

SBB sells a 49% stake in its social infrastructure portfolio for public education to Brookfield for SEK 9.2bn in cash with an additional earn-out of up to SEK 1.2bn in cash

– Depending on value of the Earn-Outs achieved, the transaction price represents between a 2.7% discount and a 2.7% premium to the Book Value as of Q3'22



SBB SELLS A 49% STAKE IN ITS SOCIAL INFRASTRUCTURE PORTFOLIO FOR PUBLIC EDUCATION TO BROOKFIELD

Transaction		<ul style="list-style-type: none"> Through its open-ended, super core infrastructure fund, Brookfield acquires a 49% minority stake in EduCo from SBB (the “Transaction”) for c. SEK 9.2bn in cash up front, plus up to c. SEK 1.2bn¹ in cash through earn-outs (“Earn-Outs”) SBB contributes its entire SEK 44.9bn² social infrastructure portfolio for public education (including preschools, elementary schools, upper-secondary schools and universities), currently wholly owned by SBB, to a newly formed SBB subsidiary EduCo AB (“EduCo”) SBB will consolidate 100% of EduCo post-Transaction Investment strategy of EduCo will be to invest in and manage social infrastructure assets within the public-backed educational sector in the Nordics, and will be the main vehicle for SBB’s opportunities within the sector
Key terms	Price	<ul style="list-style-type: none"> Depending on value of the Earn-Outs achieved, the transaction price of c. SEK 43.7bn (“Transaction Price”) represents: <ul style="list-style-type: none"> Between a 2.7% discount³ and a 2.7% premium⁴ to the book value of SEK 44.9bn as of Q3’22² 4.4%⁵ and 4.1%⁶ net initial yield excl. Earn-Outs on net operating income (“NOI”) in 2023E⁷ and on NOI earnings capacity as of Q3’22, respectively
	Earn-Outs	<ul style="list-style-type: none"> Two separate Earn-Outs, expiring after six years from the first Transaction closing, based on (i) achieved refinancing terms, and (ii) achieved NOI yield on new developments and acquisitions, respectively Total maximum cash amount payable to SBB from Brookfield for Earn-Outs will not exceed c. SEK 1.2bn¹
	Debt financing	<ul style="list-style-type: none"> Existing external bank financing of c. SEK 6.9bn and c. SEK 14.5bn of inter-company financing provided by SBB to EduCo with a tenor of up to 6 years with a fixed interest rate of 3.0%⁸. EduCo intends to refinance the inter-company loan at market terms in the medium-term EduCo’s target loan-to-value (“LTV”) ratio is 50 to 55%
	Asset mgmt. agreement	<ul style="list-style-type: none"> EduCo will enter into an asset management agreement with SBB, whereby EduCo will pay SBB 1.8% of the NOI p.a. EduCo will be chaired by Ilija Batljan. Jenny Asmundsson, part of SBB Group’s executive management team, will be responsible for EduCo’s operations
Rationale		<ul style="list-style-type: none"> Best positions SBB to continue delivering critical social infrastructure for municipalities and governments within the public education sector Provides diversification of funding sources and accelerates deleveraging of SBB’s balance sheet with pro-forma loan-to-value of c. 42%
Timing		<ul style="list-style-type: none"> The Transaction is unconditional and expected to be completed in two steps: <ul style="list-style-type: none"> A first closing intended to be completed on 30 December 2022 or latest in the beginning of 2023, accounting for c. 77% of the assets value expected to be transferred in EduCo A second closing, for the remaining 23% of the assets value, expected to be completed in 1Q’23 or Q2’23



Source: Company information. Figures as of Q3’22; Notes: EUR/SEK FX rate of 10.88; 1) Total maximum cash amount payable by Brookfield to SBB for Earn-Outs will not exceed approx. SEK 1.2bn (refers to 49% payable by Brookfield based on agreed maximum value of Earn-Outs at 100% of SEK 2.4bn; 2) Book value as of Q3’22 for the assets contributed to EduCo amounting to SEK 44.9bn (“Book Value”); 3) 2.7% discount calculated as Transaction Price of SEK 43.7bn divided by Book Value of SEK 44.9bn; 4) 2.7% premium calculated as Transaction Price of SEK 43.7bn, including maximum value of Earn-Outs at 100% of SEK 2.4bn, divided by Book Value of SEK 44.9bn; 5) Calculated as: net operating income in 2023E / (Transaction Price of SEK 43.7bn – SEK 772 million of building rights as of Q3’22); 6) Calculated as: net operating income earnings capacity as of Q3’22 / (Transaction Price of SEK 43.7bn – SEK 772 million of building rights as of Q3’22); 7) NOI in 2023E, calculated as NOI earnings capacity as of Q3’22, adjusted for 2022E inflation; 8) Being above SBB’s current average cost on outstanding debt



