Property | **Initiation of credit coverage**

Sweden | 29 September 2016

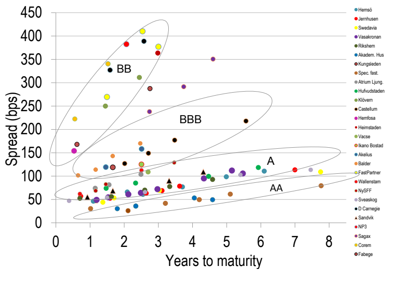
Fabege

Corporate rating:	**BBB- / Positive**

Public ratings

Moody's:	N.R.
S&P:	N.R.
Fitch:	N.R.
Market cap (SEKm)	26 320

Real estate relative value SEK bonds



Source: SEB and Bloomberg

The future is bright

- **BBB- with a positive outlook, Stockholm is the place to be**
  Our BBB- assessment of Stockholm based real estate company Fabege is based on our view of its strong position and attractive property portfolio in the rapidly growing central and greater Stockholm area, as well as its sustainability focus and commitment to "green" buildings. Sweden, and Stockholm in particular, is one of the fastest growing regions in Europe (and compared with international mature economies). Strong economic and population growth, combined with a shortage of commercial properties as well as relatively low growth of the office stock create a very strong foundation for further strong operational performance, low vacancies, rent hikes, as well as stable growth in property values. The main restricting factors are the relatively high asset concentration as well as higher leverage than most BBB rated peers. The main risk to the rating would be a severe economic downturn in Sweden or a significant rate hike in the near term, none of which we see as very likely though.

- **Stable loan to value of around 50% will likely result in higher rating**
  Fabege, in line with most of its Swedish property peers, has historically operated with higher leverage than its European peers. Fabege's loan to value (LTV) varied between 55% and 60% until 2015 when it declined to 52%. Most BBB-rated European peers operate with LTVs of 40-50%. Management has set an LTV target of less than 55%, which consider positive, because it points towards a more cautious financial policy and to a bigger threshold if property values or profits were to decline. Fabege's LTV of 49% and interest coverage of 2.5x in the second quarter of 2016 are both commensurate with a BBB-flat rating. We thus assign a positive outlook to our rating, and argue that an LTV consistently of around 50% would probably result in a higher rating, as we believe that vacancies will remain low, operational performance will be good and that the risk in the property development operations is low.

- **May 2018 senior unsecured bond assigned a Marketweight recommendation**
  As Fabege has pledged assets of about 40% of total assets, we rate the senior unsecured bonds BB+, i.e. one notch below the company's rating, which is standard, and in line with rating agencies such as S&P and Moody's and with most market participants. Fabege has one senior unsecured bond outstanding (maturing May 2018) to which we assign a Marketweight recommendation, as it trades in line with similar rated peers such as Akelius (S&P: BBB-), Balder and Castellum (not rated but both BBB/BBB- area).

Key credit metrics & ratios

	2012	2013	2014	2015	2016E	2017E	2018E
Revenues (SEKm)	1 869	2 059	2 087	1 998	2 117	2 279	2 652
EBITDA (SEKm)	1 200	1 349	1 418	1 364	1 470	1 604	1 901
EBITDA margin	64,2%	65,5%	67,9%	68,3%	69,5%	70,4%	71,7%
FOCF (SEKm)	-1 686	-1 170	-3 490	-1 762	-744,1	-673,7	70,8
Adjusted EBITDA net int. cover. (x)	1,9	1,9	2,1	2,3	2,8	3,1	3,5
Adjusted net debt to EBITDA (x)	14,9	14,0	13,8	15,4	13,7	13,3	11,6
Adjusted FFO / Net debt	4 %	2 %	-5 %	3 %	5 %	5 %	6 %

Source: SEB

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The estimates in this research report have been produced in collaboration with SEB equity research analysts

Business risk profile

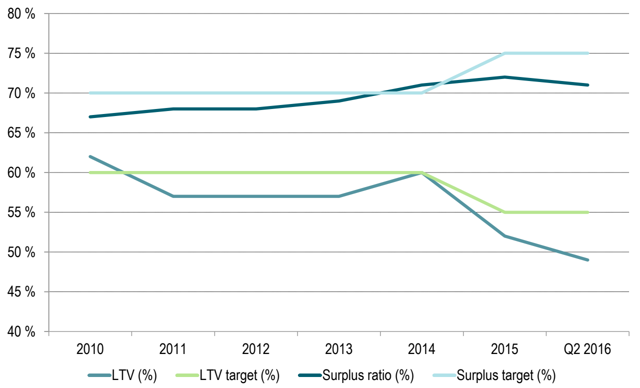
Company overview

Fabege is a leading property owner conducting business within property management, development and transactions in the strategic areas of Stockholm inner city, Solna and Hammarby Sjöstad.

Property management
Property management is Fabege`s largest business operation in terms of total revenues generated in 2015. The contribution of revenues from property management grew steadily from around 69% in 2011 to 83% as of 2015. The underlying factors supporting the improved profitability include reduced vacancy, yield compression and attractive premises, resulting in a high retention rate for Fabege`s tenants. The increased profitability caused Fabege to raise its target for surplus ratio (operating income/rental income from 70% to 75% in 2015. In addition, towards the end of 2015 Fabege lowered its loan-to-value target from 60% to 55% indicating its ambition of a less aggressive financial profile.

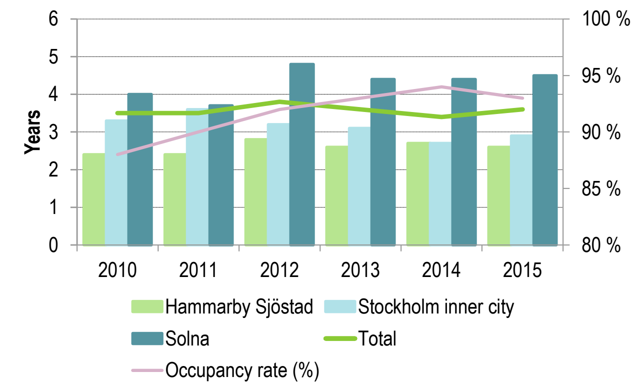
We consider the operations within management to entail relatively minor risk to the overall business, given that Fabege historically retains a stable lease term on its contracts and expectations of a continued strong letting market. Although there is some concentration risk in Fabege's property portfolio, the 15 largest tenants make up some 28% of total rental income, so we are not overly concerned that a single large tenant leaving would lead to a major income shortfall.

