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Fitch Assigns Expected 'A-' IDR to Vesteda; Outlook Stable; Expected Unsecured Debt Rating 'A'

Fitch Ratings - Stockholm - 01 Jul 2026: Fitch Ratings has assigned the following expected ratings to Vesteda Residential Fund (Vesteda): Long-Term Issuer Default Rating (IDR) 'A-(EXP)'/Stable, Short-term IDR 'F1(EXP)', and senior unsecured debt 'A(EXP)'. A full list of rating actions is below. Final ratings are contingent on Vesteda renewing its access to the unsecured bond market.

The ratings reflect Vesteda's Dutch residential-for-rent portfolio, which totaled about EUR10.5 billion at end-2025. The fund has stable rental income and potential for rent reversion. Vesteda's new annual unit redemption mechanism addresses redemption risks and reduces near-term liquidity pressure. It allows the fund to meet unit redemption requests on a best-efforts basis, while maintaining a strong financial and liquidity profile.

Fitch expects Vesteda to maintain low net debt/EBITDA of about 10x (2025: 9.2x) for a residential-for-rent fund. This is consistent with its long-term loan-to-value (LTV) target of below 30%. Fitch also expects interest coverage to decline to about 2.3x by 2028 (2025: 4.9x) as low-coupon bonds are refinanced at prevailing interest rates.

Key Rating Drivers

Stable Residential Rents: Vesteda is focused on residential units with mid-market rents in and around attractive cities across the Netherlands. The portfolio is a mix of single-family (40% of value) and multi-family homes across growing cities. The fund's residential rents benefit from the stability of necessity-based demand and rental increases from unbalanced supply-demand. The Dutch regulatory rent framework's protections for in-place tenants reduces tenant churn (Vesteda 2025: 12%) and increases occupancy. It also creates reversionary potential when market rents grow faster than rental increases allowed under regulation.

Future Rental Growth: Vesteda's portfolio comprises units positioned in the liberalised segment (89% of value). Rents are initially set closer to market levels when leases are signed, but annual increases are capped at the lower of CPI or salary increases, plus 1%. Fitch expects Vesteda's rental growth to be supported by the portfolio's 20% reversionary potential, which reflects rapid growth in market rents over the last five years. The remaining units (11% of value) are mostly regulated mid-rental units where rents are capped and increases are limited to salary growth plus 1%.

Portfolio Netherlands Regions: A large share of the portfolio is in the Randstad region. Forty percent is in the Netherlands' five largest cities; Amsterdam (21%) Rotterdam (9%), Den Haag (3%), Utrecht (4%) and Eindhoven (3%). Vesteda's asset and location selection has helped the portfolio outperform the

Dutch rental market. The fund achieved a 4.3% like-for-like rental growth (Netherlands: 3.4%) on average over the last five years while maintaining a high 98%-99% occupancy. The fund portfolio's average tenant stay is long. It increased to 8.5 years in 2025 (2021: 6.9 years) reflecting the growing gap between in-place rent and market rents.

Fulfilling Unit Redemption Requests: Vesteda has various options to meet redemption requests including sale of properties, raising new debt, adjusting the dividend and raising new equity. Foremost, the fund plans to monetise assets through block sales to investors and by selling individual units (privatisation) to households, tapping the liquidity of both markets. Fitch views the planned disposals by March 2027 as large but achievable given residential transaction volumes of EUR3.7 billion in the Netherlands during 2025. Privatisation proceeds will benefit from a premium to book values as the units are sold as owner-occupied and are no longer subject to rental regulation.

Recent EGM Unitholders' Agreement: Vesteda's unitholders agreed in the 26 June 2026 Extraordinary General Meeting (EGM) to a new unit redemption mechanism and reduced to EUR765 million (10% of net asset value, NAV) redemptions to be repaid by March 2027 on a 'best efforts' basis. The fund plans to meet these with the liquidity options listed above. Thereafter the annual 'best efforts' liquidity cycle for unit redemptions is about 7.5% of NAV. Any redemption requests not achieved during the year will lapse at the end of the period. At the fund's discretion, dependent on available liquidity, it can fulfil higher unit redemption requests.

