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CREDIT OPINION
18 February 2019

Update

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RATINGS

Fabege AB

Domicile	Sweden
Long Term Rating	Baa3
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.

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Fabege AB

Update to Discussion of Key Credit Factors

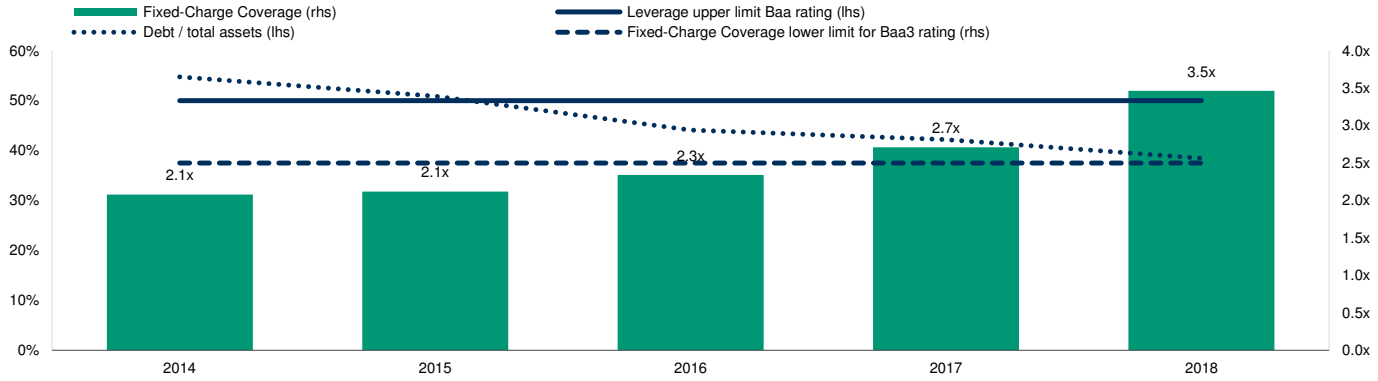
Summary

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; (5) moderate leverage, as measured by Moody's-adjusted debt/assets of 38.5% as of 31 December 2018 and a strong commitment to maintaining this level and (6) adequate liquidity where sources covers uses for at least the next 15 months. The average debt maturity profile has also strengthened to 5 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 92%; (3) a high net debt/EBITDA ratio of 14.2x as of December 2018 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 about 26%; (6) a somewhat low but improving share of unencumbered assets, representing around 25% of total assets; and (7) significantly reduced but still high reliance on short-dated commercial paper, 9.6% of total reported debt as of December 2018 (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. The average debt maturity profile has strengthened to 5 years. The still high reliance on commercial paper results in an improved but still 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.

Exhibit 1

Fabege's debt/gross assets ratio and fixed charge coverage development compared to the Upper/lower limit for Baa3 rating for each metric respectively



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

» 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 10 largest tenants accounting for 28% of its total rental revenue

» Adequate liquidity, but a relatively short debt maturity profile and interest fixing period

» 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 Fabege will maintain or improve its liquidity position and increase unencumbered assets to 30% or above during the next 12-18 months. We expect the company to refinance secured bank debt and, therefore release more unencumbered assets. 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 13x-13.5x in the next 12-18 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 target of 13x. We also expect leverage to hover around 39%-40% and fixed charge coverage to be maintained above 3.0x. The rating outlook also reflects Sweden's favourable although weakening macroeconomic environment and an expected slow down in rental revenue growth but still strong occupier and investment markets for commercial real estate markets.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Factors that could lead to an upgrade

» Any rating upgrade is predicated upon further strengthening of its liquidity profile

» Effective leverage at 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 a reduction in secured debt

Factors that could lead to a downgrade

» Weakening liquidity position and failure to improve the unencumbered asset ratio from the current 25% to above 30%

» Effective leverage towards 50%

» Fixed charge coverage below 2.75x

» Dependency on or increased secured issuance under the Svensk Fastighets Finansiering (SFF) vehicle