Development in LTV and surplus ratio compared with targets (%)



Source: Fabege

Lease terms (years) and occupancy rate (%)

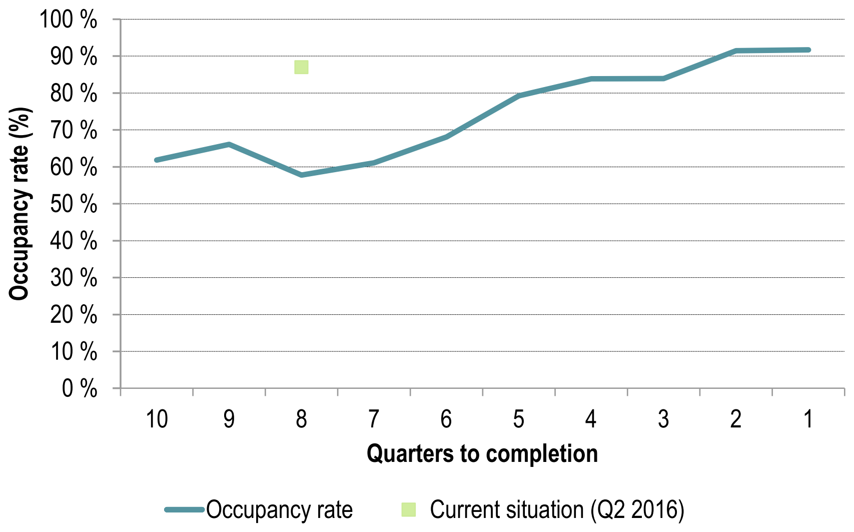


Source: Fabege

Property development
Property development is the second largest business operation, having contributed around 22% of total revenues since 2011. This operation is divided into two divisions, one that focuses on major development projects and another that focuses on maintenance and smaller projects related to the existing portfolio. Fabege has an annual investment target of SEK 1.5-2bn and has delivered an average return on capital of 29.4% since 2011, well above its financial target for a return on invested capital of at least 20%.

Due to the nature of the business, development operations entail large investment plans absent of revenues and are dependent on a high occupancy rate upon completion. Therefore we believe development projects could pose a significant risk to the company. We have traced Fabege`s development portfolio on a quarterly basis since 2007 until Q2 2016. In the chart below, we have illustrated the average historical development in occupancy rate as projects move closer to completion.

Historical development in occupancy rate given remaining time to completion (2007- Q2 2016)



Source: Fabege, SEB

We can clearly see that as the project moves closer to completion occupancy rate of the premises increases. We believe this is due to Fabage`s experience in combining property management and development and hence mitigate risks related to large investment programmes. As of Q2 2016, Fabege reported an average occupancy rate of 87%, given an average remaining time to completion of 8 quarters we believe there is relatively little risk inherited posed by the development portfolio.

Ongoing projects > SEK 50m

Property listing	Property type	Area	Completed	Occupancy rate	Remaining investment
Hörnan (part of Lagern 2)	Offices	Solna	Q2 2018	67 %	481
Pyramiden 4	Offices	Arenastaden	Q2 2018	100 %	1 019
Signalen 3	Offices	Arenastaden	Q3 2018	78 %	1 027
Uarda 6	Offices	Arenastaden	Q4 2017	90 %	160
Pelaren 1	Offices	Globen	Q3 2018	70 %	746
Total				**87 %**	**3 433**

Source: Fabege

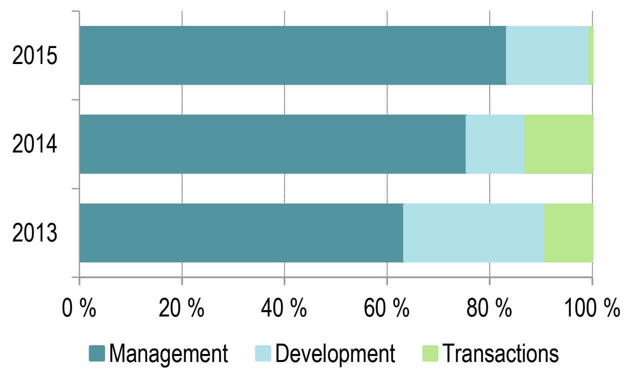
Property transactions

Fabege is – and has historically – divested its non-core properties and invested in the areas of Solna and Hammarby Sjöstad. Solna today contains the largest share of the portfolio by market value, accounting for 50% of the portfolio, while Stockholm inner city and Hammarby Sjöstad make up 42% and 8% respectively.

Green premises and buildings

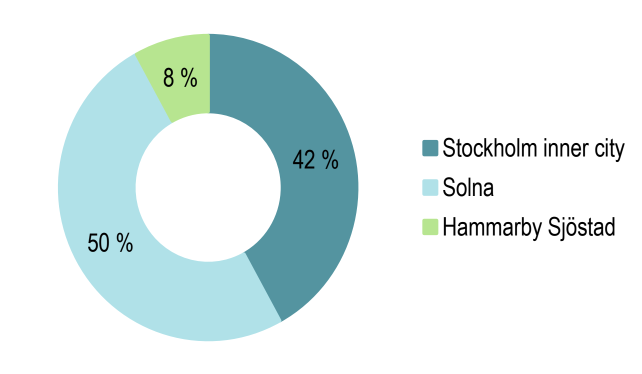
Given an increased focus on the property sector`s environmental impact, energy requirements and demand for premises with green certification is an emerging trend among tenants. In the period from 2009 to 2015, Fabege increased the number of certified properties in its portfolio from two to 18 while reducing its portfolio`s total energy consumption by 17%. Fabege requires all new development projects to be BREEAM-SE certified, aiming for a 100% certified portfolio by 2018, and to reduce total energy consumption by another 20% by 2020. Decreasing energy consumption has a positive effect on property valuations. By investing in a sustainable portfolio, we believe Fabege is well positioned for a future with increased an focus on premises' environmental footprint. It also indicates the ability to invest according to the long-term trends in the property sector, something we see as a supportive factor in our business risk assessment. .

