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PRESENTATION

Operator

Good morning. My name is Michelle, and I will be your conference operator today. At this time, I would like to welcome everyone to the FelCor 3Q earnings release call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session.

(Operator Instructions)

I would now like to turn the call over to Mr. Stephen Schafer. Please go ahead.

Stephen Schafer - *Felcor Lodging Trust Inc - SVP of IR*

Thank you, and good morning. On behalf of our management team, I would like to welcome you to our third-quarter earnings conference call. With me today are members of our management team, including Rick Smith, our President and CEO, and Michael Hughes, our Executive Vice President and Chief Financial Officer. Following their remarks, we will take your questions.

Before I turn the call over to Rick, let me remind you that, with the exception of historical information, the matters discussed on this conference call may include forward-looking statements within the meaning of the Federal Securities Laws. These forward-looking statements are expressions of current expectations, and are not guarantees of future performance. Numerous risks and uncertainties, and the occurrence of future events, may cause actual results to differ materially from those currently expected. These risks and uncertainties are described in our filings with the SEC.

Although we believe our current expectations to be based upon reasonable assumptions, we cannot assure you that our expectations will be attained, or that actual results will not differ materially. And with that, I will turn the call over to Rick.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Thanks, Steve, and good morning. We had a solid quarter operationally, and made significant progress on the next steps of our strategy. But first, let's talk about the industry. As you are all aware, August was a soft month in the industry. This was driven largely by lower-than-expected corporate demand, both transient and group. The good news -- and this is important -- is that relative to August, corporate demand snapped back strong in September. So after only 2% RevPAR growth in August, September experienced 10% RevPAR growth, giving us 7% growth for the quarter.

This indicates that August was an anomaly, and not a trend in corporate travel, as some feared. Additionally, discussions with corporate customers, and the sequential improvement in group pace throughout the summer and into the fall, further indicates no downward trend there. Our 7% growth once again out-paced the industry average at 5.9%, and the upper upscale segment at 4%.

Now let's talk about The Knick. I am very happy with how the rate positioning is going. As you will recall, I have maintained all along that the rate positioning heading into 2016 was the only thing that was important this year.

After adjustments made to the revenue management strategy in early September, that rate positioning has improved dramatically, and is getting to where it needs to be, as we head into the last two months of the year. Since the change in approach, the ADR has been at almost $500, versus approximately $300 during the summer. To stay disciplined in the rate positioning, it means ramping up occupancy more slowly than would be possible at a lower rate. This means less profitability in the short-term, but far greater profitability at stabilization for the hotel. This is absolutely the right strategy for the hotel, and we are where we need to be, moving forward.

We fully expect stabilization to be at $25 million, which has not changed. Given August performance, and the slower ramp up at The Knick, we are adjusting our full year EBITDA by $6 million. Given that August was clearly an anomaly, and stabilization stays on track at The Knick, this adjustment has no long-term impact on the strategy or profitability of the Company.

Now, let's turn to the balance sheet. First, the disposition program was completed in September with the sale of the final hotel. Further, we announced this morning that the next phase for opportunistic asset sales is getting under way, with four of the five future sales being approved by the Board.

These five hotel sales provide a unique opportunity, from a high multiple perspective, and will allow the use of proceeds to create tremendous value for shareholders going forward. We are currently in the pre-marketing process, and will keep you updated with our progress. In conjunction with this plan, I am happy to report that our initial discussions with Morgans have begun. As we are in the process, I cannot give you any detail with regard to those discussions, but I thought it was important to inform you that the process has finally started.

The plan for this Company is still firmly in place, and is still very solid, from an absolute growth perspective and from a relative growth to our peers perspective.

Our balance sheet is exactly where it needs to be. Our maturity profile is without question the best in the space, and after The Knick is refinanced next year, it will be even stronger. Additionally, with the ramp up of The Knick, and the final major step up of the Wyndham guarantee, our leverage will be in our target zone by the end of next year. Further, with the opportunistic asset sales, the leverage reduction will be greatly enhanced. The leverage pro forma, for only the additional asset sales, will improve approximately 140 basis points, and would be in the low 3 times area by the end of 2016.

