

General Cooperation Agreement

from the view
of a traditional
housing association

19th April 2010

Stefan Probst – Director



General Cooperation Agreement

A home for more than 20,000 people

Currently we manage more than 7,100 residential units. Lübecker Bauverein is the owner of around 5,200 units in the area of Lübeck, Ostholstein, Herzogtum Lauenburg and Nordwestmecklenburg. We provide more than 20,000 people with a home.

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LÜBECKER BAUVEREIN

- The Business



core business

- property-management and management of our own assets
- building activities (development /construction/modernisation/maintenance)
- social management



further activities

- land developer
- development construction and sales
- management for third parties
- management for homeowner associations



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Development of the St. Jürgen Area

Local surroundings

Regeneration versus stagnation



Quality of life

Life means change
If you don't go forward
you go backwards

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Regeneration versus Stagnation

Regeneration versus stagnation- this approach is anchored in our statutes

Article § 2 (2) in the statutes of our association: „the cooperative can do any business in the housing industry, urban development and infrastructure“

The St. Jürgen Area

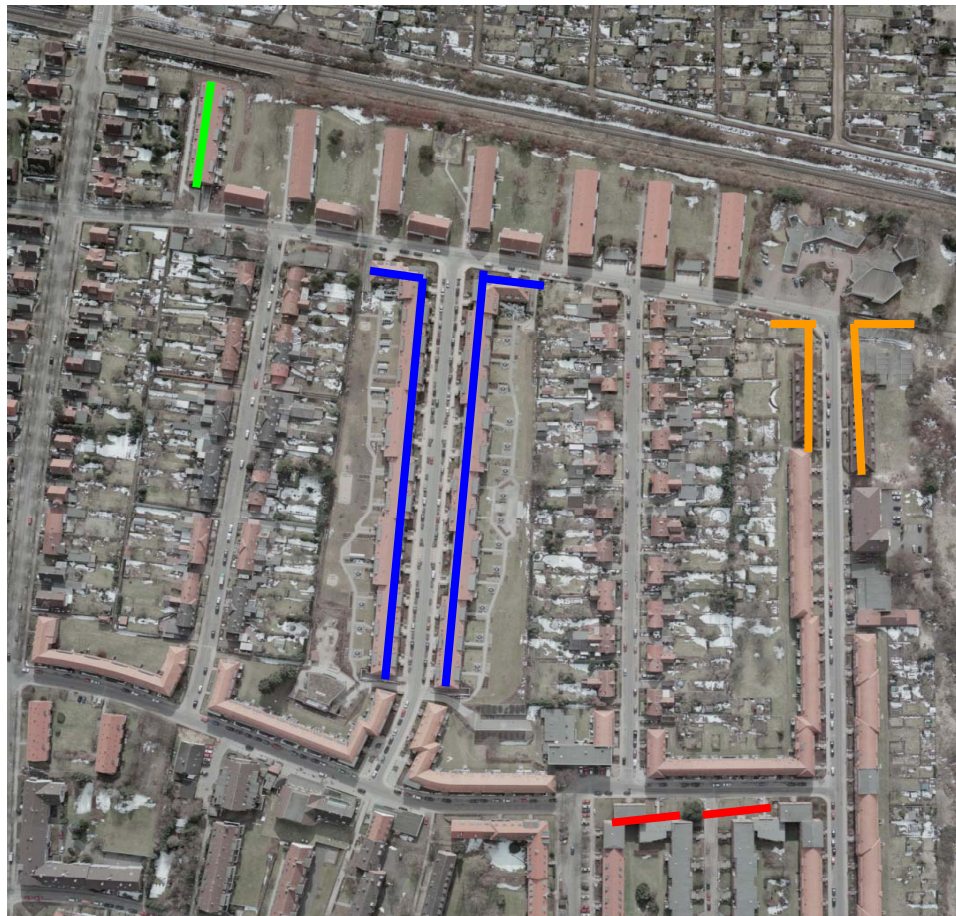
- demolition of 335 residential units
- construction of 423 flats,
1 day-care facility for children and
274 basement garage spaces
- modernisation of 545 apartments
constructed 1920-1930



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Aerial View

Regeneration and redensification St. Jürgen 1999 – 2010



Construction of new flats

262 flats in Robert-Koch-Straße 7-31a, 8-32a

8 flats in Helmholtzstraße 1a, 3a

22 flats in Billrothstraße 23-23b

131 flats in Friedrichstraße 36-40, 42-44, 49-53, 55-57

104 units bank-financed and
319 units financed by subsidies
using the cooperation agreement

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Regeneration and redensification St. Jürgen 1999 – 2010



- Modernisation of 545 cooperative units from the 1920s and 1930s

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Start of demolition July 2000



**All existing buildings
demolished August 2003**

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Robert-Koch-Straße (street view)



Robert-Koch-Straße 25-31a



Helmholtzstraße



Billrothstraße



Friedrichstraße

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Living means Quality of Life

This is what the LÜBECKER BAUVEREIN has stood for for 118 years, contributing to quality of life in Lübeck.