Revenue contribution by business operations (%)



Source: Fabege

Portfolio allocation by market value (as of YE2015)

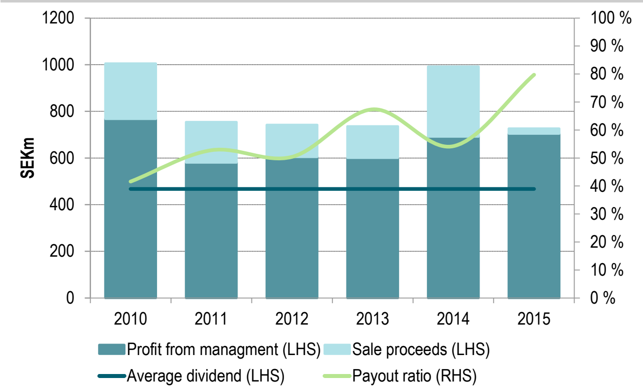


Source: Fabege

Ownership structure and dividend policy

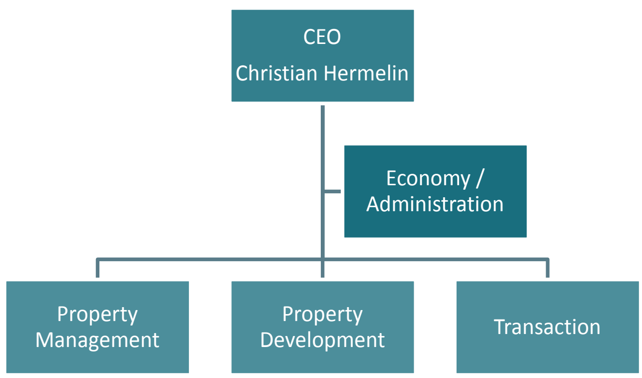
Fabege is one of Sweden`s largest publicly listed property companies. The ownership has always been diversified, with the 15 largest shareholders today holding a combined share in the company of 45.4%. Erik Paulsson (with family) is the largest shareholder in the company with 15.3%. Although we acknowledge the strength of the Paulsson sphere, would regard sphere companies such as Fabege and Wihlborgs to be separate entities. In the case of funding vehicle NyaSFF (BBB) , which is owned jointly by Fabege, Wihlborgs, Catena, Diös and Platzer) we see a clear advantage from sphere ownership. The company aims to distribute dividends of at least 50% of profits from continual property management and realised gains from sale of assets after tax, under current market conditions.

Development in dividend distributions



Source: Fabege

Organisational structure

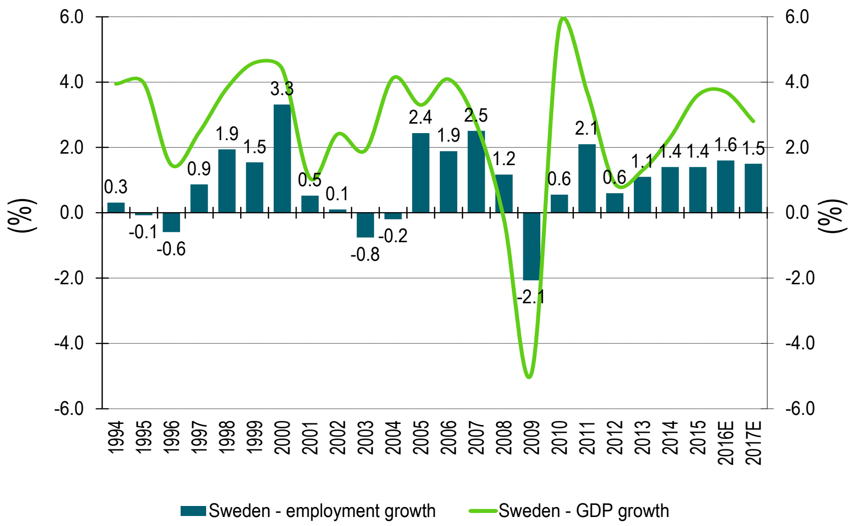


Source: Fabege

High demand in strong economy

SEB economists expect Swedish GDP growth of 3.57% in 2016, fuelled by low interest rates, a weaker currency, stronger exports, an expansionary fiscal policy for financing, high immigration, and increasing investments in housing and construction. Along with the strong growth in output, SEB estimates employment to grow by 1.7% in 2016, marking the highest level since the economic recovery in 2011.

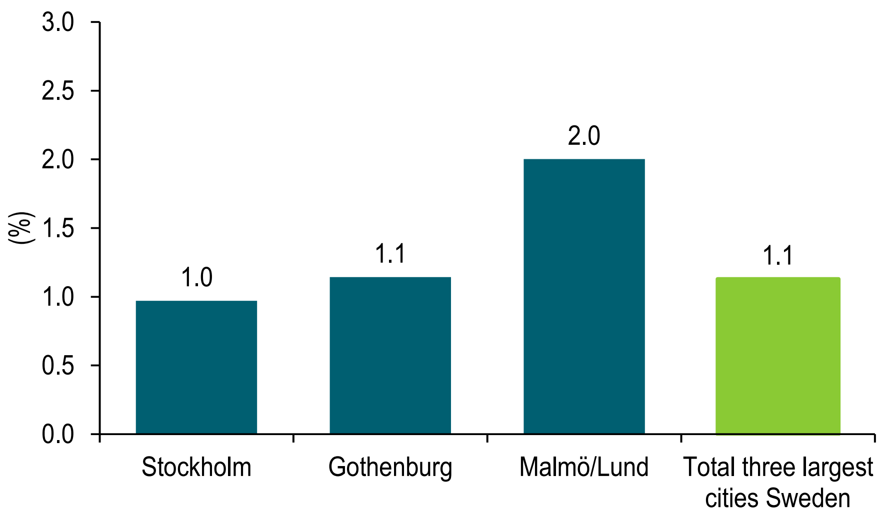
Swedish employment vs. GDP growth



Source: SEB

We believe the strongest growth should be in the Stockholm region, where the population is growing the fastest and where many new jobs are being created in the service, IT/tech and construction sectors. In addition, the new supply of office space is expected to remain low over the foreseeable future, with property consultant JLL expecting a 1.0% gross office supply pipeline for 2016, followed by a decline for 2017. We highlight that this is a gross figure, i.e. net of takeout from conversions of office space to e.g. residential and hotel property, and therefore the net addition of office supply in Stockholm is likely to be low for the year. Gothenburg should experience a small increase in office supply in 2016, with Malmö continuing to appear somewhat more challenged with a 2.0% supply pipeline for the year.