Our coverage will be very strong, even in a worst case downturn scenario, and the additional asset sales will create significant capacity to take advantage of opportunities that best drive shareholder value. Thus, we are extremely well positioned with our balance sheet, moving forward. However, there is a current disconnect between fundamentals and how the market is reacting to the lodging space. Therefore, our Board has authorized a $100 million share repurchase program, in conjunction with our additional asset sale program. As to execution, we will always and only consider the best interest in shareholder value creation going forward.

Fundamentals are strong. Demand continues to grow, driven by solid employment gains, corporate profit growth, x-energy, especially for domestic-focused companies which drive demand for our hotels. Additionally, demand growth continues to outpace new supply, which is even lower in our markets. We feel extremely good about these fundamentals and our plan, and thus the growth prospects and long-term future of the Company. With that, I will turn the call over to Michael.

Michael Hughes - *Felcor Lodging Trust Inc - EVP and CFO*

Thanks, Rick, and good morning. We are pleased with our portfolio's performance during the quarter, as it continues outperforming the industry and gaining market share. Although, as Rick mentioned, the industry experienced is some softness in both group and corporate demand during August, that demand rebounded in September, and trends continue to look good for the rest of the year. In short, the demand weakness we experienced in August seems to be a blip. Several of our key markets performed particularly well during the quarter.

Our hotels in San Diego and Los Angeles grew RevPAR 11%. Our hotels in Boston and Philadelphia also outperformed, growing RevPAR 9% and 10%, respectively. Other notable markets include Dallas, up 31%, New Orleans, up 30%, and Orlando, up 11%. We also had a few soft spots during the quarter. RevPAR at Myrtle Beach grew 3%, as that market was impacted by Tropical Storm Erica. And RevPAR at our Atlanta Buckhead Embassy Suites also grew 3%, resulting from lower group business demand in August. However, RevPAR grew 12% in September, and the fourth quarter is looking good.

New supply growth remains well below the historical average in most of our markets. Even in markets with above average supply growth such as Houston and Miami, our superior sub-market locations are insulating our hotels from new supply. For the quarter, our Wyndham Houston Medical Center experienced 13% RevPAR growth, compared to a 3.7% RevPAR decline for the Greater Houston area. Our Miami Airport Embassy Suites grew RevPAR 7.5%, compared to market growth of only 4.4%. In addition to solid RevPAR growth during the quarter, we experienced strong revenue-to-EBITDA flow-through of 65%, and hotel EBITDA margin growth of 225 basis points.

Same-store adjusted EBITDA grew 15% during the quarter. Our updated RevPAR guidance assumes 7.5% to 8.5% growth for the fourth quarter, which is unchanged from our previous forecast.

As Rick mentioned, our balance sheet is in great shape, and will keep getting better. In addition to the ongoing improvements in leverage and coverage that Rick outlined, we will continue looking for any opportunities to enhance our capital structure. We plan to refinance the Knickerbocker loan next year, but in the meantime, we're finalizing an amendment to the existing loan, which will reduce our borrowing spread by 100 basis points and extend the maturity. We expect to close on this amendment in the fourth quarter.

And with that, we're ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Your first question comes from Joseph Greff from JPMorgan. Your line is open. Mr. Greff, your line is open. We'll move on to Patrick Scholes from SunTrust.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Hi, good afternoon. A couple of questions for you. How do you think about balancing the right amount of leverage along with share repurchases? Certainly, I think at this stage of the cycle, investors are not rewarding companies that have higher leverage. So how do you think about that with -- along the lines with share repurchases? And then you also mentioned waiting for asset sales for share repurchases. Is that correct, that you'd wait until they're physically closed before doing any share repurchases?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

The second part first. We wouldn't necessarily wait to execute on any share repurchase prior to -- wait on any share repurchase until there was a closing of an asset. It totally depends on what makes the most sense for shareholders long-term. But that gets you back to the first question, how do we think about leverage? We think about leverage not in a vacuum, but we think about leverage from a global perspective. As I mentioned in the prepared remarks, we are going to be in our target range by the end of next year, even if the market starts to tilt in the wrong direction.

