

Statement by the Board of Directors of Scandic Hotels Group AB (publ) as required under Chapter 18, section 4 of the Swedish Companies Act

The Board of Directors of Scandic Hotels Group AB (publ) ("**Scandic**") proposes to the annual general meeting 2017 a dividend of SEK 3.15 per share, corresponding to a total dividend payment of SEK 324,402,986.25 and submits the following statement according to Chapter 18, section 4 of the Swedish Companies Act.

At December 31, 2016, Scandic's restricted equity totalled approximately SEK 26 million and its non-restricted equity was approximately SEK 6,646 million. At the same date the group's total equity totalled approximately SEK 7,103 million.

Provided that a resolution is passed at the annual general meeting in accordance with the Board of Directors' proposal for a dividend, an amount of approximately SEK 6,321 million will be carried forward.

The business of Scandic and the group and the risks related thereto are set forth in the Annual Report. The business does not involve any risks other than those normally related to or expected to be related the type of business conducted or in addition to the risks involved in conducting business in general. Scandic's and the group's dependence on market conditions does not differ from the industry in general. The Board of Directors considers that after the proposed dividend, Scandic's restricted equity and the group's total equity will be sufficient in relation to Scandic's and the group's business.

At December 31, 2016, Scandic's net debt in relation to adjusted earnings before depreciation and amortization was 1.8x (at December 31, 2015, 2,7x). The net debt in relation to adjusted earnings before depreciation and amortization would have been 2.0x if the proposed dividend had been effected as per December 31, 2016.

The proposed dividend does not jeopardize Scandic's or the group's abilities to carry out the investments considered necessary to reach the group's targets. The proposal also takes into account the group's solvency and the short-term and medium-term liquidity available.

In light of the above, it is the Board of Directors' view that the dividend is justified in view of the equity requirements of Scandic and the group arising from the type, scope and risks of its business as well as in respect of Scandic's and the group's financial position. The dividend is therefore justified in view of Scandic's and the group's need to strengthen its balance sheets, liquidity and position in general.

Stockholm April 2017
Scandic Hotels Group AB (publ)
The Board of Directors