

# TENANT SATISFACTION

## 1. UNDERSTANDING THE TOPIC

As the third largest listed real estate company in Europe, our portfolio is diverse 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 metres, we cater to the needs of organisations ranging from small enterprises to international blue-chip companies.

For us, long-term tenant relationships are the foundation for generating attractive yields. How we manage our properties and address our tenants' needs and concerns is vital for influencing whether they decide to stay at our properties and continue doing business with us. However, the diversity of our tenants requires a customized approach with due consideration given to each tenants' industry and requirements. Across all our assets, we work tirelessly to strive for the highest standards possible whether that is improving the properties' environmental credentials, realising efficiencies or providing new facilities. 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.

Key to the success of our 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, emphasising responsiveness, diligence, and

reliability. We nurture these qualities in our employees and through extensive training, ensure that employees place tenant satisfaction at the forefront of everything they do.

## 2. MANAGING THE TOPIC

### Communication and transparency

Our tenants expect effective operational support covering a broad range of informational, advisory and assistance aspects. Relationships are initiated with prospective tenants on their first site visit, whereupon we provide support in defining unique tenancy needs together with the prospective tenants and offer all respective fit-out services. Our leasing and asset managers are tenants' first point of contact through this process, with property managers taking over customer care when occupation begins.

Tenants are supported through a three-tier management approach that is strengthened by our Tenant Satisfaction Policy. The policy defines our commitment to continually expand and enhance our service offer, remain an industry leader in tenant-oriented customer service, and maintain the high level of satisfaction through the anticipation of and response to the latest interests and needs of our tenants. Accordingly, the policy lays out the expectations and guidelines to drive tenant satisfaction through the responsibilities of internal stakeholders, asset repositioning strategies, open communication and transparency, and tenant satisfaction surveys.

At the site level, facility managers are responsible for attending to day-to-day technical support and maintenance issues. Property managers, who make regular site visits, are a central point of contact for tenants and service providers. They prepare budgets, plan technical improvements and maintenance works and maintain ongoing contact with tenants to ensure that refurbishment and management activities are aligned to their needs. Asset managers, usually operating at a regional level, have a strategic focus to enhance asset values through targeted re-positioning and customer service excellence and engage with tenants on longer-term, strategic aspects relating to building and service quality and lease agreements.

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. The strength of our tenant engagement approach has been tested during the coronavirus pandemic. Whether it was restructuring leases or implementing measures to support tenants in keeping their customers safe, we continued to prioritize the satisfaction of our tenants and lay the foundations for building long-term partnerships. In particular, we have intensified our engagement with tenants about their business space requirements in the altered context, attentive to their needs to reduce or increase their leased space, or pursue a more flexible approach, according to their specific circumstances. By

holding regular conversations with tenants on these aspects and responding to their needs in the most efficient way, we have maintained high occupancy rates and strong lease terms despite the challenging market conditions.

We have continued to improve the efficiency of our property management approach. We have recently completed the transfer of our properties to the SAP management system and are adapting appropriate CRM software to improve our management of tenant communications (see the Performance section below). To date, the digitalization of our workflow processes has had a tangible positive effect in terms of improving the pace of communications with tenants and speeding up the processing of contracts and invoices.

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, 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.

With the implementation of our group wide CRM system, the Service Centre will also be available for our commercial tenants, giving them another route to connect and communicate with us, 24/7. It is our goal to enhance the regular service options, as well as our optimum reachability, in cases of emergency. A pilot conducted in 2021 shows a good acceptance of this service.

### Improving tenant satisfaction through asset management

Tenants need superior space to run their businesses effectively. In the office sector, the quality of the indoor environment impacts upon staff attraction, retention, and productivity; within hospitality, it contributes to guest satisfaction and loyalty; whilst in retail, it affects customer dwell times and spend. Hence our approach to tenant satisfaction is intertwined with our asset repositioning strategy. We modernize the properties we invest in to bring them up to high quality standards, leveraging ongoing analysis to align our investments with tenant needs and give considered attention to each tenants' 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 in place that give preference to buildings with higher environmental standards, which can also offer additional benefits in relation to employee health and wellbeing. In this context, we have plans in place to reach a significant proportion of certified green space within our commercial property portfolio through the application of, amongst others, the BREEAM rating standard. As of 2021, 30% of the Dutch portfolio is certified, including 20 new certifications received during the year (2% certified in 2020). Considering the certifications in our German portfolio, 5% of the total commercial portfolio is certified at year-end 2021 (1% certified in 2020). In 2022, we will be running a program to assess 14 new buildings against BREEAM criteria prior to proceeding to the accreditation process. We will also be completing a portfolio analysis in Germany to obtain certification for at least a further 20 office and hotel assets.

Moreover, all tenants are keen to benefit from measures that reduce service charge costs, such as efficiency gains in energy and water consumption and waste reduction. Priorities on this front include the ongoing replacement of heating systems with modern efficient alternatives and the installation of on-site renewable energy and CHP and CCHP systems that can deliver cost savings as high as 30% in the hotels sector and 5% in offices. Furthermore, we are in the process of rolling out electric vehicle (EV) charging stations, with 80 projects completed and 56 currently underway at the end of 2021. We have also recently introduced green lease clauses in new contracts with tenants (for more information, see the Performance section below). For more information, see Energy & Emissions.

While assets are being brought up to the desired standard, tenant care is focused on delivering ongoing improvements in operational management and the provision of additional facilities and services. In the office sector, this includes space extensions to facilitate growth and smart space redesign to match evolving workplace practices. Specific initiatives across our retail portfolio include increasing the attractiveness of our shopping malls to ensure a great experience for our tenants' customers and working with our tenants to expand existing properties to accommodate modern store concepts. In the residential sphere, GCP focuses on providing communities with shared facilities, supporting social and educational projects and hosting events to promote good relations between neighbors.