Key indicators

Exhibit 2
Key indicators for Fabege

	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18[1]	12-18 Month Forward View[2]
Real Estate Gross Assets (USD billion)	5.0	5.5	7.3	7.8	$8.2 - $8.4
Amount of Unencumbered Assets	n.a.	n.a.	20.19%	25.12%	27% - 30%
Debt / Real Estate Gross Assets	50.88%	44.13%	42.17%	38.46%	39% - 40%
Net Debt / EBITDA	14.98x	14.81x	14.79x	14.22x	13x - 13.5x
Secured Debt / Real Estate Gross Assets	41.30%	32.01%	28.85%	25.79%	23% - 25%
EBITDA / Fixed Charges	2.12x	2.34x	2.71x	3.47x	3.6x - 3.9x

[1] Moody's preliminary financials 2018 based on reported 2018 year-end financials and Moody's standard adjustments for non-financial corporations.
[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 SEK67.6 billion as of year end 2018. 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 89 properties span more than 1.3 million square metres and generated SEK2.5 billion in rental revenue in 2018, with offices accounting for approximately 80% 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

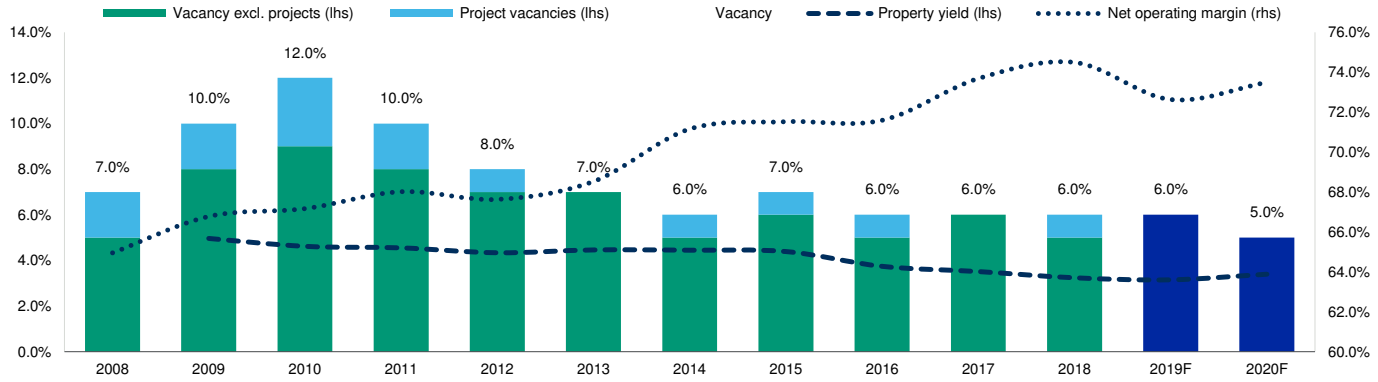
Fabege focuses on the development of modern, predominantly environmentally friendly, commercial properties in primary, well-connected locations in attractive metropolitan areas, and seeks to provide good services and facilities. The company's portfolio is modern, with an average age of just over 10 years. The portfolio is 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 (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 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 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

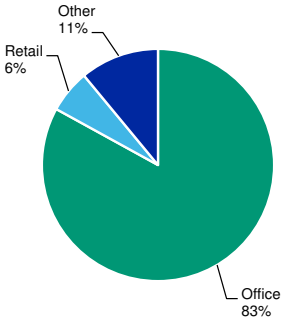
Fabege aims to grow organically and invest at least SEK1.5-2.5 billion per year in its own project portfolio, making it less reliant on acquisitions in a highly competitive and, therefore, expensive investment market. The company will grow by transforming development rights in its land bank into commercial properties. We estimate that the company's land bank of 698,000 square meters, of which 270,000 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.

