

Choice Hotels Continues Robust Development Growth

Success Fueled by New Construction Projects and Dynamic Brand Performance

PR Newswire
ROCKVILLE, Md.

ROCKVILLE, Md., Jan. 24, 2017 /PRNewswire/ -- Choice Hotels International, Inc. (NYSE: CHH), one of the world's leading lodging companies, is expanding with newly developed properties in top markets around the world. The strong RevPAR performance of the company's brands, coupled with the expansion of programs and services designed to increase franchisee return-on-investment, have helped to fuel an increase in new construction activity. The company's upscale brand offerings, Cambria hotels & suites and the Ascend Hotel Collection, are driving Choice Hotels' rapid expansion in urban markets. Furthermore, the successful Comfort brand transformation and the Sleep Inn brand's fresh new construction prototype have been catalysts for expanding their pipelines across the country, given these well-recognized brands have broad appeal in all types of markets.

"2016 was another great year for Choice Hotels thanks to our smart brand strategies and having the right team to execute seamlessly," said Patrick Pacious, president and chief operating officer at Choice Hotels. "As a result, developers have taken note of our RevPAR performance as well as our success of opening new construction hotels in top markets. Our recently enhanced award-winning Choice Privileges loyalty program also experienced its strongest growth, indicating that travelers like the program and intend to return. These are just a few of our wins."

In Choice's expanding upscale segment, the *Cambria hotels & suites* brand continues to enter more major markets with groundbreakings and grand openings in Philadelphia, Pa., two projects in Chicago, Nashville, Tenn. and New York's Times Square. According to David Pepper, chief development officer, Choice Hotels, "Cambria hotels & suites' strong presence in prime urban locations and Choice's unwavering commitment to the brand's success have spurred even greater interest in new projects from the hotel development community." Notable cities added to the Cambria portfolio in 2016 include four locations in California (two in Los Angeles; Anaheim and San Jose), Seattle, Boston, Dallas, Indianapolis and Ft. Lauderdale, Fla.

The upscale *Ascend Hotel Collection* brand, the world's first and largest global portfolio of best-in-class distinctive independent hotels and resorts, continued its dynamic growth in 2016, gaining more than 30 new member hotels in the United States alone, including San Francisco, Atlanta, and Virginia Beach, Va. The Ascend Hotel Collection enables independent hoteliers to plug into industry leading technology, robust distribution channels and a rapidly expanding loyalty program. In 2016, Ascend also welcomed hotels in highly desirable destinations across the U.S., including Salt Lake City, New York and Memphis, Tenn., as well as internationally in places such as the Bahamas, Ecuador, Great Britain, France, Turkey, Norway, Finland, Sweden, Australia and New Zealand.

"Developers are seeking out projects with Choice Hotels because of our proven record of innovation and deep understanding of the marketplace. For instance, we pioneered the soft brand concept with the Ascend Hotel Collection. Its success has led to both developers and independent hoteliers wanting our expertise in their corner," said Pepper. "More importantly, new construction projects are driving Choice's growth. This is evident with Cambria's robust pipeline in key cities across the country as well as the strong desire among developers to build new Comfort and Sleep Inn properties."

The iconic *Comfort* brand is experiencing sustained all-time high guest satisfaction scores and continues to gain RevPAR Index against its competitors. Ambitious enhancements, such as taking strategic measures to help hotel developers determine the best places to build new prototype *Comfort* brand properties, opening up optimal markets for these projects by removing hotels that don't fit the *Comfort* brand's trajectory, elevating Likelihood to Recommend (LTR) thresholds, and establishing *Comfort* as the largest 100% smoke-free hotel brand across the U.S. and Canada, were all based on extensive research and analysis of consumer insights and business data.

Comfort's bold steps and performance continue to draw attention from top hotel developers, resulting in an increase of openings, two-thirds of which are new construction projects. These endeavors will bring the Comfort brand to popular travel destinations, including Miami, Jacksonville, Fla., Dallas-Fort Worth, Charlotte, N.C., Raleigh, N.C., St. Louis, Memphis, Nashville, Tenn. and Birmingham, Ala.

"The Comfort brand's success is fueled by the all-encompassing transformation strategy Choice Hotels put into motion three years ago," said Pacious. "We are pleased with the payoff, but certainly not surprised. Choice Hotels has industry leading expertise in select service brands, and the midscale tier is our sweet spot. We are also seeing similar success with *Sleep Inn* and our innovative Sleep Inn-MainStay Suites dual brand concept, which allows hoteliers to efficiently address multiple travel market demands - business, leisure, transient and extended stay - all under one roof." About half of all new Sleep Inn projects signed in 2016 will be part of the dual-brand prototype with MainStay Suites.

The latest evolution of Sleep Inn's successful prototype was unveiled at the most recent Choice Hotels Annual Convention in May and has been well received by developers for its simply stylish aesthetic as well as its cost effectiveness to build and operate. Since rolling out the *Designed to Dream* prototype and system-wide renovation initiative in 2010, the Sleep Inn brand has delivered a consistency of quality. Among travelers, guests consistently rank the brand at the top of its competitors in guest surveys, indicating that they are likely to return and to recommend the Sleep Inn brand to others.

Pacious adds, "Choice Hotels has the right strategy for continued success and growth. Dynamic brand performance helps the company meet strong demand for Choice's offerings from both travelers and developers. As new hotels across the Choice Hotels portfolio open their doors, we look forward to attracting new customers and welcoming back returning ones."

Forward-Looking Statements

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, our use of words such as "expect," "estimate," "believe," "anticipate," "should," "will," "forecast," "plan," "project," "assume" or similar words of futurity identify such forward-looking statements. These forward-looking statements are based on management's current beliefs, assumptions and expectations regarding future events, which in turn are based on information currently available to management. Such statements may relate to projections of the company's revenue, earnings and other financial and operational measures, company debt levels, ability to repay outstanding indebtedness, payment of dividends, repurchases of common stock and future operations, among other matters. We caution you not to place undue reliance on any such forward-looking statements. Forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties and other factors.

Several factors could cause actual results, performance or achievements of the company to differ materially from those expressed in or contemplated by the forward-looking statements. Such risks include, but are not limited to, changes to general, domestic and foreign economic conditions; foreign currency fluctuations; operating risks common in the lodging and franchising industries; changes to the desirability of our brands as viewed by hotel operators and customers; changes to the terms or termination of our contracts with franchisees; our ability to keep pace with improvements in technology utilized for marketing and reservations systems and other operating systems; our ability to grow our franchise system; exposure to risks related to development activities; fluctuations in the supply and demand for hotel rooms; our ability to realize anticipated benefits from acquired businesses; the level of acceptance of alternative growth strategies we may implement; operating risks associated with our international operations; the outcome of litigation; and our ability to manage our indebtedness. These and other risk factors are discussed in detail in the company's filings with the Securities and Exchange Commission including our annual reports on Form 10-K and our quarterly reports filed on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

About Choice Hotels

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owned and operated. Visit us at www.choicehotels.com for more information.

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