1

SBB update

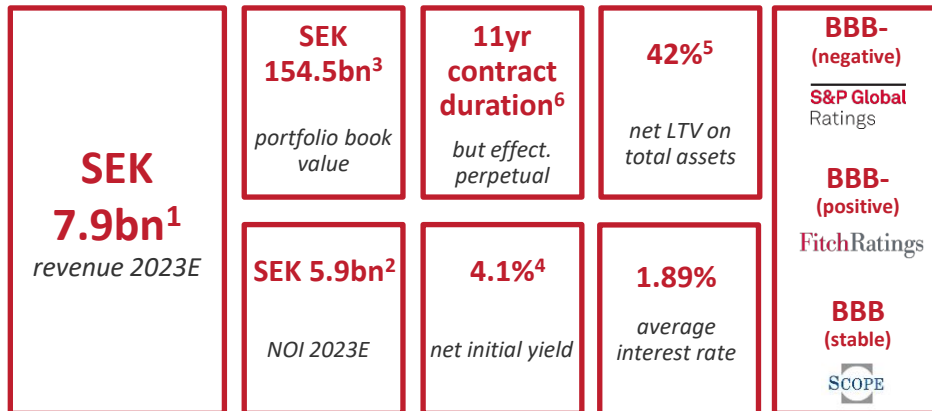


SBB'S LEADING SOCIAL INFRASTRUCTURE PROPOSITION

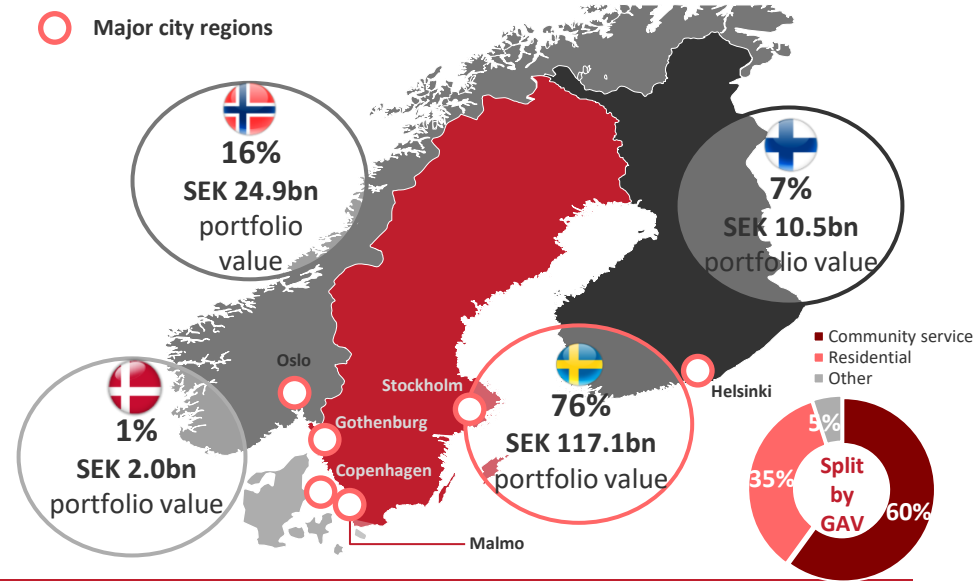
Company snapshot

- ✓ SBB operates in the world's safest asset classes – social infrastructure in the Nordics where 100% of lessees are sovereign or public-financed leaseholders and highly regulated Swedish residential assets
- ✓ Assets are in attractive locations, major Nordic cities: therefore, **high alternative use potential and strong case for development of building rights**
- ✓ **c.100% occupancy of available assets (i.e. not under refurbishment) in community services and residential assets**, with minimal vacancy in the residential and project portfolio to capture upside through investment driven renovations
- ✓ **Sustainability is the core of SBB's business model as the first private member ever of Public Housing Sweden**

