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CREDIT OPINION
20 February 2017

New Issue

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RATINGS

Atrium Ljungberg AB

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

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

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Atrium Ljungberg AB

New Issuer: Swedish Real Estate Company

Summary Rating Rationale

Atrium Ljunberg's Baa2 issuer rating reflects its strong market position as one of the leading commercial real estate companies in Sweden. The company's solid portfolio of mostly large office and retail led mixed-use estates is concentrated in Stockholm, and is well positioned for sustainable long-term growth with a controlled development programme and a solid pipeline. Other key strengths underpinning the rating include moderate leverage and a strong fixed charge coverage. We expect continued strong occupier demand for the company's properties and robust investor appetite for Swedish commercial real estate to sustain the company's cash flows and values.

Counterbalancing these strengths is the company's short-dated debt maturity profile of around three years, and a 25% reliance in its funding mix on commercial paper that is fully backed by undrawn long-dated credit facilities. We expect the company's unencumbered asset pool to grow as it reduces reliance on secured bank lending as its main funding source.

Credit Drivers

» Leading Swedish real estate company with a stable portfolio well positioned for long-term growth

» Strong property market fundamentals alongside a positive macro economic environment will support cash flows and asset values

» A controlled development programme with a strong pipeline will enhance value

» Moderate leverage and a strong fixed charge coverage

» Controlling shareholders contribute to stability but could moderately hamper access to equity capital

» Short-dated debt maturity profile and a heavy reliance on short term debt

Rating Outlook

The stable outlook reflects our expectation that the company will continue to generate stable cash flows, maintain good liquidity and solid debt and coverage metrics while keeping high occupancy levels and a balanced growth strategy. The outlook also reflects Sweden's strong occupier and investment commercial real estate markets.

Factors that Could Lead to an Upgrade

» Sustaining leverage below 40%, as measured by Moodys's-adjusted gross debt/assets, with financial policies that support the lower leverage

» Fixed charge coverage above 3.75x on a sustained basis

» Considerably less reliance on short term funding

Factors that Could Lead to a Downgrade

» Effective leverage sustained above 45%

» Fixed charge coverage sustained below 3x

» Continued heavy reliance on short term funding, especially if it is no longer fully backed by undrawn long-dated credit facilities

Key Indicators

Exhibit 1

Key Indicators

Atrium Ljungberg AB

	9/30/2016(L)	12/31/2015	12/31/2014	12/31/2013
FFO Payout	47.9%	45.7%	46.7%	43.9%
Amount of Unencumbered Assets	30.2%	29.9%	29.9%	29.9%
Debt / Gross Assets [1]	42.5%	41.7%	42.2%	46.6%
Net Debt / EBITDA	10.6x	9.4x	9.3x	9.6x
Secured Debt / Gross Assets	24.6%	29.5%	33.3%	40.8%
Gross Assets (USD Million)	$4,137.9	$3,803.3	$3,746.6	$4,189.0
Development Pipeline	4.5%	7.7%	1.5%	
EBITDA Margin (YTD)	65.9%	65.4%	65.2%	65.6%
EBITDA / Fixed Charges (YTD) [2]	3.4x	3.2x	2.8x	2.7x

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

[1] Debt includes a portion of hybrid securities considered to have debt like features as explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010

[2] Fixed Charges includes capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010

Source: Moody's Financial Metrics™

Corporate Profile

Atrium Ljunberg AB is a real estate company headquartered and listed in Stockholm with a market capitalization of SEK19.7 billion as of 15 February 2017. The company owns, develops, and manages a SEK34 billion retail and office focused portfolio located across Sweden's major cities.

Detailed Rating Considerations

LEADING SWEDISH REAL ESTATE COMPANY WITH A STABLE PORTFOLIO WELL POSITIONED FOR LONG-TERM GROWTH

Atrium Ljungberg owns a SEK34 billion portfolio across Sweden's four largest and fastest growing cities, as shown in Exhibit 2. The company's 50 properties spanning more than one million square metres(m^2) are 94% occupied and generate SEK2.2 billion in annual rent.

