MOODY'S
INVESTORS SERVICE

CREDIT OPINION
13 November 2019

Update

Rate this Research

RATINGS

Fabege AB

Domicile	Sweden
Long Term Rating	Baa2
Type	LT Issuer Rating - Dom Curr
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.

Contacts

Maria Gillholm +46.8.5025.6550
VP-Sr Credit Officer
maria.gillholm@moodys.com

Anke Rindermann +49.69.70730.788
Associate Managing Director
anke.rindermann@moodys.com

Anton Horozov +49.69.70730.755
Associate Analyst
anton.horozov@moodys.com

Fabege AB

Update to Discussion of Key Credit Factors following upgrade to Baa2

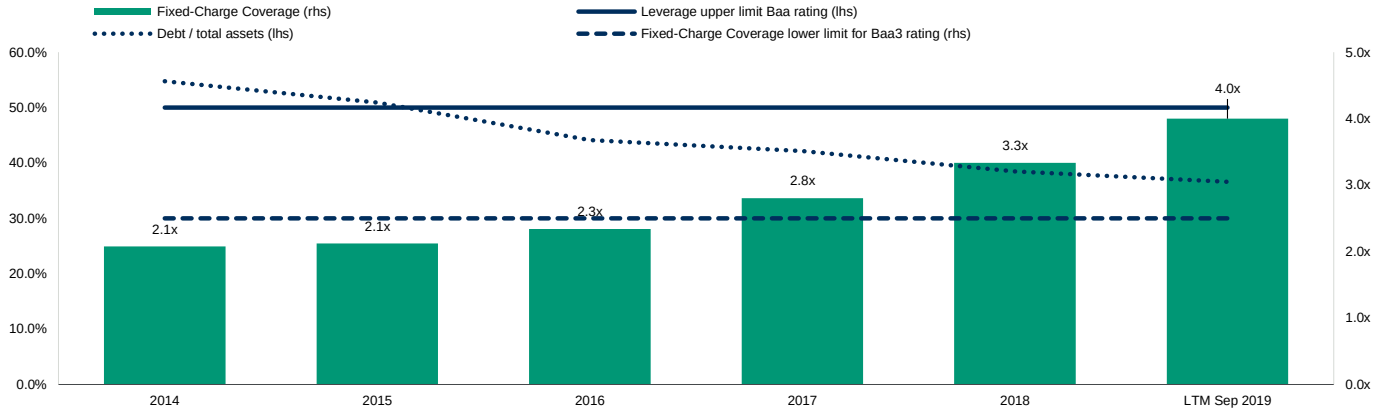
Summary

Fabege AB's (Fabege) Baa2 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; (5) moderate leverage, as measured by Moody's-adjusted debt/assets of 36.6% as of 30 September 2019 and a strong commitment to maintaining this level and (6) adequate liquidity where cash sources cover uses for at least the next 18 months. The average debt maturity profile has also strengthened to 6.2 years (up from 4 years as of December 2017).

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 99%; (3) a high net debt/EBITDA ratio of 13.5x as of September 2019, to some part due to its 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 about 23% ; (6) a somewhat low but improving share of unencumbered assets, representing around 27% of total assets, which we however expect to improve to 40% over the course of 2020; and (7) significantly reduced but still high reliance on short-dated commercial paper, 8.0% of total reported debt as of September 2019 (down from 20% in December 2017), which weakens liquidity but is fully backed by undrawn credit facilities with remaining tenors predominantly of more than 15 months.

Exhibit 1

Fabege's debt/gross assets ratio and fixed charge coverage development compared to the Upper/lower limit for Baa rating for each metric respectively



LTM September 2019 numbers are preliminary.

Source: Company Data, Moody's Financial Metrics™

Credit strengths

» The favourable albeit weakening macroeconomic environment in Sweden but to some degree counterbalanced by Fabege's 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 with a high share of pre-lettings

» Low 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 10 largest tenants accounting for 30% of its total rental revenue

» Adequate liquidity

» High net debt/EBITDA, reflecting numerous development projects

» Relatively small but growing pool of unencumbered assets

» High dividend payout ratio despite high capital spending on development projects

Rating outlook

The stable outlook reflects our expectation that leverage will remain well below 40% as we still see positive momentum in the Swedish real estate market and EBITDA fixed charge around 4x in the next 12 to 18 months. We positively view Fabege's comfort zone of effective leverage being well below its financial policy of a maximum loan-to-value of 50%, at particular at this late point in the cycle. We also expect continued strong occupier demand for the company's properties and robust investor appetite for Swedish commercial real estate to sustain Fabege's cash flows and asset values.

