MOODY'S INVESTORS SERVICE

CREDIT OPINION
20 February 2018

New Issue

Rate this Research

RATINGS

Fabege AB

Domicile	Sweden
Long Term Rating	Not Available
Type	Not Available
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Fabege AB

New Issuer

Summary

Fabege AB's (Fabege) Baa3 issuer rating reflects its (1) strong market position as one of Sweden's leading commercial real estate companies in terms of size, attractive locations and asset quality; (2) modern and efficient buildings that attract strong market demand; (3) office property portfolio located in the inner city of Stockholm and also large office complexes in selected areas within a five-kilometre radius of central Stockholm; (4) well-executed business model that focuses on a significant but controlled development programme, which will enhance the quality of its portfolio and position it for sustainable long-term growth and (5) moderate leverage, as measured by Moody's-adjusted debt/assets of 42.1% as of 31 December 2017 and a strong commitment to maintaining this level.

Counterbalancing these strengths are (1) the company's geographical concentration; (2) a significant share of development projects which are nonetheless of lower risk due to high pre-let rate of 88%; (3) a high net debt/EBITDA ratio due to high share of project developments; (4) a moderate level of tenant concentration, which is partly offset by very long contracts with creditworthy tenants; (5) a high proportion of secured debt/ Moody's-adjusted total assets of 29%; (6) a low but improving share of unencumbered assets, representing around 20% of total assets; and (7) short-dated reliance on commercial paper (20% of total borrowing), which significantly weakens liquidity but is fully backed by undrawn credit facilities, though with relatively short remaining tenors. The high reliance on commercial paper has led to a relatively short debt maturity profile and interest-fixing period, exposing the company to the willingness and ability of its banks to refinance maturing debt at short notice.

Credit strengths

» The favourable macroeconomic environment in Sweden and favourable fundamentals of the attractive locations in Stockholm

» High-quality portfolio, with a significant degree of environmental certification

» Focus on areas that are merging with the city of Stockholm, which preserves the attractiveness of the company's properties

» Significant but controlled development programme, which includes a strong pipeline, further enhancing the quality of the company's portfolio

» Moderate leverage and solid EBITDA fixed charge coverage

Credit challenges

- » Limited geographical diversification; reliance on the economic prospects of only one, although the most important, city in Sweden
- » Some tenant concentration, with the company's 15 largest tenants accounting for 33% of its total rental revenue
- » Weak but improving liquidity, as reflected in a relatively short debt maturity profile and interest fixing period
- » High net debt/EBITDA, reflecting numerous development projects
- » Small but growing pool of unencumbered assets
- » High dividend payout ratio despite high capital spending on development projects

Rating outlook

The company's liquidity weakens the rating position. Therefore, the stable outlook reflects our expectation that Fabege will work on improving its liquidity and increase unencumbered assets to 30% or above, refinance SEK4.3 billion in capital market funding and renew a SEK2 billion credit facility coming due in the next twelve months into new multi-year facilities. In addition, we expect cash flow and EBITDA to increase as development projects are completed and occupied which should lead to an improving net debt/EBITDA ratio of around 14x in the next 12 months. The company will reach this level faster if it disposes of some of its non-core assets, which it has said that it is prepared to do to reach its newly set target of 13x. We also expect that unencumbered assets will increase as the company refinances bank loans and release secured assets. We also expect leverage to hover around 42%-44% and fixed charge coverage to be maintained around 3.0x. The rating outlook also reflects Sweden's favourable macroeconomic environment, and strong occupier and investment markets for commercial real estate markets.

Factors that could lead to an upgrade

- » Any rating upgrade is predicated upon an improvement of its liquidity situation and a substantially reduced reliance on short-term funding
- » Effective leverage improving towards 40% on a sustainable basis, with financial policies that support the lower leverage
- » Fixed charge coverage above 3.75x
- » A substantial unencumbered asset pool and less dependency on financing from Svensk Fastighets Finansiering (SFF) vehicle

Factors that could lead to a downgrade

- » Failure to improve the liquidity position, maintain multi-year facilities that back-up the commercial paper programme and to significantly improve the unencumbered asset ratio from the current 20%
- » Effective leverage towards 50%
- » Fixed charge coverage below 2.75x
- » Increased secured issuance under the Svensk Fastighets Finansiering (SFF) vehicle

Key indicators

Exhibit 1
Key indicators for Fabege

Fabege AB

USD Millions	Dec-14	Dec-15	Dec-16	Dec-17 [1]	2018-proj.[2]
FFO Payout	71.8%	71.5%	76.0%	62.3%	64.0%
Unencumbered Assets	n.a.	n.a.	n.a.	20.2%	33.0%
Debt / Gross Assets	54.8%	50.9%	44.1%	42.1%	43.0%
Secured Debt / Gross Assets	46.1%	41.3%	32.0%	28.8%	30.0%
Net Debt / EBITDA	13.4x	15.0x	14.8x	15.2x	14.4x
Real Estate Gross Assets	4,613.7	4,957.8	5,532.4	7,482.0	7,780.0
EBITDA Margin (YTD)	70.5%	71.0%	70.9%	70.7%	71.5%
EBITDA / Fixed Charges (YTD)	2.0x	2.1x	2.3x	2.8x	3.0x
Development Pipeline	14.0%	15.1%	12.4%	11.6%	11.0%

[1] Moody's preliminary financials 2017 based on reported 2017 year-end financials, Moody's 2016 standard adjustments, and Moody's 2017 non-standard adjustments.
[2] Projections (proj.) are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™, Moody's Investors Service estimates