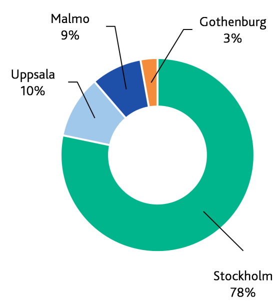
The company focuses on the long-term ownership and development of large mixed-use districts within cities. Most of the company's mixed-use estates are office and retail led as highlighted in Exhibits 3 and 4, but it also owns residential, cultural, and educational facilities. The company's properties are in well-connected locations and provide good services and facilities. We believe the company has a proven ability to create vibrant communities where people want to live, work, and shop. The company has identified SEK9 billion of development opportunities within its existing portfolio that we believe will enhance the portfolio's overall value as the company implements its plan to invest SEK1 billion per annum. The potential to organically grow the current portfolio by more than a quarter from identified projects provides the business with a degree of stability and predictability, in our view, and makes it less reliant on acquisitions in a competitive investment market.

There are several positive aspects to the company's strategy of controlling large estates that we think will help sustain cash flows and values over the longer term. Having control over large estates gives greater flexibility to create the right mix between retail/leisure, office, and residential in responding to ever-changing markets demands. Furthermore, having critical mass in certain location puts the company in a better position to work with local municipalities through the often long and difficult planning process that is a key driver of value. An inevitable consequence of the company's approach is a higher micro-location concentration than we typically see with other real estate companies. Nonetheless, we believe this concentration risk is largely offset by the company's geographic diversification and exposure varied underlying economic drivers.

Exhibit 2

Exposure to Sweden's four largest cities

Property value as of 30/09/2016

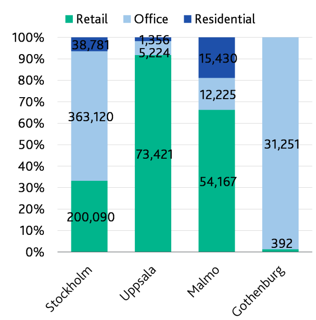


Source: Company reporting

Exhibit 3

Good mix across asset classes

portfolio size in square metres as of 30/09/2016



All figures in square metres

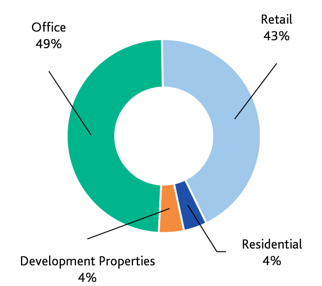
Excludes 309,258m^2 of garage and other space

Source: Company reporting

Exhibit 4

92% exposure to Office / Retail

Property value as of 30/09/2016



Source: Company reporting

Another consequence of the company's strategy is the higher concentration of its office portfolio in the suburbs rather than more central districts. Although not a major or immediate concern, values of less central office locations tend to underperform in a downturn. Prime office yields in Stockholm in central locations currently yield 3.7% with a historical ten-year high of 5.75%, while the equivalent yields for less central Stockholm offices is 4.8% and 7.5% respectively. More positively, rental growth for decentralized Stockholm offices outperformed central locations in the last five years with a 9.8% compound annual growth rate (CAGR) compared with around 5.5% for more central locations.[1]

We are comfortable with the company's 78% concentration in Stockholm, which generates about a third of Sweden's GDP, because we do not believe this concentration will lead to a material divergence from overall economic and property trends. Moreover, we believe that Stockholm is likely to outperform other Swedish regions in population and economic growth. Futhermore, we view the city as one of Sweden's strongest property markets with diverse corporate demand for office space that will continue to drive rental growth in addition to being Sweden's largest and most liquid commercial real estate investment market attracting 25% of the SEK165 billion 2016 record investment volume.[2] Stockholm also provides shoppers with disposable incomes above the national average that will help sustain the company's shopping centres as an attractive place for retailers to locate.