Factors that could lead to an upgrade

» A continuing track record of successfully executing on the company's business strategy including project development with a significant pre-let ratio as property market sentiment is softening

» Any rating upgrade is predicated on a strong liquidity profile and long debt maturities

» Sustaining effective leverage as measured by gross debt to total assets, at below 35% and a financial policy that supports the lower leverage and a fixed charge coverage ratio sustainably around 4.0x

» A substantial unencumbered asset pool above 60% and a reduction in secured debt

Factors that could lead to a downgrade

» Failure to maintain diversified funding sources alongside a Moody's-adjusted unencumbered assets ratio above 40% supported by a high-quality unencumbered asset pool that provides substantial asset cover for unsecured creditors

» Leverage as measured by Moody's-adjusted gross debt/ total assets above 40% or if Moody's-adjusted fixed charge coverage is below 3x

» Dependency on or increased secured issuance under the SFF vehicle

» A material deterioration in operating performance, or if property market fundamentals weakened sharply

Key indicators

Exhibit 2
Key indicators for Fabege

	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Sep-19[1]	12-18 Month Forward View[2]
Real Estate Gross Assets (USD billion)	5.0	5.5	7.3	7.8	7.9	$8.5 - $9.0
Amount of Unencumbered Assets	n.a.	n.a.	20.2%	25.1%	26.5%	40% - 45%
Debt / Real Estate Gross Assets	50.9%	44.1%	42.2%	38.5%	36.6%	36% - 38.5%
Net Debt / EBITDA	15.0x	14.8x	15.1x	14.5x	13.5x	12.5x - 13x
Secured Debt / Real Estate Gross Assets	41.3%	32.0%	28.8%	25.8%	23.1%	20% - 22%
EBITDA / Fixed Charges	2.1x	2.3x	2.8x	3.3x	4.0x	3.8x - 4.0x

[1] LTM September 2019 numbers are preliminary.
[2] This represents Moody's forward view; not the view of the issuer.
Source: 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 SEK71.6 billion as of year September 2019. 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. Fabege has also added another area Flemingsberg south of Stockholm which will had a significant volume of commercial buildings rights for the project portfolio. The company's 87 properties span more than 1.3 million square metres and generated SEK2.8 billion in rental revenue as of LTM September 2019, with offices accounting for approximately 84% 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 SEK47.1 billion as of 23 October 2019.

Detailed credit considerations

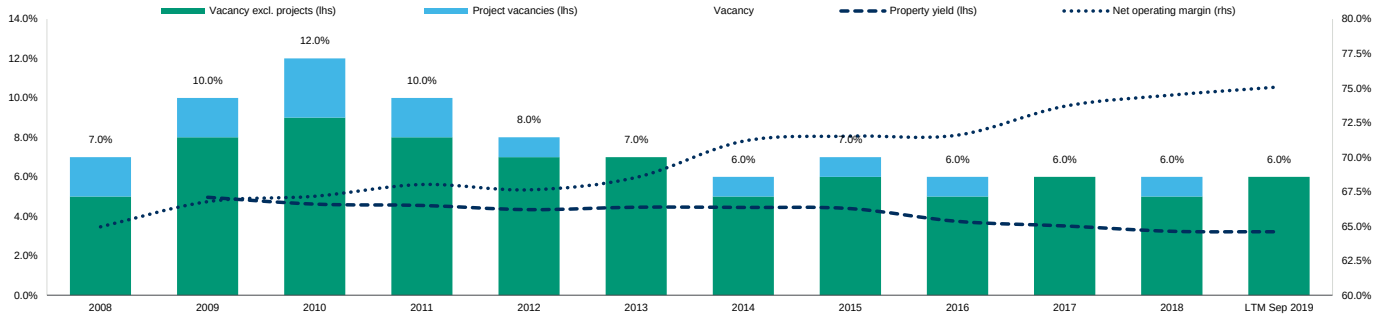
High-quality, large and focused commercial portfolio positioned for further growth

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 and to a large degree 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 (83%) 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 3

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



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

Fabege has a dominating market position (by property value) in several attractive areas, such as in Arenastaden, Hammarby and Solna Business Park. 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. Additionally, Fabege has added a new area Flemingsberg located south of Stockholm where the company will create a new city district over the longer-term. 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

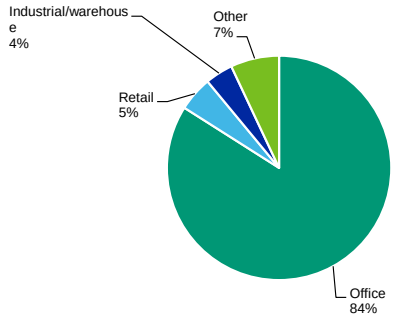
Fabege aims to grow organically and invest at least SEK1.5-2.5 billion per year in its own project portfolio, making it less reliant on acquisitions in a highly competitive and, therefore, expensive investment market. The company will grow by transforming development rights in its land bank into commercial properties. We estimate that the company's land bank of 682,200 (excluding Flemingsberg) square meters, of which 251,000 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 concentration.