Profile

Fabege AB is a Stockholm-headquartered commercial real estate company that was established in 2005. It is one of the largest property companies in Sweden, with its real estate holdings valued at SEK57.9 billion. Around half of its property portfolio is located in the inner city and central business district of Stockholm, with the remainder in the fastest growing areas outside the city, including Arenastaden, Solna Business Park and Hammarby Sjöstad, which have good transport links and are within a five-kilometre radius from central Stockholm. The company's 90 properties span more than 1.1 million square metres and generated SEK2.3 billion in rental revenue in 2017, with offices accounting for 83% of the total rental value. While the company focuses on the development and management of office properties), its portfolio also includes retail properties, some industrial and warehouse properties, as well as hotels. Fabege is listed on Nasdaq Stockholm and had a market capitalisation of SEK28.1 billion as of 19 February 2018.

Detailed credit considerations

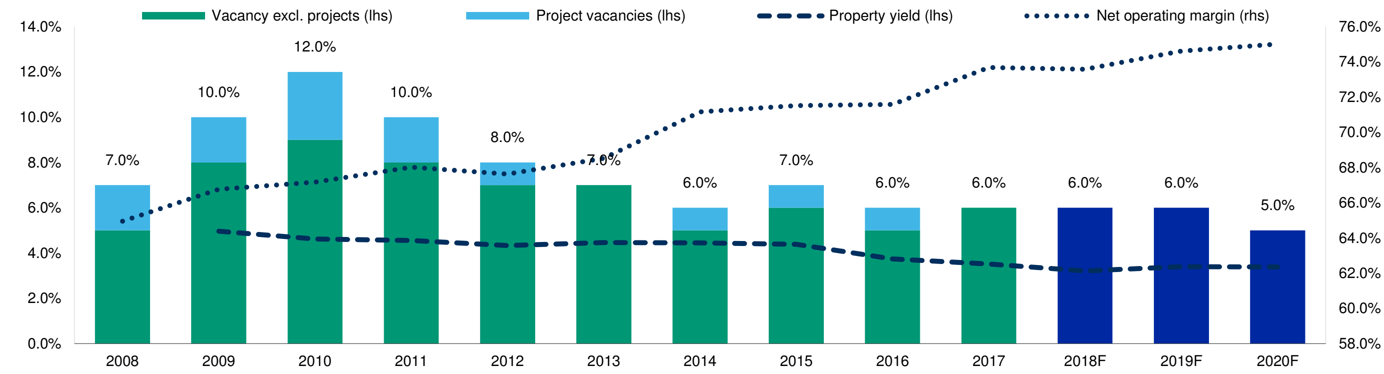
High-quality, large and focused commercial portfolio positioned for further growth

Fabege focuses on the development of modern, predominantly environmentally friendly, commercial properties in primary, well-connected locations in attractive metropolitan areas, and seeks to provide good services and facilities. The company's portfolio is modern, with an average age of just over 10 years. The portfolio is also largely highly efficient because the company has invested significant amounts over the years in refurbishing its properties, building new ones and adhering to environmental standards. Making its buildings compliant with the most stringent environmental requirements is necessary to secure and retain its tenants, as well as to preserve the competitiveness and attractiveness of its properties over the long term. The company currently has a high share (61%) of environmentally certified buildings and a stated target to have all new constructions and major refurbishments certified under BREEAM-SE and similar other environmental certifications.

Fabege has a vacancy rate of 6% (including project developments), a low level compared with Swedish peers. The vacancy rate is likely to remain around this level as the company acquires properties and refurbishes them to increase their value.

Exhibit 2

Fabege has maintained a stable vacancy profile and shown continuous improvement in operating profitability



Sources: Company data, Moody's Investors Service estimates.

Fabege has a leading market position (by property value) in several attractive areas, such as in Arenastaden (90%), Hammarby (70%) and Solna Business Park (80%-85%). Having the size to influence the development of an entire city district and to maintain and ensure the location's long-term attractiveness are important factors in reducing the risk of a concentrated portfolio. To achieve such competitive position, the company participates in the urban planning process with municipalities. Arenastaden joins Stockholm via Hagastaden and the newly built Karolinska University Hospital via Solna/Sundbyberg, creating a larger Stockholm area. However, this does not insulate the company from Stockholm's local economic cycles, although the city's economic development has been very positive in recent years and we expect this trend to continue.

Substantial growth will be derived organically

Fabege aims to grow organically and invest at least SEK1.5-2.5 billion per year in its own project portfolio, making it less reliant on acquisitions in a highly competitive and, therefore, expensive investment market. The company will grow by transforming development rights in its land bank into commercial properties. We estimate that the company's land bank at 676,000 square meters, of which 264,000 square meters represented by residential building rights (34% with approved zoning plan), will last for at least seven years. The company will develop some of the residential building rights connected with the construction of a new facility for automotive dealer Bilia in Solna with Bra Bostad. Depending on the recovery in the market for residential building rights, we would expect the company to dispose of a significant part of these, and use sales proceeds to reduce debt and finance commercial project developments. Growth will also come from increasing space in its existing properties through densification. Around 5% of the portfolio's market value, or 10-15 properties, is less cash generative owing to a higher vacancy rate stemming from shorter contracts. Fabege plans to develop these properties and contain their vacancy levels.