We still have the step-up, the last step-up of the Wyndham guarantee. And we will have ramp-up of Knick -- regardless of market, there will be some ramp up at The Knick. And so when you look at those numbers, you're going to be in your target zone by the end of next year. What we had always said was our target zone, between 4 and 5 times. Now, if you sell the assets, you actually get down into the low 3 times. And you have a ton of capacity created, and you are -- you have the best maturity profile in the business. And you have strong coverage, even in a worst-case scenario.

That is a good place to be. Let's just put it that way. We feel very good about the balance sheet. We have set up the balance sheet the way we have on purpose. We actually have a plan that gets our leverage to a stabilization place that makes absolute sense, and we anticipate continuing to execute, just as we did in the pre-turnaround and cleanup phase, in order to get the Company turned around. We feel very good about the plan, and we very good about where the balance sheet is, Patrick.

We are -- the absolute leverage right now, without consideration for the step-ups next year, regardless of market, yes, I get that. And we are being lumped in with other high-leverage companies, and we're being hit harder in this environment because people are concerned about that. We have stepped up the asset sale plan. We actually first had this conversation, and started this program, in late July. As far as the discussion on identifying the additional asset sales, there were a lot of things that had to be done internally to get things ready for that. We are now in pre-marketing.

And so we definitely believe in moving on that, now that we have made those decisions, and we will move as quickly as we can. And once we get that done, our leverage is going to be in fantastic shape. Our capacity is going to be in fantastic shape. Maturity profile coverage, et cetera. Everything is going to be in good shape, and so we feel very good about the plan. We feel good about where our leverage will be at stabilization, which is what we have always been shooting for, which is the end of 2016. I don't know if that answers your question.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

It does, thank you. I have a couple more questions here, bouncing around different subjects. Let me ask you, what, for FelCor, makes a hotel non-core today? Is it going to be location, brand, hotels in need of renovation? What are the common characteristics of hotels you want to dispose of?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

We don't have any non-core assets today.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Our portfolio is solid. What we have are some unique opportunities. We have an opportunity, with the five hotels that we will eventually sell, to sell them at pretty significantly high multiples that creates the kind of capacity that, no matter what you do with the proceeds, even if it's just pay down debt, which would be the lowest-yielding use of proceeds. But even if you just do that, because of the multiples you can sell these at, or at least four of the five hotels, it creates tremendous value for the shareholders. So it's just opportunistic, Patrick; it's not non-core.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Can you tell -- maybe you mentioned this -- tell me which ones those five are? Are two of them the Morgans and Royalton?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

I am not going to comment on individual hotel names at this point, for various reasons. But certainly, I can tell you, like I mentioned in the remarks, that we have begun those conversations. Everybody knows what the plan is there. We've stated it all along. So -- but I can't get into any more detail on those conversations, and we are not announcing, at this time, what the five hotels are.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay. Two more questions. The first one, what year do you envision that -- achieving that EBITDA stabilization target for the Knickerbocker?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

I think full stabilization will be 2017. I think we're going to have a great year in 2016. We're going to have a really good ramp-up year. We have gotten the hotel positioned the way that it needs to be positioned to continue to grow on that. Like I said, the rate post Labor Day versus pre Labor Day is a 200 -- or a 65% improvement, and it is, we're getting it to where we need to be. Now we have to build the occupancy carefully to maintain that rate positioning going forward.

We have to be careful of what we're putting on channels, and where we are directing our marketing, and where we are pulling in those customers. And if we -- the quality is there. And if we take good care of those customers, we will build a great base, and we will position the hotel the way it needs to be. But that will take some time of being patient on the buildup of occupancy. Now, it is the exact right thing to do, and we are going to do that, but that does mean a little less profitability in the long term. We haven't released a 2016 number yet. We will when we come out with numbers in the future.

But we feel great about The Knick. We feel great about -- the market is a bit soft right now, but we can't focus on that. We've got to focus on the positioning of the hotel, so that we can manage that, and stay disciplined in our revenue management accordingly, so that that hotel will be getting to where it needs to be at stabilization.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Good. I'm sorry, I do have two last questions here. One on, your Houston hotel did very well, considering what was a soft market. Was there anything special about why it outperformed so much the Houston market?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

There was some group-related stuff that occurred during the quarter that helped. But the primary thing is where the hotel set. The way we built -- the reason we keep outperforming is because of the way we built this portfolio. It's the reason I like our portfolio better than anybody else's in the States, anybody's. Because we built this from a strength of sub-market perspective. And we continually outperform, and that is why.