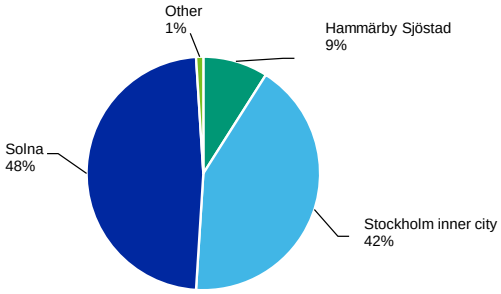
As Exhibit 5 shows, all of Fabege's holdings are located in the Stockholm area. However, we are comfortable with this level of concentration in Stockholm, which generates around a third of Sweden's GDP, because we do not believe it will lead to a material divergence from overall economic and property 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 4
Rental value by property type
as of September 2019



Source: Company data

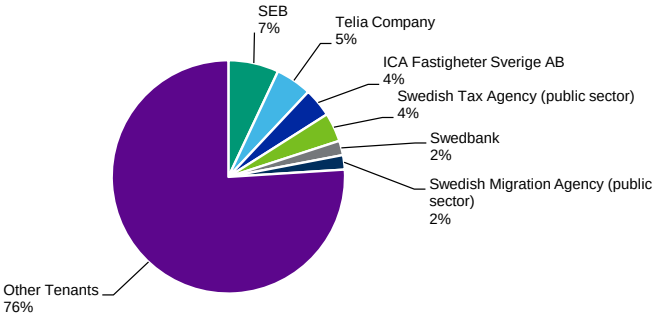
Exhibit 5
Property value by location
as of September 2019



Source: Company data

Fabege has some customer concentration, with its 10 largest tenants representing around 30% of its contracted rental income. However, its largest tenant (SEB) accounts for only 7% with that contract maturing in 2037.

Exhibit 6
Fabege's customer concentration is towards creditworthy tenants operating across several different sectors
Share of annual contracted rent as of 30 September 2019



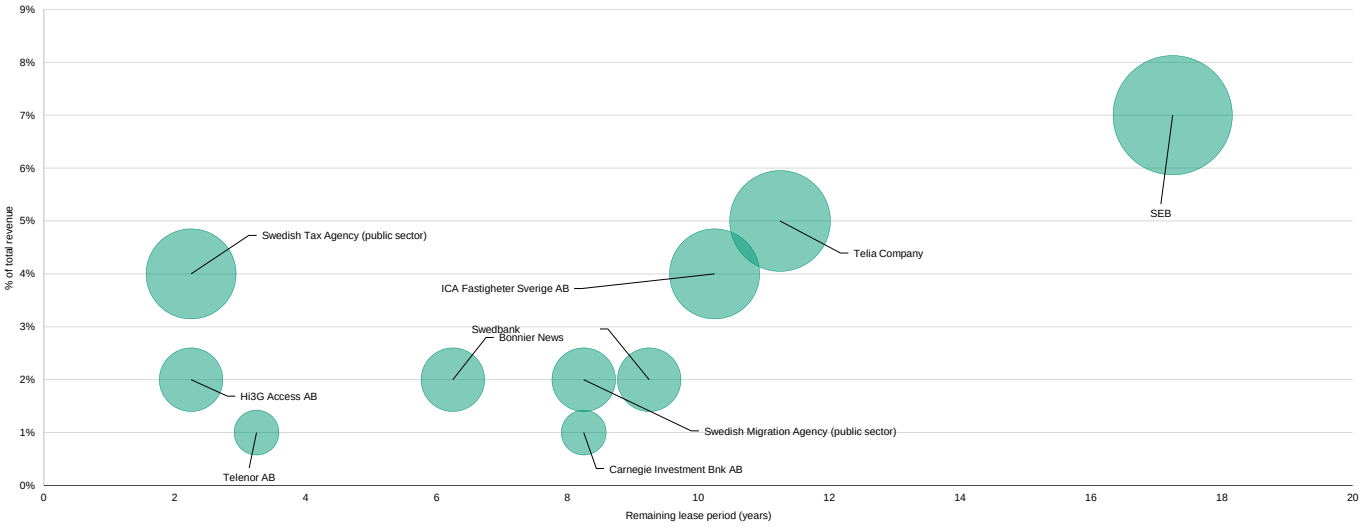
Source: Company data, Moody's Investors Service estimates

Fabege's average remaining lease period is around 4.3 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 10 largest contracts is around 10 years.

Exhibit 7

Many larger clients of Fabege have remaining lease periods exceeding 10 years

Top ten tenants as of 30 September 2019



Bubble sizes represents annual contracted rent.
Source: Company data.