The company's SEK2.2 billion in annual rent has an average remaining lease length of around 3.5 years, and is spread across approximately 3,000 tenants that are well divdersifived across industries. The largest single tenant accounts for less than 2% of the company's income, with the ten largest tenants representing around 25% of rental income. Positively, 10% of rent comes from government related entities such as municipalities and universities that we view as ultimately the credit risk of Sweden (Aaa stable). Around 20% of the current rental income expires in 2017 and 15% in 2018. We expect the company to continue its strong re-letting record and maintain its occupancy rate around 94%, aided by favourable market conditions.

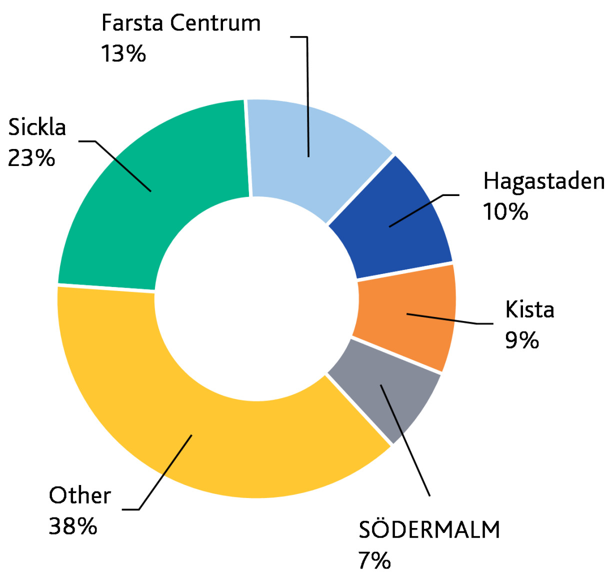


Exhibit 5
Five largest estates generate 62% of rental income

	Property description
Sickla	Mixed-use estate located in Nacka, the third most populous municipality in Stockholm County. The estate generates SEK500 million in annual rent that is spilt 49% Retail, 31% office, and 20% from other sources including residential and public services such as schools and libraries. The shopping area is a regional retail centre with 165 stores spanning 90,700m^2 that attracts 14.5 million annual visitors and generates more than SEK3 billion in retail sales. The office element spans 103,000m^2 that is home to companies such as Atlas Copco and the Swedish National Courts Administration who will move to the area once their offices are completed.
Farsta Centrum	Retail-led mixed-use 1960s character listed estate that was fully refurbished in 1999 located in Farsta, a southern suburb of Stockholm. The estate generates SEK276 million in annual rent that is spilt 68% Retail, 21% office, and 11% other. The shopping area is a regional retail centre with 160 stores spanning 60,500m^2 that attracts 17.5 million annual visitors and generates more than SEK2.5 billion in retail sales. The office element spans 39,000m^2 that is home to various companies, Farsta City District Committee, Jobbtorget, and the Social and Elderly Care Administration.
Hagastaden	A 95,000m^2 mostly office portfolio generating SEK227 million in annual rent located in Hagastaden, with land allocation to build a further 31,000m^2 of office space. The area is one of Stockholm's largest urban regeneration projects that aims to create a new city district centred around the life sciences by 2025 linking Stockholm and Solna.
Kista	Mixed-use 109,500m^2 estate located in Kista, a north Stockholm district generally referred to as Sweden's Silicon Valley that contains a large cluster of companies focussed on ICT (information and communication technology). The estate generates SEK208 million in annual rent that is spilt 44% office, 28% residential, 2% Retail, and 26% from other sources including the Department of Computer and Systems Science at Stockholm University.
Sodermalm	A 45,800m^2 mostly office portfolio generating SEK154 million in annual rent located in Södermalm, a district in Stockholm city centre is bordered, with land allocation to build a further 16,000m^2 of office and retail space. The area has lots of restaurants and trendy hipster boutiques, and caters to office occupiers from the creative industries and the public sector.

rental value as of 31/12/2015
Source: company reporting

STRONG PROPERTY MARKET FUNDAMENTAL ALONGSIDE A POSITIVE MACRO ECONOMIC ENVIRONMENT WILL SUPPORT CASH FLOWS AND ASSET VALUES[3]

The company reported a 4.5% like-for-like rental increase in the first six months of 2016 compared to the same period a year earlier, in addition to a SEK1.3 billion increase in property values for the first nine months of 2016. We expect continued strong occupier demand for office and retail properties to support the company's cash flows, and the solid investor demand for commercial real estate to sustain its property values.