Concentration in Sweden mitigated by holdings in the most attractive, growth-oriented area of Stockholm; some tenant concentration, but remaining lease maturity spread evenly

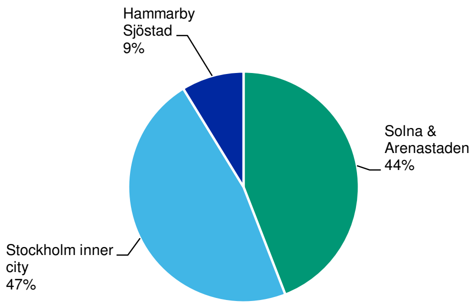
Fabege's focus markets are growing in terms of the number of businesses and residents, which should underpin the demand for office space in those locations. A strong office-based service industry, the low pace of construction in Stockholm's central business district and a shortage of premises have kept the vacancy rates in attractive inner city locations consistently low at around 2.0%. Also, tenants in Fabege's focus areas are driven mostly by factors other than high rents, such as the need for a large amount of space — they often need entire buildings, which are hard to find in Stockholm's central business district. This is a competitive advantage for Fabege, which has access to land that it can develop and thus provide entire office buildings. The long-term contracts that are signed for single-tenant buildings also somewhat mitigate the risks associated with tenant concentrations.

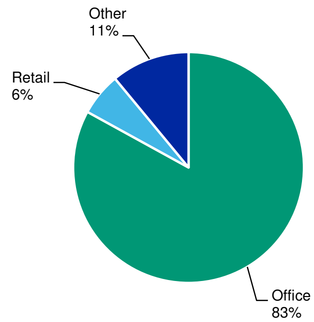
As Exhibit 3 shows, all of Fabege's holdings are located in the Stockholm area. However, we are comfortable with this level of concentration in Stockholm, which generates around a third of Sweden's GDP, because we do not believe it will lead to a material divergence from overall economic and property trends. Moreover, Stockholm is likely to outperform other Swedish regions in terms of population and economic growth. The city is one of Sweden's strongest property markets and the strong corporate demand for office space will continue to drive rental growth.

Exhibit 3

Fabege's properties predominantly comprise offices concentrated in three clusters in the Stockholm area

Rental value as of 31 December 2017





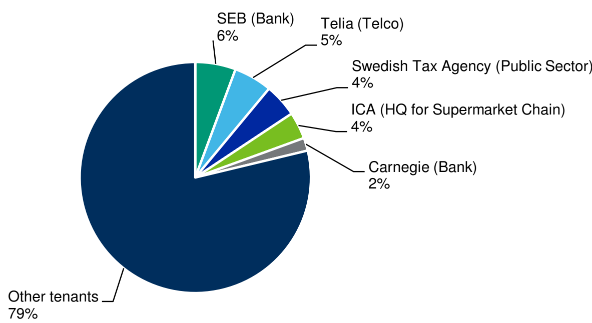
Source: Company data.

Fabege has some customer concentration, with its 15 largest tenants representing around 33% of its rental income. However, its largest tenant (SEB) accounts for only 6% with that contract maturing in 2037.

Exhibit 4

Fabege's customer concentration is towards creditworthy tenants operating across several different sectors

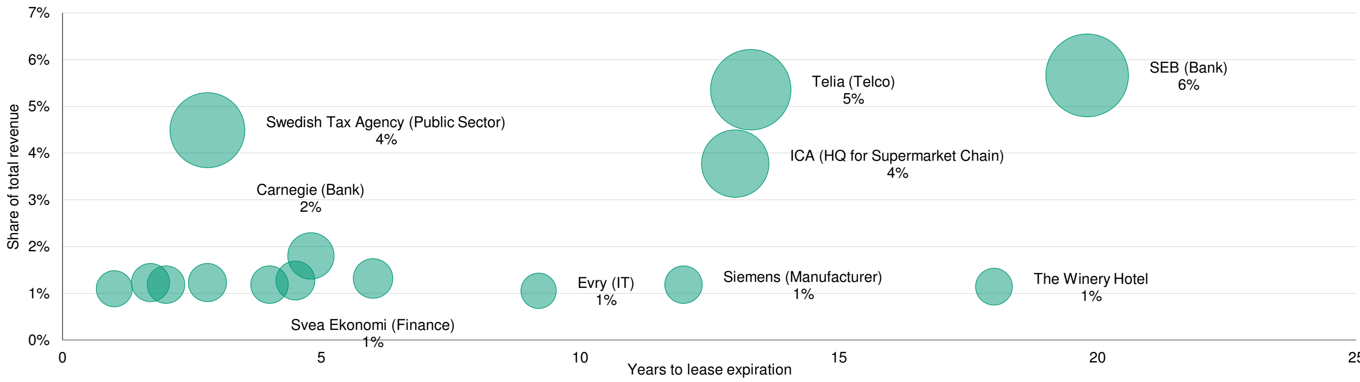
Share of annual revenue as of 31 December 2017



Sources: Company data, Moody's Investors Service estimates.

Fabege's average remaining lease period is around 4.4 years (excluding current project developments with long contracts), similar to the average for the Swedish market. Many of the company's tenants are active in the general services sector. Lease agreements for new developments are significantly longer than the in-place average lease period (10, 12, 15 or 20 years). Fabege has attracted several creditworthy tenants to its projects that have been finalised or are underway, thus helping to balance development risks. The weighted-average remaining lease period for the 15 largest contracts is around 9.3 years.

Exhibit 5
Most larger clients of Fabege have remaining lease periods exceeding 10 years
Data as of year-end 2017



Bubble sizes indicating annual rental value.
Source: Company data.