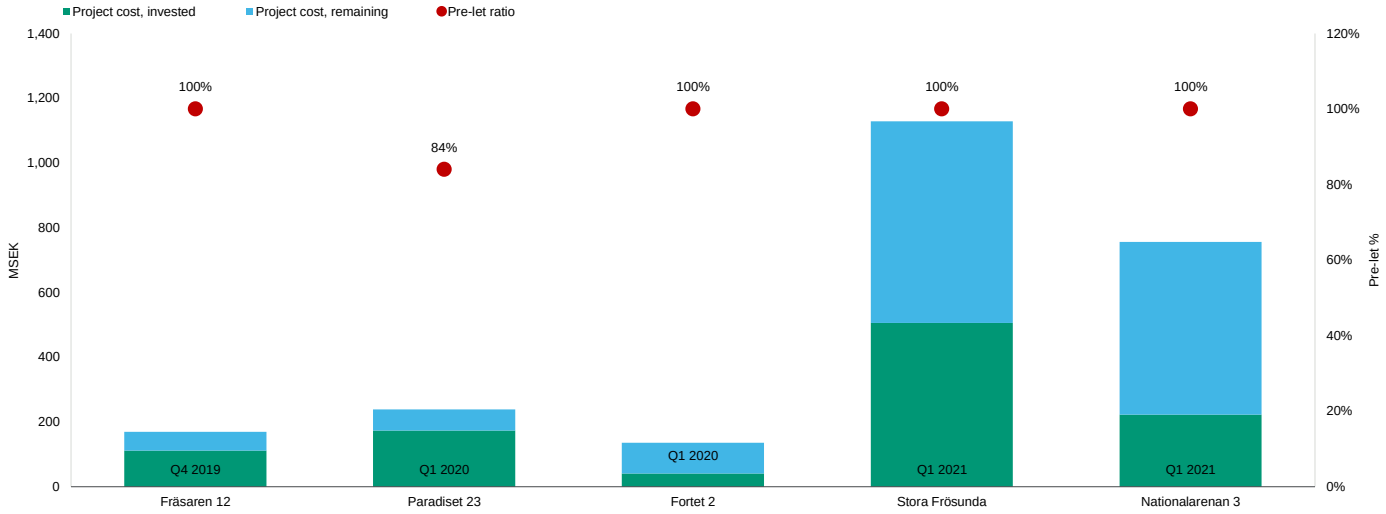
Controlled development activities

Fabege has ongoing development projects representing a total investment of around SEK2.4 billion of which SEK1 billion has already been spent. The pre-let rate in the project portfolio is high at 99% which reduces the risk. The company's commitment to new developments totals around 3.3% of its total assets, lower than historical levels of around 12%-15%. 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 mainly were passed on to tenants in the form of higher rents.

Exhibit 8

Risks associated with development activities mitigated by high pre-let ratios

Size and pre-let profile of ongoing projects as of 30 September 2019



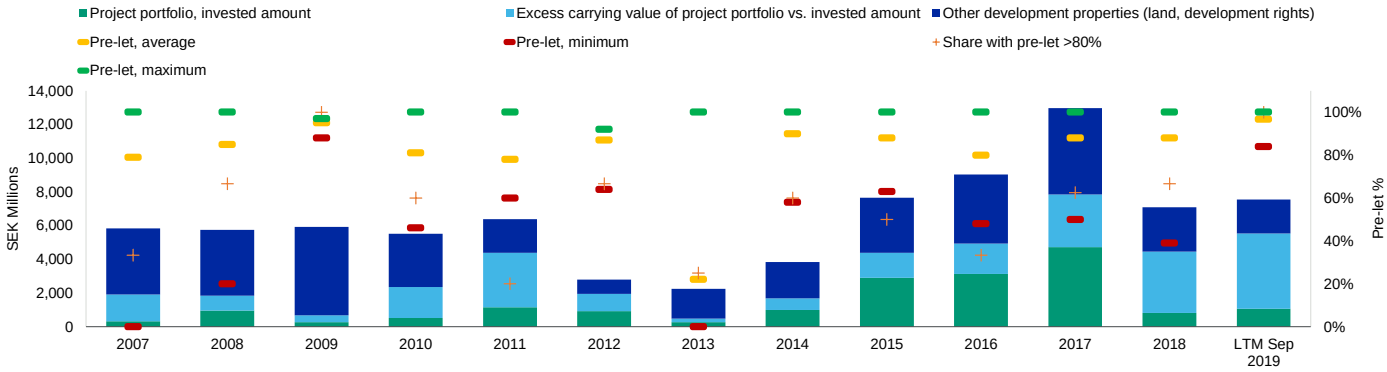
Dates represent expected point of project completion.
Source: Company data.

Fabege has a pre-let ratio of at least 50% for development projects in the implementation phase, and an overall rate of 99% 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 SEK 1.5 - 2.5 billion per year, which would improve liquidity or alternatively be used to reduce debt.

Exhibit 9

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.