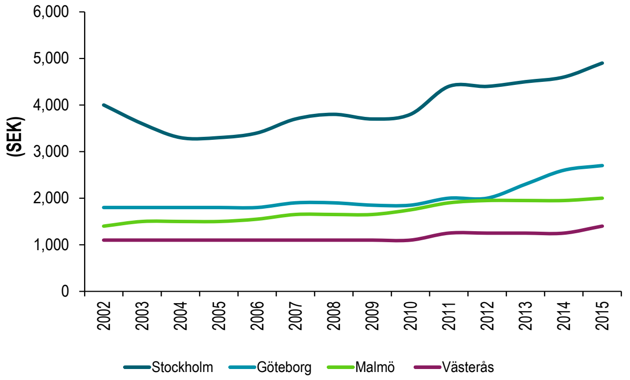
Office supply pipeline 2016 – percentage of existing stock



Source: SEB and JLL

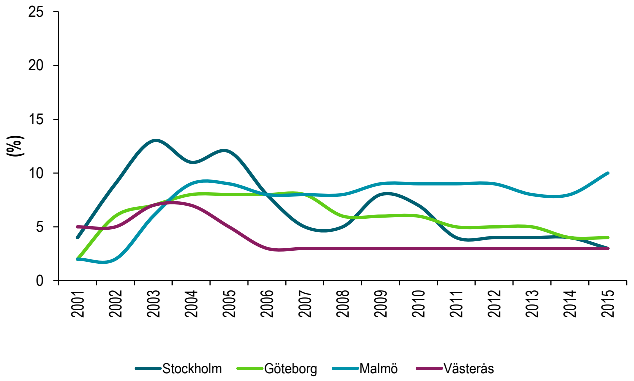
Rental markets in Sweden were good during 2015, with vacancies in general stable or low in the main city prime locations, aside from Malmö.

Prime office rents in selected Swedish cities (SEK/sqm/y)



Source: SEB and FMI

Prime office vacancy in selected Swedish cities (SEK/sqm/y)



Source: SEB and FMI

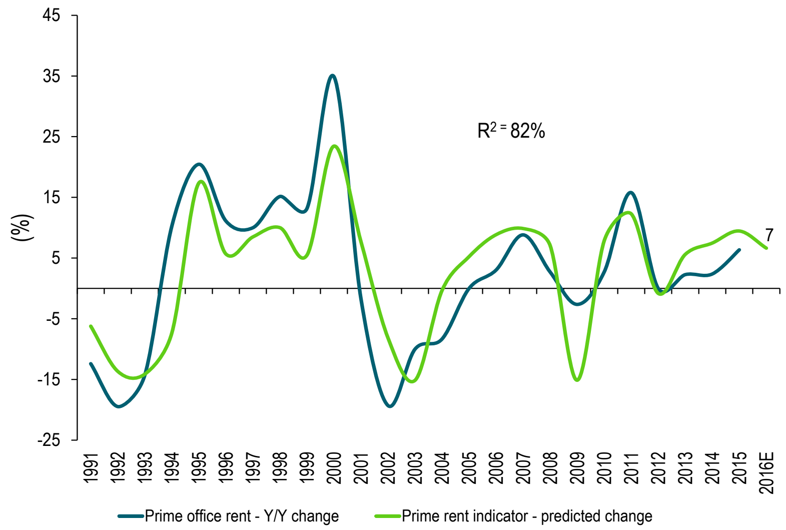
In Stockholm, prime office rents reached SEK 4,900 per square metre, which is a 7% increase versus the previous year according to FMI, while other market analysts and companies indicate higher rents and growth trends for prime offices in Stockholm. The prime vacancy rate has declined to 3%, a historically low figure – this should indicate good fundamentals for further rises in prime rents in 2016 that most Stockholm based property based companies have reported during the first two quarters of 2016.

Stockholm prime office rent vs. vacancy

Source: SEB and FMI

The chart below shows the results of our prime rent indicator for Stockholm CBD rents, which builds on multiple regression analysis using lagged vacancy rate, economic sentiment and stock market performance, and has been able to predict 82% of the changes in prime rents over the past 25 years. As shown, the indicator predicts continued growth in prime rents of 7% for 2016.

Prime rent indicator



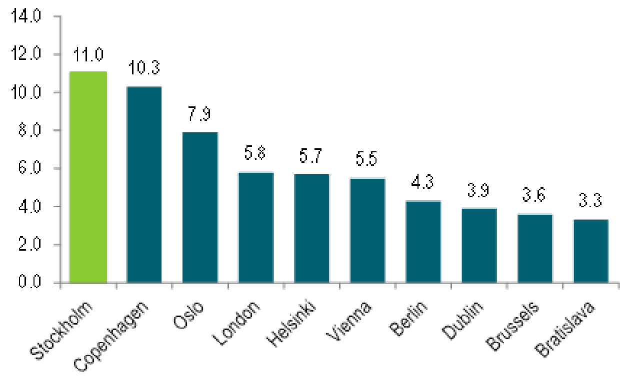
Source: SEB, Datastream and FMI

Stockholm to continue to attract global flows

Stockholm's economy is growing quickly relative to other major western cities

Relative to other large western cities, the fundamentals for a strong rental market are strong with Stockholm projected to have the highest population growth amongst European capitals over the coming five years, as well as the highest GDP growth amongst a selection of western cities for 2016 (see below charts). For Stockholm, we have used our own conservative estimate of economic growth while the other cities' are derived from JLL/Oxford economics.

