

CREDIT OPINION

31 May 2021

Update

 Rate this Research

RATINGS

Vasakronan AB

Domicile	Sweden
Long Term Rating	A3
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 +46 851.791.270
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

CLIENT SERVICES

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

Vasakronan AB

Update to discussion of key credit factors

Summary

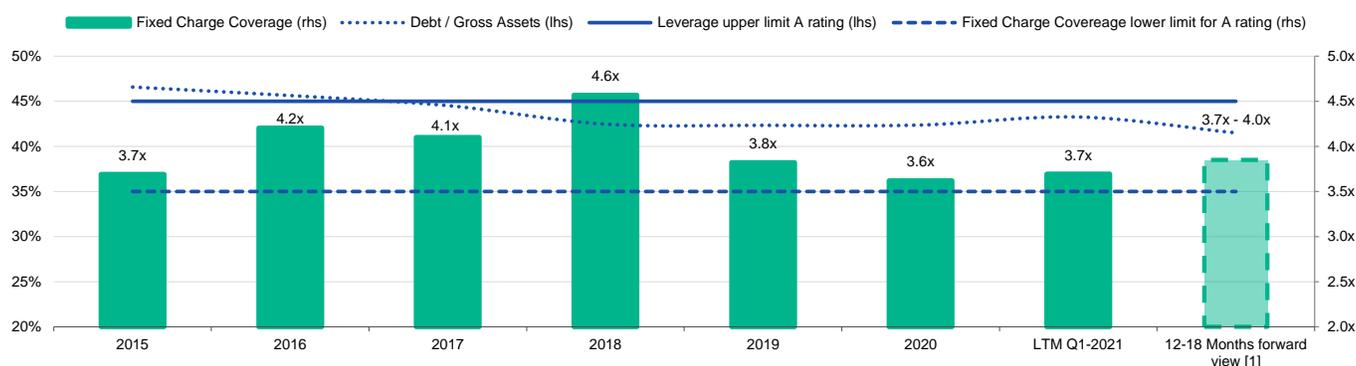
Vasakronan's A3 issuer rating reflects a baseline credit assessment (BCA) of baa1 and one-notch uplift owing to the likelihood of extraordinary government support. Vasakronan is a government-related issuer (GRI) because it is indirectly owned by the Swedish government through the AP funds 1-4. The rating also reflects Vasakronan's position as the largest real estate company in Sweden with a property portfolio value of SEK 165 billion as of March 31 2021. Additionally, the rating incorporates its dominant position in the office market in Swedish prime locations, predominantly Stockholm (65% of contracted rent), but also Gothenburg, Malmo and Uppsala with a high asset quality evidenced by the yield for the total portfolio of 3.3% and a significant exposure (23% of contracted rent) to creditworthy government and public sector tenants. Other strengths underpinning the rating include a Moody's adjusted EBITDA fixed charge coverage of 3.7x as of last twelve months ending March 2021. We also expect continued strong occupier demand for the company's properties and robust investor appetite for Swedish commercial real estate.

Covid-19 increases macroeconomic downside risk, the drop in GDP will directly impact hotel and retail assets as well as potentially offices depending on how work from home evolves. More expensive financing or loss of rental revenues due to bankruptcies may lead to yield widening and could ultimately result in higher leverage. Vasakronan's rating is also constrained by vulnerability to potential changes in regulation that would limit AP funds' exposure to real estate, albeit recent regulatory changes did not affect the funds holdings in Vasakronan; the company's geographic concentration in Sweden, albeit predominantly to its most economically vibrant city of Stockholm; its relatively elevated leverage with a debt-to-assets ratio of 43.3% and net debt to EBITDA of 14.5x as of end of March 2021; some concentration in debt maturities; and a moderate development pipeline, some of it speculative.

Exhibit 1

We expect a slightly reducing leverage and a broadly stable fixed-charge coverage in the next 12 - 18 months

Vasakronan's Moody's-adjusted gross debt / assets and fixed charge coverage



[1] This represents Moody's view and not the opinion of the issuer.

Source: Moody's Financial Metrics™

Credit strengths

- » Largest real estate company by asset value in the Nordics with a dominant position in Sweden's most attractive office markets
- » A clearly defined strategy of focusing on modern, high-quality office buildings in prime locations in Sweden's largest cities
- » Considerable liquidity
- » 100% ownership by AP funds, and ultimately the government, and our expectation of extraordinary support

Credit challenges

- » Vulnerability to potential changes in regulations relating to AP funds
- » Ability of the AP funds to act in concert in a stress scenario depending on the fund's own development
- » A wide span for the financial policy with a LTV policy 55%
- » Speculative element in the project portfolio

Rating outlook

The stable outlook incorporates no significant impact on values or net debt/EBITDA from Covid-19. In addition, Vasakronan's rating includes our assumption that the AP funds are long-term, committed owners. The outlook also reflects our expectation that the company will maintain its clearly defined strategy of focusing on offices in prime locations in Sweden's four largest cities. We also expect Vasakronan to continue investing in its portfolio to ensure it remains modern and of high quality, and its occupancy rates to remain high. The stable outlook also reflects our expectation that the debt-to-asset ratio will stay at well below 45% in the next 12 to 18 months.