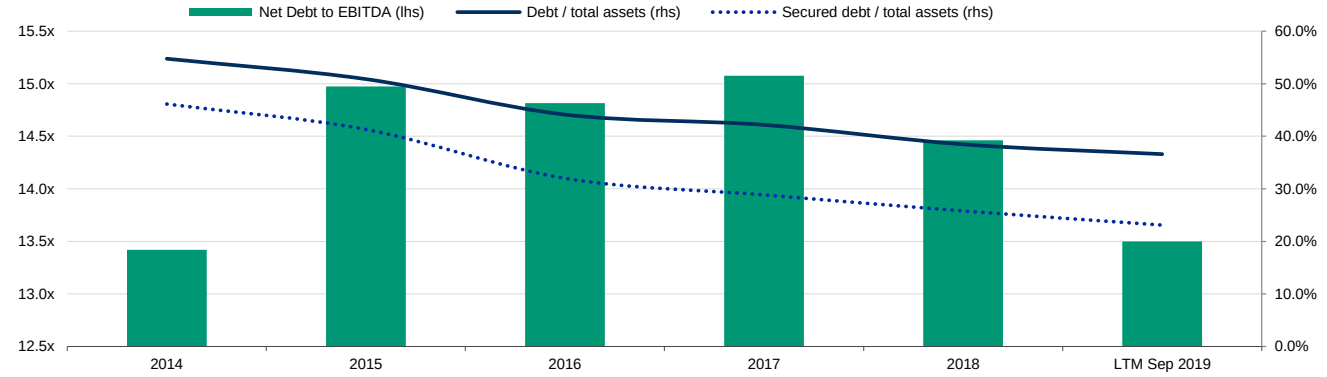
Moderate effective leverage

Fabege's Moody's-adjusted gross debt/total assets stood at 36.6% as of 30 September 2019, with SEK27.1 billion of adjusted gross debt and total adjusted assets of SEK74.0 billion. We also consider the group's financial policy of keeping leverage below 50% through the cycle, which is high for the Baa2 rating, but understand that this ratio is seen as a ceiling, and we expect Fabege to take decisive measures to protect its balance sheet well before the LTV ratio were to move close to or above 50%. If needed, 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 remain below 40% over the next three years, owing to an increasing asset base and the divestment of building rights or residential assets. We recognise the fact that for Fabege the rental revenue element in value gains is around 33% between January and September 2019, with the remaining 30% of property revaluations derived from projects and 37% from compression in yields.

Exhibit 10

Fabege registers decreasing effective leverage but fairly elevated net debt/EBITDA amid significant development activities



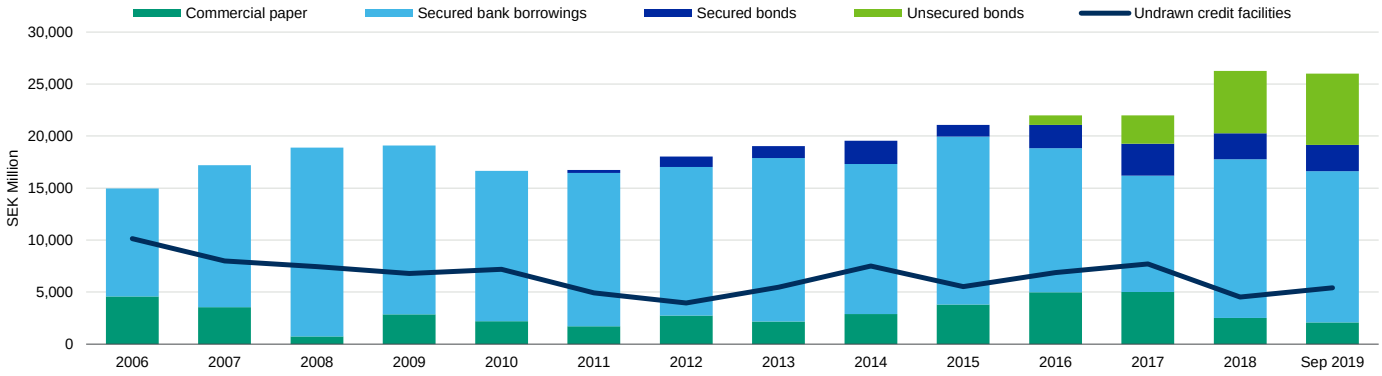
Source: Company data.

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 30 September 2019, the company's financing included: (1) around SEK14.6 billion of secured loans from Nordic banks; (2) unsecured bonds worth of SEK6.9 billion under the SEK8 billion medium-term note programme (MTN), maturing in fairly equal amounts over 2020-24; (3) four senior secured bonds via the real estate funding vehicle SFF totaling SEK2.5 billion; and (4) SEK2.0 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 basis points (bps) lower than for regular unsecured bonds. The margins for green bank loans are around 5-10 bps lower than regular bank loans. Fabege's liquidity has significantly improved partly as a result of lengthening of debt maturities but also increased amounts of RCF's.

Exhibit 11

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

Total debt split by debt type



Source: Company data.