Controlled development activities

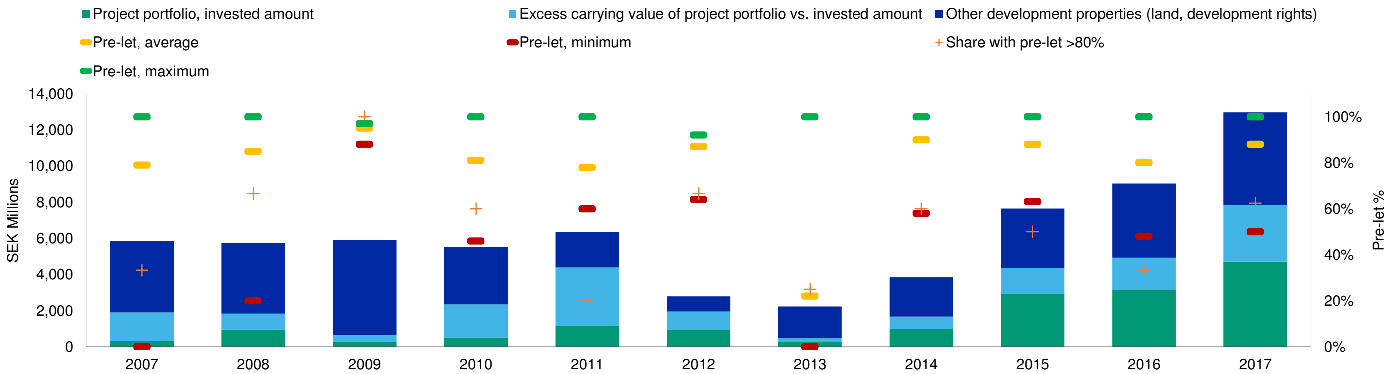
Fabege has ongoing development projects representing a total investment of around SEK6.9 billion and on which SEK4.7 billion has already been spent. The pre-let in the project portfolio is high at 88% which reduces the risk. The company is aiming for a portfolio with a fair value of around SEK60 billion by 2019. The company's commitment to new developments totals around 12% of its total assets, which is high compared with that of other real estate companies. The company has a long track record of project development, including the various process stages, such as zoning, procurement and construction. To control the process, the company selects only well-established construction companies and always deploys its employees as lead managers. Fabege has experienced a few cost overruns but those were passed on to tenants in the form of higher rents.

Exhibit 6
Risks associated with development activities mitigated by high pre-let ratios
Size and pre-let profile of ongoing projects as of 31 December 2017

Dates represent expected point of project completion.
Source: Company data.

Fabege has a pre-let ratio of at least 50% for development projects in the implementation phase, and an overall rate of 88% in the project portfolio, thus reducing overall development risk. The flexibility to reduce investments is minor for ongoing projects but the major part is already rented out, so future cash flow is already secured. There is flexibility, however, to postpone or cancel the start of new projects worth SEK1.5 billion-SEK2.5 billion per year, which would enhance liquidity or alternatively reduce debt.

Exhibit 7
Fabege has consistently maintained project pre-lets around 80%
Historical size of project portfolio and level of project pre-lets



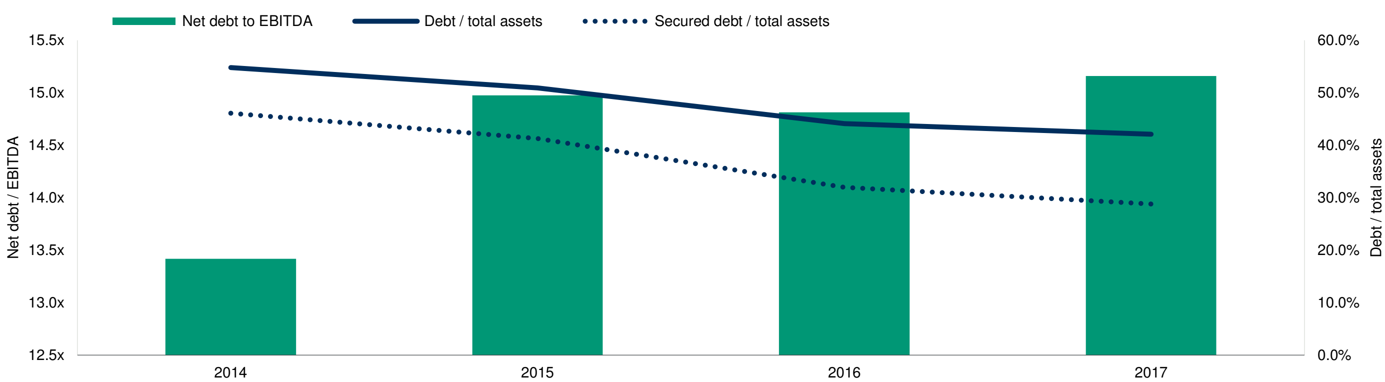
Source: Company data.

The company has stated that divestments of properties and building rights will balance investments in projects, ensuring the continuation of its strong balance sheet.

Moderate effective leverage

Fabege's Moody's-adjusted gross debt/total assets stood at 42.1% as of 31 December 2017, with SEK25.0 billion of adjusted gross debt and total adjusted assets of SEK59.4 billion. The company has a financial policy of a maximum loan-to-value of 50%. To achieve this, the company is prepared to dispose of assets and amortise debt, reduce dividends and decrease its future development programme, in case of a drop in asset values or a significant increase in debt. However, we expect the company's gross debt/total assets ratio to decline and remain around 41% over the next three years, owing to an increasing asset base and the divestment of building rights. We recognise the important fact that for Fabege the rental revenue element in value gains increased to around 50% in 2017, with the remaining 30% of property revaluations derived from projects and only 20% from compression in yields.

