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CREDIT OPINION
23 January 2018

Update

Rate this Research

RATINGS

Akademiska Hus AB

Domicile	Sweden
Long Term Rating	Not Available
Type	Not Available
Outlook	Not Available

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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Akademiska Hus AB

Update to Discussion of Key Credit Factors

Summary

The P-1 short-term rating of Akademiska Hus AB (Akademiska) reflects association with the Swedish Government and its key role as the main provider of educational and research facilities to Swedish universities. The rating also reflects (1) the stability of the state-funded Swedish higher education sector; and (2) our expectation of extraordinary government support, given the company's 100% ownership by the state. The company's well-established track record of excellent access to local and international debt capital markets, its long history of stable operating performance and very strong fixed-charge coverage are additional credit strengths. Counterbalancing these strengths are (1) the company's heavy reliance on short-term debt, and (2) its vulnerability to potential changes in government policy.

Credit strengths

» Benefits from the stability and importance of the Swedish higher education sector, which is state-funded by a Aaa sovereign

» Dominant market position as the key provider of campus facilities for Swedish universities and a long history of stable operating performance

» Strong fixed-charge coverage and excellent access to local and international debt capital markets

» 100% government ownership and our expectation of extraordinary support

Credit challenges

» Vulnerable to potential changes in government policy

» Heavy reliance on short-term funding

Factors that could lead to a downgrade

» A significant deterioration in operating performance leading to a substantial decline in credit metrics, coupled with a weakening of our expectation of extraordinary government support

» A downgrade of Sweden (Aaa stable)

» A sharp deterioration in the company's liquidity such that it no longer maintains an appropriate balance between its short-term debt obligations and cash equivalents, undrawn revolving credit facilities (RCFs) and internally generated cash flow

Key indicator

Exhibit 1

Key indicators for Akademiska Hus AB[1]

	9/30/2017(L)	12/31/2016	12/31/2015	12/31/2014	12/31/2013
FFO Payout	48.8%	147.3%	188.5%	52.0%	54.3%
Amount of Unencumbered Assets	99.3%	99.3%	99.0%	99.4%	99.6%
Debt / Gross Assets	40.2%	40.5%	38.9%	34.0%	35.8%
Net Debt / EBITDA	7.9x	7.6x	6.6x	5.1x	5.5x
Secured Debt / Gross Assets	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Assets (USD Million)	$10,905.2	$9,092.4	$8,843.7	$8,918.2	$9,877.1
Development Pipeline	16.3%	11.6%	15.8%	17.8%	21.4%
EBITDA Margin (YTD)	71.4%	67.2%	68.7%	68.4%	68.0%
EBITDA Margin Volatility	5.8%	3.0%	3.0%	3.5%	
EBITDA / Fixed Charges (YTD) [2]	7.9x	8.4x	7.9x	5.3x	6.0x
Joint Venture Exposure (YTD)	0.0%	0.0%	0.0%	0.0%	0.0%

[1] All ratios based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] Fixed charges include capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2015.
Source: Moody's Financial Metrics

Corporate profile

Akademiska owns, develops and manages properties for Swedish universities. The company's mission, as set by the Riksdag (Swedish Parliament), is to bring about the long-term sustainable development of university campuses with a primary focus on education and research. Akademiska is one of the largest real estate companies in Sweden, with a SEK78.6 billion portfolio that generated around SEK5.6 billion in rental revenue for the 12 months ended 30 September 2017. The company is the landlord for around 60% of the floor space used by universities in Sweden, with the remaining 40% market share highly fragmented among 30 or so different competitors.

Although wholly owned by the Swedish government, the company is run on a commercial basis and sets market rents that take into account the operating risk. The state ownership unit at the Ministry of Enterprise and Innovation nominates nine of the board members (following the 2017 annual general meeting), with the remaining two board seats reserved for employee representatives. The Ministry sets financial targets for Akademiska's capital structure, profitability and dividend policy. Members of the Riksdag and the public have the right to participate in the company's general meetings.

The company started operations in 1993 after taking over the ownership and management of previously state-owned properties. The company is headquartered in Gothenburg and has about 440 employees, out of which around half are involved in ongoing property management, 60 in project management and the remainder in various administrative and finance tasks.

Detailed credit considerations

Akademiska benefits from the stability and importance of the Swedish higher education sector which is state-funded by a Aaa sovereign

There are around 343,000 students attending 46 higher education institutes (HEIs) in Sweden[1], with 62% of students attending the 10 largest universities, as Exhibit 3 shows. There are a further 75,000 individuals employed by the sector. Around 30% of all those employed by the government in Sweden work in the higher education sector, making it the single largest public-sector undertaking.