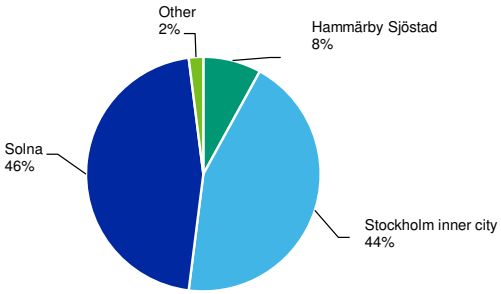
As Exhibit 5 shows, all of Fabege's holdings are located in the Stockholm area. However, we are comfortable with this level of concentration in Stockholm, which generates around a third of Sweden's GDP, because we do not believe it will lead to a material divergence from overall economic and property 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 December 2017



Source: Company data

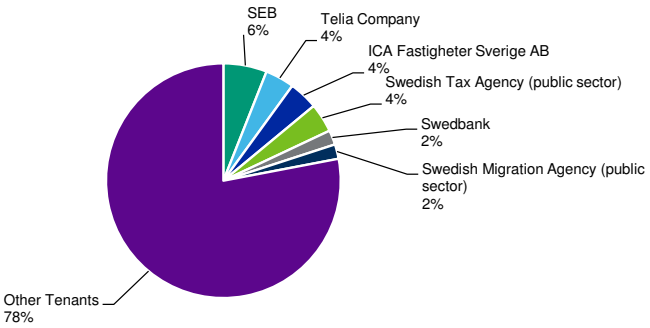
Exhibit 5
Property value by location
as of December 2018



Source: Company data

Fabege has some customer concentration, with its 15 largest tenants representing around 22% of its contracted rental income. However, its largest tenant (SEB) accounts for only 6% 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 31 December 2018



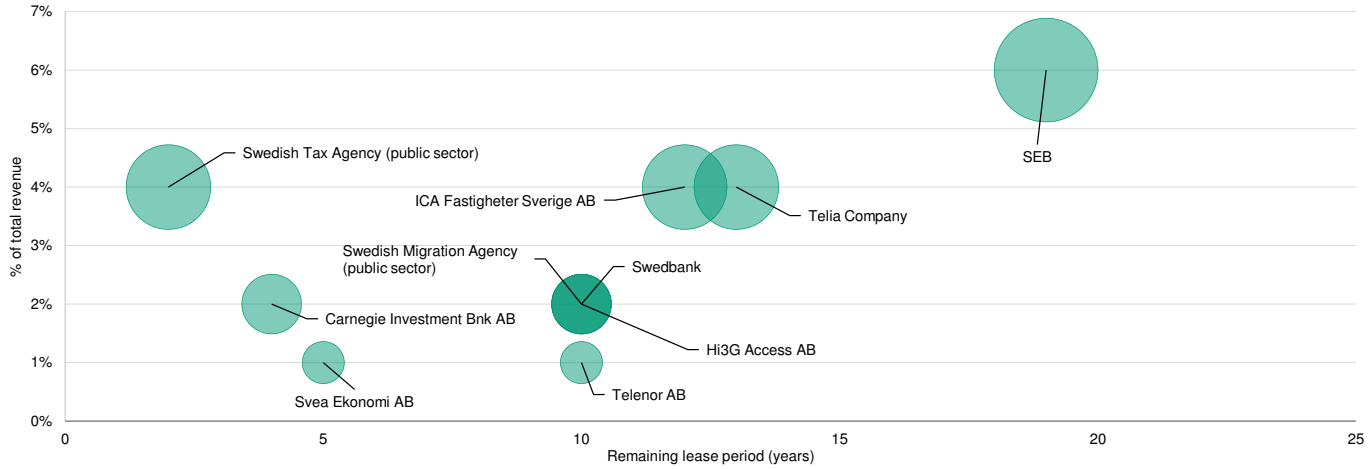
Source: Company data, Moody's Investors Service estimates.

Fabege's average remaining lease period is around 4.7 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 10.9 years.