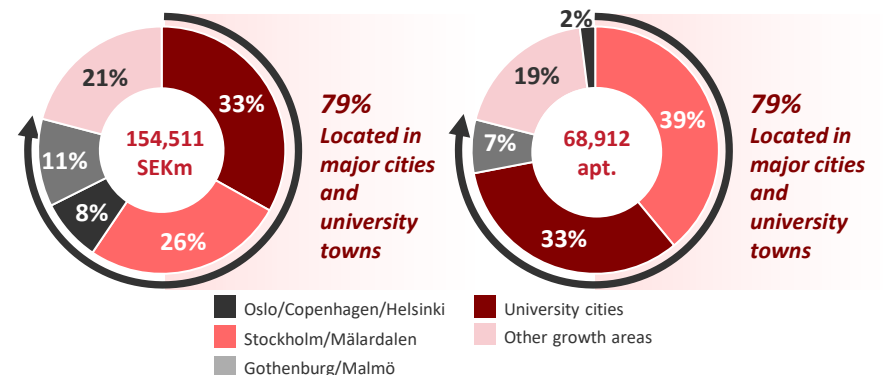
Key figures



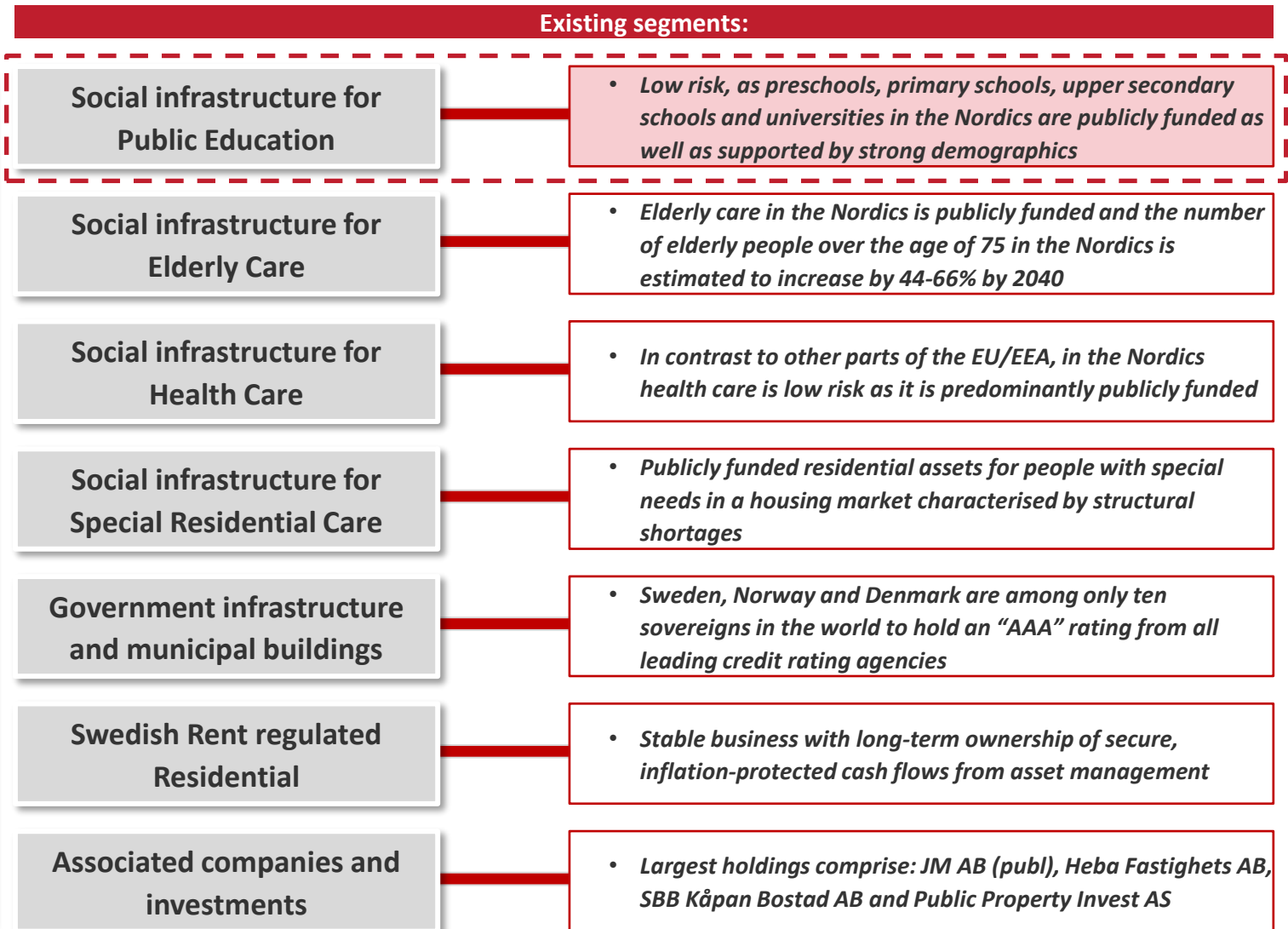
Portfolio book value by country



Portfolio book value and building rights portfolio

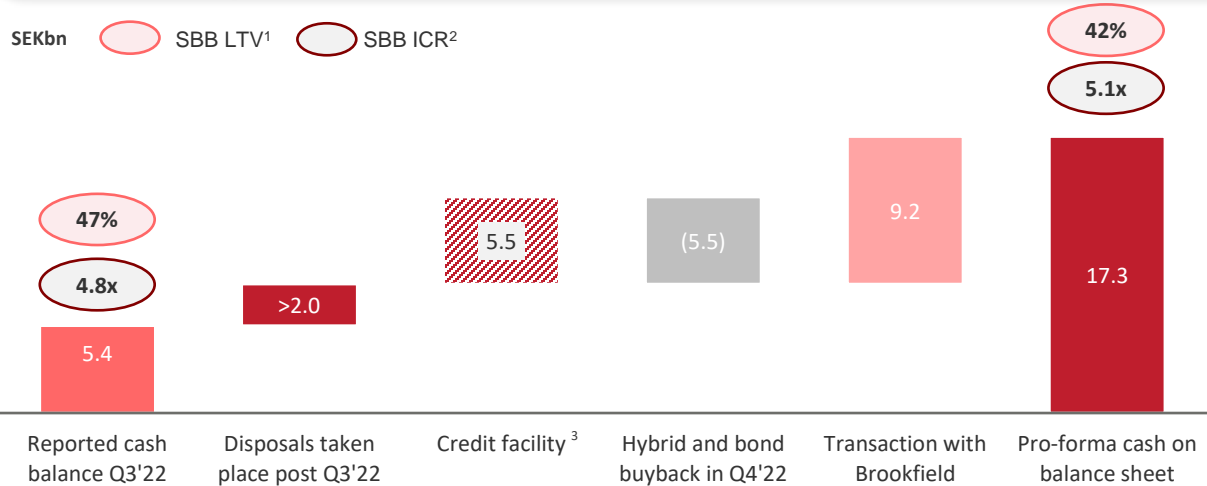


SBB'S MAJORITY STAKE IN EDUCO FORMS THE BASIS FOR SBB'S SEGMENT SOCIAL INFRASTRUCTURE FOR PUBLIC EDUCATION



WELL PROGRESSED DELEVERAGING EXECUTION

- Strategy to **continue de-levering the business** and maintain target LTV below 50% and an ICR of more than 3.0x
- On 17 November 2022, SBB **completed** a c. EUR 500m **tender offer for a total EUR 631m in principal amount**:
 - EUR 150m tendered across EUR 3x hybrid notes callable in 2025/26 at an average purchase price of 41.8%
 - EUR 481m tendered across EUR/SEK/NOK 15x senior bonds due 2023/24/25 at an average purchase price of 91.1%
 - Resulting in a **positive effect on equity** attributable to SBB's A and B shareholders of **c. SEK 1.4bn or c. SEK 1 per share**