We had some group help, but this sets at the Medical Center, it's the number one hotel at the Medical Center. Even when Houston is down because -- fluctuating because of oil and gas, this hotel will never do so. And so it's all part of the broader plan with regard to our portfolio, which is in fantastic shape. But we did get some group help in the quarter.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay, great. Last question, I promise. Your Hilton branded hotels, it looks like they did especially well. Anything in there, as far as an easy renovation comp that we should be aware of, that led to that strong performance?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Not really. We had additional pick-up in a couple of places, but the big renovations, like LAX and up at Mandalay, most of that was even done the year before. They're in fantastic shape, but was there a little additional pick-up there? Yes.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay, very good. That's all, thank you.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Thanks.

Operator

Your next question comes from Steven Kent from Goldman Sachs.

Anto Savarirajan - *Goldman Sachs - Analyst*

Hi. Good afternoon. This is Anto Savarirajan on for Steve Kent. Two main questions. In one of the investor slide decks you have on the web, you walk us through your FFO moves from 2014 to 2016. And correct me if I'm wrong, in that the belief was that The Knick would hit stabilization by 2016. Are you now suggesting that maybe things have moved forward by a year? And related to that, the organic growth opportunity that you bake in, to get to 2016 expectations, have they too been pushed forward a little bit, given the RevPAR deceleration we've seen thus far into the year?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Yes. First of all, let me say that for the course of this year, our 39 hotels are doing better than we originally guided. So we're not seeing any deceleration versus our expectations, first of all. We had an anomaly in August, September was 10% RevPAR growth. We had 7% for the quarter, out-paced everyone, so we're not really seeing that.

As far as the investor presentation and the growth of it, basically, what I'm saying is, we are going to be smart about the ramp-up of The Knick. And that may lead to a little less profitability in 2016. So maybe that number is a little smaller. But regardless of where it is, it's not a change in the landscape of what's in the investor presentation, by any stretch of the imagination. 2016, we are assuming 6% currently, in the investor presentation, outside of the ramp-up of The Knick and the step-up of Wyndham. And PKF is running a little ahead of that.

We're right in line with PKF. So we feel pretty good about what 2016 will look like. But will the number at The Knick be a little less than the full $25 million? Yes, it will. We don't have budgets finalized yet. And as soon as we do, we'll announce that number. But it's more important that we position this thing right, and ramp it up as it needs to be ramped up, from an occupancy standpoint, once the rate position is created, which it is. So will that number be a little bit lower? Yes. But will that be a large effect on what the Company looks like at the end of 2016, because that number is a little lower? Not at all. I mean, none.

Anto Savarirajan - *Goldman Sachs - Analyst*

Okay, thank you. In your prepared remarks, you noted discussions with the Morgans and Royalton. Can you review with us the range of issues that you're discussing here, to the extent possible? What could be the range of outcomes that we should think about?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

I can't get into that.

Anto Savarirajan - *Goldman Sachs - Analyst*

Okay, I'll try another question. Again, going back to The Knick, can you tell us how much of the $6 million EBITDA expectation rebalancing was due to The Knick in the fourth quarter?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

It -- really, all of it is due in the fourth -- you've got about a $2.5 million to $3 million third quarter, and a $3 million to $3.5 million fourth quarter is the split of the $6 million. And August was soft, and that's a bit of it, and The Knick is the rest of it. You guys are aware -- we're probably going to be -- as I mentioned a minute ago, the 39 hotels are above our original forecasted EBITDA for the year. The Knick is not. The rooms didn't come on in April or May, as we expected. The rooms came on much later, as you're well aware.

And the ramp-up, with the changes that we made to the revenue management strategy in early September, which are working, and are working really well, and we're very happy with it. I want to make clear that we are -- we feel like we are in exactly the position that we need to be, moving forward. But the ramp-up, from a full hotel standpoint, didn't start until a month later. And we are carefully adding that occupancy as we go. So really, if you break down the numbers, more than $6 million, if you look at the full-year numbers, are related to The Knick.