Exhibit 7

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

Top ten tenants as of 31 December 2018



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

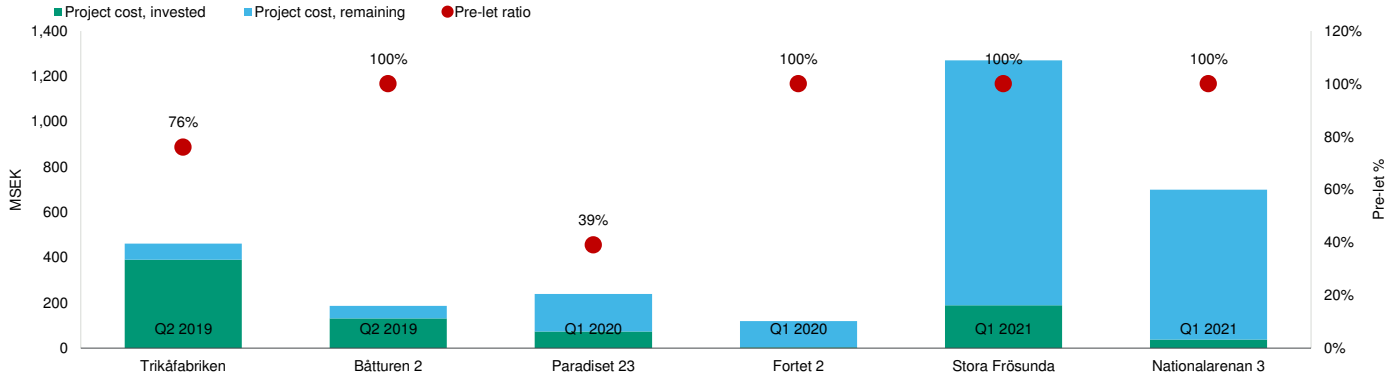
Controlled development activities

Fabege has ongoing development projects representing a total investment of around SEK2.9 billion of which SEK825 million has already been spent. The pre-let rate in the project portfolio is high at 92% which reduces the risk. The company's commitment to new developments totals around 4.3% 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 but those 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 31 December 2018



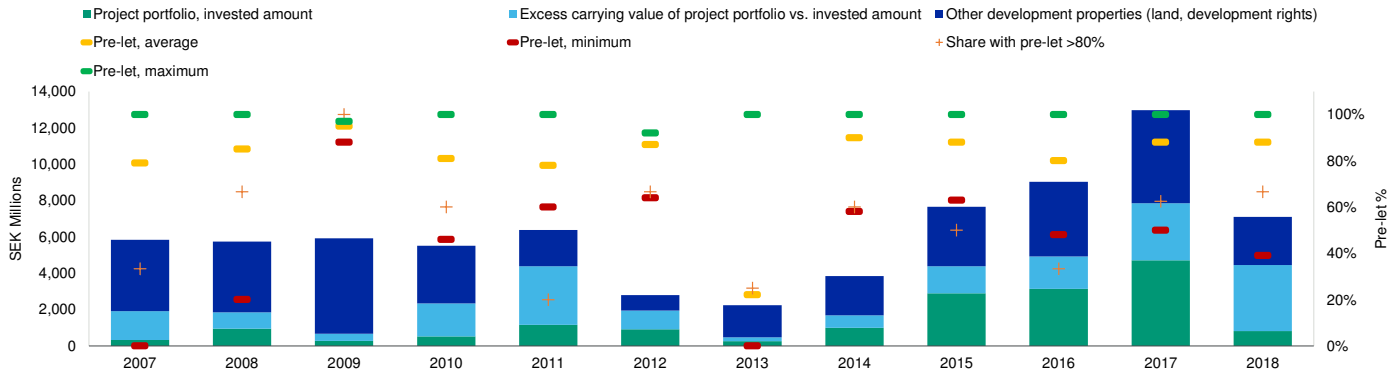
Dates represent expected point of project completion.
Source: Company data.

Fabege has a pre-let ratio of at least 50% for development projects in the implementation phase, and an overall rate of 92% 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.