SBB's strong liquidity position

SEK17.3bn
pro-forma cash on balance sheet

+

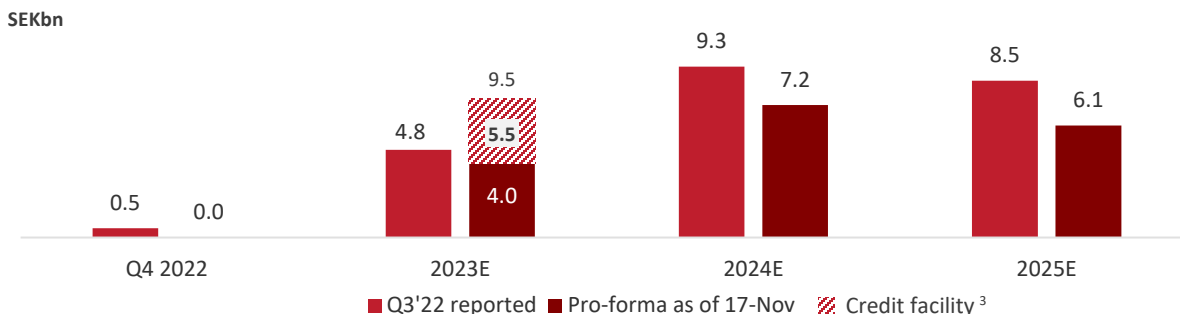
SEK 7.9bn
confirmed unutilised credit commitments

=

SEK 25.2bn
of available liquidity

against SEK 17.3bn bonds due 2023-25 and SEK 5.5bn (EUR 500m) of credit facility³

Bond and credit facility maturity profile



Notes: EUR/SEK FX rate of 10.88; 1) SBB loan-to-value ratio calculated as SBB's Net Debt / Total Assets, pro-forma for (i) the Transaction, (ii) assets divestments to date since the latest reporting as of Q3'22, and (iii) tender offer on hybrid and debt securities as communicated on 17 November 2022; 2) ICR calculated as EBITDA / net interest expense pro-forma for (i) the Transaction, (ii) assets divestments to date since the latest reporting as of 3Q'22, and (iii) tender offer on hybrid and debt securities as communicated on 17 November 2022; 3) €500m of the available €750m credit facility



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Transaction rationale



EDUCO – LEADING NORDIC SOCIAL INFRASTRUCTURE PORTFOLIO FOR PUBLIC EDUCATION



EduCo

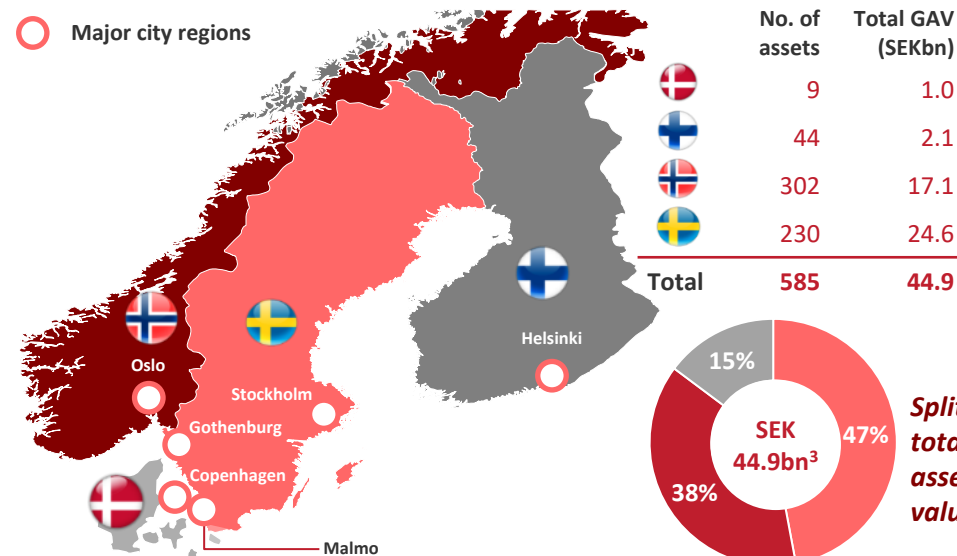
Educational portfolio at a glance

- **Leading social infrastructure portfolio for public education in the Nordic region**
- Unique asset class: **publicly financed leaseholders under long-term leases with minimum turnover**
- Revenues **c.100% inflation-linked**
- Essential nature of underlying assets, an integral part of the public-backed educational sector in the Nordics
- Managed by **SBB, reference partner for municipalities and leading private publicly funded operators, and innovation leader in designing and managing educational space**