Anto Savarirajan - *Goldman Sachs - Analyst*

Got it.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

So the actual -- the other 39 hotels are above. And it's The Knick, and it was the time it took to get the rooms online. And it is the plan, from a ramp-up approach on the occupancy, by stabilizing and positioning the rate properly.

Anto Savarirajan - *Goldman Sachs - Analyst*

Thank you, Rick.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

You're welcome.

Operator

Your next question comes from Chris Woronka from Deutsche Bank.

Chris Woronka - *Deutsche Bank - Analyst*

Hey guys. Wanted to follow- up on The Knick. Have you guys -- understanding the rate strategy, and it makes sense, has that impacted your business mix at all, in terms of the kind of customers you were initially trying to get in there?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Not -- I'd put it a slightly different way, Chris. It is affecting what was in the hotel in the summer, as we opened up more channels to get exposure, and things of that nature, to the hotel. And that mix of customer was vastly different than where we want it to be. That's why we had the meeting at the first of September. That's why we changed, pretty drastically, what the approach was.

Shut down all of the channels that we needed to that were discount-oriented. And really focused on the types of customers, both from a marketing standpoint and then a booking standpoint, focused on the kind of customers that we needed to get in there. So the segmentation changed pretty dramatically from when the rate was around 300 to now the rate being closer to 500. Yes, that segmentation is pretty drastically different.

Chris Woronka - *Deutsche Bank - Analyst*

Okay. Got it. That's good color. And then just, I guess we assume occupancy is probably running a little bit below where you had hoped at this point. Is it to the point where you've had to make any changes to the cost structure? Or is that something you deal with this year, and get it back next year?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Yes, we're not going to deal -- the only way that we would change the cost structure is if we decided to run, from a revenue management standpoint, the way we were running in the summer, and get 300, then we'd take about 40% to 50% of the cost out of the building. You'd have to, to get to that stabilized EBITDA. But what we want to do right now, while we're positioning this hotel, and we're bringing in the customers, we need to maintain service levels at a very high level. And so we wouldn't think -- I think that would be penny wise and pound foolish.

I think we need to, in addition to being careful about how we ramp that occupancy up, when those guys do come in, we've got to take care of them. We have got to make them repeat customers. We've got to make the word of mouth of The Knick very strong. So service levels are going to be important, so we wouldn't be looking at cutting cost today. The only way we would look at it is, if we got the stabilization, and we weren't there, from a profitability standpoint -- which we don't think there's any chance of. But if that were to happen, then yes, we would take a look at the cost structure really hard.

Chris Woronka - *Deutsche Bank - Analyst*

Okay, very good. Wanted to ask about the Wyndham portfolio, which obviously has given you guys several quarters of good results. I think you'll be cycling some tougher comps next year, and I know you've got the guarantee in place. But is that -- how does that factor into the 6% you mentioned? Is it -- does it assume a material slowdown from the 2014 growth rates, or not so much?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Oh, yes. Yes, we're definitely -- as we get into the fourth quarter of this year, even, you're pretty much at stabilization. Certainly starting next year, then you are at stabilization, and the RevPAR increases are in line with that 6%. We don't have final numbers yet, obviously, but it's in line. And so we'll get the next step-up in the guarantee. That will kind of stabilize the guarantee. It will be 3% a year, after that growth. But they're doing a hell of a job, and we're very happy with what Wyndham has done, and how they're approaching everything.

Chris Woronka - *Deutsche Bank - Analyst*

Okay. My last one is a bigger strategic question. Applaud the share buyback authorization. I guess you get to a point where it's tough, you have a stock single-digits billion market cap. Rick, do you think -- are you guys comfortable doing some larger transaction, if that becomes available? Do you think you've got the capacity to do that, with some of the capital projects and other things you've got going on right now?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Yes, larger project-wise, I don't know exactly what you might be referring to there. If you're -- but we will look at it the same way we always do. Like I mentioned earlier, that we set up the balance sheet the way we did very specifically so that we would -- and also coupled with the additional asset sales that we announced today -- that all of that is geared toward a plan.