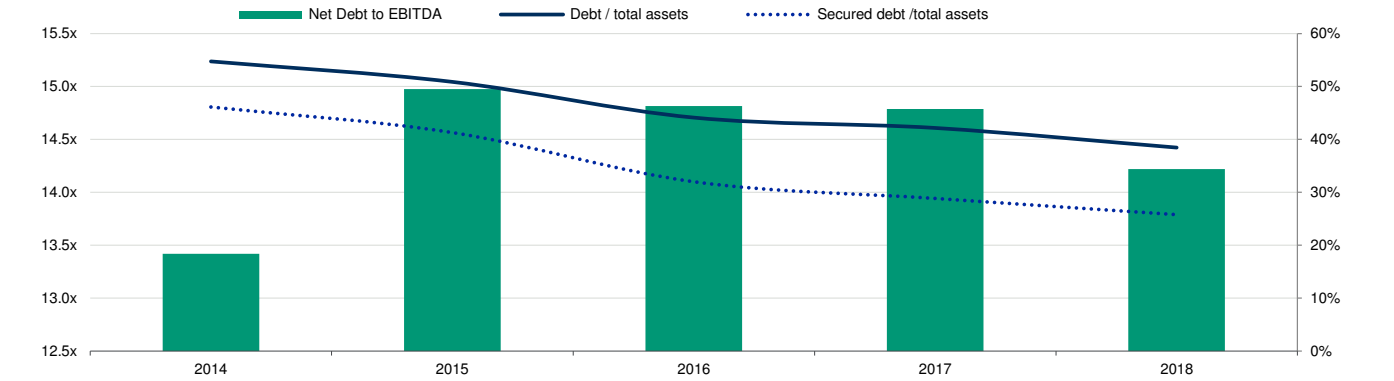
The company has stated that divestments of properties and building rights will balance investments in projects, ensuring the continuation of its strong balance sheet.

Moderate effective leverage

Fabege's Moody's-adjusted gross debt/total assets stood at 38.5% as of 31 December 2018, with SEK26.5 billion of adjusted gross debt and total adjusted assets of SEK68.8 billion. The company has a financial policy of a maximum loan-to-value of 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 around 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 increased to around 45% in 2018, with the remaining 32% of property revaluations derived from projects and only 23% from compression in yields.

Exhibit 10

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



Source: Company data.

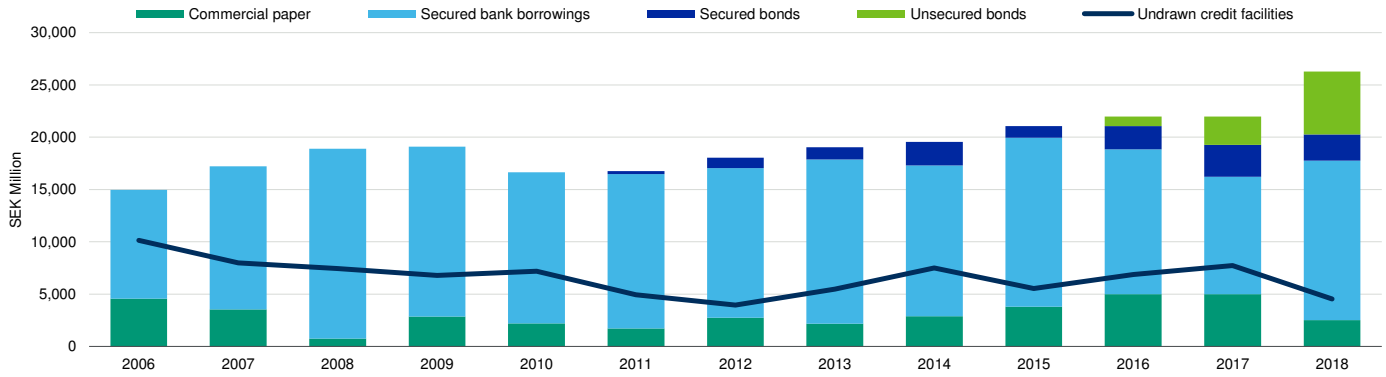
Fabege has a diversified funding mix, consisting of commercial paper, senior unsecured and secured bonds, bank loans and a European Investment Bank loan. As of 31 December 2018, the company's financing included: (1) around SEK15.2 billion of secured loans from Nordic banks; (2) unsecured bonds worth of SEK6 billion under the SEK8 billion medium-term note programme (MTN), maturing in fairly equal amounts over 2019-22; (3) four senior secured bonds via the real estate funding vehicle SFF totaling SEK2.5 billion; and (4) SEK2.5 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, despite improvements in the group's liquidity profile, the short-dated debt maturity profile with significant amounts coming due in the next 12 months (13% of total debt) remains a negative point 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 further in the short term.