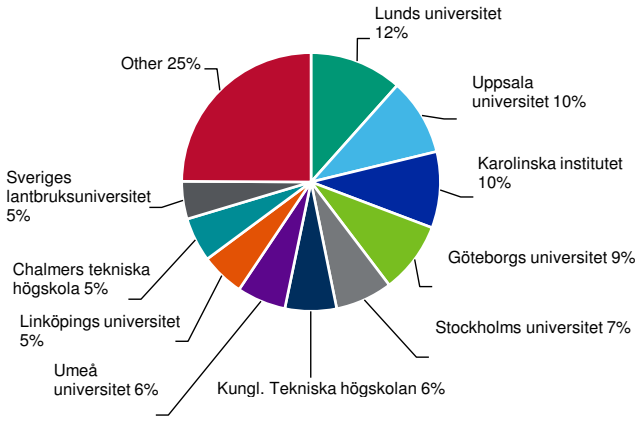
It has been the long-standing policy of the Swedish government since the 1940s to provide its citizens with free access to higher education. Swedish and EU students pay no university fees, and their education is financed by government funding allocated directly to HEIs by the Swedish Parliament as part of its annual budget process. The two key drivers of places offered at HEIs are student demand

and the amount of direct government funding. Sweden allocated SEK79.1 billion to HEIs for education and research in 2016 (including study contributions from the government), which equates to 1.8% of Sweden's GDP. The top 10 universities received 75% of total government spending on HEIs as Exhibit 2 shows. We view the sector as government-funded because around 86% of HEIs' total revenue is a direct allocation from the state.

Exhibit 2

75% of government spending goes to the top 10 universities

Breakdown by university of the total SEK79.1 billion government expenditure in 2016

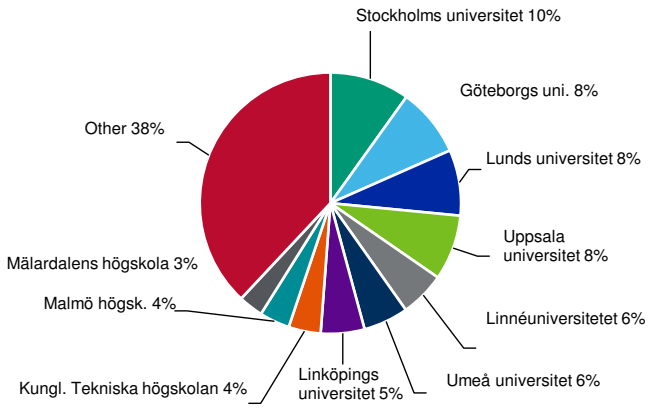


Source: Swedish Higher Education Authority

Exhibit 3

62% of Students attend the 10 largest universities

Student distribution across Swedish universities and colleges



Figures as of spring semester 2017

Source: Swedish Higher Education Authority

Student enrollment at Swedish HEIs was slightly down in the 2017 spring semester compared with the same period in the previous year. However, we are less concerned with short-term fluctuations in student intake numbers because we believe HEIs take a five- or 10-year view when making decisions on their property needs. The current number of students is 6% down from the 2010 peak of 365,000, but student numbers have been consistently above 300,000 since 2001, and we are positive about the long-term trends for state funding and overall student numbers.

The Swedish higher education sector in which Akademiska operates offers long-term stability and predictability in our view and is not prone to the demand and rental cycles we typically see in other real estate markets. This stability is reflected in Akademiska's historically stable rental income and vacancy rate, which has not gone above 2% in the last 10 years.

Furthermore, we expect the state to always support the sector and fund HEIs regardless of the economic cycle. In fact, the number of students in higher education tends to go up during recessions.