Exhibit 8
Fabege registers moderate effective leverage but fairly elevated net debt/EBITDA amid significant development activities

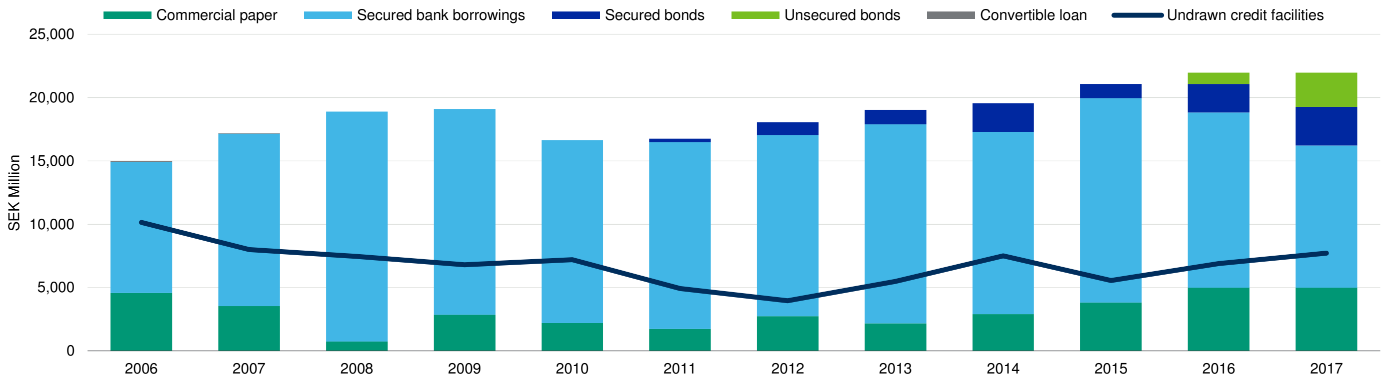


Source: Company data.

Fabege has a diversified funding mix, consisting of commercial paper, senior unsecured and secured bonds, bank loans and a European Investment Bank loan. As of 31 December 2017, the company's financing included: (1) around SEK14.1 billion of secured loans from Nordic banks; (2) unsecured bonds worth of SEK2.7 billion under the SEK5 billion medium-term note programme (MTN), maturing in fairly equal amounts over 2018-22; (3) four senior secured bonds via the real estate funding vehicle SFF totaling SEK3.1 billion, with the majority (SEK1.4 billion) coming due in 2018; and (4) SEK5.0 billion of commercial paper. Under its MTN programme, the company issues green bonds and also has green loans from financial institutions, with all of its Swedish banks now offering green financing. In general, the margins for green bonds are around five to ten basis points (bps) lower than for regular unsecured bonds. The margins for green bank loans are around 5-15 bps lower than regular bank loans. However, the short-dated debt maturity profile with very sizeable amounts coming due in the next 12 months is a weakness in our rating assessment, also compared to the long-term character of the assets that Fabege is financing. The rating takes into account the expectation that Fabege will improve its debt maturity profile in the short term.

Exhibit 9

Fabege has increased funding diversification by starting issuance of unsecured green bonds



Source: Company data.

Adequate fixed charge coverage but sensitive to changes in interest rates, given the reliance on short-term debt

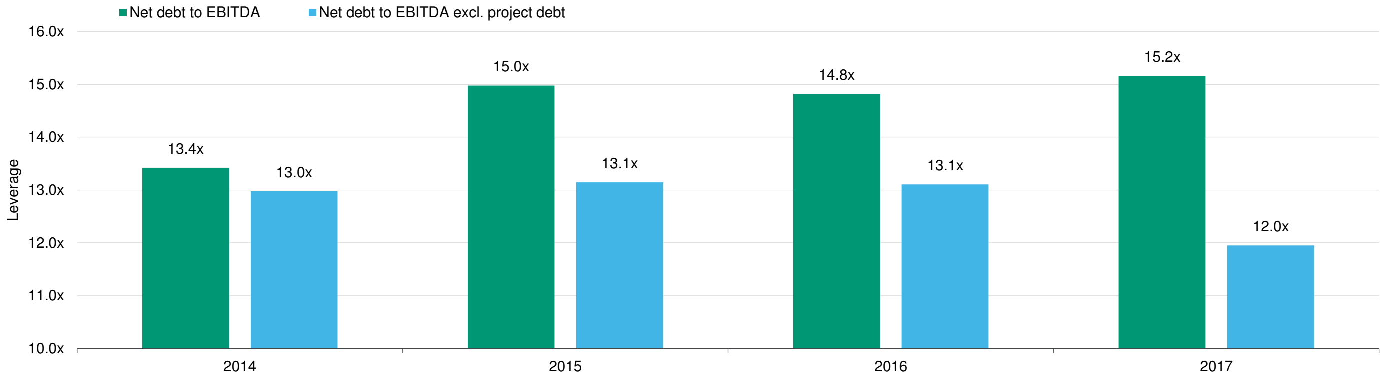
Fabege has a policy of keeping interest coverage above 2.2x, but the company is at a comfortable distance from this level. According to its 2017 financial results, the company had an estimated Moody's-adjusted EBITDA fixed charge coverage of 2.8x, and we expect this ratio to improve to around 3.0x over the next three years, mainly driven by rental growth stemming from project developments coming on stream.