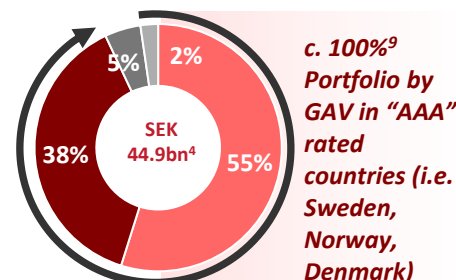
Educational portfolio key figures

SEK 2.3bn¹ revenue 2023E	SEK 44.9bn³ portfolio book value	13yr contract duration⁸ but effectively perpetual	SEK 1,731⁵ revenues per sq.m.	49% net LTV on total assets ⁶
	SEK 1.9bn² NOI 2023E	4.3%⁴ net initial yield	SEK 33,819⁵ value per sq.m.	3.0% average interest rate

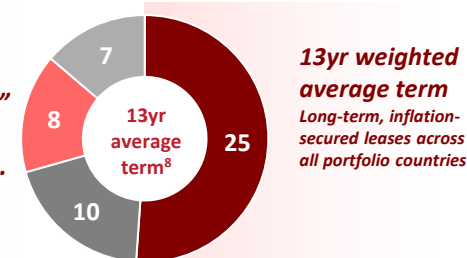
Educational portfolio breakdown



Split by total asset value



Split by average lease term⁸



■ Sweden ■ Norway ■ Finland ■ Denmark

Source: Company information as at Q3'22.

Notes: 1) Revenue in 2023E, calculated as revenue income earnings capacity as of Q3'22, adjusted for 2022E inflation. 2) NOI in 2023E, calculated as NOI earnings capacity as of Q3'22, adjusted for 2022E inflation; 3) Includes SEK 772m of building rights; 4) Calculated as NOI in 2023E divided by book value of portfolio (excluding building rights at SEK 772m) as at Q3'22; 5) Sqm as of Q3'22 amount to 1.3m sqm; 6) Calculated as net debt divided by total assets; 7) Weighted average contract term; 8) 95% by GAV of EduCo portfolio in “AAA” sovereign credit ratings countries (55% Sweden, 38% Norway, 2% Denmark) and 5% by GAV in Finland “AA+”



TRANSACTION RATIONALE

Strong and predictable, inflation-secured cashflows backed by “AAA” government funding¹

Partnering with Brookfield best positions SBB to continue delivering critical social infrastructure for municipalities within the public education



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Leading, difficult to replicate, Nordic social infrastructure portfolio for public education favored by preferred relationship with municipalities and publicly funded operators in the Nordics within the educational sector

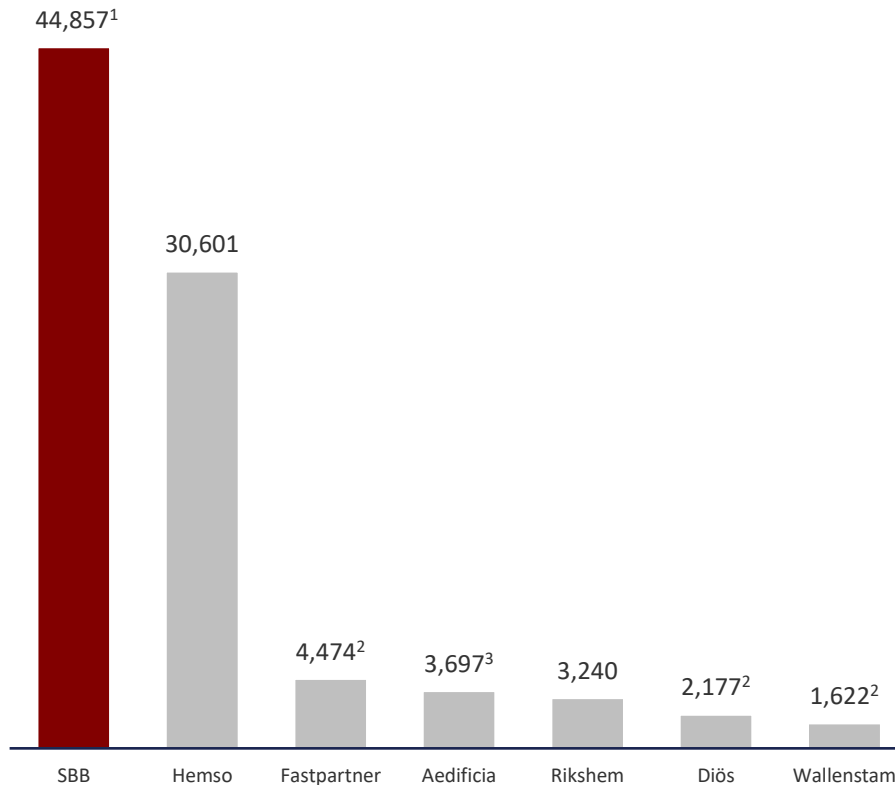
Essential nature of underlying assets in the Nordics in a market with favorable tailwinds

Diversification of funding sources and acceleration of deleveraging of SBB’s balance sheet with pro-forma loan-to-value² of 42% and ICR³ of 5.1x, from 47% and 4.8x at Q3’22


THE PRE-EMINENT SOCIAL INFRASTRUCTURE PORTFOLIO FOR PUBLIC EDUCATION

Undisputed leader in the Nordic region

GAV of educational portfolio in Europe (SEKmm)