We expect a favourable economic environment to further support the company's credit quality in the next 12 months as a result of sound, albeit slowing, domestic economic growth and record-low funding costs. The low cost of debt is supported by the government's track record of modest public debt levels, prudent fiscal management and the Swedish central bank's negative deposit and repo rates. These strengths will likely offset downside risks which include: the high level of private household debt, with housing prices standing at 40% above the 20-year average, as well as the overall fragility of the euro area economy amid increasing political risk following the UK's decision to leave the European Union and a crowded political calendar in 2017.

Sweden's (Aaa stable) economy will continue to outperform other advanced economies in 2017, but headline growth will cool as the benefits from a number of cyclical tailwinds – such as low energy prices and loose domestic financial conditions – start to moderate. We expect real GDP growth to decelerate to 2.4% in 2017, from an estimated 3.4% in 2016 and 4.1% in 2015. While this would represent a four-year low, the Swedish economy is likely to comfortably outperform both the euro area and G-20 advanced economies, where we forecast growth of 1.3% and 1.8%, respectively.

A CONTROLLED DEVELOPMENT PROGRAMME WITH A STRONG PIPELINE WILL ENHANCE VALUE

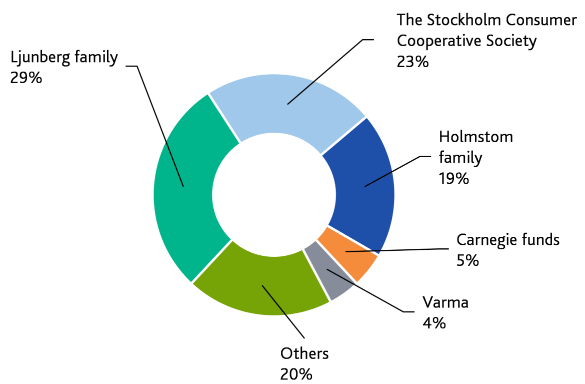
We believe the company's SEK1.6 billion development pipeline of ongoing projects that is less than 5% of its portfolio, and its longer term SEK10 billion development pipeline will enhance value. We think investments in new residental, office, and retail space will increase footfall and make its large estates even more attractive to potential tenants.

We anticipate the company will maintain its roughly 4% exposure to residential properties over the next few years, but believe the asset class diversification benefit is higher than the 4% suggests. We expect the company to increasingly develop and sell residential units into the undersupplied housing market, and generally only keep residential units it wants to rent or that are designated as rental stock under planning regulations.

The company wholly owns TL Bygg, a building contractor with 120 employees and around SEK500 million in annual sales that is experienced in costing, purchasing and project management. TL Bygg does work for both the company and external third parties, with the proportion of internal work in 2016 unusually high due to the large volume of residential work. The company provides parent guarantees to TL Bygg that are normally 10% of the contract amount during construction reducing to 5% during the subsequent two-year warranty period, with any guarantee above SEK10 million requiring board approval.

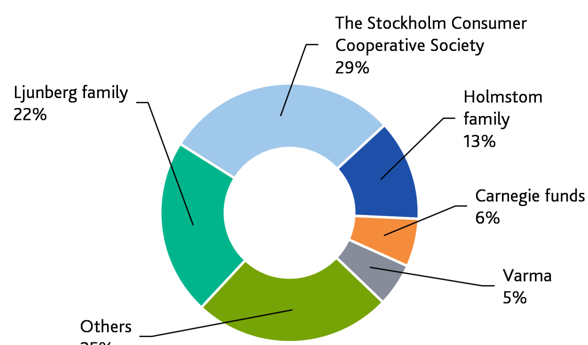
We believe TL Bygg provides the company with valuable in-house expertise in planning and executing its development projects, helping it to extract maximum value from its portfolio. We expect the company to continue managing TL Bygg in a disciplined and controlled manner, and to not take on risks that could potentially create a material financial liability to the whole group. The company has SEK17 million of outstanding parent guarantees representing 0.05% of total assets, and we would expect this figure to not rise substantially.