Factors that could lead to an upgrade

- » An explicit guarantee from the owners
- » Effective leverage sustainable below 35% and a policy supporting this
- » Fixed charge coverage ratio sustainably above 4.5x

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.moody's.com for the most updated credit rating action information and rating history.

- » A better staggered debt maturity profile and a greater amount of unencumbered assets

Factors that could lead to a downgrade

- » Any weakening in our expectation of financial support from the AP funds including a change of ownership or changes in regulations that would make Vasakronan a less strategic investment for the AP funds
- » A downgrade in the rating of the Government of Sweden (Aaa stable)
- » A downgrade of the baseline credit assessment (BCA) which may be triggered by failure to maintain an effective leverage at below 45% and EBITDA fixed charge coverage ratio above 3.5x
- » A significant deterioration in operating performance or in the quality of the property portfolio
- » A deterioration in the company's liquidity including changes to the terms of the subscription agreement provided by the shareholders

Key indicators

Exhibit 2

Vasakronan AB

Vasakronan AB

USD Millions	Dec-17	Dec-18	Dec-19	Dec-20	LTM Mar-21	Moody's 12 - 18 month forward view [2]
Real Estate Gross Assets	16,232	16,460	18,168	21,439	20,805	20,000-22,000
Debt / Real Estate Gross Assets	44.5%	42.5%	42.3%	42.4%	43.3%	41%-42%
Net Debt / EBITDA	12.3x	12.1x	13.3x	14.3x	14.5x	12x-13x
Secured Debt / Real Estate Gross Assets	11.5%	8.8%	6.8%	6.2%	5.5%	5.0%-6.0%
EBITDA / Fixed Charges	4.1x	4.6x	3.8x	3.6x	3.7x	3.7x-4.0x
Amount of Unencumbered Assets	43.5%	55.7%	67.5%	71.8%	76.4%	70%-80%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] This represents Moody's view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures

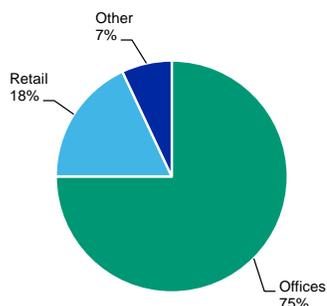
Source: Moody's Financial Metrics™ and Moody's Estimates

Profile

Vasakronan AB is the largest real estate company in the Nordic region with real estate holdings amounting to SEK165 billion as of 31 March 2021, located in the most attractive areas of Sweden's four largest cities, Stockholm, Gothenburg, Malmo and Uppsala. The company focuses on prime office and retail properties with the majority of its assets located in Stockholm. The portfolio generated rental revenue of SEK1.8 billion for the first quarter 2021 with offices making up 75% of contracted rent. The reported yield for 2020 came in at 3.3%. The portfolio is characterized by a low vacancy rate of 6.7% (excluding development projects), a large proportion of public sector tenants (23% of rental revenues) and an average lease contract of 3.9 years.

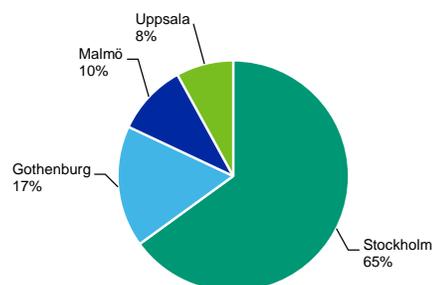
With a legacy as a government-owned property company, Vasakronan is owned in equal proportions by four of Sweden's national pension funds (AP funds). The AP funds are deemed government agencies under Swedish law. Their mission is to manage assets within the national income pension system, such that they can contribute to the pension system and cover deficits in years when pension disbursements exceed contributions from the working population.