With several key competitive advantages

- ✓ Pre-eminent social infrastructure portfolio for public education in the Nordics, fully occupied, and focused on major cities and university towns
- ✓ Existing relationship with countless municipalities with **unrivalled track-record on creating favorable partnerships**
- ✓ **Reference partner** of choice for municipalities and tax funded private operators in the Nordics

- ✓ Often **first potential buyer** approached by a seller before a more broadly marketed sale process commences
- ✓ Targets to continue to acquire portfolios of educational assets across off-market transactions to maintain its **competitive advantage**
- ✓ Through SBB, best-in-class operational set-up with local market presence, deep expertise and **exceptional track record in finalising municipal educational infrastructure transactions in the Nordics**

Difficult-to-replicate preferred relationship with municipalities and publicly funded operators in the Nordics

STRONG AND PREDICTABLE, INFLATION-SECURED CASHFLOWS BACKED BY “AAA” GOVERNMENT FUNDING

Secured long-dated contracts...

- Very long leases with existing leaseholders
- Negligible turnover, both since acquired by SBB, but also prior
- Example of long-term leases:

TRYGGE BARNEHAGER Assets leased to Trygge, comprising 15% of 2022B revenues, are on **25-year** triple net sale and lease back contracts

Læringsverkstedet Assets leased to Læringsverkstedet, comprising 15% of 2022B revenues, are on **35-year** triple net sale and lease back contracts

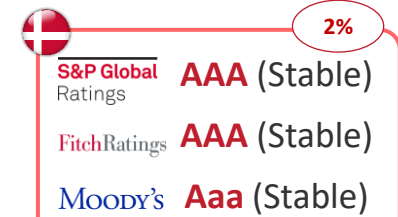
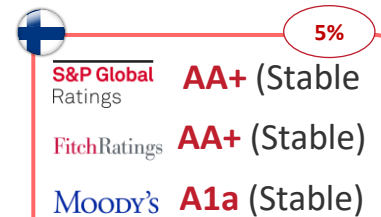
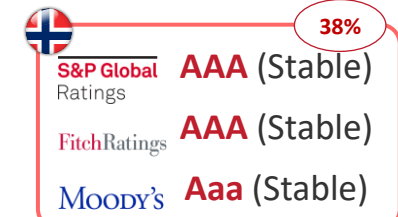
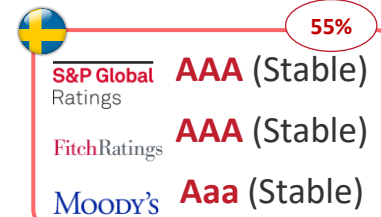
...with several key competitive advantages

- ✓ Typically, no break clauses
- ✓ 10-15 years contract length for newly signed leases
- ✓ c.100% indexed to inflation
- ✓ Improvements paid by the leaseholders, or through a contract price increase, and/or longer contracts

% of portfolio at different contract terms (years)



Sovereign credit rating

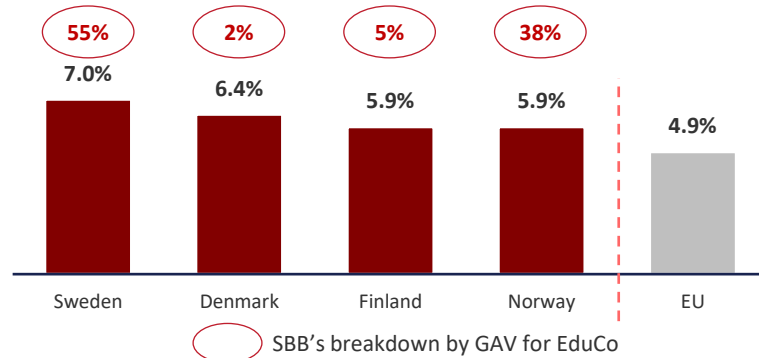


○ SBB's breakdown by GAV for EduCo

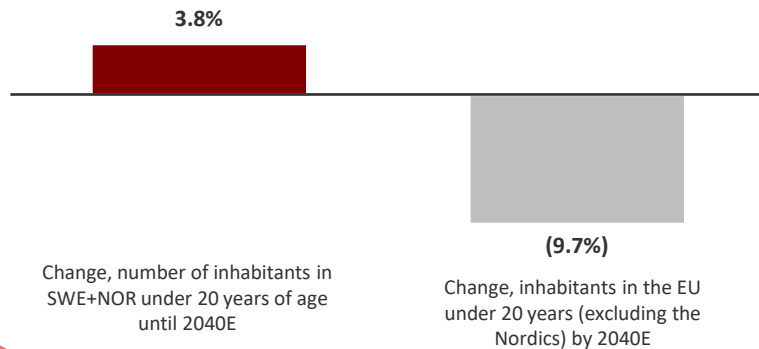
ESSENTIAL NATURE OF UNDERLYING ASSETS IN THE NORDICS IN A MARKET WITH FAVORABLE TAILWINDS

Attractive demographics creating demand

Total general government expenditure in education as a % of GDP (2020A)