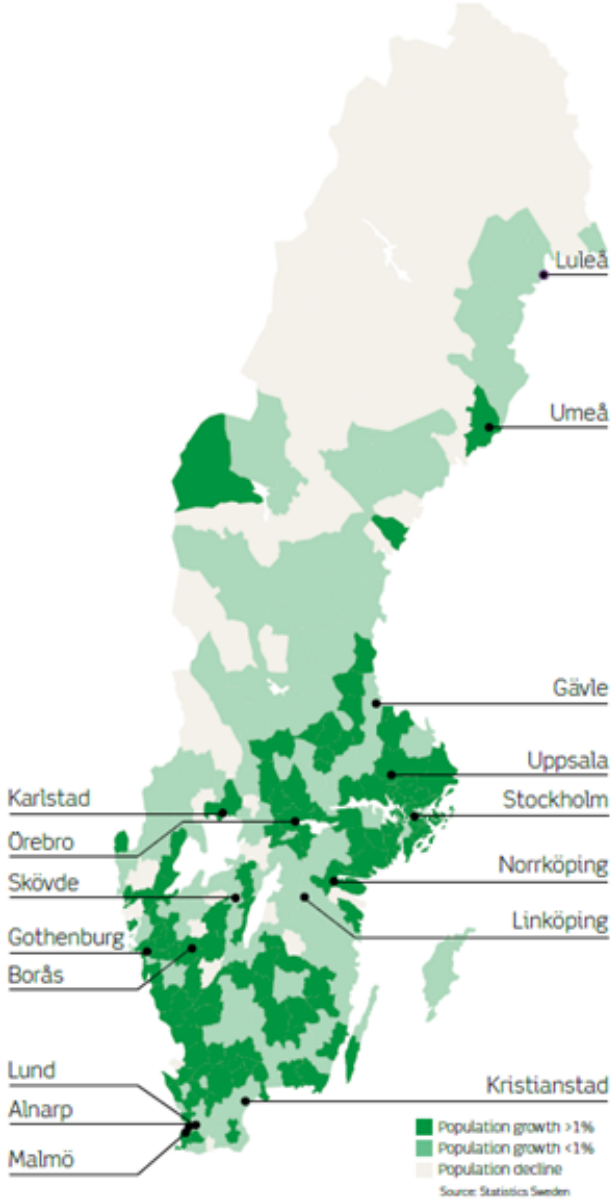
Dominant market position as the key provider of campus facilities for Swedish universities

Unlike HEIs in many other countries that own their own properties or pay below-market rents, all Swedish HEIs must pay market rents for their premises and cannot own property according to the Swedish Code of Statutes 1993:527, which has been in force since 1993. Swedish HEIs must therefore rely on external parties to help them plan, design, develop and manage the educational and research facilities that they rent. Akademiska dominates the sector with a more than 60% market share by providing well-designed and appropriately managed facilities. The company maintains close relationships with universities and works with them in planning and delivering on their long-term property needs. In our view, Akademiska has carved out a unique high-barrier-to-entry position for itself as a reliable long-term partner with a proven track record of meeting the property needs of universities.

Exhibit 4

A well-diversified presence across Sweden

Breakdown of Akademiska's around 60% market share by floor space

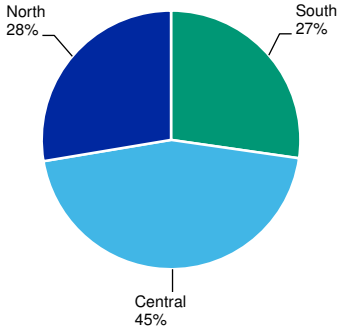


Source: Akademiska's Q3 2017 report

Exhibit 5

Akademiska's revenue is well diversified across various regions

Breakdown of revenue by region



Based on LTM rental revenue as of Q3 2017

Source: Company data

Around 300,000 people work, study and carry out research in Akademiska's premises every day, suggesting the company's market share could be as high as 75% based on the total number of students and people working in higher education. The company's 3.3 million square meters (sqm) of education, laboratory and office buildings valued at SEK78.6 billion are well diversified across Sweden and spread out across 40 campuses and 16 centers of education. The most recent yield on the portfolio, excluding properties under construction, was 5.4% on a rolling 12-month basis, and vacant space stood at 0.9% of rental value.

Around 90% of the company's SEK5.6 billion in annual rental revenue comes from universities, and the remaining 10% of rent comes from state-owned and municipal authorities. We view the company's rental income as ultimately the credit risk of the Swedish state,

and notwithstanding the concentration risk to a Aaa sovereign, this is by far the highest credit quality income stream of any rated European peer.

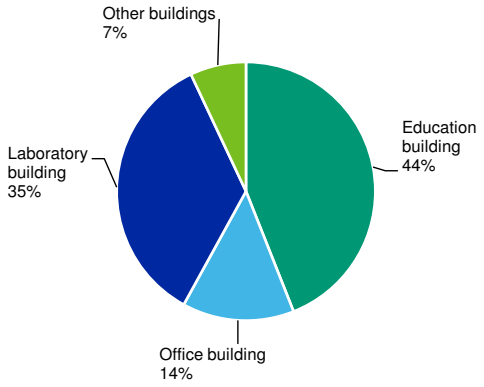
The average remaining lease term across the portfolio as of 31 December 2016 was 6 years, with new contracts for the year as of Q3 2017 having an average lease term of 10 years. The Swedish government must approve any HEI contract longer than 10 years, but this is normally a routine procedure. New leases for more complex laboratory and research specialist buildings, which require a much higher investment, command higher rents and are as long as 20 years. The company's proven track record of low vacancy rates and generally long lease lengths largely address our concerns about the limited alternative use for some of Akademiska's buildings, especially the more specialized types located outside the larger cities.