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

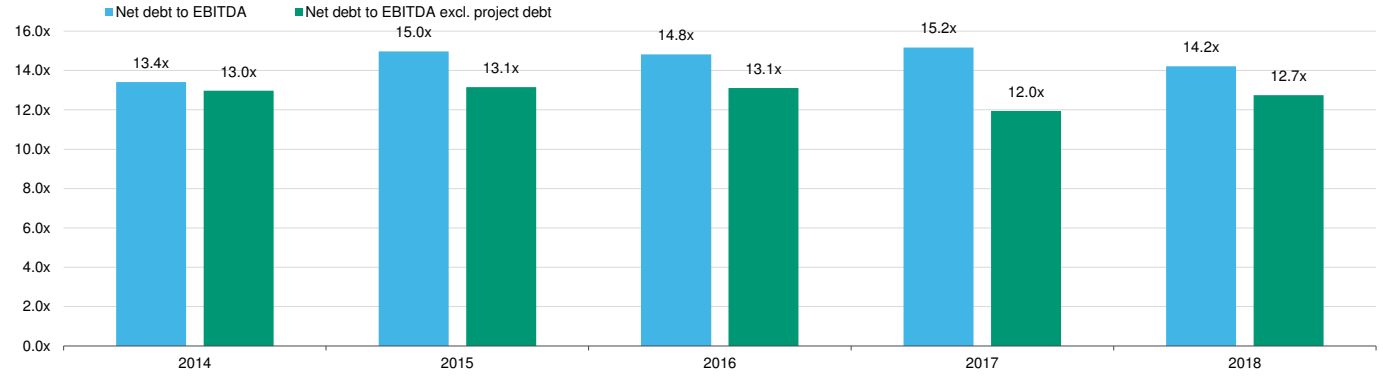
Fabege has a policy of keeping interest coverage above 2.2x, but the company is at a comfortable distance from this level. The company had a Moody's-adjusted EBITDA fixed charge coverage of 3.5x as of December 2018, and we expect this ratio to remain above 3.0x over the next three years, mainly driven 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 14.2x as of 31 December 2018, 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. 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.

Exhibit 12

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

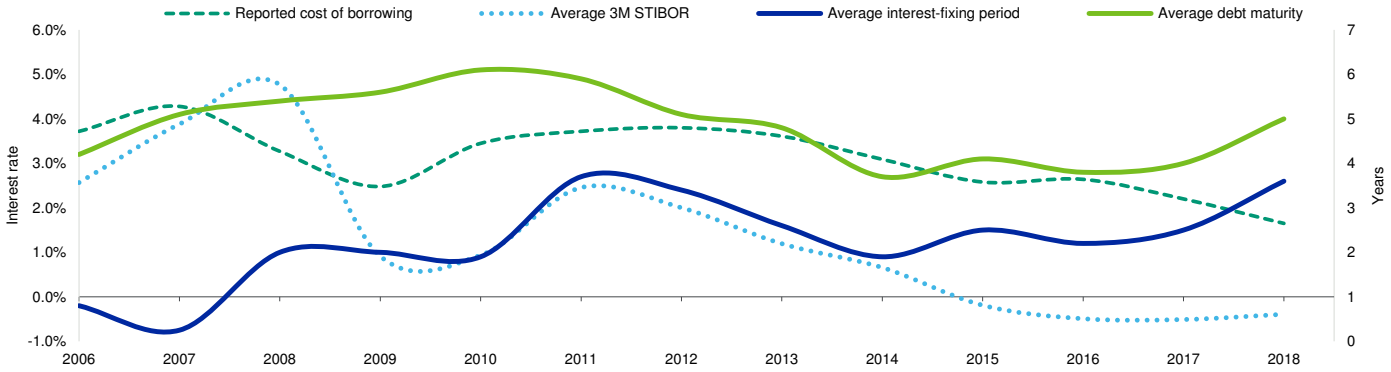


Source: Company data, Moody's Investors Service estimates.

In line with the general decline in interest rates, the company's average cost of debt was 1.65% as of 31 December 2018 (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 3.6 years as of 31 December 2018 remains below the average debt maturity of 5.0 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 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.

