no other reason than that elderly people in particular are increasingly living on their own.

Living together as neighbours

In Döbeln in Saxony TAG is actively promoting vibrant neighbourhoods. The 'L(i)ebenswert Wohnen' (Li/o/veable living) lounge actively enhances social interaction in the neighbourhood. TAG has created a place where people are there for each other, and where the different generations – ages range from 3 to 89 – can meet and enjoy each other's company.

Consultations, readings and events are regularly held in the lounge and its library. Visitors are actively involved in shaping the programme of events, which ranges from origami workshops and computer courses to communal gardening and crocheting.

Children and young people stop by to paint, do crafts, play and read. Seniors like to attend the weekly coffee klatch. A knitting circle that meets on the last Thursday of every month came up with the idea of donating baby booties to a maternity ward. Last year, the landscaping near the entrance of the building was redesigned by the kids and teens who live there.



TAG got involved in a variety of projects for children again in 2014. In Hagenow, for instance, TAG has maintained close ties with the Regenbogen (Rainbow) day nursery for years. Many of the tenants' children attend the nursery in their neighbourhood and regard it as a home away from home. TAG supports the nursery and also organises communal spring cleaning campaigns or tenants' parties. TAG also regularly supports the Görlitz chapter of the German Child Protection League, which organises educationally sound childrens' birthday parties, holiday camps and sports lessons.

After two years, the tea dance held in the Fredsberg district of Salzgitter has developed into one of the most popular events. In cooperation with the AWO Kreisverband Salzgitter-Wolfenbüttel e.V., about 100 seniors from the district – including many regulars and newcomers – meet five times a year. Lots of joint activities, including visits to the cinema and sports days, has been organized locally.

Conclusion: More tasks, more goals

In 2014, TAG once again proved its closeness to tenants with its ideas and its commitment. The Group is aware, every day, of its increased social responsibilities as a landlord. So TAG does not limit itself to creating attractive and affordable housing and innovative and sustainable neighbourhood concepts, but also actively and purposefully promotes a community spirit among tenants.

Going forward, tenants and housing developers must continue to build an even more close-knit network. Often, direct contact with their neighbours is all it takes for tenants, because as the survey in collaboration with the Technical University of Darmstadt found, 81 % of respondents would offer assistance should a neighbour need help. TAG's staff are happy to provide the impetus to bring neighbours together again.