Future Years' Unit Redemptions Likely: The EGM agreement balances different unitholders' strategies. Some investors want to reduce their exposure to Vesteda and the residential sector. Others want to exit gradually over time. The annual redemption mechanism supports a more orderly exit than the fund's previous seven-year mechanism, which proved limited in practice. Fitch therefore expects unit redemptions to continue in future years in a planned and manageable way. These redemptions do not reflect adverse fund performance.

Undemanding Financial Profile: Fitch forecasts Vesteda's net debt/EBITDA to increase to a still-moderate 10.0x in 2026 and 10.4x in 2027, supported by rental growth despite asset sales. This remains consistent with the fund's long-term LTV target of below 30%. Fitch expects interest coverage to decline to 2.3x in 2028 (2025: 4.9x) as the fund refinances low-coupon debt at prevailing rates. Fitch allows higher debt capacity for residential-for-rent assets than for commercial property because the sector has inherently lower income yields. In Vesteda's case, its implied net initial yield is 3.2%, reflecting stable rents and reversionary potential.

Cessation of Business Clause: Asset sales could potentially trigger a claim that the fund has breached the standard 'cessation of business' event of default clause in its bond documentation. Fitch has therefore focused on liquidity analysis and refinancing scenarios to assess the fund's ability to refinance existing bonds on a timely basis. This analysis includes the use of currently available undrawn revolving credit facility (RCF) capacity of EUR1.55 billion.

Senior Unsecured Rating Uplift: Similar to European REITs and fund peers' ratings, entities with mainly unencumbered investment property (minimum 2x investment property/unsecured debt coverage, below 20% secured debt/total debt) can have a senior unsecured rating one notch above the IDR, reflecting higher recoveries for real estate than normal corporates. Fitch has also applied this rating uplift to the financing company's Vesteda-guaranteed unsecured debt.

Peer Analysis

Vesteda's end-2025 portfolio comprises 28,147 Dutch residential-for-rent units with a value of EUR10.5 billion. It is smaller than Heimstaden Bostad AB's (IDR: BBB-/Stable) pan-European portfolio, which totals EUR29.7 billion and 156,690 units. However, it is larger than Grainger plc's (BBB-/Stable) portfolio of EUR4.2 billion and 10,924 UK units, and D.V.I. Deutsche Vermoegens- und Immobilienverwaltungs GmbH's (BBB-/Stable) Berlin-focused portfolio of EUR2.3 billion, which is mainly residential. Vonovia SE (BBB+/Stable) has the largest portfolio at EUR82 billion and 539,753 units.

Vesteda's like-for-like rental growth was 5.5% in 2025. This compares with 4.9% for Heimstaden Bostad, including 5.0% growth in its EUR2.8 billion Dutch portfolio, and 3.6% for Germany-focused Vonovia. These three landlords operate mainly in regulated markets and outperformed CPI. Grainger's equivalent figure, to end-September 2025, was 3.4%. All four companies maintain high occupancy.

Heimstaden Bostad benefits from broad geographic diversification, which helps offset city- and country-specific risks. These include Berlin's rent regulation, the Netherlands' new points system, and other national rental regulations.

Net initial yields of 3.5%-4.0% for residential-for-rent assets are lower than those for commercial property. This reflects lower risk, stable rents, reversion to market levels, and supportive supply-demand dynamics. As a result, interest coverage often constrains leverage capacity.

Vonovia's long-dated, low-coupon debt supports Fitch's estimate of an average cost of debt of 2.5% in 2026 and interest coverage of 2.2x in 2028. By comparison, Heimstaden Bostad's higher leverage resulted in an equivalent 2025 average cost of debt of 3.5% and interest coverage of 1.6x. Vesteda's low target leverage supports interest coverage of 2.3x in 2028, even as its low-coupon bonds reset to prevailing interest rates of about (2028: 4%).

Fitch’s Key Rating-Case Assumptions

- Like-for-like rent increases of 4% in 2026 and 3% a year thereafter. Lease expiries of 12% a year and rent uplifts of 5% annually. Therefore, net of rent lost from disposals (where Fitch annualises the lost rent rather than phase the disposals), rental income reduces by 8.1% in 2027, 1.9% in 2028 and 1.6% in 2029

- Asset disposals broadly in-line with unit redemption requests

- Unit redemptions at 10% of NAV in 2026, and about 7.5% of NAV in the years thereafter

- Debt is refinanced at 3.5%-4.5% depending on tenors, resulting in an average cost of debt at 4% by 2028

- Dividends at 100% of funds from operations (excluding realised or unrealised capital profits)

- Fitch has modelled the interim period's redemption requests as paid on 31 December 2026 (the company's year-end) rather the actual payment date of 31 March 2027. Thereafter redemptions are payable at end-December in each year.