1. The 30% provided is based on the floor area of our Dutch portfolio not on the number of buildings.

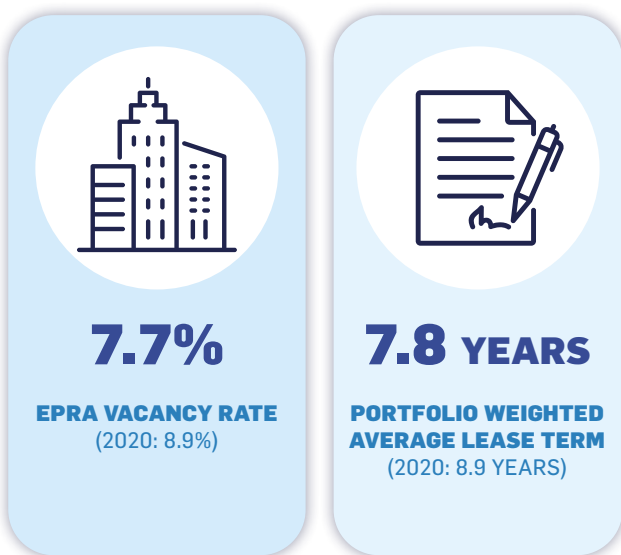
### 3. PERFORMANCE

#### Long-term Goals and 2021 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 on a yearly basis to monitor our performance and contribute to our long-term goals:



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. The EPRA Vacancy rate reduced from 8.9% at year-end 2020 to 7.7% at year-end 2021, supported by the consolidation of GCP and disposal of assets with higher-than-average vacancy, offsetting the negative 0.5% like-for-like occupancy,

which excludes GCP. Aroundtown continuously maintains a long weighted average lease term which was 7.8 years at year-end 2021.

In addition to our KPIs, in 2021 we set a target to conduct a tenant satisfaction survey and roll-out a professional customer relationship management system. Below, we have described the progress against our targets:

2025 Goals	Status	Progress
Conduct tenant a satisfaction survey	Ongoing	We continued to work on the development and roll-out of a tenant satisfaction survey, despite the ongoing variation in occupancy levels at office assets, which asks 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 on-site service. To overcome issues related to data protection, 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. With the platform and survey now in place, tenant surveys will be conducted once a year beginning in 2022.
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 requests	Ongoing	In 2021, we tested several CRM systems to identify the most appropriate and effective platform for improving tenant engagement processes and offerings. This included a property specific solution, in collaboration with a workplace experience specialist, to trial a pilot project as an innovative and flexible solution for customer-empowered, digital tenant management. In parallel, we chose a group-wide CRM system, which was rolled-out in the residential business. Please see the Performance section for more details.

## Significant Activities

### Innovative solutions for digital tenant management

COVID-19 has accelerated the shift towards digitalization, where innovative models are disrupting the traditional tenant-landlord relationship. Increased use of digital communication and workflow can save time and costs for our company and our tenants, while enabling us to reach and respond to tenants quicker and improve their overall experience. When applied to letting and invoicing processes, digital solutions can offer a fast, transparent, and paperless solution to agreeing contracts and approving payments. In 2021, we launched a pilot project to trial the use of a property specific innovative and flexible solution for customer-empowered, digital tenant management. With the potential to provide tailored and immersive workplace experiences for tenants, features include tenant support, booking systems, services, and amenities, along with the ability to track important metrics such as satisfaction, usage, and support resolution time. Other solutions, offering comparable benefits, are being evaluated to provide a suite of tailor-made options for different types of assets. Moving forward, we will evaluate the pilot's success and consider the roll-out of such solutions to other properties, utilizing its potential to adapt to specific customer requirements and explore the service offerings.

Similarly, we are continuing the roll-out of our new CRM solution to the commercial sector, having gained valuable experience already in the residential sector. The solution will support a seamless communication channel with our tenants, whilst making use of the 24/7 availability of the Service Center. The digitalization of the tenant experience through various entry points will become a differentiating factor for new lease agreements.

### Engaging tenants to improve energy performance

Investing in the environmental performance of our assets is integral to ensuring our properties operate to high quality standards and align with our tenants needs and internal sustainability policies. With a significant proportion of our properties' energy use controlled by tenants, engaging them on how they can improve their environmental performance is key, which in turn can reduce their operational costs and support us in reaching our own environmental goals. In 2021, we introduced green lease clauses in all new tenant contracts that seek to both increase

engagement with tenants and introduce obligations to improve their environmental performance. The leases cover topics such as utilities consumption, use of eco-efficient equipment, waste management and other environmental management aspects, as well as engagement and collaboration obligations between tenant and landlord on the exchange of utilities consumption data and the pursuit of environmentally responsible practices with respect to maintenance, construction and modernization works.

### Priorities for 2022

To contribute to our long-term goals and focus our efforts in 2022, we plan to begin conducting tenant satisfaction surveys to ensure the continual evaluation of our efforts and improve our processes and tenant offerings. Following the finalization of the SAP migration in our German business (residential and commercial), our focus will be on harnessing opportunities for further digitalization through SAP, for example, by integrating the CRM solution and a letting support tool to improve our accessibility for tenants, potential tenants and service providers. Accessibility and a keen sense for customer care are vital in a competitive and continuously changing market.

## DATA TABLE<sup>2</sup>

Key figures	Unit	2019	2020	2021
Tenant retention and attraction				
EPRA Vacancy Rate	%	7.7	8.9	7.7%
Portfolio weighted average lease term (WALT)	years	8.6	8.9	7.8

2. The KPIs do not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.