As a long-term portfolio holder, Akademiska is not a large buyer or seller of property and is therefore not reliant on liquidity in Sweden's commercial real estate investment market for its strategy. Instead, we expect the company to continue growing by developing projects to satisfy the property needs of universities. The cost to complete the company's current projects is SEK14.4 billion, of which SEK6.7 billion has already been invested. We are comfortable with the company's development pipeline that hovers around 16% of total assets because it is fully pre-let with no speculative developments. Furthermore, the company has an established track record of managing construction on time and within the budget. The development pipeline helps improve the quality of Akademiska's portfolio, in our view, as it provides a steady stream of newer buildings on longer leases.

Exhibit 6

Education and laboratory buildings represent 79% of Akademiska's floor space

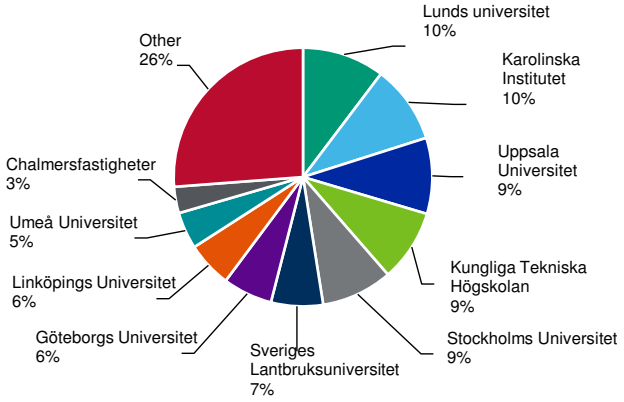
Breakdown by type of building per square meter floor space



Source: Company data

Exhibit 7

Top 10 tenants represent 74% of Akademiska's rental revenue



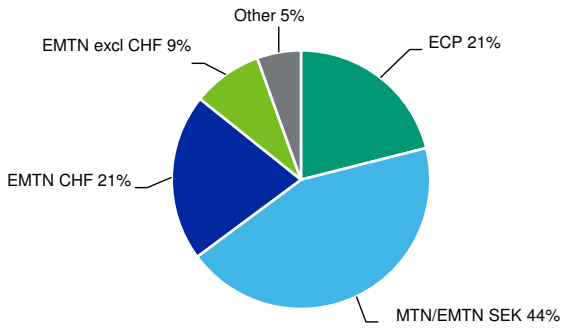
Source: Company data

Strong fixed-charge coverage and excellent access to local and international debt capital markets

Akademiska's most recently reported leverage ratio, as measured by the ratio of Moody's-adjusted gross debt to total assets, stood at a moderate 40%, and we expect the ratio to stay around this level for the next 12-18 months. Fixed-charge coverage stood at a very strong 7.9x, and we expect this ratio to be sustained around 10.0x. Commercial paper makes up around 20% of Akademiska's outstanding debt, as Exhibit 8 shows, and the company issues short-term debt at negative rates, which helps its coverage ratio.

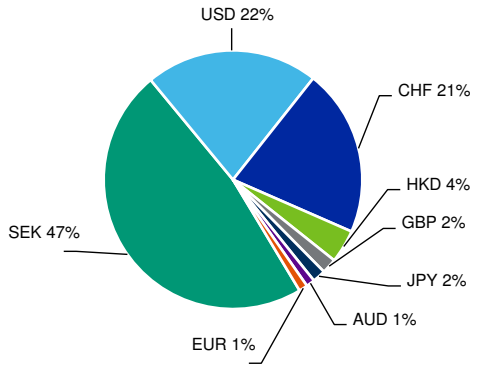
To satisfy investor demand and further diversify its investor base, 52% of the company's debt is issued in foreign currencies, as Exhibit 9 shows. The company hedges all its foreign-currency risk. Akademiska's use of cross-currency swaps introduces counterparty risk, mark-to-market pricing volatility in its balance sheet and the possibility that the company may have to post cash collateral under credit support annexes with derivative counterparties. In our view, the benefits of accessing a wider international investor base outside its local market outweigh the moderate and manageable risks introduced by the use of cross-currency swaps.

Exhibit 8
Short-term commercial paper makes up 21% of Akademiska's funding mix
Breakdown of outstanding debt



Source: Company data

Exhibit 9
Around 52% of outstanding debt is in foreign currencies
Breakdown of outstanding debt



Source: Company data

100% government ownership and our expectation of extraordinary support

We apply the joint default analysis under our Government-Related Issuers rating methodology to explain our views of the credit links between Akademiska and its supporting central government. Our approach explicitly accounts for (1) Akademiska's standalone risk or Baseline Credit Assessment (BCA) assessed 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 Swedish government providing extraordinary support, Akademiska benefits from a one- to two-notch uplift above its estimated a1 BCA.

