

ILLUSTRATIVE PRO FORMA EARNINGS CAPACITY FOR 2023 POST BROOKFIELD TRANSACTION

SEKm	30 Sept 2022 earnings capacity	49% minority stake sale of EduCo to Brookfield	30 Sept 2022 adjusted (consolidated)	Of which cash
Rental income	7 178	-1 025	7 178	7 178
Community service and Other properties	4 879	-1 025	4 879	4 879
Residential properties	2 299	-	2 299	2 299
Property costs ⁴⁾	-1 850	160	-1 850	-1 850
Net operating income	5 328	-864	5 328	5 328
Central administration	-200	16	-200	-200
Profit from JV's and associated companies	979	-	979	455
Financial income	99	316	99	99
Financial income from EduCo attributable to SBB's shareholders	-	316	-	-
Operating income before financial costs, dividends and minority interests	6 206	-533	6 206	5 682
Profit attributable to minority interest	-86	-	-619	-619
Financial costs	-1 807	161	-1 646	-1 646
Impact from further potential bond buybacks	-	131	131	131
Dividend hybrid bonds	-538	45	-493	-493
Dividend Class D shares	-388	-	-388	-388
Profit from property management attributable to ordinary shareholders	3 387	-196	3 191	2 667
Per class A and B share	2.33	-	2.19	1.83
(+) Increased cash position from transaction with Brookfield	-	9 212	9 212	
(-) Proceeds used for completed voluntary TO at 17-Nov-22	-	-5 469	-5 469	
(-) Proceeds available for further potential bond buybacks	-	-3 743	-3 743	
Total cash post transaction event	-	-	-	

Bond buybacks (TO at 17-Nov-22), SEKm			
Type	Nominal Amount	Avg. interest rate	Reduced financial costs
Hybrid	1 637	2.75%	45
Bonds	5 240	3.07%	161
Total	6 877	3.00%	206

Bond buybacks (TO at 17-Nov-22)¹⁾	SEKm
Cash proceed used for buybacks	5 469
Reduced financial costs	206

Potential bond buybacks²⁾	SEKm
Cash proceeds still available	3 743
Avg. interest rate on buybacks	3.50%
Reduced financial costs	131

Other information	
Central administration	SEKm
Annual fee of 1.8% of annual NOI (calculated on Q3 2022 NOI in table)	32
49% contributed to SBB's shareholders	16

Framework loan³⁾	SEKm
Total framework loan from SBB to EduCo	21 500
Interest rate payable by EduCo to SBB	3.00%
Annual interest payable by EduCo to SBB	645
49% contributed to SBB's shareholders	316

The effect of the inflation adjustments that come into effect January 1, 2023 is not presented in the table above and is estimated to increase earnings per share of SEK 0.21 per Class A and B share for 2023. The pro forma earnings for 2023 amounts to SEK 2.40 per ordinary share A and B including assumed inflation adjustments.



- 1) Average interest rate before the completed voluntary buyback offer announced 17 Nov 2022 by SBB to bond holders is included in the financial expenses of SEK 1,807m (1.89%) as per 30 Sept 2022 earnings capacity
- 2) Average interest rate before the potential buy backs is included in the financial expenses of SEK 1,807m (1.89%) as per 30 Sept 2022 earnings capacity
- 3) Average interest rate for the same framework loan payable by SBB to bond holders and credit institutions is included in the financial expenses of SEK 1,807m (1.89%) as per 30 Sept 2022 earnings capacity
- 4) See Q3 interim report page 48 for cost split (<https://corporate.sbbnorden.se/en/wp-content/uploads/sites/2/2022/10/sbb-sbb-interim-report-january-september-2022-221027.pdf>)

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

- Transaction includes two separate Earn-Outs, expiring after 6 years from the date of the first closing of the Transaction, based on:
 - (i) achieved refinancing terms for outperformance on cost of debt on the new financing once the take-out has been fully completed; and
 - (ii) achieved NOI yield 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)**
- Transaction Price of c. SEK 43.7bn **(E)**
- Transaction Price, exclusive of SEK 2.7bn of DTL, of SEK 41.0bn **(F)**
- 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)**