Fabege is engaged in development projects that distort credit metrics, particularly its net debt/EBITDA. Debt gradually increases on the balance sheet in the investment phase, while EBITDA is not generated until the tenant moves in and starts paying rent. Also, a large proportion of the contracts in the company's portfolio were renegotiated between three and five years earlier, when lease levels were generally lower. The company renegotiates 16%-17% of its leases every year, and its EBITDA will consequently gradually increase owing to its ability to renegotiate higher rents. The staggered lease matuirty profile reduces the risk of a 100% market effect at any one point in time and helps stabilise net operating income.

Fabege's Moody's-adjusted net debt/EBITDA was a high 15.2x as of 31 December 2017, partly reflecting the company's involvement in project developments. We expect net debt/EBITDA to improve, but remain high at around 14x in the coming years. Recently, Fabege set a new debt ratio policy with a maximum of 13x. The company has communicated that it is prepared to dispose of non-core assets to achieve this level, but we do not expect this plan to materialise in 2018, but more likely in 2019.

Exhibit 10

Fabege's weakening net debt/EBITDA leverage largely a result of an extensive development pipeline not yet generating cash flow

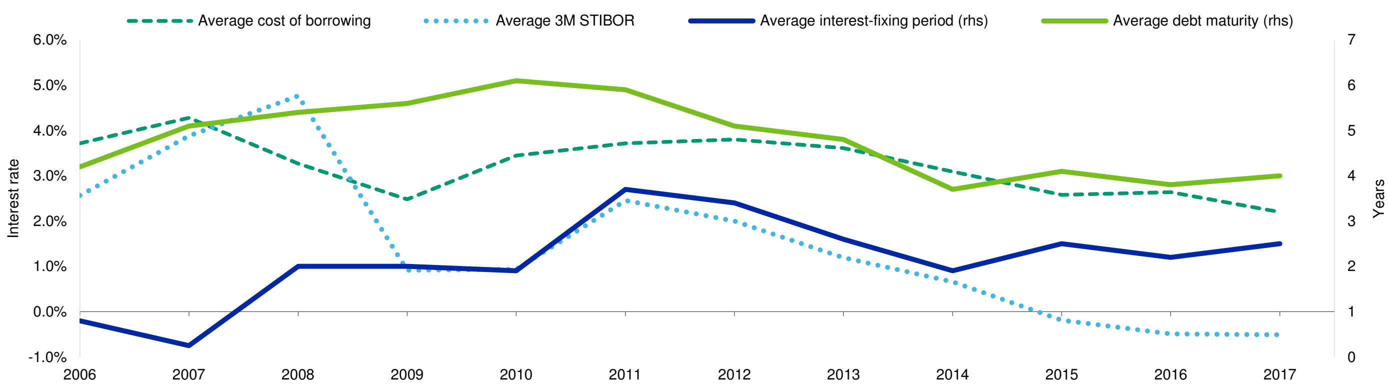


Sources: Company data, Moody's Investors Service estimates.

In line with the general decline in interest rates, the company's average cost of debt was around 2.2% as of 31 December 2017 (2.6% as of 31 December 2016). The company used interest rate swaps or had fixed-rate instruments representing 54% of total debt. The interest rate swaps are not stapled to its debt, but instead managed separately. The fixed interest period of 2.5 years as of 31 December 2017 remains below the average debt maturity of 4.0 years. This interest fixing period and the use of hedges is low compared with that of the company's European peers, but high for the Swedish real estate sector. It exposes Fabege significantly to the risk of increasing interest rates, and is a reflection of the current low interest environment but also to an aggressive financial policy.

Exhibit 11

Fabege's cost of borrowing has been declining steadily, in line with that of other Swedish property companies and in tandem with falling market rates



Sources: Company data, the Riksbank.

Liquidity analysis

High reliance on short-dated debt, significant project development and sizeable dividends

Fabege has a weak liquidity reflecting major near-term debt maturities, predominantly comprised of commercial paper borrowings, and dividend distributions which imply that the company will rely on its ability to attract additional external funding over the next twelve months which will exceed internal cash flow, cash at hand and committed bank facilities. However, we expect that Fabege will work on improving its liquidity and refinance SEK4.3 billion in long term capital market funding and a SEK2 billion credit facility coming due in the next twelve months. We also expect the unencumbered assets ratio to increase to 30% or higher.

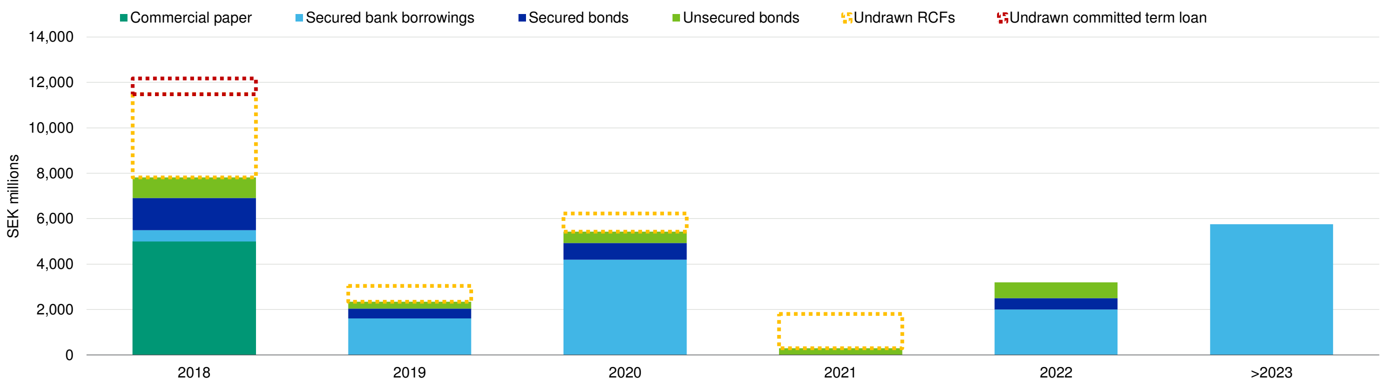
Fabege had a moderate unencumbered asset ratio of 20.2% as of 31 December 2017, underpinned by around SEK10.5 billion of unencumbered properties. We expect this level to improve to 30% before the end of 2018, through the refinancing of bank debt and reduction of collateral pools connected with these loans.