Exhibit 3
Portfolio split by asset class
as % of contracted rent



As of 31 March 2021
Source: Company reports

Exhibit 4
Geographical portfolio split
as % of contracted rent



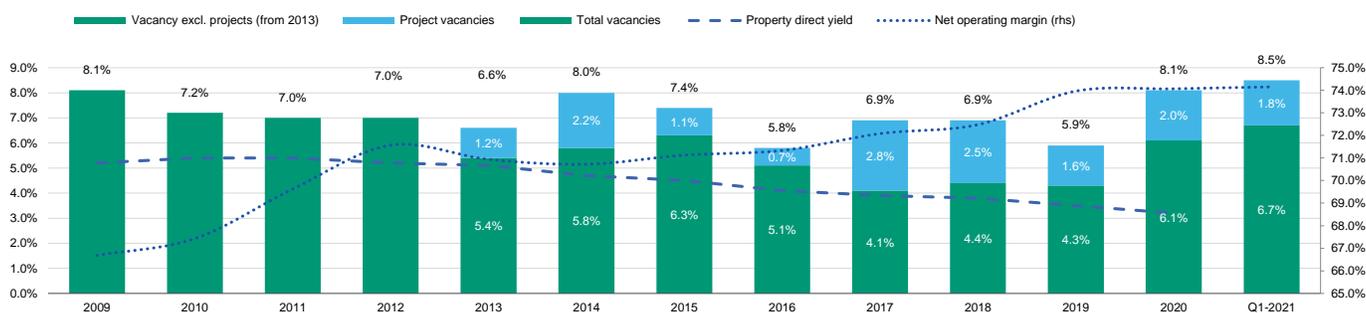
As of 31 March 2021
Source: Company reports

Detailed credit considerations

Very large, high quality commercial portfolio in attractive cities

Vasakronan is the largest real estate company in the Nordics and we have assigned it an "Aa" rating for the sub-factor "Market Positioning and Asset Quality": its dominant position in all of its markets; the high quality of its office portfolio; a low 8-10 year average age of its buildings as a result of new construction or major refurbishment; its significant exposure to highly creditworthy government and public sector tenants (23% of rental revenues); its high occupancy rate; and the high share (approximately 90%) of high ratings for LEED (leadership in energy and environmental design) and BREEAM environmentally certified properties.

Exhibit 5
Vasakronan has maintained a stable vacancy, although heightened due to COVID-19 pandemic in 2020, and operating profit profile while increasing development projects



Source: Company data

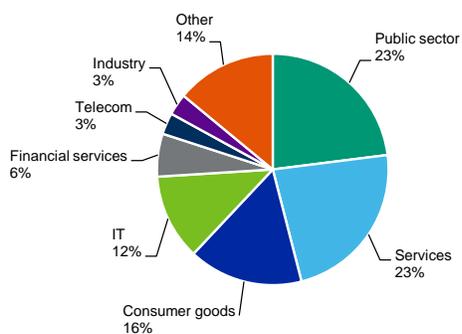
The company has a well-defined strategy of focusing on large, flexible (open work space), environmentally friendly office-combined-with-retail buildings situated in attractive, vibrant locations near transport hubs in the four growth markets of Stockholm, Gothenburg, Malmo and Uppsala. The majority of its portfolio is located in central locations within Stockholm (around 52% of property value). The company also owns properties in growth-oriented suburbs of Stockholm such as Solna, Sundryberg, Kista and Telefonplan. The company owns landmark buildings in most of its markets. Vasakronan's holdings in Gothenburg, Malmo and Uppsala are concentrated in prime locations. Its retail holdings include restaurants and cafés often located on the ground floor of its office buildings, which we view more as service providers directed towards the large streams of people who flow through such locations. We do not expect retail to increase as a share of Vasakronan's portfolio from the current level of 18%, as we see an elevated risk in this type of property assets stemming from the rapid increase in e-commerce. This has resulted in that Vasakronan wrote down its retail assets by 5-10% for Q1 2020.

Vasakronan's strategy is to improve the quality of its portfolio through the development of modern, environmentally friendly commercial properties – whose building rights it owns – in prime locations, and also through the refurbishment of its existing properties. The potential to grow the current portfolio organically by more than a quarter from identified projects provides the business with a degree of stability and predictability, making it less reliant on acquisitions in a competitive investment market. The current project pipeline includes a total of around SEK 13.6bn in total investments or around 8% to total assets.

Vasakronan's portfolio is modern and largely highly efficient as it has invested significantly over many years in refurbishing its properties and building new ones that adhere to high environmental standards. Making its buildings compliant with the most stringent environmental requirements is necessary to secure and retain its public sector tenants as well as other tenants, and will preserve the competitiveness and attractiveness of its properties over the long term. Additionally, these high quality properties are more cost efficient, need less capital expenditure and have lower operating costs than other properties.