Exhibit 6
Share of vote in Atrium Ljungberg as of 31 December 2016



company website

Exhibit 7
Share of capital in Atrium Ljungberg as of 31 December 2016



company website

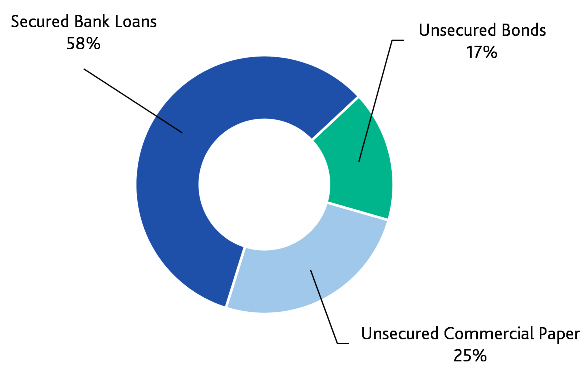
MODERATE LEVERAGE AND A STRONG FIXED CHARGE COVERAGE

The company's financial policy is to keep its gearing ratio below 50%, and the most recently reported leverage as measured by Moody's adjusted gross debt /assets was 42.5%. We expect the company to maintain its long and well established track record of keeping leverage around the 45% level. The company's unsecured creditors are well covered with unencumbered assets providing 1.7 times coverage. We expect the company to sustain its strong 3.4x fixed charge cover, which has been consistently above 2.7x since 2013.

CONTROLLING SHAREHOLDERS CONTRIBUTE TO STABILITY BUT COULD MODERATELY HAMPER ACCESS TO EQUITY CAPITAL

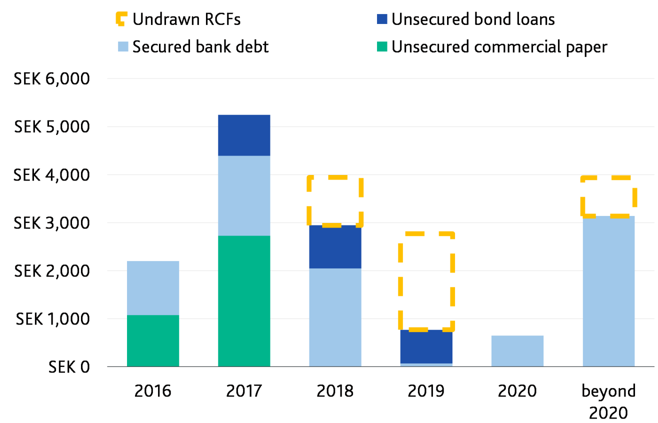
We believe the three largest shareholders, who together control nearly 70% of the company as highlighted in Exhibit 6, contribute to the company's stability and allow management the time and space to build long-term value. Furthermore, we think the controlling shareholders are a key influencer in keeping the company's leverage well below most of its Swedish real estate peers. Counterbalancing these positives is our view that the current shareholder structure somewhat limits liquidity as it reduces the free float and may make it more difficult to raise equity should it ever be needed. A shareholder structure that gives a slightly higher voting rights than suggested by economic interest shown in Exhibit 7, while not an unusual feature, further hampers access to equity. Nonetheless, we do not forsee a need for the company to raise capital in the near feature. Furthermore, the company pays out less cash to shareholders than many of its European peers, and unlike real estate investment trusts (REITs) has no legal obligation to pay a high proportion in dividends giving it more leeway to use funds from operations to reduce leverage if needed.

