

TENANT SATISFACTION

PART 1 - UNDERSTANDING THE ISSUE

As the largest listed German commercial real estate company, 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 customised 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's 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.

PART 2 – MANAGING THE ISSUE

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 which 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, facilities 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 te-

nants 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 was tested in 2020 during the coronavirus pandemic and our teams proved that they could cope in what was an unprecedented situation that required working closely with tenants and intense communication. Whether it was restructuring leases or implementing measures to support tenants in keeping their customers safe, we continued to prioritise the satisfaction of our tenants and lay the foundations for building long-term partnerships.

To improve the efficiency of our tenant engagement system and processes, in 2021 we plan to roll-out a new corporate-level, professional CRM system. This will be complemented by the launch of our first tenant satisfaction survey which will seek to rate tenants' 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.

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 waiting times for tenants. More information about GCP's approach to customer communication can be found on the sustainability section of its website.

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 modernise 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 which give preference to buildings with higher environmental standards, which can also offer additional benefits in relation to employee health and wellbeing. Moreover, all tenants are keen to benefit from measures which 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 costs savings as high as 30% in the hotels sector and 5% in offices. For more information, see [Energy & emissions](#).

When assets have been 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 with 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 neighbours.

PART 3 – PERFORMANCE

Long-term Goals and 2020 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 the area of tenant-oriented 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. Despite the EPRA vacancy rate increasing slightly to 8.9% in 2020, the weighted average lease term (WALT) increased to just below 9 years, reflecting that our tenants are staying in our properties for a longer period of time.

As well as our KPIs, in 2020 we set a target to conduct a tenant satisfaction survey to measure the satisfaction of our tenants. Below, we have described the progress against our 2020 target:

2020 Target	Status	Progress
Conduct Tenant/ Customer Satisfaction Survey	Partially Achieved	During 2020, we developed a tenant satisfaction survey 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. Due to COVID-19 and several administrative hurdles related to data protection, we have delayed the launch of the online survey until 2021. To overcome issues related to data protection, we have created an addendum to tenants' standard lease documents which asks for their permission ahead of time to receive online tenant surveys in the future. In the meantime, we have administered a test survey to a selection of our tenants to trial its effectiveness and the quality of responses, which has been positive. We have also identified the KPIs which we will utilise to measure our tenants' satisfaction.

Significant activities

Strengthening our Customer Service

During 2020, a significant number of new assets were added to our portfolio. Maintaining the quality of our customer service offering is vital for our business performance and for achieving high levels of tenant satisfaction. To maintain quality, we strengthened our platform of property managers through increased recruitment and engaging external property managers. By doing this, we have been able to grow the number of property managers at each of our properties which has ultimately led to higher engagement with tenants as employees have had more time to dedicate to addressing each of our tenants' individual needs and concerns.

Priorities for 2021

To contribute to these long-term goals and focus our efforts in 2021, we plan to 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. Building on the experience of our takeover of TLG Immobilien in 2020, we are preparing to introduce and trial several software tools. Significantly, the system will support our first tenant satisfaction survey that we aim to complete during the year.

DATA TABLES

Key figures	Unit	2018	2019	2020
Tenant retention and attraction				
EPRA Vacancy Rate	%	8.8	7.7	8.9
Portfolio weighted average leave term	years	8.2	8.6	8.9