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), access to capital ('a-', Moderate), liability profile ('bbb-', Moderate), property portfolio ('a-', Higher), rental income risk profile ('a-', Moderate), profitability ('bbb', Lower), financial structure ('a', Higher), and financial flexibility ('a', Moderate).

Assessments of the quantitative financial subfactors include bespoke calculations.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'a-'.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Net debt/rental-derived EBITDA above 17x

-- EBITDA net interest cover below 2.0x

-- Average debt tenor below five years

-- LTV above the fund's target of 30%

-- Approaching below EUR5 billion of investment property

-- Reduction in cash and undrawn RCF availability relative to debt maturities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Positive rating upside is limited. The 'A-' rating is currently the highest IDR among Fitch-rated EMEA real estate issuers and reflects the sector's inherent cyclicality. The rating also reflects the risks associated with a regulated residential real estate fund. Fund shareholders can trigger a liquidity event and asset sales, potentially during a real estate downturn.

Liquidity and Debt Structure

At end-2025 Vesteda had EUR64 million readily available cash. During 1H26, Vesteda increased its undrawn RCFs to EUR1.55 billion, ahead of the July 2026 bond maturity of EUR500 million, and total EUR535 million maturities in 2027. Next are the 0.75% coupon EUR500 million bond in 2031 and less anachronistic 4% coupon EUR500 million in 2032. The RCFs mature in 2028 and 2030. The fund plans to access long-term bonds to address debt maturities.

Concerning the cessation of business clauses in debt financings' events of default clauses, Fitch has concentrated on liquidity analysis and scenarios of bond issuance including use of undrawn RCF capacity to refinance existing bonds on a timely basis.

Assuming Vesteda refinances its low-coupon bonds at prevailing rates, Fitch forecasts that the average cost of debt will gradually rise to about 4% in 2028. To meet scheduled unit redemptions of EUR765 million by end-March 2027 and 7.5% of NAV (2027 equivalent: EUR541 million) by end-December in subsequent years, Fitch assumes that Vesteda will primarily monetise investment property assets.

Criteria Variation

As an open-ended fund, a significant redemption of the fund's unitholders could lead to demands on Vesteda's liquidity and could prompt the wind-down of the fund, with assets likely being sold during a real estate downturn when asset values are impaired and leverage spikes. Under its Corporate Rating Criteria, Fitch does not rate entities where the request by unitholders to redeem their equity has the potential to materially change the entity's financial and business profile.

Under a significant unitholder redemption scenario, such as that in 1H26, management will present a business plan to meet redemptions. In this case, Vesteda's unitholders agreed to a different reprofiling and a new annual liquidity mechanism thereafter. After the 26 June 2026 EGM, Vesteda's options include selling assets during 12 monthly cycles. Management can use this time to plan for this scenario and may suspend redemptions if this is in the best interests of the fund. Vesteda's unitholders include long-term institutional investors.

Liquidity contingencies include open-market buying and selling of fund shares; adjusting the fund's cash dividend; attracting new equity investors; cash; and incurring debt. This liquidity profile is aided by the fund's low LTV. As at end-1H26, Vesteda has EUR765 million (10% of NAV) of unitholder redemptions outstanding.

Date of Relevant Committee

29 June 2026

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for Vesteda

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Vesteda Residential Fund	LT IDR	A-(EXP)	Expected Rating		
	ST IDR	F1(EXP)	Expected Rating		
• senior unsecured	LT	A(EXP)	Expected Rating		
Vesteda Finance B.V.					
• senior unsecured	LT	A(EXP)	Expected Rating		

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

Corporate Rating Criteria (pub.09 Jan 2026) (including rating assumption sensitivity)

Corporates Recovery Ratings and Instrument Ratings Criteria (pub.02 Aug 2024) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub.09 Jan 2026)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

Additional Disclosures

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Endorsement Status

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

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