Forecasted five year population growth (%)



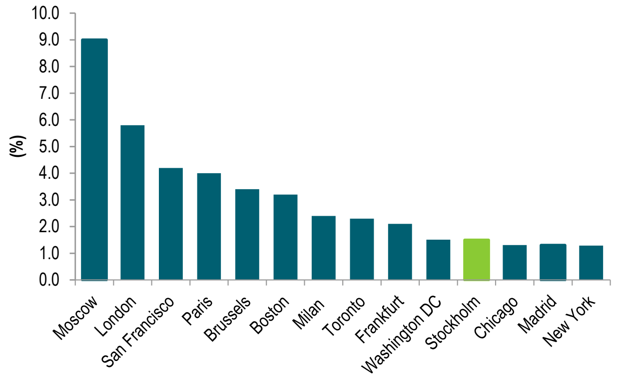
Source: SEB and Stockholm Chamber of Commerce

2016E metro area GDP growth

Source: SEB, JLL, Oxford Economics

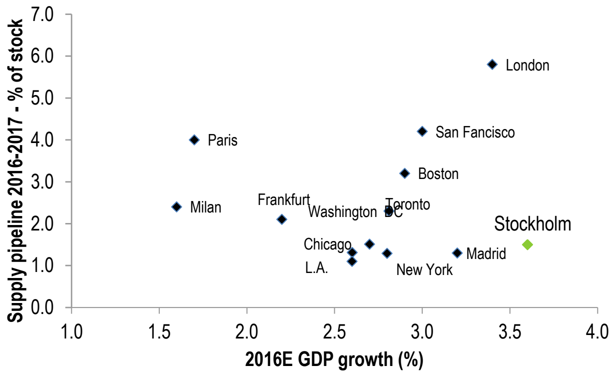
Alongside the growth outperformance, the supply of new offices in Stockholm is growing slowly compared with other large international cities (see left hand chart below) at just 1.5% of the current stock, which is gross of take-outs due to residential conversion, which is relatively high in Stockholm due to the booming housing market.

2016-2017E office supply pipeline, % of current stock



Source: SEB and JLL

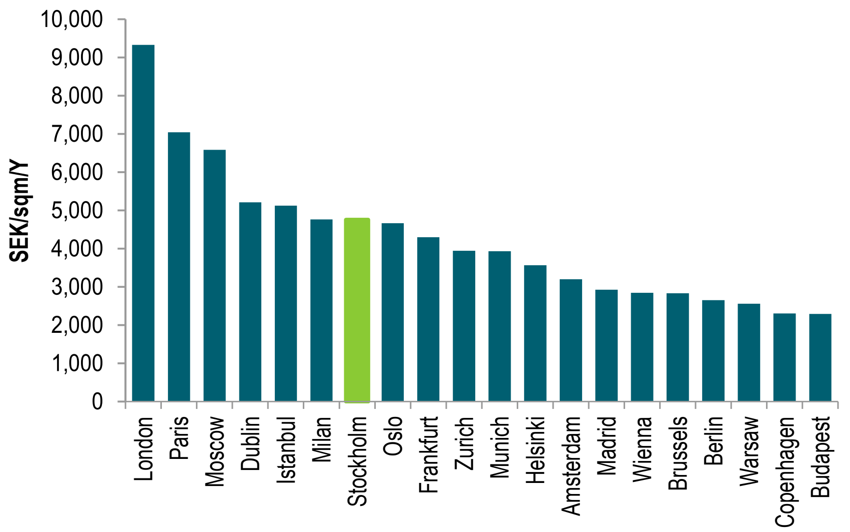
Growth vs office supply pipeline



Source: SEB, Oxford Economics and JLL

Office rents in Stockholm are towards the upper mid-end of rents in other big European cities. This follows from Stockholm's relatively high productivity and real GDP per capita, high general prices and the cost of new construction, and the scarcity of buildable land.

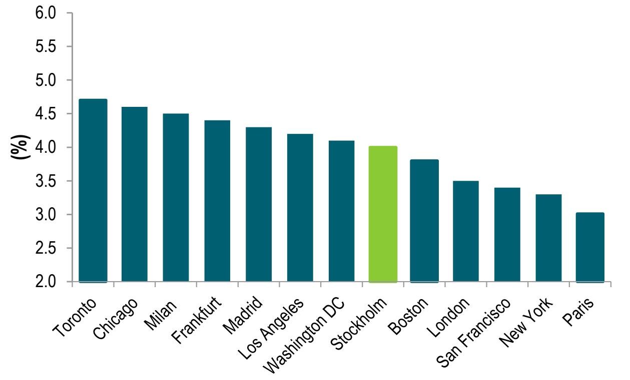
Prime office rents in selected European cities



Source: SEB and Knight Frank

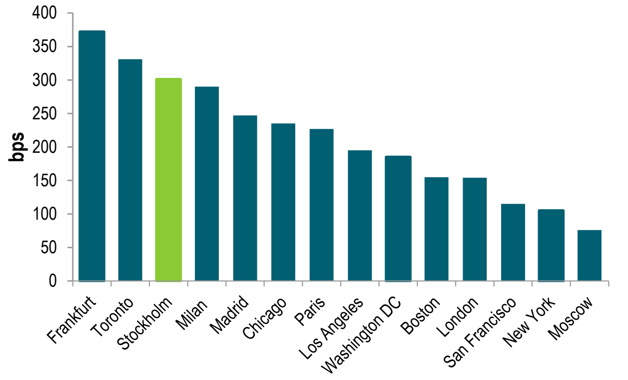
However, based on how property markets are priced, we believe the investment market does not yet fully reflect the favourable outlook for a rise in Stockholm rents, with Stockholm yields at the mid-point of the international peer group range. Compared with Sweden's 10-year nominal bond yield, Stockholm appears at the high-end of the peer group, despite its relatively strong growth outlook. Other factors impact the yield requirement beyond rental market outlook, and Sweden and Stockholm are generally favoured in our view due to a robust legal system, a high degree of transparency, and high market liquidity. Last year's depreciation of the Swedish krona seems to have helped attract foreign capital, and as the strong growth trends in Stockholm prevails, we expect international institutional demand to continue and apply further pressure on Stockholm yields.

