

Tenant Satisfaction

Understanding the Topic

As the third largest listed real estate company in Europe, we have a diverse portfolio with varying assets including offices, residential, hotels, logistics and wholesale, and retail. The diversity of our portfolio is also reflected in our tenant base. With leases ranging from some 15 to 50,000 square meters, we cater to the needs of organizations ranging from small enterprises to international blue-chip companies.

Long-term tenant relationships are the foundation of our business model for generating attractive yields. Managing our properties and addressing our tenants' needs and concerns is therefore vital in determining whether they stay at our buildings. Across all our assets, we strive for the highest possible standards, from maximizing environmental credentials to delivering new efficiencies or facilities. However, the diversity of our tenants requires a customized management approach, taking into account each tenants' industry and requirements. When our tenants are happy, they are more likely to stay with us, which translates into higher occupancy and retention rates, key indicators for assessing the effectiveness of the Group's customer service philosophy and asset repositioning strategy.

The key to the success of this approach is our people, and we pride ourselves on the strength of our tenant engagement strategy. Our business has been built on the premise of exceptional customer service, emphasizing responsiveness, diligence, and reliability. We develop these qualities in all of our employees through extensive training, to ensure that employees place tenant satisfaction at the forefront of everything they do.

Managing the Topic

Management Structure

Our tenants are supported by a three-tier management approach, which is structured by our Tenant Satisfaction Policy. The policy defines our commitment to continually improve our service offer, to remain an industry leader in tenant-oriented customer service, and to maintain tenant satisfaction by responding proactively to their interests and needs.

Our property managers make regular site visits, prepare budgets, plan technical improve-

ments and maintenance works and maintain ongoing contact with tenants to ensure that refurbishment and management activities are aligned to their needs. At the regional level, our asset managers work to enhance asset value by delivering excellent customer service and targeted asset re-positioning. They engage with tenants on longer-term aspects of the assets, the lease agreements, and tenant satisfaction. At site level, facility managers provide day-to-day technical support and maintenance, accommodating the needs of our tenants with an accessible, flexible approach. Whenever facility managers are unavailable, tenants can also report issues directly to property managers, who can then raise them with facility managers for action.

At all levels, tenant relationships are based on open communication and high levels of transparency between personal contact points. Our staff and outsourced facilities managers are expected to be accessible and approachable to customers, responding to questions and concerns as soon as they arise and being flexible in accommodating tenant needs.

Customer Relationship Management

The process of establishing a professional customer relationship management (CRM) system was initiated in 2021, testing several systems and selecting appropriate property-specific and group wide solutions. The CRM system will improve the efficiency of our customer engagement process including letting, tracking leads, response times, and the status of customer requests. Digitizing these workflows improves the pace of our communications with customers, providing the accessible customer care which is vital in a competitive and continuously changing market.

Our focus will be on harnessing opportunities for further digitalization through our SAP management system, for example by integrating the CRM solution and a letting support tool to improve our accessibility for tenants, potential tenants and service providers. We have trialed solutions to provide tailored experiences for our tenants, including booking systems, services and amenities, and to track satisfaction and support resolution time. The ability to customize these systems will allow us to respond better to the needs of our tenants.

In our Residential portfolio, GCP has developed a quality certified Service Centre, which

offers its tenants support in a variety of languages, 24 hours a day, seven days a week and every day of the year, as well as with a commitment to a 24-hour response time. GCP also has a goal to answer 95% of calls in under 20 seconds to achieve minimum wait times for tenants. More information about GCP's approach to customer communication can be found on the sustainability section of its website.

Tenant Satisfaction Survey

In 2022, we developed a tenant satisfaction survey, despite the ongoing variation in occupancy levels at office assets. This asked tenants to rate their satisfaction across several areas such as rental property features including parking and safety, sustainability-related features including green space and energy efficiency, fit-outs, cost, property management, and onsite service.

For this year's survey, the scope for participation was limited by the need to acquire signed consent from each tenant in order to use their data. From those who gave this consent, we achieved a high participation rate of 52%.

The survey showed high overall satisfaction, with 64% of those who consented and took part answering that they were partially or completely satisfied with Aroundtown's service. This rate was even higher among our larger tenants (those with over 400m² rented) and more loyal tenants (those with 7+ years' contract duration). The results also demonstrated good satisfaction with our external service providers, with the average ratings for friendliness, accessibility, competence, responsiveness and service orientation all indicating positive satisfaction. In the tenant survey we conducted at our Netherlands properties, 63% of the tenants who consented and took part in the survey answered that the condition of their properties was quite or very good.

The survey has also highlighted some areas for improvement, which we will address in 2023 through action plans informed by these results. There was higher dissatisfaction with the accessibility, response time and service orientation of our property management teams. To act on this, Aroundtown now offers a 24/7 hotline for our commercial tenants, to provide a professional point of contact outside normal service hours. Our commercial tenant service center has also been certified with TÜV and ISO 9001:2015 in 2022, which puts us in a unique position compared to our peers. Our efforts to develop our CRM technologies will also deliver more dynamic service to our tenants, which we hope will be reflected in the results of future surveys.