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

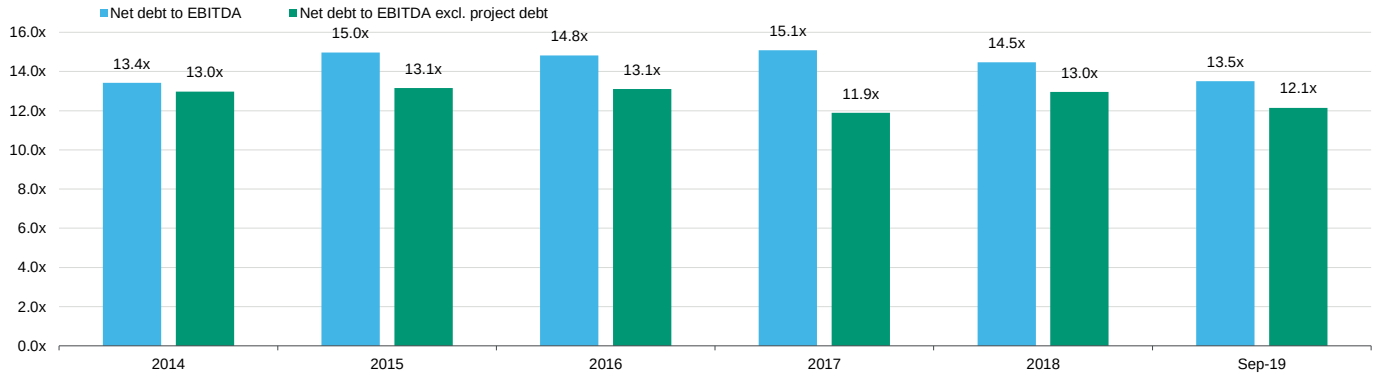
Fabege has a policy of keeping interest coverage above 2.2x, but the company is at a comfortable distance from this level. The company had a Moody's-adjusted EBITDA fixed charge coverage of 4.0x as of September 2019, and we expect this ratioto remain around 4.0x over the next three years, mainly driven 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 13.5x as of 30 September 2019, partly reflecting the company's involvement in project developments. We expect net debt/EBITDA to improve, but remain high at around 13x-13.5x in the next 12-18 months. Fabege is more or less in line with its 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 if net debt to EBITDA is sustained significantly higher than this policy.

Exhibit 12

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

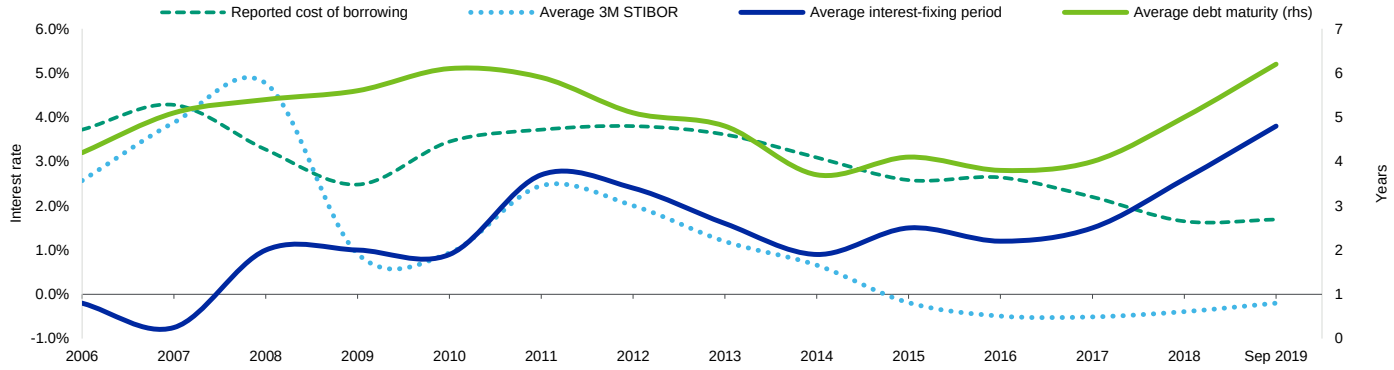


Source: Company data, Moody's Investors Service estimates.

In line with the general decline in interest rates, the company's average cost of debt was 1.69% as of 30 September 2019 (2.6% as of 31 December 2016). The company used interest rate swaps or had fixed-rate instruments representing 75% of total debt. The interest rate swaps are not stapled to its debt, but instead managed separately. The fixed interest period of 4.8 years as of 30 September 2019 remains below the average debt maturity of 6.2 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 13

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



Source: Company data, the Riksbank, FactSet.

Liquidity analysis

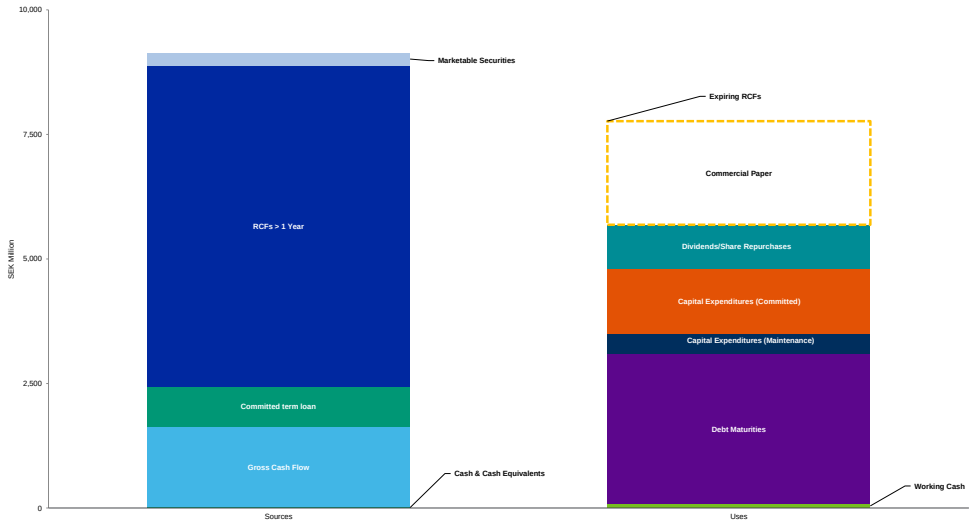
High reliance on short-dated debt, significant project development and sizeable dividends