Prime office yields in selected western cities



Source: SEB and JLL

Prime office yield spreads vs. 10Y government bond yield



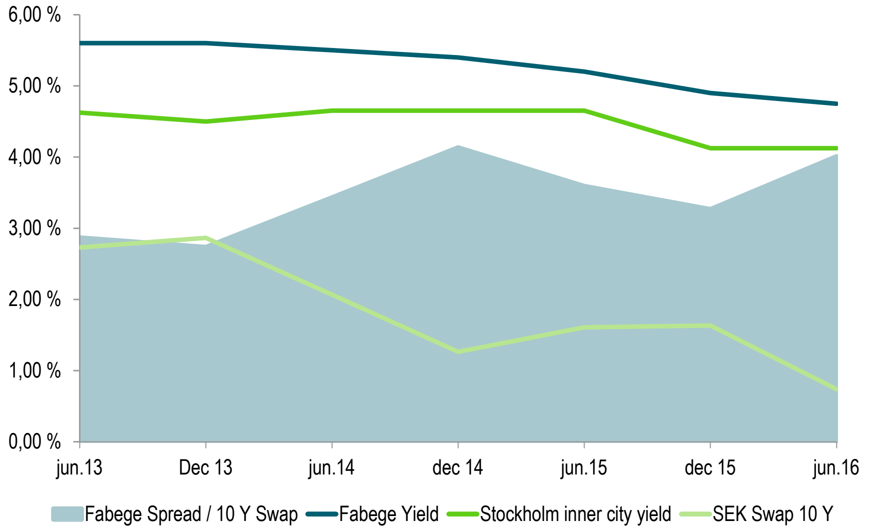
Source: SEB and JLL

Financial risk profile

We consider Fabege's financial risk profile to be commensurate with an investment grade rating, especially after announcing new financial targets including a loan-to-value (LTV) of less than 55%. Financial risk is also the main trigger for an up or downgrade in the coming years. A substantial increase in interest rates is the main risk to Fabege's creditworthiness and rating, in our view, as we see limited risk of major increase in vacancies in the coming years. However, SEB's economists expect the low interest rate environment to continue in the foreseeable future, with a low risk of major interest rate hikes.

Fabege's properties continued to experience positive valuation effects during the first half of 2016. The increased property value has mainly been a result of lower yield requirements in recent years. However, we expect higher rents increasingly to drive property values. The average yield on the investment portfolio is currently 4.75%, down from 5.4% in 2014. Although an increase in yield could affect the LTV due to lower valuation we do not consider this very likely in the coming years. The spread between the company's portfolio yield and underlying rates are at a record high and we believe that a modest interest rate hike would not necessarily hurt the valuation of the property portfolio, which is also supported by increasing rents.

Yield spread



Source: Fabege, Bloomberg, SEB

Financial targets

Fabege`s financial targets

	Target	2015	2016H1	2016E	2017E	2018E
Loan-to-value	55 %	52 %	49 %	46 %	44 %	43 %
Equity / assets	35 %	39 %	42 %	44 %	45 %	45 %
Interest coverage ratio 1)	2,0x	2,1x	2,5x	2,8x	3,1x	3,5x
Surplus ratio 2)	75 %	72 %	70 %	69 %	70 %	72 %
Return on projects	20 %	29 %	NA	NA	NA	NA
Transaction profit	10 %	44 %	NA	NA	NA	NA
Return on equity	One of the most profitable listed property companies	21.4%	29.7%	21 %	13 %	10 %

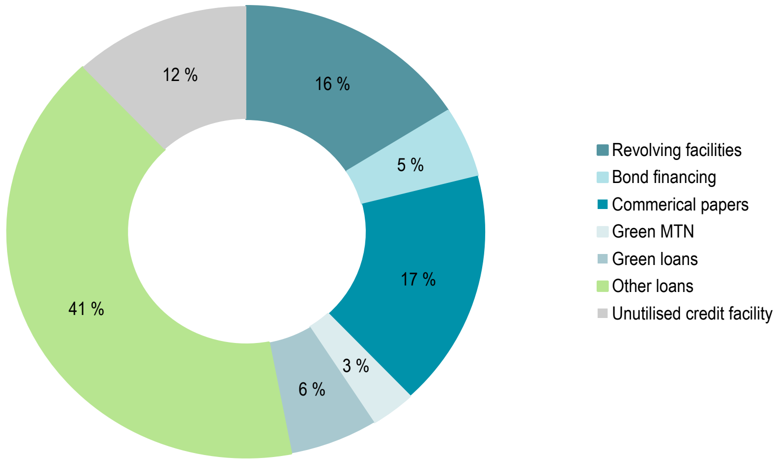
1) estimates are EBITDA / net interest expense and target is net operating income / net interest expense

2) estimates are EBITDA margin and target is net operating income / rental income

Source: Fabege, SEB

Funding sources

Funding sources (%)



Source: Fabege

As of Q2 2016, Fabege had SEK 20.6bn in interest bearing liabilities and equity of SEK 18.6bn. Cash and undrawn credit facilities amounted to SEK 3.1bn and given loan maturities of SEK 4.8bn over the next year, with commercial paper making up SEK 3.98bn, we consider Fabege`s liquidity situation as satisfactory.

Green MTN (medium term note) programme
Fabege has launched a SEK 2bn green financing programme in which SEK 600m has been issued. The programme is characterized by special conditions relating to the environmental aspects of Fabege's operations and property portfolio.

Joint venture MTN programme (Nya SFF)
In January 2015, Fabege entered into a joint venture with Catena AB, Diös Fastigheter AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB to conduct borrowing activities in the capital market via Nya SFF. Nya SFF is owned 20% by Fabege and as of Q2 2016 Fabege had SEK 1,273m in outstanding bonds, of which SEK 406m relates to a green bond framework. Nya SFF (Nya Svensk Fastighetsfinansiering AB) is a special purpose entity that specializes in issuing secured bonds.

Green loans
As the company`s portfolio has gained environmental certification, Fabege has increased its funding through sources intended for sustainable projects and signed its first green loan during the first quarter of 2016.

Maturity structure
Since June 2015, Fabege has increased the term of its funding from an average maturity of 3.6 years to 4.2 years, as of Q2 2016. The average maturity for its fixed-rate financing was 2.5 years, slightly up from 2.4 years as of Q2 2015. We believe the maturity structure of the loan portfolio is satisfactory, as the increased maturity structure limits financing risk.