This tradition means we are constantly facing the challenge of identifying the needs of people in the city of Lübeck and looking for innovative solutions.

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Services close to home

Local community meeting point St. Jürgen

Service bureau



Ball game areas

**Day-care facility for children
Robert-Koch-Straße**

**Complaint, advice
and conflict management**

Local playgrounds

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The Idea

The agreement based on the typical German subsidy

The rough structure of German subsidies

- The authorities (the federal state government of Schleswig-Holstein) provide low interested loans (interest of 0,5% p. a.), the landlords or investors have to cap the rents at 4,95 EUR/ sqm and are only allowed to let these flats to those on a low income.
- The maturity of these agreements is approximately 30 years and longer.
- This subsidy is firmly connected to the assets.
- That means you have a typical social structure in the subsidised buildings.
- Advantage of clear rules for both authorities and investors.
- Disadvantage of poor social mixture.
- This principle has extraordinarily successful since the 1950s.
- Without this subsidy the German housing industry would have had no chance of development after WWII.

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The Idea

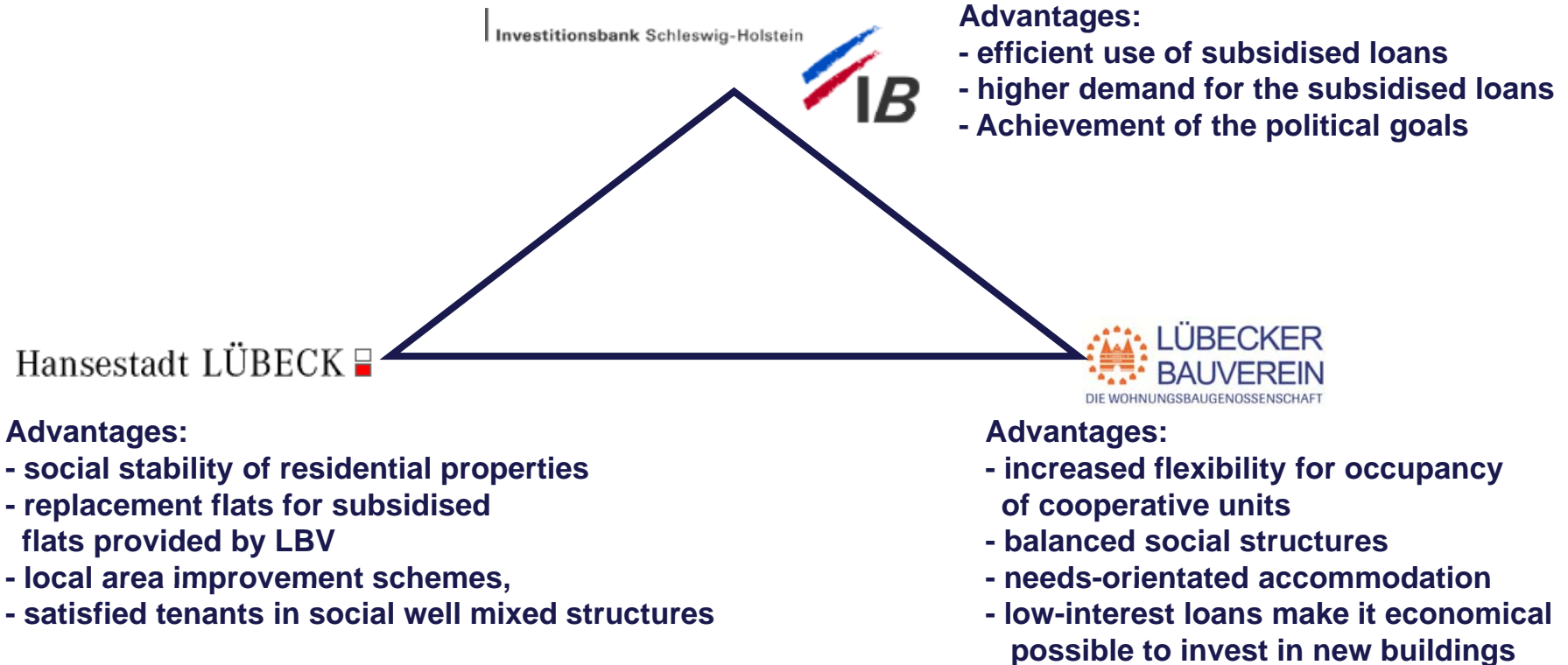
The agreement based on the typical German subsidy