Around 40% of Fabege's SEK24.8 billion in borrowings mature within two years, which is high. The company had a weighted-average debt maturity of around 4.0 years as of 31 December 2017. We consider the mismatch in the duration of assets and liabilities a substantial credit weakness compared with its peers because this mismatch exposes the company to refinancing risks and the risk of rising interest rates.

Exhibit 12

Fabege has a fairly short debt maturity profile amid extensive use of commercial paper borrowings

Maturity profile as of year-end 2017



Source: Company data.

Fabege had undrawn revolving credit facilities totaling around SEK6.7 billion as of 31 December 2017 (SEK5.0 billion is backup for the company's commercial paper programme), which could cover cash shortfalls in the short term. Around SEK2 billion of committed bank lines are dedicated to the commercial paper programme. The company also has a SEK700 million committed term loan and overdraft facilities totaling SEK350 million. The credit facilities are secured by properties. The large share of revolving credit facilities maturing over 2018-20 — with major commitments of SEK4.2 billion, or 58% of total commitments, maturing until December 2018 — is a risk, exposing the company to the willingness and ability of banks to refinance significant amounts at short notice. However, we acknowledge (1) the fact that it is a market practice in Sweden to rely on short-term bank funding; (2) the company's good track record in renewing bank loans and refinancing commercial paper; and (3) the general market expectations that interest rates will remain low, both in Sweden and more broadly in Europe.

Moreover, Nordic banks are an important factor in the lending market and Fabege's bank debt is likely to be rolled over. The company also has good access to the local debt market, in particular local SEK-denominated bonds, diversified bank relationships and a highly liquid office portfolio. The properties with long-term contracts in Arenastaden and also the inner city properties are especially attractive as direct investments for pension fund and insurance company investors. Stockholm's property market is also considered the most liquid in Sweden and more generally across Scandinavia.

Fabege aims to distribute at least 50% of the profit from continuous property management and realised gains from sale of properties as dividends. Historically, the payout ratio has been between 70% and 75% of funds from operations, which is on the high side, especially considering the funding needs of the company's development projects. While we believe that shareholders will continue to extract dividends, the company is not a real estate investment trust and can stop paying dividends if needed. We expect the future funds from operations payout ratio to be around 60%-65%.

Largest shareholder contributes to stability and access to capital

Fabege's shares are quoted on the Nasdaq Stockholm and its ownership is relatively diversified. The largest shareholder is Erik Paulsson and his family, who hold Fabege both privately and through companies, totalling 15.3% of shares and votes. The Swedish national pension fund AP4 holds a 4.4% stake, BlackRock Inc. (A1 positive) holds 3.9% and Öresund Investment AB holds 3.3%. In addition, Paulsson is a minority shareholder in other companies that are part of the SFF financing vehicle. This might expose him to conflicts of interest if one of those companies were to have difficulties in refinancing debt that had been issued under the SFF umbrella.

Fabege has successfully issued bonds, both senior secured and unsecured, on the domestic market. Since May 2016, the company has issued SEK2.7 billion in unsecured bonds under a SEK5 billion MTN programme (increased from SEK2 billion in September 2017). The company also has a commercial paper programme totaling SEK5 billion which was fully utilised as of 31 December 2017.

Structural considerations

Fabege's borrowing is largely secured by property mortgage deeds. To a certain extent, shares in property-owning subsidiaries are also deployed as collateral. The company also undertakes some unsecured borrowing.

The company issues covered bonds (secured by mortgage deeds) within the framework of its co-owned finance company, SFF. SFF is a debt-funding platform for five Swedish commercial real estate companies. It issues individual bonds in its own name, secured by a collateral pool. Ultimately, there is cross liability if all potential additional support is exhausted, such as springing lien, exchange of property and transfer of cash. In the event that SFF needs to sell property because any of the loans granted to its owners are not paid, any collateral (also from a non-defaulting owner) can be sold. This means that other real estate companies have regress, though this is unlikely, to Fabege's assets which could harm its balance sheet. Also, we assume that Fabege is one of the stronger participants in this structure, with the most liquid assets. SFF's issuance capacity is SEK12 billion and no borrower can account for more than 50%. This implies that SEK6 billion is Fabege's theoretical maximum limit. Fabege's total borrowing via SFF stood at SEK3.1 billion as of 31 December 2017.

Rating methodology and scorecard factors

The principal methodology used in this rating was Global Rating Methodology for REITs and Other Commercial Property Firms, published in July 2010. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Fabege's long-term issuer rating of Baa3 is one notch higher than the grid-implied rating of Ba1 under the current view and in line with the Baa3 indicated rating under the forward view as we expect the company's debt maturity and liquidity profiles to improve going forward.