Exhibit 8
25% reliance on commercial paper
Atrium Ljungberg AB funding mix as of 30/09/2016



company reporting

Exhibit 9
Atrium Ljungberg AB debt maturity as of 30/09/2016



company reporting

Short-dated debt maturity profile and a heavy reliance on short term debt

The company's average debt maturity was 3.2 years as of Q3 2016, dragged down by the 25% reliance on commercial paper in its funding mix as highlighted in Exhibit 8. The company scores well below its rating category for the debt maturity subfactor score in our methodoly grid given 50% of its debt matures before 2017 as shown in Exhibit 9. Positively, the SEK3.8 billion commercial paper programme is fully backed by undrawn revolving credit facilities (RCFs) with a staggered maturity profile until April 2021 as highlighted in Exhibit 9. The company's average cost of debt including swap costs was 2.3%, which marginally increases to 2.4% when including commitment fees on the undrawn RCFs.

Secured bank lending totals 58% of the company's outstanding debt, and is for the most part cross-defaulted and benefits from parent guarantees.

The company's interest rate swaps are not stapled to its debt, but are instead managed separately and on a longer-dated profile of just under 4.5 years compared to the 3.2-year average debt maturity. This allows the company to lock-in a certain amount of interest rate protection beyond the maturity of its debt. We view the longer-dated hedging profile as positive as it helps the company cushion any potential rise in interest rates, despite the accounting volatility introduced by the swap's mark-to-market valuations. As of 30 September 2016, the company held a SEK9 billion interest swaps derivatives portfolio and SEK900 million of forward swaps covering 66% of outstanding debt with various maturity dates until 2029. The company booked a SEK613 million unrealized loss on its derivatives portfolio as of 30 September 2016, bringing the accumulated paper losses to SEK1.2 billion.

Liquidity Analysis

The company has adequate liquidity that is underpinned by:

» a cash position of SEK255 million as of 30 September 2016, which is above the company's goal of keeping a cash balance between zero and SEK200 million

» SEK300 million of an undrawn on-demand overdraft credit facility

» a secure and stable SEK2.2 billion gross annual rental income stream

» SEK3.8 billion of undrawn RCFs mainly backing its commercial paper programme, but that could be used for general corporate purposes. The RCFs are spread across several facilities with well staggered maturities between January 2018 and April 2021.

» A SEK10.7 billion pool of currently unencumbered assets that is expected to reach SEK14 billion from repayment of existing secured bank loans and carving out unencumbered titles from its existing portfolio

We view the over-reliance on short term funding as credit negative and a potential threat to liquidity because it increases the duration mismatch between funding sources and the long-term nature of real estate assets. Furthermore, companies with a high proportion of short term debt are more vulnerable to instability in capital and lending markets and more quickly impacted by a change of sentiment towards the cyclical real estate sector. Nonetheless, we believe the company can easily roll over it's commercial paper for at least the next 18 months given the accommodating credit conditions and the positive outlook for Swedish commercial property markets. In addition, we are comfortable that the long dated RCFs with ample covenant headroom highlighted in Exhibit 10 provide a backstop against the unlikely risk the company struggles to roll-over its commercial paper. We understand there is currently only a marginal additional cost difference if the company used its existing RCFs to refinance its commercial paper, helping to increase the average weighted debt maturity. Over time, we expect the company to rely more on long term sources of funding.

We expect the major demands on cash from operations in 2017 to come from capital expenditure on developments and dividend payments. Other than continuously rolling over the staggered maturities under its commercial paper, the company will need to refinance any bank debt and bonds that mature in 2017.

Exhibit 10
Ample headroom under the RCF and bank loan covenants
Atrium Ljungberg AB

	Covenant	Level as of September 2016	Headroom under the covenant
Interest coverage ratio, termination rights	**1.2x - 1.7x**	**3.5x**	**206%**
Equity/assets ratio, %	**Minimum 25% -30%**	**43.70%**	**146%**
Leverage at property level (Individual loans limited of maximum LTV)	**65% - 75%**	**met**	**N/A**

Source: company reporting

Rating Methodology and Scorecard Factors

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

The company is rated in line with its Baa2 Moody's grid-indicated forward view outcome.

The Moody's forward view grid-indicated Baa2 rating is one notch higher than the current grid outcome because we expect an improvement in the amount of unencumbered assets ratio from 30.2% to above 40% in the next 18 months.