Fabege has adequate liquidity reflecting that internal cash flows, cash at hand and committed revolving credit facilities will cover near-term debt maturities for at least the coming 15 months, predominantly comprised of capex, commercial paper borrowings, and dividend distributions. Fabege's funding strategy continues to rely heavily on secured lending, which limits its pool of unencumbered assets (26% as of June 2019). Through various refinancing activities such as refinancing bank debt and reduction of collateral pools connected with these loans, planned for the remainder of 2019 and 2020, we believe that the pool of unencumbered assets will rise to above 40% until year end 2020, a level more appropriate for the Baa2 rating. Also, senior unsecured creditors are comfortably covered with the ratio of unencumbered assets to unsecured liabilities at 2.9x.We view Fabege's liquidity as adequate and score it “Ba” but overall score for liquidity and access to capital is scored “Baa”.

Around 20-25% of Fabege's SEK26.0 billion in borrowings mature within two years, which is high. The company had a long weighted average debt maturity of 6.2 years as of 30 September 2019. We consider the mismatch in the duration of assets and liabilities a credit weakness compared with its European peers but in line wit Swedish peers because this mismatch exposes the company to refinancing risks.

Exhibit 14

Fabege's sources and uses of liquidity for the next 12 months

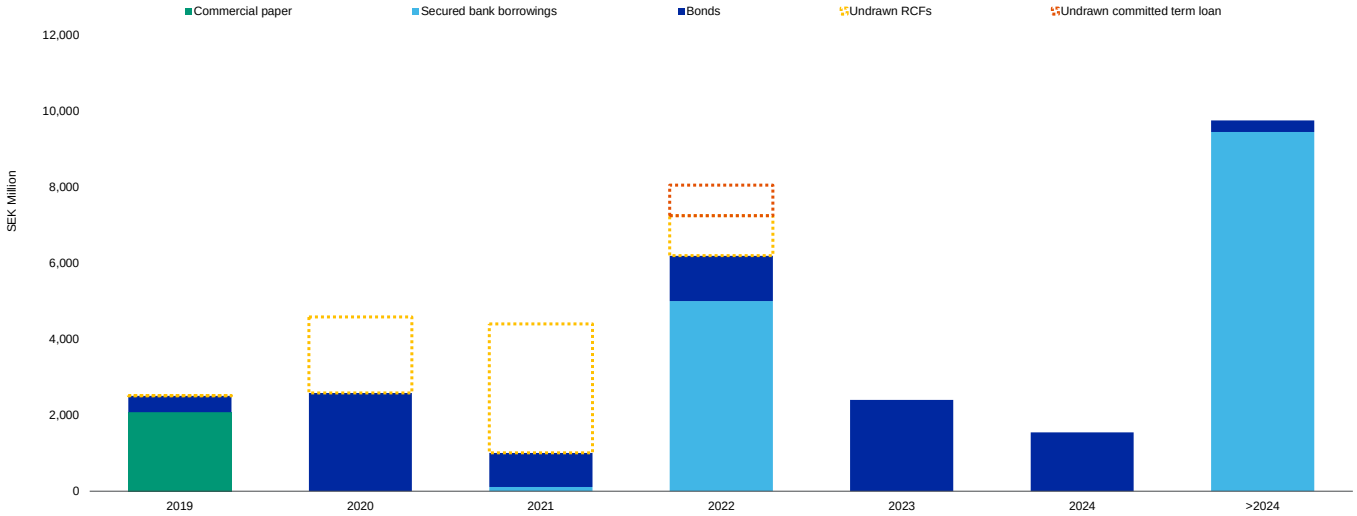


Source: Company data, Moody's Investors Service estimates

Exhibit 15

Fabege has significantly lengthen debt maturities

Maturity profile as of September 2019



Source: Company data.

Fabege had revolving credit facilities totaling SEK6.5 billion as of 30 September 2019 (SEK5.0 billion is backup for the company's commercial paper programme), which could cover cash shortfalls in the short term. The majority of the RCF remains undrawn. The company also has a SEK800 million committed undrawn term loan and overdraft facilities totaling SEK250 million. The credit facilities are secured by properties. The large share of revolving credit facilities maturing over 2019-20 totaling SEK2.0 billion, or 31% of total commitments, is a risk, exposing the company to the willingness and ability of banks to refinance significant amounts at short notice. The majority of these RCFs have been already extended in Q4 2019. 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.

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.

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 15.2% of shares and votes. The Swedish national pension fund AP4 holds a 2.9% stake, BlackRock Inc. (Aa3 stable) holds 4.4% and Vanguard holds 2.8%. 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 this financing vehicle.