We aim to conduct these tenant satisfaction surveys annually to ensure the continual evaluation of our efforts and improve our processes and tenant offerings. To overcome the data protection issues limiting participation, we have entered an addendum to tenants' standard lease documents, which asks for their permission ahead of time to receive online tenant surveys in the future. This will increase the range of future surveys.

Delivering Sustainability Improvements

In order to align our investments with our tenants' needs, we leverage ongoing analysis into each tenant's industry segment and individual success factors. Investments in environmental efficiency measures are an integral part of this strategy. Larger corporate tenants often have sustainability policies which give preference to buildings with higher environmental standards, as well as buildings which offer additional benefits to employee health and wellbeing. To evidence the green credentials of our assets, we are continuing to pursue BREEAM certification across our commercial portfolio. Based on floor area, 55% of the Dutch portfolio is certified with BREEAM, from 30% in 2021, and 9% of the commercial portfolio is certified (5% in 2021). It is our goal to complete BREEAM certification for the entire Dutch portfolio excluding retail, Center Parks and disposal properties in 2023. In our German portfolio the first office assets are being certified and we expect gradual progress on this over time.

Environmental measures also benefit tenants through reduced service charge costs, such as efficiency gains in energy and water consumption or waste reduction. This trend was reflected in the results of our tenant survey, which showed a clear desire for improvement in the energy efficiency of our buildings among our tenants. In particular, almost 50% of our tenants anticipate converting their company cars to electric vehicles in the next two years, indicating clear demand for electric charging stations at our properties.

Because of this demand, we are beginning to implement electric vehicle charging stations across our portfolio, as well as installing high-efficiency heating system replacements and on-site solar PV systems. To support these programs we have introduced green lease clauses in our new lease agreements, covering aspects such as use of eco-efficient equipment and waste management.

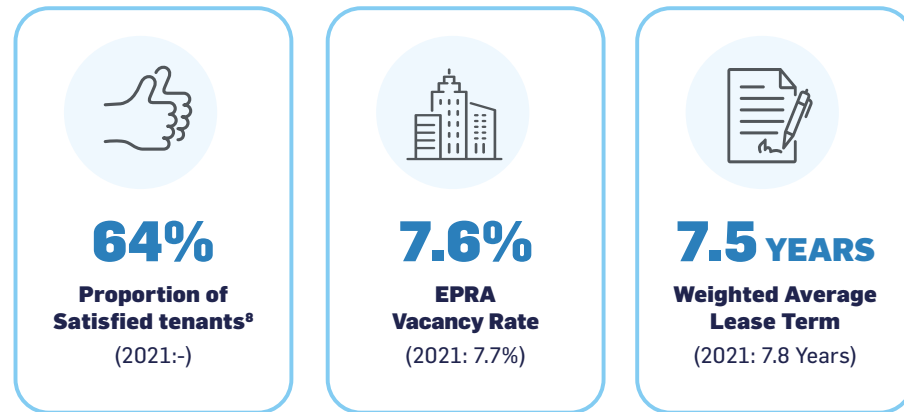
Performance

To guide the implementation of our sustainability strategy and track our progress, we have developed several long-term goals that we are continuing to work towards:

- Remain an industry leader in tenant-orientated customer service.
- Continually increase tenant satisfaction

There are several key figures which we track each year to monitor our performance and contribute to our long-term goals:

Key performance indicator



Occupancy and retention rates are key indicators for assessing the effectiveness of our tenant satisfaction strategy. We monitor vacancy rates and weighted average lease terms as indicators of satisfaction levels, with unsatisfied tenants evidencing reduced loyalty and a greater likelihood of termination. Both of these metrics have remained very stable from 2021 to 2022. Additionally, this year we have conducted our first tenant survey to directly assess the satisfaction of our tenants, which we will include as a monitored KPI going forward.

In addition to our KPIs, we in 2021 set targets for improvement to our tenant satisfaction processes, which remain ongoing. Below, we have described the progress against our targets:

2022 Goals	Status	Progress
Conduct a tenant satisfaction survey	Ongoing	As described in this insight, we conducted surveys of our tenants in Germany and the Netherlands this year. We have also begun to work on measures to expand the coverage of these surveys in future years. Our aim is to conduct this survey annually going forward.
Roll-out a professional customer relationship management (CRM) system to improve the efficiency of our customer engagement processes including letting, tracking leads, response times and the status of customer questions	Ongoing	We have made progress in integrating our CRM platform with a letting support tool, and trialing further systems to provide tailored customer experiences. Deploying these solutions will be an area of focus in 2023.

Priorities for 2023

In the coming year, we will build on the groundwork done to overcome data protection limitations, to conduct a tenant satisfaction survey with broader scope. We will also focus on some core actions in response to the results of this year's survey. These will include improvements to the responsiveness of our tenant service through our CRM technology, and continued expansion of our Energy Investment Program to deliver environmental improvements. This Investment Program is described in greater detail in our 'Energy & Climate Change Sustainability Insight.

8. We did not conduct a tenant satisfaction survey in 2021