A plan that allows us to create the capacity, get the leverage where it needs to be, and have maturity profile where it needs to be. So that regardless of where you are in the cycle, you can do the best thing for driving your shareholders' value. And so it all depends on that. If you're asking, would we go out and buy another company today, and use our equity to do it, given where we are trading? The answer is no. But will we be in a position to take full advantage of where we are going to be, as we cycle into the next downturn? Absolutely.

Chris Woronka - *Deutsche Bank - Analyst*

Okay, that's good. That's helpful. Thanks, Rick.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Thanks. Operator, let's take one more question.

Operator

One more question? Okay. So your final question will come from Shaun Kelley, Bank of America.

Shaun Kelley - *BofA Merrill Lynch - Analyst*

Hey, good afternoon, everyone. Thanks for taking my question.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

You're welcome.

Shaun Kelley - *BofA Merrill Lynch - Analyst*

So Rick, just one question I had was, a few of the other early reporters here in this space have talked a little bit about softness in October corporate business. Specifically, they've referred to corporate transient being softer than they expected in one case, and a little bit of corporate group, including some cancellations in the other case. It sounds like you guys aren't seeing that. But was just curious if there's anything you can comment, with regards to what you're seeing, a little bit more realtime in the business, in the fourth quarter?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Yes, we have had -- October has bounced around. First month was -- I mean the first week was reasonably strong. Columbus Day week was a little softer than expected, bounced back in the third week, and we expect a very strong fourth week. San Francisco was a little weak in the early part of October. It is very strong in the back end of October, and what we expect for November.

So it's bouncing around a little bit, with the Columbus Day week being a little softer, but we had a really good first week, a really good third week. We expect a good fourth week. We think we're going to be fairly in line with our expectations overall for the month, and we haven't seen any trending from a corporate standpoint. I have to check -- I don't think we've had any major, major cancellations. I'd have to check on whether we've had any at all, on a smaller scale, that probably wouldn't rise to my attention. But no, October seems to be fairly in line, corporate travel wise, similar to September, which is another indication that August was an anomaly.

Shaun Kelley - *BofA Merrill Lynch - Analyst*

Very helpful. And my follow-up would be on the asset sales. So you identified these five assets, appreciate that you'll want to maintain some -- move further in your process before you let us know what those are. But my question is on, we know, in the portfolio, you own some stuff in things like California, and some other high barrier-to-entry markets. Or maybe unique assets, where the real estate could possibly be re-purposed.

Again, without speaking about specifics, is that the kind of stuff where perhaps, whether it's the dirt underlying, the ability to maybe completely renovate it, and change it into a higher position hotel by somebody else? Is that the type of thing that you could generate those types of multiples for? I'm just trying to get a sense for generically, what you're thinking?

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

Yes, I think that on two of the assets, absolutely. I think re-purposing is part of that play, without question. I think two of them are pretty stable. One is a high-multiple opportunity, because of the type of asset that it is. The other one is a fairly normal multiple. We had a ground lease in a market that we got extended. And it allowed us -- it was never a real keeper, and I should go back and apologize to Patrick, I guess, because that would be the one hotel that probably would be non-core.

We got that lease extended, so it's going to go on the market. That's fairly normal, multiple-wise. The other steady state one, because of the type of asset it is, will bring a higher multiple than typical. Two of them are definite re-purposes, and extraordinarily high multiples. And then the fifth and final one is something that we've talked about before, and it would probably be a minority interest we would stay in. But the pricing for those types of assets is so huge right now that we have an opportunity that we have to take a look into. Does that help?

Shaun Kelley - *BofA Merrill Lynch - Analyst*

That helps a lot. I think -- like I said, I was just trying to get a sense for where you think a little bit of the buying activity is right now, and I think you helped us there. So thank you very much.

Rick Smith - *Felcor Lodging Trust Inc - President and CEO*

You're welcome. Operator, that's it. Thank you all for joining us on the call, and we will talk to you next quarter.

Operator

Thank you, everyone. This concludes today's conference call. You may now disconnect.