Exhibit 11

Rating Factors

Atrium Ljungberg AB

REITs and Other Commercial Property Firms Industry Grid [1]	Current LTM 9/30/2016		Moody's 12-18 Month Forward View As of 2/3/2017 [2]	
Factor 1: Liquidity and Funding (24.5%)	Measure	Score	Measure	Score
a) Liquidity Coverage	Ba	Ba	Ba	Ba
b) Debt Maturities	Caa	Caa	Caa	Caa
c) FFO Payout	47.9%	Aa	44% - 48%	Aa
d) Amount of Unencumbered Assets	30.2%	B	40% - 50%	Ba
Factor 2: Leverage and Capital Structure (30.5%)				
a) Debt / Gross Assets [3]	42.5%	Baa	42% - 44%	Baa
b) Net Debt / EBITDA	10.6x	Caa	10x - 11x	Caa
c) Secured Debt / Gross Assets	24.6%	Ba	22% - 24%	Ba
d) Access to Capital	Baa	Baa	Baa	Baa
Factor 3: Market Position and Asset Quality (22%)				
a) Franchise / Brand Name	A	A	A	A
b) Gross Assets(USD Million)	$4,137.9	Baa	$4,500 - $4,700	Baa
c) Diversity: Location / Tenant / Industry / Economic	Baa	Baa	Baa	Baa
d) Development Pipeline	4.5%	Aa	4.0% - 4.2%	Aa
e) Asset Quality	Baa	Baa	Baa	Baa
Factor 4: Cash Flows and Earnings (23%)				
a) EBITDA Margin (YTD)	65.9%	A	65% - 67%	A
b) EBITDA Margin Volatility	0.5%	Aa	0.5%-1.0%	Aa
c) EBITDA / Fixed Charges (YTD) [4]	3.4x	A	3.2x - 3.4x	A
d) Joint Venture Exposure (YTD)	0.0%	Aa	0%	Aa
Rating:				
a) Indicated Rating from Grid		Baa3		Baa2
b) Actual Rating Assigned				Baa2

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

[2] 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.

[3] Debt includes a portion of hybrid securities considered to have debt like features as explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2010.

[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 December 2010.

Source: Moody's Financial Metrics™

Peers

Fastighets AB Balder (Balder, Baa3 stable) is a real estate company that owns and manages a diversified property portfolio in Sweden, Norway and Denmark and, through 53.3%-owned Sato Oyi (Baa3 stable), Finland. The portfolio generates an annualised rental income of around SEK5.8 billion and has an estimated fair value at approximately SEK80.0 billion as of 30 September 2016 when fully consolidating Sato. Residential properties generated around 70% of rental income, offices (14%), retail (6%) and other properties including hotels 10%. Balder's portfolio comprises around 13,000 apartments in Sweden, 1,000 in Denmark, 25,600 apartments in Finland (through Sato), 68 offices, 46 high street retail stores and 43 other properties including 28 hotels. Balder is listed in Stockholm with a market capitalization of SEK35 billion as of 10 February 2017. The company's largest shareholder is Erik Selin Fastgheter AB (unrated) with a 34.5% stake and 48.2% of the voting rights.

SATO Oyj (SATO, Baa3 stable) is a residential real estate investment and development company that was established in 1940 and is registered in Finland and 53.3% owned by Fastighets AB Balder. Sato's Baa3 rating reflects the company's focus on mature residential property assets located in the key metropolitan areas of Finland. We expect that the company's leverage (as adjusted by Moody's) will improve towards the low end of the 55%-60% range expected for the current rating. At the end of 2015, leverage was at high end of the rating expectations, at 59% pro-forma for a recent bond issue. However, Sato's fixed charge cover ratio was strong at 3.2x in 2015, thus offsetting the somewhat high leverage. Sato's stable, recurring cash flows, an improved debt maturity profile and sufficient committed credit lines further support its credit profile and rating.