Liquidity analysis

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

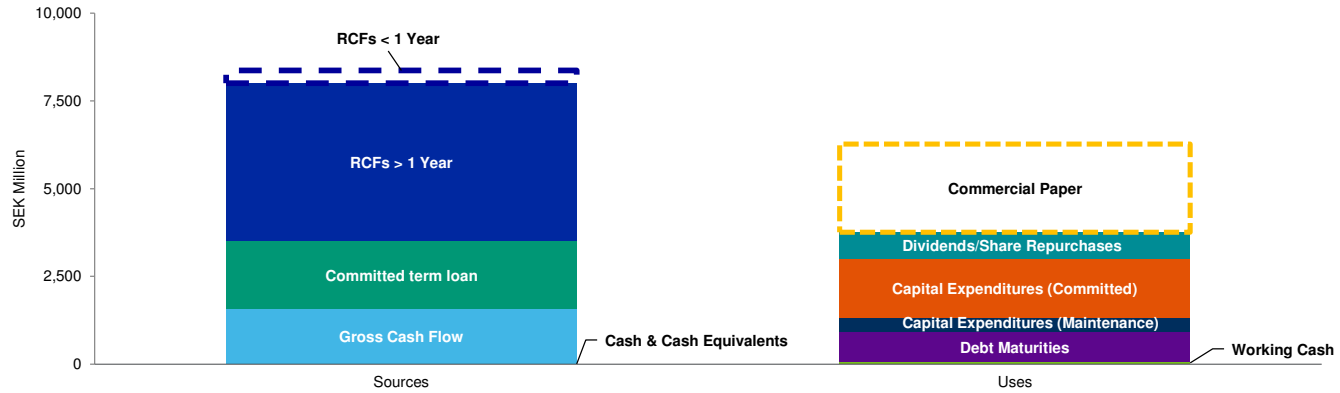
Fabege has adequate liquidity reflecting that internal cash flows, cash at hand and committed revolving credit facilities will cover near-term debt maturities for at least the coming 15 months, predominantly comprised of capex, commercial paper borrowings, and dividend distributions. However, we expect that Fabege will work on further 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. We Fabege's liquidity as adequate and score it "Ba" but overall score for liquidity and access to capital is scored "Baa".

Fabege had a moderate unencumbered asset ratio of 25.1% as of 31 December 2018, underpinned by around SEK16.1 billion of unencumbered properties. We expect this level to improve to 30% in the next 12-18 months, through the refinancing of bank debt and reduction of collateral pools connected with these loans.

Around 25% of Fabege's SEK26.2 billion in borrowings mature within two years, which is high. The company had a weighted average debt maturity of 5.0 years as of 31 December 2018. 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 14

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

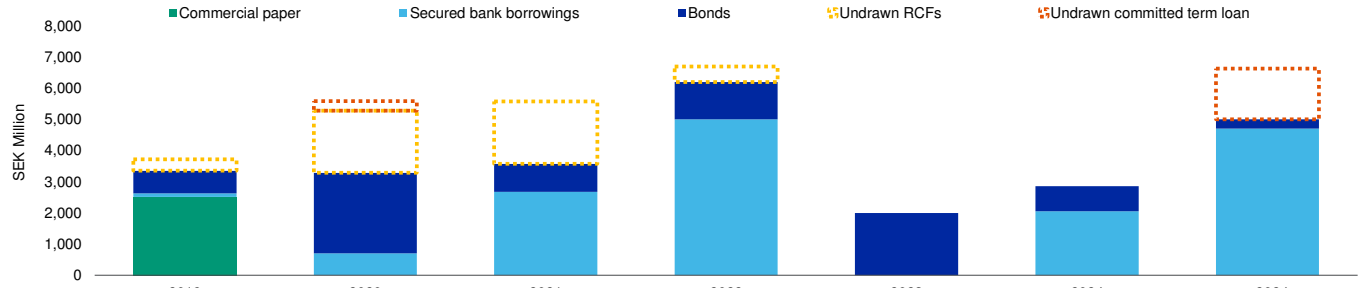


Source: Company data, Moody's Investors Service estimates.