Fabege has successfully issued bonds, both senior secured and unsecured, on the domestic market. Since May 2016, the company has issued SEK6.85 billion in unsecured bonds under a SEK8 billion MTN programme (increased from SEK5 billion in May 2018). The company also has a commercial paper programme totaling SEK5 billion, SEK 2.1 billion of which was utilised as of 30 September 2019.

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. This 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. The collateral agreements are structured on an individual basis between HoldCo's owned by a real estate group e.g. Fabege AB and SFF. In the event of default by one HoldCo in the pool, SFF will solely have recourse to the collateral provided by that particular HoldCo. If the collateral provided by the defaulting HoldCo cannot cover the loan outstanding then SFF will have recourse to any guarantees provided by the group owning the HoldCo. If in turn these guarantees do not cover the outstanding loan amount, then it is up to the other companies that are part of the pool to come to an agreement whether to cover the defaulting loan amount or not. Although this structure brings some protection for each individual company, if all potential additional support is exhausted, such as springing lien, exchange of property and transfer of cash potentially and SFF goes into default, any collateral (also from a non-defaulting owner) can then be sold.

This means that other real estate companies have recourse in the event that SFF defaults, 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 SEK2.5 billion as of 30 September 2019.

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 September 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Fabege's long-term issuer rating of Baa2 1 notch above the scorecard-indicated outcome as of June 2019 and in line with the scorecord-indicated outcome in the forward view. The difference between the current and forward view scorecard-indicated view is the expected improvement in unencumbered assets.

Exhibit 16

Scorecard for Fabege AB

Real Estate / REIT Industry Scorecard [1][2]	Current LTM 6/30/2019		Moody's 12-18 Month Forward View As of 10/10/2019 [3]	
Factor 1 : Scale (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets (USD Billion)	$8.0	Baa	$8.5 - $9	Baa
Factor 2 : Business Profile (25%)				
a) Market Positioning and Asset Quality	A	A	A	A
b) Operating Environment	A	A	A	A
Factor 3 : Liquidity and Access To Capital (25%)				
a) Liquidity and Access to Capital	Baa	Baa	Baa	Baa
b) Unencumbered Assets / Gross Assets	26.1%	B	40% - 45%	Ba
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	38.5%	Baa	36% - 38.5%	Baa
b) Net Debt / EBITDA	14.6x	Ca	12.5x - 13x	Caa
c) Secured Debt / Gross Assets	25.6%	Ba	20% - 22%	Ba
d) Fixed Charge Coverage	3.9x	Baa	3.8x - 4x	Baa
Rating:				
a) Indicated Outcome from Scorecard		Baa3		Baa2
b) Actual Rating Assigned				Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 6/30/2019(L), because September 2019 Moody's adjusted numbers are still preliminary.
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source: Moody's Financial Metrics™

Appendix

Exhibit 17

Peer comparison for Fabege AB

	Fabege AB Baa2 /Sta		Vasakronan AB A3(BCA:baa1) / Sta		Gecina SA A3 / Sta		Entra ASA Baa1 (BCA: baa1)/ Sta		Atrium Ljungberg AB Baa2 / Sta		Castellum AB Baa2 / Sta	
	LTM Sep-19	Forward View [1]	LTM Jun-19	Forward View [1]	LTM Jun-19	Forward View [1]	LTM Jun-19	Forward View [1]	LTM Jun-19	Forward View [1]	LTM Jun-19	Forward View [1]
Gross Assets	$7.9	$8.5 - $9.0	$17.1	$16.3 - $16.9	$23.2	$22.7 - $23	$5.8	$5.7 - $5.9	$5.4	$5.3 - $5.4	$10.3	$10.5 - $11
Amount of Unencumbered Assets	26.5%	40% - 45%	56.1%	65% - 75%	98.1%	97% - 98%	89.8%	89% - 90%	45.1%	48% - 49%	54.6%	60%
Total Debt + Preferred Stock /Gross Assets	36.6%	36% - 38.5%	44.6%	40% - 45%	37.8%	37% - 39%	39.9%	41.4% - 42.4%	43.8%	43% - 45%	43.1%	43% - 44%
Net Debt / EBITDA	13.5x	12.5x - 13x	13.3x	12x - 14x	14.8x	14x - 14.2x	9.9x	10.2x - 10.3x	13.5x	12.2x - 12.4x	10.3x	9 - 10x
Secured Debt /Gross Assets	23.1%	20% - 22%	8.3%	7% - 9%	0.9%	1.0%		5.1% - 5.4%	18.2%	19% - 21%	11.4%	12 - 13%
Fixed-Charge Coverage	4.0x	3.8x - 4.0x	4.4x	4.0x - 4.3x	4.4x	4.5x - 4.8x	3.5x	3.1x - 3.3x	4.4x	4.6x - 4.7x	4.6x	4x - 4.5x

[1] This represents Moody's forward view; not the view of the issuer.
[2] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Ratings

Exhibit 18

Category	Moody's Rating
FABEGE AB	
Outlook	Stable
Issuer Rating -Dom Curr	Baa2

Source: Moody's Investors Service

REPORT NUMBER 1200256

CLIENT SERVICES

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

MOODY'S
INVESTORS SERVICE