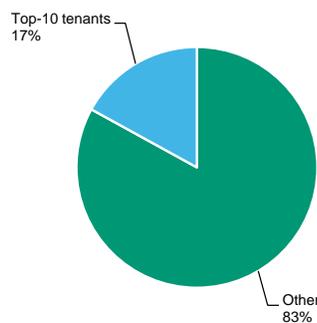
Significant concentration risk is existing towards Sweden and Stockholm. However, this geographic concentration is mitigated somewhat by Stockholm being the country's largest and strongest market, generating around a third of Sweden's GDP. As such, we do not believe this concentration in Stockholm will lead to a material divergence from overall economic and property trends. Moreover, Stockholm's population and economic growth are likely to outperform other Swedish regions. The city is one of Sweden's strongest property markets, and strong corporate demand for office space will continue to drive rental growth.

Exhibit 6
Tenant split by sector
 as % of contracted rent



as of 31 March 2021
 Source: Company reports

Exhibit 7
Top 10 tenant concentration
 as % of contracted rent

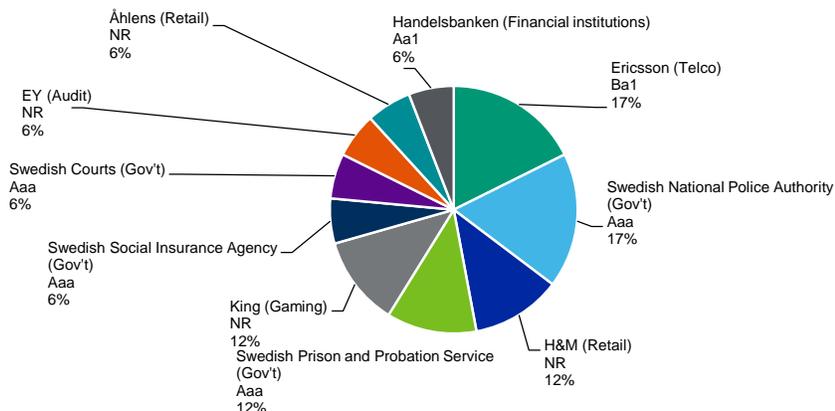


as of 31 March 2021
 Source: Company reports

Exhibit 8

Top 10 tenants

as % of contracted rent of Top 10 tenants



as of March 2021

Source: Company reports

The company reported a flat like-for-like increase in rental revenue in the first quarter of 2021 compared with the corresponding period in 2020. The company's annualized first quarter rent of SEK7.3 billion in annual rental revenue as of March 2021 has an average remaining lease length of around 3.9 years, which is about average for the Swedish market and is spread across approximately 5,170 contracts with tenants that are well diversified across industries. The largest tenant (the Swedish National Police Board) accounts for 3% of rental revenue, with the 10 largest tenants representing around 17% of contracted rent. Vasakronan's portfolio has a diversified lease maturity and around 16% of current lease contracts expire per year, which contributes to stable cash flow. Nearly 100% of the lease volume is index-linked with the initial rent representing a floor for future lease renewals. We expect the company to continue its strong re-letting record with a renewal rate averaging around 70% for the last five years (tenants renewing contracts in existing facilities) and to maintain a low vacancy rate of around 5% excluding project developments, aided by favourable market conditions.

A controlled, strong development pipeline will continuously enhance value in the portfolio's asset quality

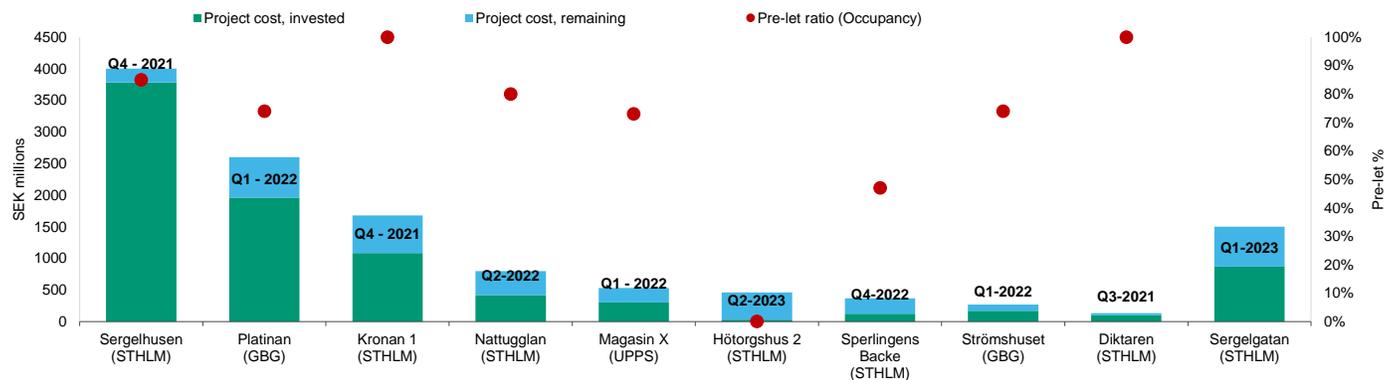
Vasakronan's growth will come mainly from its plans for total investments of approximately SEK 13.6 billion in developing new properties or refurbishing existing properties over the 2021-2023 period, with SEK9.8 billion already spent. Its commitments to new developments total around 8% of total assets.