As outlined in Exhibit 10, our overall view on the very high level of default dependence is driven by our assessment of following three factors:

1. The operational and financial links between the company and the national government are very high, including an explicit and well-recognized public policy mandate set by the Riksdag to contribute to the government's objective of reinforcing Sweden as a nation of knowledge. Furthermore, the government names the company's board and sets its financial objectives. State-funded universities account for 90% of the company's rental income revenue. The company also pays annual dividends to the state, which we estimate make up around 0.1% of Sweden's overall revenue.

2. The company and the government rely heavily on the same economic base, implying a very high level of default dependence. Both of them derive nearly 100% of their revenue from within Sweden.

3. Exposure to common credit risks is low for both the company and the government.

Exhibit 10
A very high level of overall default dependence

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 11, our overall view on the strong likelihood of extraordinary support is driven by our assessment of the following six factors:

1. We are not aware of any explicit or verbal guarantees from the Swedish government covering Akademiska's debt obligations. Furthermore, the company operates on a commercial basis and there is no special legal status that would prevent it from entering normal bankruptcy proceedings.

2. The central government owns 100% of the company and does not have any privatization plans, implying a very high probability of extraordinary support. The government most recently committed to Akademiska continuing to be wholly owned by the state in a December 2013 government bill.

3. There are legal and policy barriers to support in the form of EU rules prohibiting preferential support to commercial entities, which the Swedish government is likely to obey in our view.

4. The government appoints Akademiska's board members, sets its financial policies and influences its financial condition through regulation and funding of Swedish universities. Collectively, these considerations suggest a high probability of extraordinary support.

5. The reputation risk and political embarrassment of allowing Akademiska to fail and disrupting the main provider of campus facilities to the Swedish higher education sector, in conjunction with the possible increase in public-sector borrowing costs that would follow such a default, provide a clear incentive for the government to act and imply a strong probability of extraordinary support.

6. The company plays a key role in supporting higher education, which is an important public service largely financed by tax revenue, suggesting a moderate probability of extraordinary support.

Exhibit 11
A strong overall likelihood of extraordinary support

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

Vulnerable to potential changes in government policy

While not expected in the foreseeable future, we would view as credit negative the potential changes in government policy that resulted in:

» more aggressive financial targets for Akademiska

» a major change in the company's mission, which results in a much riskier business profile

» a material weakening in the strong support and funding for the higher education sector

» a change in legislation allowing HEIs to own their own properties

Akademiska's financial targets were last set in April 2014 following a December 2013 government bill that clarified the company's role and reconfirmed the government's intention for the company to remain 100% state owned. While there is no formal timeline for the periodic comprehensive review of the company's operations by the government, we understand that this could take place every five years or so. In any case, the company is in a quarterly dialogue with the relevant government ministry and the state can set new targets or amend Akademiska's mission any time it wishes. The company's equity ratio[2] (defined as equity divided by total assets) was 42.3%, at the upper limit of the 30%-40% range set by the state. Return on operating capital, defined as operating profit (excluding changes in value) divided by average operating capital, was 5.8% on a rolling 12-month basis, which is below the minimum 6.5% set by the state. The low outcome is partly due to property values have increased significantly over the past few years while operating income does not include changes in property values. This ratio is also largely a result of large ongoing investment projects that are not yet generating earnings. The state's dividend policy requires the company to distribute dividends equaling between 40% and 60% of net income after reversal of value changes and associated deferred tax impacts. We would expect the state to reduce or stop dividends in the unlikely event that there was a significant deterioration in the company's operating performance.

While to our knowledge this is not being discussed or considered, a change in the current law, which would allow HEIs to own their own property, poses a long-term threat to Akademiska's well-established and successful business model.

Liquidity analysis

Heavy reliance on short-term funding

Akademiska's liquidity profile is underpinned by:

» its cash & cash equivalents of SEK5.4 billion as of 30 September 2017

» secure and stable SEK5.6 billion gross annual rental income stream

» SEK3 billion of RCFs, all of which remain undrawn and mature during 2018

In line with market practice and how many Swedish companies finance themselves, Akademiska relies heavily on short-term debt, with SEK7.4 billion outstanding under its Euro commercial paper program representing around 20% of its overall outstanding debt and as of Q3 2017. The company's financial policy puts a 45% limit on loans maturing in the next 12 months. Based on Q3 2017 reporting, around 20% of the company's debt was due in 2017 as Exhibit 12 shows and an additional 13.8% will be due in 2018 (excluding future drawings of commercial papers). Based on our estimates of sources and uses of capital in the next twelve months, internal sources of funds do not fully cover upcoming debt maturities and therefore the company relies somewhat on the refinancing of debt in the capital markets. The SEK 3billion unused RCFs, cash and marketable securities of SEK 5.4 billion as well as significant internally generated cash flow more than cover the SEK 7.4 billion outstanding under the ECP program and outflows including a dividend payment and about SEK 3.0 billion of capital expenditures. However, the SEK 4.4 billion of debt coming due in the next 12 months is not fully covered by internal sources of funds and needs to be refinanced.