CA Immobilien Anlagen AG (CA Immo, Baa2 negative) is a publicly listed real estate company that manages, develops, and acquires office properties. Forty three percent of the company's porfolio is located in Germany, 15% in Austria, with the remaining 42% spread across several Central and Eastern Europe countries. The company is listed in Vienna with a market capitalisation of €1.9 billion as of 10 February 2017, and owns a portfolio that generates more than €180 million in annual rent with a reported gross asset value of €3.8 billion as of 30 September 2016. The negative outlook on the rating reflects the April 2016 announcement of a proposed merger with Immofinanz AG (unrated), and the possibility that the merged entity will have higher leverage and more exposure to weaker CEE markets.

Citycon OYJ (Citycon, Baa1 stable) owns and manages a portfolio of 55 retail properties in the Nordics, of which 24 are located in Finland, 19 in Norway, nine in Sweden, two in Estonia and one in Denmark. The core of the company's portfolio includes 50 shopping centres accounting for around 96% of the value of the portfolio, with the remaining retail properties represented by supermarkets. Of the 55 properties, five are owned through joint ventures (including Kista Galleria and four properties in Norway) two are rented and one is held for sale. With gross assets of €4.9 billion, Citycon generates an annualized rental income of €336 million in the twelve months to 30 September 2016. The company is headquartered and listed in Helsinki (Finland), with a market capitalisation of €1.9 billion as of 10 February 2017.

Exhibit 12
Rating Factors - Peers

REITs and Other Commercial Property Firms Industry Grid	Atrium Ljungberg	Balder	SATO Oyj	CA Immo	Citycon Oyj
Factors as of:	Moody's 12-18 Month Forward View As of 2/3/2017	LTM September 30, 2016	LTM September 30, 2016	LTM June 30, 2016	LTM September 30, 2016
Factor 1: Liquidity and Funding (24.5%)	Measure	Measure	Measure	Measure	Measure
a) Liquidity Coverage	Ba	B	Ba	Ba	Ba
b) Debt Maturities	Caa	Caa	A	B	A
c) FFO Payout	44% - 48%	12.1%	31.5%	71.9%	70.0%
d) Amount of Unencumbered Assets	40% - 50%	49.0%	45.5%	45.0%	97.0%
Factor 2: Leverage and Capital Structure (30.5%)					
a) Debt / Gross Assets [3]	42% - 44%	57.1%	56.4%	36.4%	44.0%
b) Net Debt / EBITDA	10x - 11x	16.0x	13.6x	10.1x	10.9x
c) Secured Debt / Gross Assets	22% - 24%	42.7%	37.7%	23.7%	3.0%
d) Access to Capital	Baa	Baa	Baa	Baa	Baa
Factor 3: Market Position and Asset Quality (22%)					
a) Franchise / Brand Name	A	A	Baa	Baa	A
b) Gross Assets(USD Million)	$4,500 - $4,700	$10,115.2	$3,991.1	$4,634.8	$5,475.0
c) Diversity: Location / Tenant / Industry / Economic	Baa	A	Baa	Baa	A
d) Development Pipeline	4.0% - 4.2%	8.7%	3.5%	4.0%	6.0%
e) Asset Quality	Baa	A	A	Baa	A
Factor 4: Cash Flows and Earnings (23%)					
a) EBITDA Margin (YTD)	65% - 67%	59.6%	51.1%	66.0%	63.0%
b) EBITDA Margin Volatility	0.5%-1.0%	5.0%	9.9%	7.0%	5.0%
c) EBITDA / Fixed Charges (YTD) [4]	3.2x - 3.4x	3.0x	3.2x	2.8x	3.2%
d) Joint Venture Exposure (YTD)	0.0%	3.8%	0.0%	4.5%	11.0%
Rating:					
a) Indicated Rating from Grid	Baa2	Ba1	Baa3	Baa3	Baa1
b) Actual Rating Assigned	Baa2	Baa3	Baa3	Baa2	Baa1
c) Gap	0	1	0	1	0

Source: Moody's Financial Metrics™

Ratings

Exhibit 13

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

Source: Moody's Investors Service

Endnotes

1 Cushman & Wakefield Sweden Office Market Snapshot - Q3 2016

2 CBRE - Sweden Property MarketView, Q4 2016

3 Corporate Credit Quality in Sweden - Moody's sector-in-depth

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