Vasakronan currently has a pre-letting ratio on major properties (based on occupancy) of 80%. The market standard in Sweden is 50% for pre-let at project start. While some projects are fully pre-let such as the Kronan in Sundbyberg, the Diktaren in Stockholm. Sergelhuset was initially on speculative grounds but has now a pre-let of 85%.

Exhibit 9

Major development projects are currently pre-let with 80%

As per 31 March 2021



Date representing expected time of completion. UPPS = Uppsala, STHLM = Stockholm, GBG = Gothenburg, MALM = Malmo.

Source: Company reports

Liquidity analysis

Considerable liquidity and good access to capital supported by an increasing level of unencumbered assets and reduced reliance on secured funding.

Vasakronan's liquidity is supported by the company's good access to debt capital, in particular through the Swedish but also Norwegian bond markets, its diversified banking relationships, and the subscription commitment from its owners of SEK18 billion. We view Vasakronan's liquidity as considerable, with it scoring "A" on our scorecard.

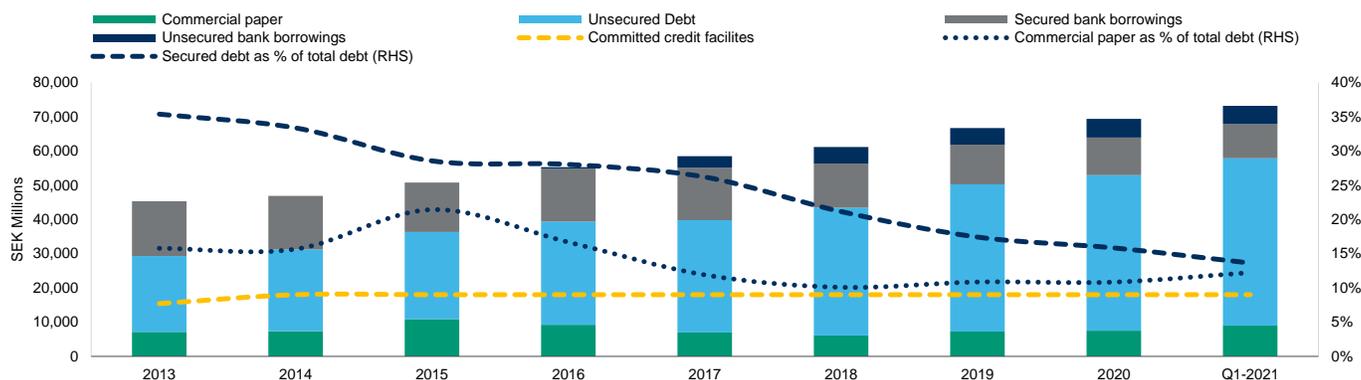
Main sources of liquidity as of 31 March 2021 are

- » Cash and cash equivalents of SEK 4.4 billion
- » Estimated operating cash flow of SEK 5.7 - 5.8 billion for next six quarters
- » Available RCFs of SEK 18 billion

The most important factor in the strength of the company's liquidity is ownership support, with Vasakronan's four owners having provided a SEK18 billion pro-rata commitment to subscribe to commercial paper issued by the company. The owners have committed to purchasing commercial paper up to SEK18 billion at Vasakronan's request. The SEK 18 billion subscription commitment has no limitation for what it can be used for, essentially Vasakronan can issue commercial paper to cover all general corporate purposes and is immediately available. The commitment is automatically renewed to have a constant maturity of 24 months unless terminated by either Vasakronan or the AP funds whereby a 24 month expiration period takes effect. The AP funds only commit to honour their pro-rata (25%) share. The agreement was entered into in 2014 to replace bank credit facilities that were then backing one-year debt maturities. In our liquidity assessment, we consider the subscription agreement from the owners to purchase commercial paper up to SEK18 billion at Vasakronan's request. Vasakronan had about SEK 8.9 billion outstanding as per March 31 2021 under its SEK 25 billion commercial paper program.