- Freedom of allocation of accommodation despite using subsidised loans
- You can rent out the newly constructed subsidised flat in line with the market
At the same time you provide a third unrestricted flat from your own portfolio and accept a rent cap (and the low income tenants)
- The difference in rents between the newly constructed flat and the „Swap flat“ has to be invested in social projects inside the area

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The Idea

The agreement based on the typical German subsidy



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Overview of floor space (December 2009)

216 changing flats
total area 14,610.28 sqm
thereof
- “Belegungsrechte” (*) 12,860.38 sqm
- “Benennungsrechte” (**) 1,749.90 sqm

267 alternate flats
total area 14,606.63 sqm
thereof
- “Belegungsrechte” (*) 13,444.40 sqm
- “Benennungsrechte”(**) 1,163.23 sqm

(*) These flats are for people with low income having a special document, which proves the low income status and entitle them for these flats

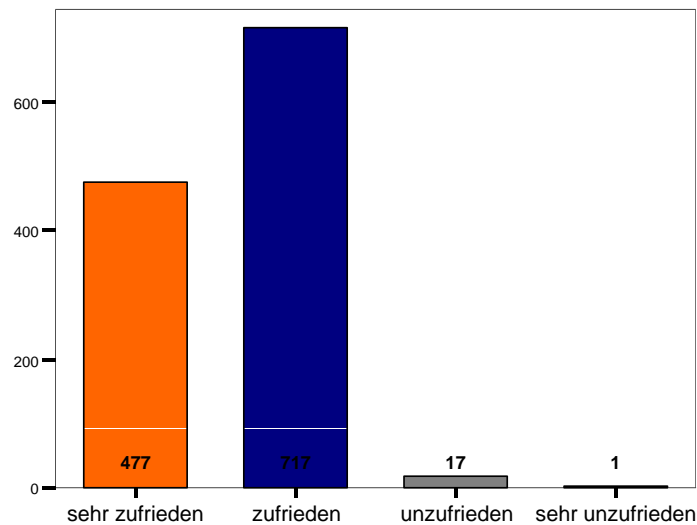
(**) direct allocation of accommodation by the local authorities

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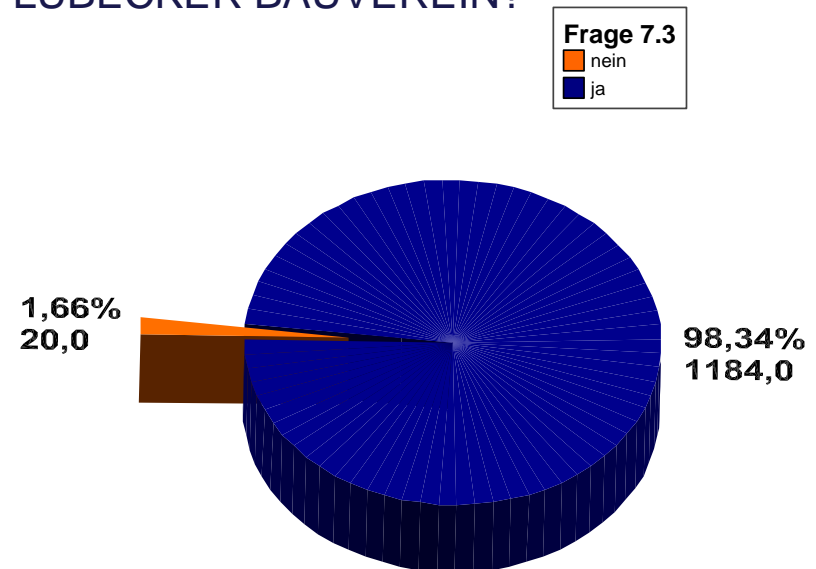
Life means Change

The success of our strategy is reflected in the satisfaction of our tenants, in our ability to invest in building new areas, in regenerating old ones and also in our widespread modernisation – and of course in our annual results.

How content are you with the
LÜBECKER BAUVEREIN?



Would you recommend the
LÜBECKER BAUVEREIN?



Excerpt from the satisfaction analysis (Wohnzufriedenheitsanalyse) 2007



Thank you for listening!