

Press Release

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Unreasonable decision by Swedish tax authorities

The Swedish tax authorities today announced decisions to retroactively tax some 20 current and former employees of EQT Partners AB and the company EQT Partners AB for the income years 2007-2009. The decisions state that according to the tax authorities, the return on certain investments in EQT funds (based on so called carried interest) should be taxed as income and not as capital gain.

The carried interest has, during the years in question, been paid to a company in which the individuals concerned are shareholders. The shareholders have, during the years in question, received dividend. This has been fully reported to the tax authorities in the income declarations and the shareholders have paid capital gain tax on the dividends. The income declarations from the individuals concerned have been approved by the tax authorities for the last 18 years.

No new material information has emerged in connection with the tax authorities' new decisions. The tax authorities claim, however, that the return on investments which the company received and which has been paid as dividend to the shareholders should be "redirected" from the company owned by the individuals concerned to EQT Partners AB. Furthermore, the tax authorities' view is that the carried interest should be perceived as being paid out as salary from EQT Partners AB.

EQT Partners AB concludes that the tax authorities have decided to reinterpret earlier decisions. This means that 18 years of interpretation of the ruling law suddenly has changed.

The behavior of the tax authorities creates a high level of uncertainty for EQT Partners AB and its employees.

EQT Partners AB disagrees with the tax authorities and views the decisions as incorrect and unreasonable. The decisions will be appealed.

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