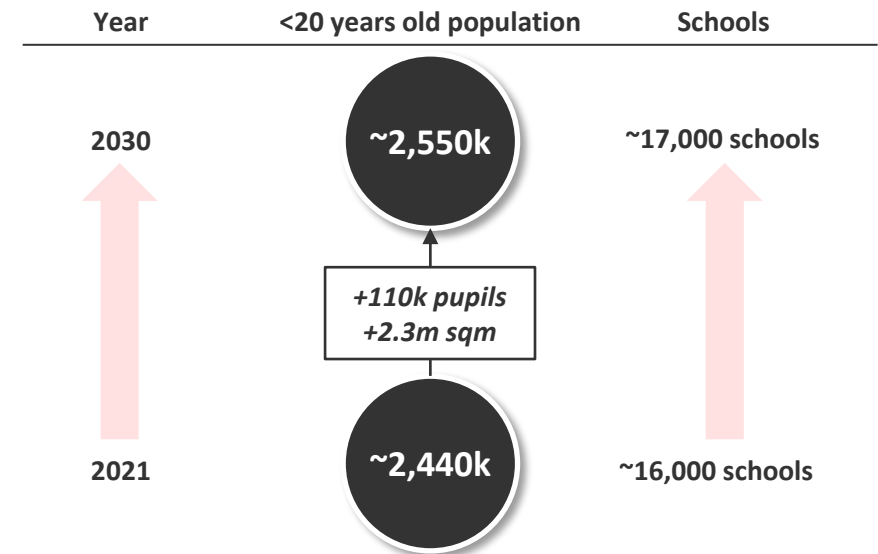


Change in the population under 20 years of age of the Nordics vs. EU (until 2040E)



Structural undersupply of educational facilities

Sweden's education market (pre-school to upper-secondary schools)



1,000 new schools until 2030, with similar demand expected throughout the Nordic region

Leader in a sector with highly supportive macro conditions underpinned by attractive demographics creating demand

PARTNERING WITH BROOKFIELD BEST POSITIONS SBB TO CAPITALISE ON THE ORGANIC AND IN-ORGANIC GROWTH OPPORTUNITIES WITHIN THE EDUCATIONAL SECTOR