Exhibit 10

Development of Vasakronan's funding mix



Source: Company reports

The company has a diverse mix of funding and continuously decreased its share of secured debt to total debt. The funding mix includes bonds in various currencies such as Swedish and Norwegian Krona, Euro, Japanese Yen, US Dollar, Australian Dollar and Hong Kong Dollar denominated amounts. Further parts of the medium term notes are under a green bond framework. Vasakronan has various financial policies in place to mitigate financial risks. The loan-to-maturity ratio needs to be at least 2 years and currently stands at 5.2 years as of March 2021. Loans maturing in 12 months shouldn't exceed 40% and currently stand at 21%. In addition cash and other liquidity sources should at least cover all maturing commitments over the next 12 months.

Moderate leverage and adequate net debt / EBITDA

Vasakronan's Moody's-adjusted gross debt/total assets stood at 43.3% as of March 31 2021 and we expect this ratio to stay below 45% going forward in line with its current rating. We do not expect any valuation gains from yield compression in our forward view and expect the company to limit dividend payments if needed. While credit metrics looked solid in a normal business environment, we note that Vasakronan has fairly limited headroom should the corona crisis and responding weaker GDP growth and rising white-collar employment lead to weaker demand for offices and/or insolvencies in Vasakronan's portfolio and hence value declines across its portfolio.

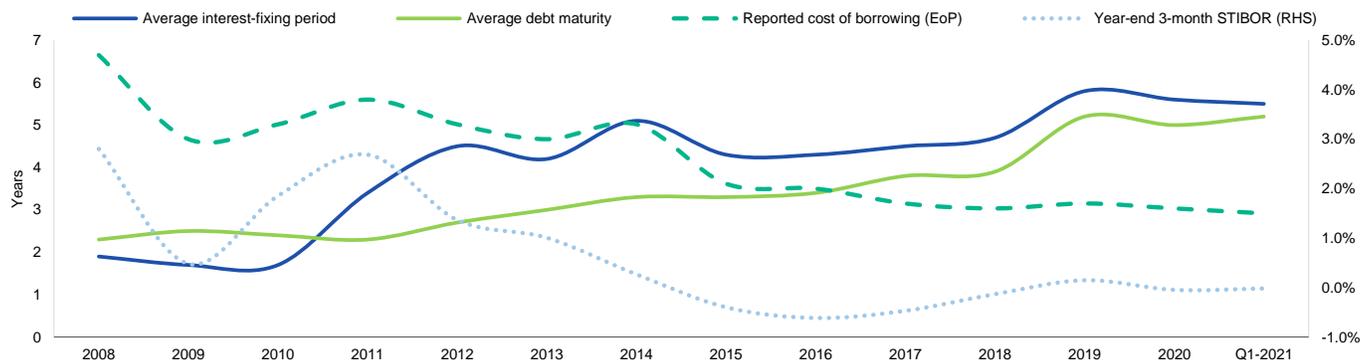
Moody's-adjusted net debt/EBITDA is currently at 14.5x as of 31 March 2021 and has increased from 12.1x in 2018 while debt/assets during this period remained stable around 43%. This suggests that the company is leveraging value gains, partly through sizeable development activities. This ratio maps to a "Ca" score on our methodology grid. However it is broadly in line with peers and also reflect the high quality of assets and therefore lower yields. We expect the ratio broadly to decrease due to the additional debt added for development projects, which is expected to counterbalance EBITDA growth for the short to medium term till developments projects finish and start generating income.

Adequate fixed charge coverage and hedging policy

Vasakronan has a policy of keeping interest coverage at a minimum of 2.0x. As per 31 March 2021, the company had a Moody's adjusted fixed charge coverage at a 3.7x. We expect the fixed charge coverage slightly to increase toward 3.7x - 4.0x going forward, which is adequate for the current rating category.

We view positive that the company kept stable its fixed-interest tenor of around 5.5 years as of 31 March 2021 compared to 5.8 years a year ago. In addition the company fully hedged all foreign currency bonds, which is an important protection against currency movements and changing interest rates.

Exhibit 11

Vasakronan's cost of borrowing has been declining steadily

Source: Company reports, Sveriges Riksbank

Largest shareholder contributes to stability and access to capital

Vasakronan represents a significant real estate investment of AP funds 1-4. The AP funds are not allowed to guarantee debt. However, the AP funds provide financial support in the form of subscription commitments and commit to Vasakronan having a loan-to-value ratio of 55%. AP funds 1-4 are buffer funds whose task is to manage capital in Sweden's national income pension system. They are supervised by the Ministry of Finance as government agencies under the Swedish National Pension Funds Act (2000:192), but are not consolidated into the accounts of the Swedish government as per public accounting guidance. Though they are government agencies, the AP funds are more independent than most other government entities because their operations are regulated by law and not by directive. AP Funds 1-4 are mandated to manage their funds in such a way as to be of maximum benefit for the insurance of income-based old-age pension. Contracts and other legal acts entered into by an AP fund are binding on the Swedish government. AP funds 1-4 can borrow money from the Riksgäldskontoret (the Swedish national debt office) if their investments cannot cover their commitments.

