



Get Your Money's Worth

Quality® brand franchisees gain instant brand awareness and access to the powerful global reservations systems of Choice Hotels®. As the industry's premier conversion option in the midscale segment, Quality Inn® provides owners a great opportunity to enhance asset value and strengthen market positioning. Plus, the brand's flexibility offers product extensions to fit many building types and offers fast-track conversions for certain qualified properties. Like no other brand in the segment, Quality delivers on what really matters to guests and franchisees – your money's worth.



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Brand Highlights

- **1,727** Quality properties open or in the pipeline worldwide.
- High consumer recognition – 91% brand awareness.*
- In 2014, Quality brand properties received 57% of all their reservations through Choice Hotels® Central Reservations and marketing channels.**
- In 2014, the total system-wide revenue generated from Choice Hotels marketing and reservations channels was more than \$3.5 billion.***
- Participation in the Choice Privileges® guest loyalty program, one of the fastest-growing

- rewards programs in the hotel industry, with more than 22 million members.
- The Choice Hotels Global Sales team works with more than 640 corporate accounts and is committed to increasing the number of room nights from the critical business travel market.
- In 2014, over \$200 million was spent system-wide by Choice Hotels International® on programs and promotions designed to increase brand awareness and drive hotel reservations.****
- Access to the Choice Hotels proprietary web-based property management system, choiceADVANTAGE®, that provides effective rate and inventory management designed to drive higher yield.

Distribution (Q1 2015)	Units	Rooms
U.S. Open:	1,284	104,454
U.S. Pipeline:	57	4,594
International Open:	357	37,092
International Pipeline:	29	2,735

Target Competitors

Baymont	Best Western
Ramada	Holiday Inn

Fees

Initial/Application Fee:	\$35k Min; \$300/Room
Royalty Fee:	4.65% of Gross Room Revenue
System/Marketing Fee:	3.85% of Gross Room Revenue

Signature Elements

Exterior

Quality brand hotels do not require rigid/expensive exterior design elements like some other brands. We simply require exterior features necessary to position each building within the midscale segment:

- Porte Cochere – 2 lane
- Double entry doors to lobby

Additionally we are one of the few major national brands that will consider both interior and exterior corridor properties.

Interior

To provide consistency of the guest experience on the things that matter most, the Quality brand requires the “Value Qs.” These programs are a cost-effective way to differentiate the brand without requiring a lot of arbitrary interior design elements forced into every property.

- **Q Bed** – Premium mattress and bedding, with traditional or triple sheeting options
- **Q Breakfast** – Free breakfast offering hot, free and healthy menu options
- **Q Shower** – Consumer and operations-tested with curved shower rod, multi-setting shower head and upgraded amenities
- **Q Service** – Professional, responsive and friendly staff
- **Q Value** – Free amenities, including high-speed Internet, daily newspaper, coffee and tea in the lobby, and local calls (U.S. locations); pool or fitness center

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*Source: Millward Brown Advertising Tracking Study 2014. Millward Brown is a global marketing research firm specializing in advertising, marketing communications and brand equity research.

**Source: See Quality Franchise Disclosure Document dated April 1, 2015, Item 19. For the 312 hotels that were included in the performance sample, 136 hotels, or 43.6%, met or exceeded this amount. INDIVIDUAL RESULTS MAY VARY.

***Source: Figure reflects the revenues delivered through the Choice Hotels Central Reservation System (CRS) and other non-CRS marketing channels in 2014. See Quality Inn Franchise Disclosure Document dated April 1, 2015.

****Source: The figure is based on accounting records of the System Fee in 2014 and has been compiled in a manner consistent with generally acceptable accounting principles. See applicable Quality Inn Franchise Disclosure Document dated April 1, 2015.

Unless otherwise noted, all figures and statistic in this document are from the Quality Inn Franchise Disclosure Document, dated April 1, 2015, or from internal data of Choice Hotels International, Inc.

This advertisement is not an offering. For New York an offering can only be made by a prospectus filed first with the Department of Law in the State of New York. Such filing does not constitute approval by the Department of Law. For Minnesota: Quality Inn #F-48. A copy of the Franchise Disclosure Document may be obtained through contacting Choice Hotels International at 1 Choice Hotels Circle, Suite 400, Rockville, MD 20850 or at development@choicehotels.com.