4

1 Best positioned to lead a Pan-European consolidation

■ Current geographical focus

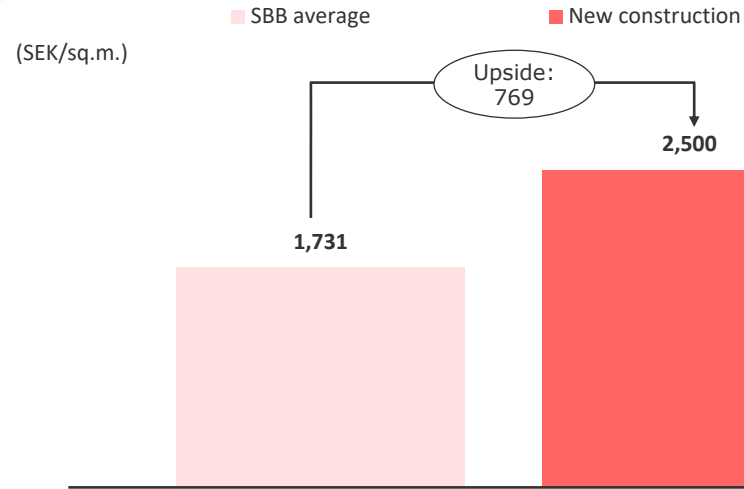
→ Illustrative potential markets

Selected countries sovereign credit rating

	FitchRatings	S&P Global Ratings
	AAA	AAA
	AA	AA
	A-	A
	AA+	AA+
	AA-	AA



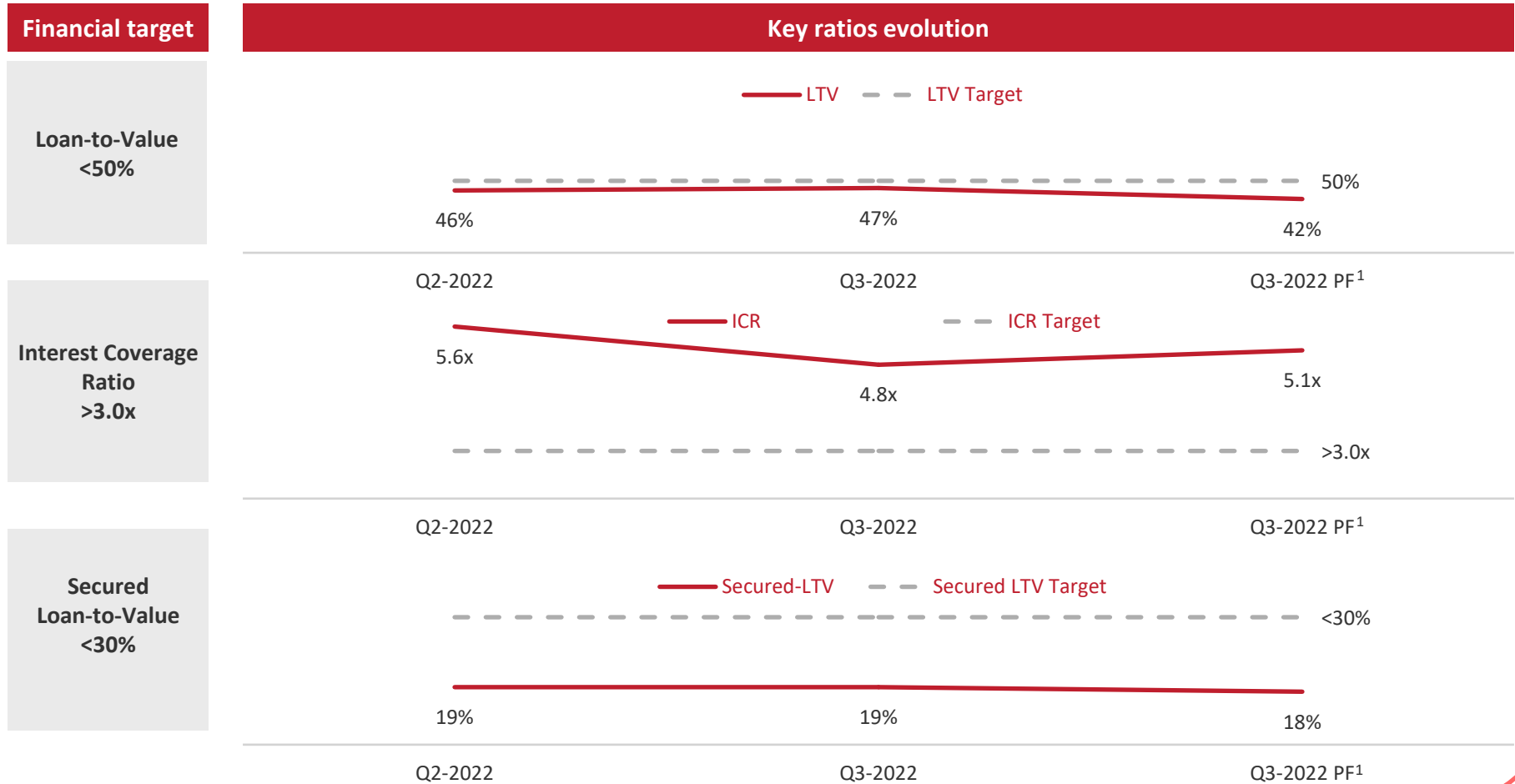
2 EduCo revenue potential



3 Ongoing school development projects in Sweden

Project	Sq.m.	Investment (SEKm)	Estimated start of contract
Stockholm region, new elementary school	~5,500	~250	2025-08-01
Dalarna region, new pre-school	~1,700	~60	2024-08-01
Stockholm region, new pre-school	~1,600	~70	2024-08-01
Stockholm region, new elementary school	~7,000	~270	2024-08-01
Stockholm region, new pre-school	~900	~40	2025-01-01
Southern Sweden, new pre-school	~1,300	~60	2025-08-01

ACCELERATE DELEVERAGING OF SBB'S BALANCE SHEET WITH PRO-FORMA LOAN-TO-VALUE OF 42% FROM 47% AT Q3'22





Appendix

TRANSACTION VALUE OVERVIEW

		SEKbn
A	Transaction Price, incl. 100% Earn-Outs (SEK 2.4bn)	46.1
B	(-) Earn-Outs (assumes 50% of max. value of SEK 2.4bn is achieved)	1.2
A – B = C	Transaction Price, incl. 50% Earn-Outs (SEK 1.2bn)	44.9
D	(-) Earn-Outs (assumes 50% of max value of SEK 2.4bn is achieved)	1.2
C – D = E	Transaction Price	43.7
F	(-) Deferred Tax Liabilities (“DTL”)	2.7
E – F = G	Transaction Price, excl. DTL	41.0
H	(-) Calculated present value of management fee under the asset management agreement (“CPV”) payable by EduCo to SBB	1.0
G – H = I	Transaction Price excl. DTL and excl. CPV	40.0
J	(-) Existing external bank financing	6.9
K	(-) Inter-company financing provided by SBB to EduCo	14.5
J + K = L	Total Financing	21.5
M	(-) Cash	0.3
L - M = N	Net Debt	21.2
I – N = O	Equity Value (100%)	18.8
49% * O	49% Equity Value Purchase Price by Brookfield	9.2
N / E = P	Loan-to-value	48.6%

Offer elements
<ul style="list-style-type: none"> Transaction includes two separate Earn-Outs, expiring after 6 years from the date of the first closing of the Transaction, based on: <ul style="list-style-type: none"> (i) <u>achieved refinancing terms</u> for outperformance on cost of debt on the new financing once the take-out has been fully completed; and (ii) <u>achieved NOI yield</u> for outperformance on capex deployment on new developments and acquisitions, respectively Total maximum cash amount payable to SBB from Brookfield for Earn-Outs will not exceed SEK 1.2bn (B + D)¹ Transaction Price of c. SEK 43.7bn (E) Transaction Price, exclusive of SEK 2.7bn of DTL, of SEK 41.0bn (G) CPV payable by EduCo to SBB, based on 1.8% of the net operating income per annum (H) Existing external bank financing of c. SEK 6.9bn (J) and c. SEK 14.5bn of inter-company financing provided by SBB to EduCo with a tenor of up to 6 years with a fixed interest rate of 3.0% (K) Brookfield acquires 49% of EduCo through c. SEK 9.2bn upfront in cash (O)

Depending on value of the Earn-Outs achieved, the Transaction Price represents between a 2.7% discount (E) and a 2.7% premium (A) to the book value of SEK 44.9bn as of Q3'22 (C)

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