Loan maturity structure, 30 June 2016

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5 000	3 974
< 1 year	4 461	826
1-2 years	7 217	5 463
2-3 years	5 395	3 940
3-4 years	1 125	1 125
4-5 years		
5-10 years	3 993	3 993
10-15 years		
15-20 years		
20-25 years	1 253	1 253
Total	**28 444**	**20 574**

Source: Fabege

Interest rate maturity structure, 30 June 2016

	Amount SEKm	Average interest rate (%)	Share (%)
< 1 year	7 537	3,71	37
1-2 years	4 350	2,88	21
2-3 years	2 987	2,25	15
3-4 years	1 000	2,13	5
4-5 years			
5-6 years	1 000	2,68	5
6-7 years	1 100	0,97	5
7-8 years	900	1,02	4
8-9 years	1 000	1,04	5
9-10 years	700	1	3
Total	**28 444**	**2,71**	**100**

Source: Fabege

Pledged assets

As of year-end 2015, Fabege had pledged a total of SEK 21.5bn of its assets of which SEK 16.3bn was property mortgages and SEK 5.2bn was shares in subsidiaries. Fabege has pledged properties against its secured funding through Nya SFF and secured bank financing. As a share of the total property portfolio, the pledged properties make up 40%.

Covenants

Fabege has certain financial covenants that are similar for the various loan agreements. We consider the likelihood that Fabege will breach any of the covenants is unlikely given the latest financial performance and our estimates.

Covenants

	Covenant	H1 2016
Listed on a stock market	Yes	Yes
Equity / Assets ratio	25 %	42 %
Interest coverage ratio	1,5	2,5

Source: Fabege

In addition to the covenants listed above, Fabege has specific loan-to-value covenants on individual properties ranging from 60 to 75%.

Peer comparison and rating conclusion

Our BBB- assessment of Fabege is based on our view of its strong position and attractive property portfolio in the rapidly growing central and greater Stockholm area, as well as its sustainability focus and commitment to "green" buildings. Sweden, and Stockholm in particular, is one of the fastest growing regions in Europe (and compared with international mature economies). Strong economic and population growth, combined with a shortage of commercial properties as well as relatively low growth of the office stock create a very strong foundation for further strong operational performance, low vacancies, rent hikes, as well as stable growth in property values. The main restricting factors are the relatively high asset concentration as well as higher leverage than most BBB rated peers. The main risk to the rating would be a severe economic downturn in Sweden or a significant rate hike in the near term, none of which we see as very likely though.

Fabege, in line with most of its Swedish property peers, has historically operated with higher leverage than its European peers. Fabege's loan to value (LTV) varied between 55% and 60% until 2015 when it declined to 52%. Most BBB-rated European peers operate with LTVs of 40-50%. Management has set an LTV target of less than 55%, which consider positive, because it points towards a more cautious financial policy and to a bigger threshold if property values or profits were to decline. Fabege's LTV of 49% and interest coverage of 2.5x in the second quarter of 2016 are both commensurate with a BBB-flat rating. We thus assign a positive outlook to our rating, and argue that an LTV consistently of around 50% would probably result in a higher rating, as we believe that vacancies will remain low, operational performance will be good and that the risk in the property development operations is low.

Nordic and European rated real estate peers

Key financials	Fabege	Atrium Ljungberg	Hufvudstaden	Citycon	Befimmo	Cofinimmo	SFL	Gecina
S&P				BBB	BBB	BBB	BBB	BBB+
SEB	BBB-	BBB	A-	BBB				
Type	Offices Stockholm	Retail and offices Stockholm	Offices Stockholm and Gothenburg CBD	Shopping malls pan-Nordic	Offices Brussel	Offices Belgium Frances	Offices Paris	Offices Paris CBD
	H1 2016	**H1 2016**	**H1 2016**	**2015**	**2015**	**2015**	**2015**	**2015**
Currency	SEK	SEK	SEK	EUR	EUR	EUR	EUR	EUR
Property portfolio (mill)	42,400	32,654	33,700	4,700	2,400	2,400	4,900	12,700
EBITDA	1,369	1,370	1,184	197	116	115	138	474
EBITDA margin (%)	67	57	70	58	82	85	81	81
LTV (%)	49	44	17	47	47	42	39	40
Interest coverage (x)	2.5	3.4	8.3	3.0	3.8	3.9	2.8	3.8

Source: SEB, S&P, company reports

Profit & loss statement

(SEKm)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Total revenues	2 343	2 066	2 214	2 194	2 007	1 804	1 869	2 059	2 087	1 998	2 117	2 279	2 652
Total expenses	-1 051	-814	-836	-791	-721	-640	-669	-710	-669	-634	-646	-675	-751
EBITDA	**1 292**	**1 252**	**1 378**	**1 403**	**1 286**	**1 164**	**1 200**	**1 349**	**1 418**	**1 364**	**1 470**	**1 604**	**1 901**
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangibles amortisation	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	**1 292**	**1 252**	**1 378**	**1 403**	**1 286**	**1 164**	**1 200**	**1 349**	**1 418**	**1 364**	**1 470**	**1 604**	**1 901**
Associated companies	0	0	-8	0	18	0	137	-30	-72	-94	-43	0	0
Net interest expenses	-646	-609	-804	-560	-522	-609	-644	-705	-664	-582	-521	-526	-539
Value changes	1 217	1 363	-1 908	-158	1 147	853	1 339	1 378	1 185	3 545	4 034	2 491	1 656
Other financial items	0	60	2	-5	0	0	0	0	0	0	0	0	0
Reported pre-tax profit	**1 863**	**2 066**	**-1 340**	**680**	**1 929**	**1 408**	**2 032**	**1 992**	**1 867**	**4 233**	**4 940**	**3 569**	**3 018**
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0	0
Total taxes	403	-254	829	-255	-232	-276	-2 120	-462	-129	-1 001	-741	-785	-664
Net profit	**2 266**	**1 812**	**-511**	**425**	**1 697**	**1 132**	**-88**	**1 530**	**1 751**	**3 234**	**4 199**	**2 784**	**2 354**
EBITDA margin	55,1	60,6	62,2	63,9	64,1	64,5	64,2	65,5	67,9	68,3	69,5	70,4	71,7
EBIT margin (%)	55,1	60,6	62,2	63,9	64,1	64,5	64,2	65,5	67,9	68,3	0,0	75,8	71,7
Tax rate (%)	(21,6)	12,3	61,9	37,5	12,0	19,6	104,3	23,2	6,9	23,6	15,0	22,0	22,0
Growth rates y-o-y (%)													
Total revenues	(15,7)	(11,8)	7,2	(0,9)	(8,5)	(10,1)	3,6	10,2	1,4	(4,3)	0,0	0,0	25,3
EBITDA	n.a.	(3,1)	10,1	1,8	(8,3)	(9,5)	3,1	12,4	5,1	(3,8)	7,8	9,1	18,5
EBIT	(21,5)	(3,1)	10,1	1,8	(8,3)	(9,5)	3,1	12,4	5,1	(3,8)	7,8	9,1	18,5
Pre-tax profit	(32,5)	10,9	0,0	0,0	183,8	(27,0)	44,3	(2,0)	(6,3)	126,7	16,7	(27,8)	(15,4)