Fully owned by Swedish government pension funds with some explicit support expected

We apply Joint Default Analysis (JDA) under our GRI rating methodology to explain our views on the credit links between Vasakronan and its supporting owners, AP funds 1-4, which are deemed government agencies under the Swedish National Pension Funds Act (2000:192) but are not consolidated into the accounts of the Swedish government. Our approach explicitly accounts for (1) Vasakronan's standalone risk or Baseline Credit Assessment (BCA) under our Global Rating Methodology for REITs and Other Commercial Property Firms; (2) Sweden's "Aaa" rating as the supporting government; (3) an estimate of the default correlation between the two entities; and (4) an estimate of the likelihood of extraordinary government support.

Based on our assessment of the very high level of default dependence coupled with our expectation of the strong likelihood of the owners providing extraordinary support, Vasakronan benefits from an uplift from its adjusted BCA of baa1.

Exhibit no change in text and graphs for GRI uplift 12

Dependence	Low	Moderate	High	Very High
(1) Operational and Financial Linkages				
» Direct and Indirect Government Transfers as a % of GRI Revenue	✓			
» Government Purchases as a % of GRI Revenue				✓
» GRI Payments (Dividends) as a % of Government Revenue	✓			
(2) Reliance on Overlapping Revenue Base				
» Percentage of income derived from within the government's territory				✓
(3) Exposure to Common Credit Risks				
» Foreign Exchange Risk in Debt Structure	✓			
» Shared Industry Exposure	✓			
» Political Event Risks	✓			
Overall Guidance Dependence Level				✓

Source: Moody's Investors Service

As outlined in Exhibit 12, our view on the very high level of default dependence is driven by our assessment of the following factors:

- Operational and financial linkages between the company and the national government are very high, primarily due to rent payments from Swedish public sector entities representing approximately 23% of Vasakronan's revenue. Direct and indirect government transfers are less of a linkage, as are dividend payments from Vasakronan.
- With Vasakronan generating 100% of its revenue within Sweden, the linkages from overlapping revenue bases with the government are deemed to be very high.
- Exposure to common credit risks is low for both the company and the government.

Exhibit 13

Support	Low	Moderate	Strong	High	Very High
(1) Guarantees					
» Explicit Guarantees	✓				
» Verbal Guarantees and/or Comfort Letters	✓				
» Special Legal Status	✓				
(2) Ownership					
» Ownership Level					✓
» Privatization Plans	✓				
(3) Barriers to Support	✓				
(4) Level of Government Intervention					
» History of State Bailouts	✓				
» Ideological and Political Inclinations	✓				
» Government Direction of GRI	✓				
» Business Planning	✓				
(5) Political Linkages	✓				
(6) Economic Importance	✓				
Overall Guidance Support Range		✓			

Source: Moody's Investors Service

As outlined in Exhibit 13, our overall view on the moderate level of government support is driven by our assessment of the following six factors:

1. While Vasakronan does not have special legal status nor enjoy any form of explicit guarantee or comfort letter provided directly by the Swedish government, the company does benefit from contractual agreements entered into between itself and its owners, the four AP funds, as well as between the owners themselves.
 - a. The first contract is a SEK18 billion commitment by the AP funds to subscribe pro-rata for commercial paper issued by Vasakronan. The commitment, was entered into in 2014 as a means to replace bank facilities backing debt falling due within 12 months. Vasakronan has to date never called upon the AP funds to subscribe for commercial paper and the agreement stipulates that the company should seek to obtain external funding and refinance itself in other ways than by using the commitment.
 - b. The second contract deemed to underpin our expectation of extraordinary support to Vasakronan is a shareholder agreement among the AP funds that sets forth that the owners agree to avoid that total equity with the company declines below its level of paid-in capital, thus ensuring solvency. In the case of an equity injection, each of the funds shall be obliged to inject capital in relation to the shares held by each fund in the company. The agreement can be terminated with a notice period of 18 months.
 - c. The third contract stipulates the dividend policy loan-to-value target level. Dividend levels shall ensure that loan-to-value remains below 55%. Under normal circumstances, a dividend payout of 40-60% of net income before revaluations and deferred tax serves as a guidance. During strong appreciations in property values, Vasakronan shall have a payout ratio exceeding this level so as to avoid that the company becomes overcapitalized.
2. Vasakronan is 100% owned by the four national pension funds AP1, AP2, AP3 and AP4, with each holding a 25% stake in the company. We understand that there are no plans among the AP funds to reduce their interest in Vasakronan, which they effectively consider to be of strategic nature given the size of its property portfolio, the effort that has been put into creating scale in its operations, as well as the consequent difficulty in replicating the type of asset class exposure that the funds enjoy via Vasakronan.
3. There are legal and policy barriers to government aid in the form of European Union (EU) rules prohibiting preferential support to commercial entities, which the Swedish government are likely to obey in our view.
4. The level of government intervention in Vasakronan's operations is low. The Swedish government mainly has the ability to influence strategy at Vasakronan by appointing board members and auditors at its owners, the AP funds, or by changing the law governing the operation of the AP funds. The board of directors at the AP funds consequently appoint their respective CEOs who sit on the board of directors at Vasakronan. Vasakronan's board has the CEO from each owner represented.
5. The reputational risk and political embarrassment for the Swedish government of allowing Vasakronan to fail and thus not honour its obligations to creditors is deemed low.
6. The company's relatively small size compared with the overall Swedish economy, the presence of viable competitors, as well as the non-essential nature of services and non-existent ties to national security suggest an overall low probability of support due solely to the economic importance of Vasakronan.