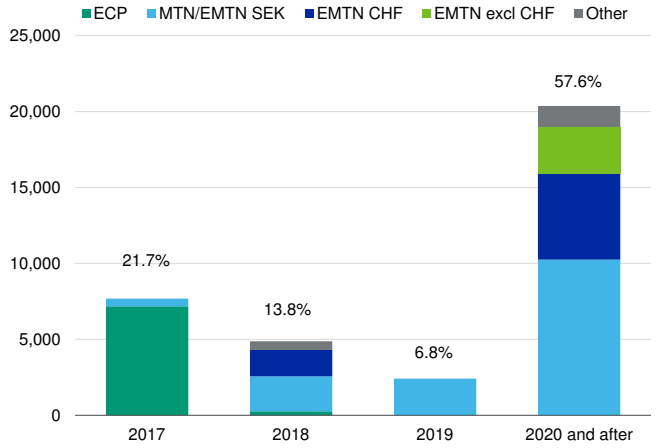
More positively, the P-1 short-term rating also takes into account our view that Akademiska will maintain strong access to the capital markets even during volatile periods because of its association with an Aaa-rated state. In addition, we view it likely that the state would postpone or stop dividend payments if capital market conditions deteriorated significantly and this would improve the liquidity.

We have assigned a P-1 rating to the company's €1.2 billion euro commercial paper program, which can be issued in euros, US dollars, yen, Swedish krona, British pounds, Swiss franc, Norwegian kroner and such other currencies as may be agreed on. Notes under this program can only be issued on a discounted or fixed interest basis subject to a minimum maturity of one day and a maximum maturity of 364 days. The notes are unconditional and unsecured obligations ranking pari passu with all other unsubordinated and unsecured obligations of Akademiska. The company also has a separate SEK4 billion commercial paper program, which we do not rate.

Exhibit 12

21% of debt maturing within the next three months

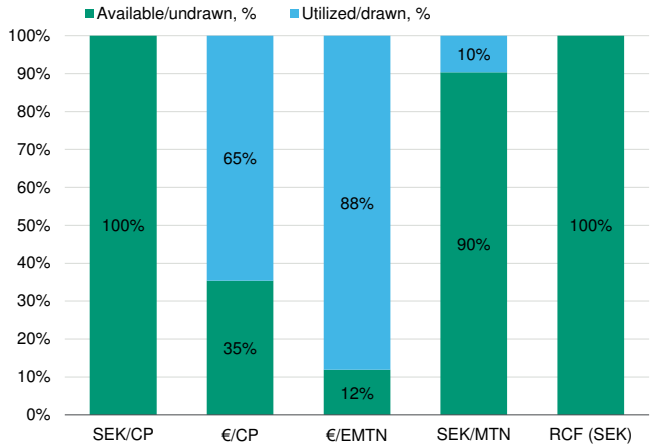
Data as of 30 September 2017



Source: Company Data

Exhibit 13

Ample undrawn capacity under Akademiska's various programs



Source: Company data

Rating methodology and scorecard factors

Exhibit 14
Rating methodology grid outcome for Akademiska Hus AB

REITs and Other Commercial Property Firms Industry Grid [1][2]	Current LTM 9/30/2017		Moody's 12-18 Month Forward View As of 18-Dec-2017 [3]	
Factor 1: Liquidity and Funding (24.5%)	**Measure**	**Score**	**Measure**	**Score**
a) Liquidity Coverage	A	A	A	A
b) Debt Maturities	B	B	Ba	Ba
c) FFO Payout	49%	Aa	47% - 50%	Aa
d) Amount of Unencumbered Assets	99%	Aa	98% - 100%	Aa
Factor 2: Leverage and Capital Structure (30.5%)				
a) Debt / Gross Assets	40%	Baa	40% - 42%	Baa
b) Net Debt / EBITDA	7.9x	Ba	7.5x - 8.0x	Ba
c) Secured Debt / Gross Assets	0%	Aa	0%	Aa
d) Access to Capital	A	A	A	A
Factor 3: Market Position and Asset Quality (22%)				
a) Franchise / Brand Name	Aa	Aa	Aa	Aa
b) Gross Assets(USD Million)	$10,905	A	$11,000 - $11,300	A
c) Diversity: Location / Tenant / Industry / Economic	A	A	A	A
d) Development Pipeline	16%	B	13% - 15%	Ba
e) Asset Quality	A	A	A	A
Factor 4: Cash Flows and Earnings (23%)				
a) EBITDA Margin (YTD)	71%	A	66% - 68%	A
b) EBITDA Margin Volatility	6%	Baa	1% - 2%	A
c) EBITDA / Fixed Charges (YTD) [4]	7.9x	Aa	10.0x - 11.0x	Aa
d) Joint Venture Exposure (YTD)	0%	Aa	0%	Aa
Rating:				
a) Indicated Rating from Grid		A3		A2
b) Adjusted / Estimated Baseline Credit Assessment (BCA)				a1
Government-Related Issuer	**Factor**			
a) Baseline Credit Assessment	a1			
b) Government Local Currency Rating	Aaa			
c) Default Dependence	Very High			
d) Support	Strong			
e) Indicated Rating Range	Aa2 - Aa3			