Exhibit 13

Rating grid for Fabege AB

REITs and Other Commercial Property Firms Industry Grid	Current 12/31/2017[1]		Moody's 12-18 Month Forward View As of 2/7/2018 [2]	
Factor 1: Liquidity and Funding (24.5%)	**Measure**	**Score**	**Measure**	**Score**
a) Liquidity Coverage	Ba	Ba	Ba	Ba
b) Debt Maturities	Caa	Caa	B	B
c) FFO Payout	62.3%	Baa	60% - 65%	Baa
d) Amount of Unencumbered Assets	20.2%	B	20% - 30%	B
Factor 2: Leverage and Capital Structure (30.5%)				
a) Debt / Gross Assets	42.1%	Baa	42% - 44%	Baa
b) Net Debt / EBITDA	15.2x	Ca	14.5x - 15x	Ca
c) Secured Debt / Gross Assets	28.8%	Ba	28% - 31%	Ba
d) Access to Capital	Baa	Baa	Baa	Baa
Factor 3: Market Position and Asset Quality (22%)				
a) Franchise / Brand Name	A	A	A	A
b) Gross Assets(USD Million)	$7,482.0	Baa	$7500 - $7800	Baa
c) Diversity: Location / Tenant / Industry / Economic	Baa	Baa	Baa	Baa
d) Development Pipeline	11.6%	Ba	10% - 12%	Ba
e) Asset Quality	A	A	A	A
Factor 4: Cash Flows and Earnings (23%)				
a) EBITDA Margin (YTD)	71.4%	A	70% - 72%	A
b) EBITDA Margin Volatility	0.4%	Aa	0.5% - 1%	Aa
c) EBITDA / Fixed Charges (YTD) [3]	2.8x	Baa	2.8x - 3x	Baa
d) Joint Venture Exposure (YTD)	0.0%	Aa	0%	Aa
Rating:				
a) Indicated Rating from Grid		Ba1		Baa3
b) Actual Rating Assigned				Baa3

[1] Moody's preliminary financials 2017 based on reported 2017 year-end financials, Moody's 2016 standard adjustments, and Moody's 2017 non-standard adjustments. All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] This represents Moody's forward view; not the view of the issuer.
[3] Fixed Charges includes capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2016.
Source: ***Moody's Financial Metrics™***

Appendix

Exhibit 14

Peer comparison for Fabege AB

REITs and Other Commercial Property Firms Industry Grid [1]	Fabege	Atrium Ljungberg	Inmobiliaria Colonial	Dream Global REIT	Kungsleden
Factors as of:	**Moody's Forward View [2]**	**Moody's Forward View [2]**	**Moody's Forward View [2]**	**Moody's Forward View [2]**	**Moody's Forward View [2]**
Factor 1: Liquidity and Funding (24.5%)					
a) Liquidity Coverage	Ba	Ba	Ba	Ba	Ba
b) Debt Maturities	B	Caa	Baa	A	B
c) FFO Payout	60% - 65%	44% - 48%	95% - 100%	72%	41% - 46%
d) Amount of Unencumbered Assets	20% - 30%	40% - 50%	70% - 75%	23%	5% - 32%
Factor 2: Leverage and Capital Structure (30.5%)					
a) Debt / Gross Assets [3]	42% - 44%	42% - 44%	46% - 48%	53% - 54%	49% - 51%
b) Net Debt / EBITDA	14.5x - 15x	10x - 11x	16x - 18x	10x - 12x	10.8x - 11.8x
c) Secured Debt / Gross Assets	28% - 31%	22% - 24%	8% - 12%	40% - 42%	28% - 41%
d) Access to Capital	Baa	Baa	Baa	Ba	Ba
Factor 3: Market Position and Asset Quality (22%)					
a) Franchise / Brand Name	A	A	A	Baa	Baa
b) Gross Assets(USD Million)	$7,500 - $7,800	$4,500 - $4,700	$9,500 - $10,500	$3,300 - $3,500	$3,900 - $4,100
c) Diversity: Location / Tenant / Industry / Economic	Baa	Baa	Baa	Baa	Baa
d) Development Pipeline	10% - 12%	4% - 4.2%	3% - 4%	0%	3% - 4%
e) Asset Quality	A	Baa	A	Ba	Ba
Factor 4: Cash Flows and Earnings (23%)					
a) EBITDA Margin (YTD)	70% - 72%	65% - 67%	78% - 82%	60% - 62%	59% - 61%
b) EBITDA Margin Volatility	0.5% - 1%	0.5% - 1%	5%	2% - 5%	2% - 5%
c) EBITDA / Fixed Charges (YTD) [4]	2.8x - 3x	3.2x - 3.4x	2.5x - 2.7x	4.6x - 4.7x	3.2x - 3.4x
d) Joint Venture Exposure (YTD)	0%	0%	0%	10% - 12%	0%
Rating:					
a) Indicated Rating from Grid	Baa3	Baa2	Baa2	Baa3	Ba1
b) Actual Rating Assigned	**Baa3**	**Baa2**	**Baa2**	**Baa3**	**Ba1**
c) Gap	0	0	0	0	0

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] This represents Moody's forward view; not the view of the issuer.
[3] Debt includes a portion of hybrid securities considered to have debt like features as explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2016.
[4] Fixed Charges includes capitalised interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010.
Source: ***Moody's Financial Metrics™***

Ratings

Exhibit 15

Category	Moody's Rating
No data found for selected issuer - 823732127.	

Source: Moody's Investors Service

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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