Rating methodology and scorecard factors

The principal methodology used in these ratings was the REITs and Other Commercial Real Estate Firms rating methodology published in September 2018. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

The adjusted baseline credit assessment of baa1 is in line with the scorecard indicated outcome under Moody's forward view.

Exhibit 14

Vasakronan AB

REITs and Other Commercial Real Estate Firms Industry Scorecard [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of 5/27/2021 [3]	
Factor 1 : Scale (5%)	Measure	Score	Measure	Score
a) Gross Assets (USD Billion)	\$20.8	Aa	\$20 - \$22	Aa
Factor 2 : Business Profile (25%)				
a) Market Positioning and Asset Quality	Aa	Aa	Aa	Aa
b) Operating Environment	A	A	A	A
Factor 3 : Liquidity and Access To Capital (25%)				
a) Liquidity and Access to Capital	A	A	A	A
b) Unencumbered Assets / Gross Assets	76.4%	Baa	70% - 80%	Baa
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	43.3%	Baa	41% - 42%	Baa
b) Net Debt / EBITDA	14.5x	Ca	12x - 13x	Caa
c) Secured Debt / Gross Assets	5.5%	A	5% - 6%	A
d) Fixed Charge Coverage	3.7x	Baa	3.7x - 4x	Baa
Rating:				
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 3/31/2021(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] Fixed Charges includes capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised August 2018.

Source: Moody's Financial Metrics

Peer Comparison

Exhibit 15

Peers

(in USD millions)	Vasakronan AB A3 Stable			Gecina SA A3 Stable			PSP Swiss Property AG A3 Stable			Atrium Ljungberg AB Baa2 Stable			Faberge AB Baa2 Stable		
	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Dec-20	LTM Mar-21
Gross Assets	\$18,168	\$21,439	\$20,805	\$22,509	\$22,952	\$24,772	\$7,738	\$8,297	\$9,801	\$5,453	\$6,033	\$5,889	\$8,175	\$9,636	\$9,249
Unencumbered Assets / Gross Assets	67.5%	71.8%	76.4%	98.0%	98.8%	98.8%	99.9%	100.0%	100.0%	46.5%	46.3%	43.4%	28.9%	37.4%	36.7%
Total Debt + Preferred Stock / Gross Assets	42.3%	42.4%	43.3%	37.9%	35.8%	35.7%	33.2%	32.5%	35.5%	42.2%	40.5%	42.1%	35.9%	35.0%	35.2%
Net Debt / EBITDA	13.3x	14.3x	14.5x	14.0x	13.5x	14.0x	10.3x	10.2x	11.2x	12.8x	13.4x	14.0x	13.3x	13.3x	13.7x
Secured Debt / Gross Assets	6.8%	6.2%	5.5%	1.0%	0.2%	0.2%				17.8%	13.9%	14.4%	23.0%	21.1%	20.4%
Fixed Charge Coverage	3.8x	3.6x	3.7x	4.5x	4.9x	5.1x	9.5x	11.8x	17.4x	4.0x	3.6x	3.8x	4.0x	3.9x	3.7x

All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.

Source: Moody's Financial Metrics™

Ratings

Exhibit 16

<u>Category</u>	<u>Moody's Rating</u>
VASAKRONAN AB	
Outlook	Stable
Issuer Rating - Dom Curr	A3
Senior Unsecured	A3

Source: Moody's Investors Service

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