[1] All ratios based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 9/30/2017(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 include capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2015.
Source: Moody's Financial Metrics

Peers

Although we believe that Akademiska's property portfolio and business objectives are unique compared with other rated European commercial real estate companies, below is a comparison with some of the highest rated peers in our rated universe:

- Deutsche Wohnen SE (A3 stable): Deutsche Wohnen owns and manages a multi-family residential rental portfolio of around 160,000 units, with an estimated fair value of around €13.5 billion as of 30 September 2016. Almost three-quarter of the portfolio by value is located in the metropolitan area of Berlin, and the remainder is spread across other cities in Germany. The company is the second-largest residential property owner in the country and one of the largest real estate companies in Europe in terms of gross assets and market capitalization. The company is listed on the Frankfurt Stock Exchange, with a market capitalization of €9.5 billion as of 1 December 2016. Although its focus is on rental housing, Deutsche Wohnen regularly sells residential units, with proceeds varying significantly over time. The company also owns a small, but growing, nursing and assisted living facilities business. Overall, the company generated revenue of €1.1 billion in the 12 months to September 2016, mostly from rental income. In Q1-Q3 2016, the company generated €526 million of rental income from its letting operations, €301 million from the sale of residential units and €52 million from its nursing and assisted living activities.
- Gecina SA (A3 negative): Gecina is Europe's largest office REIT (Societe d'Investissement Immobilier Cotee or SIIC), with a property portfolio valued at €12.2 billion as of 31 December 2016, of which 78% is represented by offices including developments, 20% by multi-family rental housing and 2% by student housing. Gecina's portfolio generated rental income of €500.7 million in 2016 (excluding healthcare assets sold at mid-year), of which €372.9 million came from offices and €113.7 million from multi-family residential properties. Gecina is listed on Euronext Paris, with a market capitalization of €8.7 billion as of 30 June 2017. In June 2017, Gecina announced plans to buy Eurosic S.A., a French office REIT with a property portfolio valued at €6.2 billion. In our view, the acquisition will strengthen Gecina's market position in the central business district of Paris. Gecina will own a portfolio valued at around €18.1 billion, of which offices will represent 80% of fair value and Paris locations over 60%, mostly in prime locations.
- PSP Swiss Property AG (PSP, A3 stable): PSP owns office and commercial properties throughout Switzerland, with a total lettable area of 911,315 sqm and an estimated value of CHF6.3 billion as of 30 June 2017. The majority of the properties are located in prime locations in Zurich, Geneva, Basel, Bern and Lausanne. In addition, the company owns development sites and projects valued at CHF0.6 billion. Almost two-thirds of the portfolio value is made up of offices, while retail properties, restaurants and parking spaces, typically in the form of ground-floor space within office blocks, represent the rest of the portfolio. The company is listed on the SIX Swiss Exchange, with a market capitalization of CHF4.1 billion as of 24 August 2017, representing a 6.4% premium to net asset value of CHF3.9 billion as of 30 June 2017. The company is the second-largest listed real estate company in Switzerland in terms of market capitalization behind Swiss Prime Site AG. PSP was established in 2000 through the IPO of Zurich Financial Services' property portfolio and has grown through few selected acquisitions, including the purchase of the property portfolios of Swisscom in 2001 and REG Real Estate in 2004.
- Corio N.V. (A3 stable): Following the completion of the merger with Klépierre S.A. on 31 March 2015, Corio ceased to exist as a separate entity. Klépierre is a French REIT (SIIC) and one of the largest shopping center property companies in Europe, with a portfolio of around 160 shopping centers in 16 countries, with a fair market value of €19.5 billion as of 30 June 2017 (group share, excluding duties). The company is listed on Euronext Paris, with a market capitalization of €10.6 billion as of 14 August 2017.