Exhibit 15

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

Maturity profile as of year-end 2018



Source: Company data.

Fabege had revolving credit facilities totaling SEK6.3 billion as of 31 December 2018 (SEK5.0 billion is backup for the company's commercial paper programme), which could cover cash shortfalls in the short term. Of the total available RCF's, SEK4.8 billion remains undrawn. Around SEK2 billion of this SEK 4.8 billion of committed bank lines are dedicated to the commercial paper programme. The company also has a SEK1 billion committed term loan (SEK 700 million of which was drawn as of December 2018) and overdraft facilities totaling SEK350 million. The credit facilities are secured by properties. The large share of revolving credit facilities maturing over 2019-20 totaling SEK2.4 billion, or 37% of total commitments, 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.

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 15.3% 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 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 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 2.5 billion of which was utilised as of 31 December 2018.

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 31 December 2018.

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 Baa3 is line with the grid-implied rating under the current and forward view

Exhibit 16
Rating grid for Fabege AB

Real Estate / REIT Industry Grid [1][2]	Current FY 12/31/2018 [4]		Moody's 12-18 Month Forward View As of 2/4/2019 [3]	
Factor 1 : Scale (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets (USD Billion)	$7.8	Baa	$8.2 - $8.4	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	25.1%	B	27% - 30%	B
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	38.5%	Baa	39% - 40%	Baa
b) Net Debt / EBITDA	14.2x	Ca	13x - 13.5x	Ca
c) Secured Debt / Gross Assets	25.8%	Ba	23% - 25%	Ba
d) Fixed Charge Coverage	3.5x	Baa	3.6x - 3.9x	Baa
Rating:				
a) Indicated Outcome from Scorecard		Baa3		Baa3
b) Actual Rating Assigned				Baa3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 9/30/2018(L)
[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
[4] Moody's preliminary financials 2018 based on reported 2018 year-end financials and Moody's standard adjustments for non-financial corporations.
Source: Moody's Financial Metrics™

Appendix

Exhibit 17

Peer comparison for Fabege AB

	Fabege AB Baa3 /Sta		Vasakronan AB A3(BCA:baa1) / Sta		Gecina SA A3 / Sta		Entra ASA Baa1 (BCA: baa1)/ Sta		Atrium Ljungberg AB Baa2 / Sta		Castellum AB Baa3 / Pos	
	FY Dec-18	Forward View [1]	LTM Sep-18	Forward View [1]	LTM Jun-18	Forward View [1]	LTM Sep-18	Forward View [1]	LTM Sep-18	Forward View [1]	LTM Sep-18	Forward View [1]
Gross Assets	$7.8	$8.2 - $8.4	$15.9	$16.2 - $16.5	$23.7	$22-$23	$5.8	$5.7 - $5.9	$5.0	$5.5 - $5.9	$10.2	$10.3 -$10.6
Amount of Unencumbered Assets	25.1%	27% - 30%	56.1%	45% - 60%	97.0%	95%-98%	89.5%	89% - 90%	43.6%	44% - 50%	40.6%	43% - 46%
Total Debt + Preferred Stock /Gross Assets	38.5%	39% - 40%	43.9%	45% - 46%	40.9%	38%-39%	40.2%	41.4% - 42.4%	43.1%	42% - 43%	45.3%	46% - 47%
Net Debt / EBITDA	14.22x	13x - 13.5x	12.33x	12.3x - 12.7x	15.24x	13x-14x	9.85x	10.2x - 10.3x	11.93x	11.3x - 11.7x	11.06x	10.8x - 10.9x
Secured Debt /Gross Assets	29.4%	23% - 25%	8.4%	8% - 12%	3.1%	3%-4%	5.5%	5.1% - 5.4%	18.9%	17% - 19%	16.2%	10% - 13%
Fixed-Charge Coverage	3.47x	3.6x - 3.9x	4.63x	3.6X - 3.8X	4.69x	4.3x-4.4x	3.48x	3.1x - 3.3x	4.67x	4.0x - 4.4x	4.10x	3.7x - 3.8x

[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	Baa3

Source: Moody's Investors Service

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