Cash flow

(SEKm)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
FFO	571	696	579	738	761	748	752	347	-893	690	906	1 079	1 363
Changes in working capital	3 197	67	-1 071	-237	-845	1 198	-247	519	-1 259	903	102	0	460
Operating cash flow	**3 768**	**763**	**-492**	**501**	**-84**	**1 946**	**505**	**866**	**-2 152**	**1 593**	**1 008**	**1 079**	**1 822**
Net capital expenditures	-8 014	-4 984	-2 164	-1 419	-940	-1 986	-2 191	-2 036	-1 338	-3 355	-1 752	-1 752	-1 751
Free operating cash flow	**-4 246**	**-4 221**	**-2 656**	**-918**	**-1 024**	**-40**	**-1 686**	**-1 170**	**-3 490**	**-1 762**	**-744**	**-674**	**71**
Dividend paid	-754	-761	-670	-329	-329	-489	-487	-496	-496	-538	-579	-620	-662
Acquisitions, divestments net	9 527	2 777	1 942	1 160	3 777	459	930	870	3 159	1 500	2 257	0	0
Pre-financing cash flow	**4 527**	**-2 205**	**-1 384**	**-88**	**2 424**	**-70**	**-1 243**	**-796**	**-827**	**-799**	**934**	**-1 294**	**-591**
Net loan proceeds	-3 803	2 235	1 691	88	-2 463	109	1 280	1 003	514	1 737	-934	1 294	591
Share issue	-706	-543	-361	0	-61	-38	89	122	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Net change in cash	**18**	**-513**	**-54**	**0**	**-100**	**1**	**126**	**329**	**-313**	**938**	**0**	**0**	**0**
Capex/sales (%)	342,0	241,2	97,7	64,7	46,8	110,1	117,2	98,9	64,1	167,9	82,8	76,9	66,0

Balance sheet

(SEKm)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Cash and liquid assets	164	75	54	173	73	74	200	98	23	32	32	32	32
Other current assets	757	464	391	704	1 504	362	474	365	34	70	74	74	93
Long-term financial assets	1 889	387	586	622	714	1 124	1 398	1 584	3 401	1 369	1 251	1 251	1 251
Fixed tangible assets	27 199	30 829	29 511	29 193	26 972	29 151	31 637	33 384	32 560	40 280	43 928	48 171	51 577
Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total assets	**30 009**	**31 755**	**30 542**	**30 692**	**29 263**	**30 711**	**33 709**	**35 431**	**36 018**	**41 751**	**45 285**	**49 528**	**52 953**
Interest bearing debt	14 978	17 210	18 902	19 109	16 646	16 755	18 035	19 038	19 551	21 068	20 134	21 428	22 019
Other liabilities	2 854	3 130	1 767	1 614	1 436	2 066	4 270	3 842	2 684	4 204	5 051	5 836	6 979
Minority interests	21	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' equity	12 156	11 415	9 873	9 969	11 181	11 890	11 404	12 551	13 783	16 479	20 100	22 263	23 956
Total liabilities and equity	**30 009**	**31 755**	**30 542**	**30 692**	**29 263**	**30 711**	**33 709**	**35 431**	**36 018**	**41 751**	**45 285**	**49 528**	**52 953**
Net debt (m)	14 819	17 135	18 848	18 936	16 573	16 681	17 835	18 940	19 528	21 036	20 102	21 396	21 987
Net debt/equity (%)	121,7	150,1	190,9	189,9	148,2	140,3	156,4	150,9	141,7	127,7	100,0	96,1	91,8
Equity/total assets (%)	40,6	35,9	32,3	32,5	38,2	38,7	33,8	35,4	38,3	39,5	44,4	45,0	45,2
Net debt/EBITDA (x)	11,5	13,7	13,7	13,5	12,9	14,3	14,9	14,0	13,8	15,4	13,7	13,3	11,6
EBITDA Interest cover	2,0	2,1	1,7	2,5	2,5	1,9	1,9	1,9	2,1	2,3	2,8	3,1	3,5

Main shareholders

Name	(%) Votes	Capital
Brinova	14,9	14,9
BlackRock	5,4	5,4
Öresund	3,3	3,3

Management

Title	Name
COB	Erik Paulsson
CEO	Christian Hermelin
CFO	Åsa Bergström

Company information

Contact	
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Company description: Fabege is one of Sweden's largest listed property companies, with a portfolio size of 1.1m sqm and a market value of SEK 42.4bn. Fabege's portfolio is focused on commercial properties in central Stockholm, mainly in the city centre and Solna. The quality of the properties is generally high: of the listed Swedish property companies, Fabege has the third highest market value per square metre. Around 20% of the portfolio comprises development properties. Historically, Fabege has been involved in a large number of structural transactions, including the takeover of Tornet and the creation of Klövern.

Please note: The data in several tables and charts in this document have been adjusted in line with common practice in the field of credit research. This mainly refers to adjustments of operating leases, pensions, derivatives and other contingent liabilities. For a detailed breakdown of the adjustments, please contact the author of this report.

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