Exhibit 15
Rating grid outcome for selected REIT peers

REITs and Other Commercial Property Firms Industry Grid [1]	Deutsche Wohnen	Gecina	PSP Swiss Property	Corio (Klépierre)	Akademiska Hus AB
Factors as of:	30-Sep-2017(L)	31-Dec-2016	30-Jun-2016(L)	30-Jun-2017(L)	30-Sep-2017(L)
Factor 1: Liquidity and Funding (24.5%)					
a) Liquidity Coverage	A	Ba	Ba	Baa	A
b) Debt Maturities	Aa	A	Aa	Ba	B
c) FFO Payout	59%	98%	89%	70%	49%
d) Amount of Unencumbered Assets	26%	94%	100%	93%	99%
Factor 2: Leverage and Capital Structure (30.5%)					
a) Debt / Gross Assets [2]	37%	29%	34%	39%	40%
b) Net Debt / EBITDA	9.4x	8.2x	9.8x	10.1x	7.9x
c) Secured Debt / Gross Assets	29%	6%	0%	4%	0%
d) Access to Capital	A	A	A	Aa	A
Factor 3: Market Position and Asset Quality (22%)					
a) Franchise / Brand Name	A	A	A	Aa	Aa
b) Gross Assets(USD Million)	$17,165	$13,015	$7,432	$28,159	$10,905
c) Diversity: Location / Tenant / Industry / Economic	Baa	Baa	Baa	Aa	A
d) Development Pipeline	0%	13%	5%	3%	16%
e) Asset Quality	A	A	Aa	A	A
Factor 4: Cash Flows and Earnings (23%)					
a) EBITDA Margin (YTD)	52%	81%	85%	79%	71%
b) EBITDA Margin Volatility	17%	0%	2%	2%	6%
c) EBITDA / Fixed Charges (YTD) [3]	5.0x	4.6x	7.6x	5.7x	7.9x
d) Joint Venture Exposure (YTD)	0%	0%	0%	7%	0%
Rating:					
a) Indicated Rating from Grid	Baa1	A3	A3	A3	A3
b) Actual Rating Assigned	A3	A3	A3	A3	a1 (BCA)
c) Gap	1	0	0	0	2

[1] All ratios 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] Fixed charges include capitalized interests explained in Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations revised December 2015.
Source: Moody's Financial Metrics

» SAS AB (SAS, B1 stable): SAS is publicly listed and 39.0%-owned by the governments of Denmark (Aaa stable), Norway (Aaa stable) and Sweden, and 61.0%-owned by private investors (6.5% of which is held by the Knut and Wallenberg Foundation). SAS is the holding company for Scandinavian Airlines System Denmark-Norway-Sweden, referred to as the SAS Consortium, which is one of Europe's larger passenger airlines, with total revenue of around SEK42.5 billion and 30 million passengers in the 12 months to October 2017. SAS primarily serves the Scandinavian and the European region, as well as a number of destinations in the US and Asia.

» Telia Company AB (Telia, Baa1/Prime-2): Telia is a leading provider of wireline and wireless services in the Nordic and Baltic regions. In the 12 months ended 31 March 2017, the company generated SEK83 billion (around €8.8 billion) in revenue and SEK25.8 billion in EBITDA excluding non-recurring items (around €2.7 billion). The company was formed in 2002 from the merger of Telia AB (the Swedish incumbent telecom operator) and Sonera Corporation (the leading Finnish telecom operator). As of the end of March 2017, the Swedish and Finnish governments held stakes in Telia of 37.3% and 3.2%, respectively.

Exhibit 16

Rating grid outcome for GRI peers

GRI Name	SAS AB	TELIA COMPANY AB	Akademiska HUS AB
Franchise	CFG	CFG	CFG
Country	Sweden	Sweden	Sweden
Industry Type	Transportation: Airlines - GRI	Telecommunications - GRI	Real Estate - GRI
BCA Rating	b2	baa2	a1
BCA Outlook	Stable	Stable	Stable
Dependence Score	**Hi(70%)**	**Lo(30%)**	**Very Hi(90%)**
Support Score	**Lo(0-30%)**	**Lo(0-30%)**	**Strong(51%-70%)**
Supporter Rating	Aaa	Aaa	Aaa
Supporter Outlook	Stable	Stable	Stable
GRI Rating	B1	Baa1	Aa2-Aa3
GRI Outlook	Stable	Stable	Stable

Source: Moody's Investors Service

Ratings

Exhibit 17

Category	Moody's Rating
AKADEMISKA HUS AB	
Outlook	
Commercial Paper - Fgn Curr	P-1
ST Issuer Rating	P-1

Source: Moody's Investors Service

Endnotes

1 All figures and information referring to the education sector in this section are based on Higher education in Sweden: 2017 Status Report published by the Swedish Higher Education Authority and the Swedish Higher Education Authority statistics database.

2 As of September 2017.

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Americas	1-212-553-1653
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Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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