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**DEUTSCHE BANK  
LEVERAGED FINANCE  
CONFERENCE**

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**SEPTEMBER 2016**

## Portfolio Management

Invest in upper-upscale hotels with dynamic demand generators and barriers-to-entry protection

Continually improve portfolio quality and EBITDA growth

Enhance returns through redevelopment and repositioning

Recycle portfolio by selling hotels that do not meet investment criteria

## Asset Management

Pursue operational excellence through hands-on asset management

Maximize property-level performance and management company accountability

Active revenue management

Deploy capital expenditures prudently, while preserving asset quality

## Balance Sheet Management

Maintain appropriate leverage for each stage of the business cycle

Extend and stagger debt maturities

Maintain strong interest coverage and a low cost of debt

Create sufficient investment capacity to further strategy

# How We Are Different



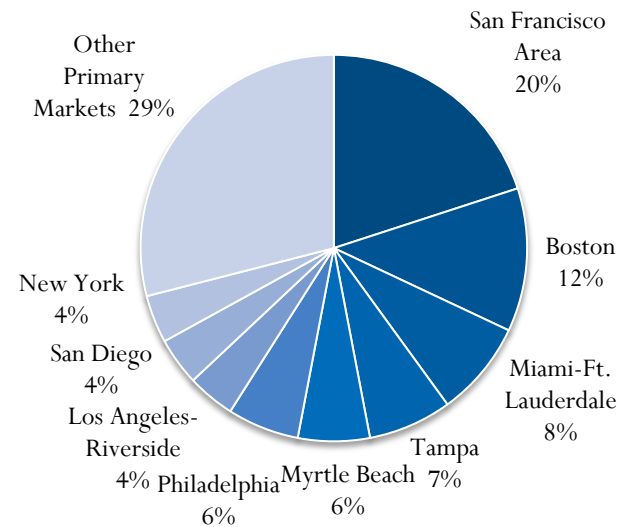
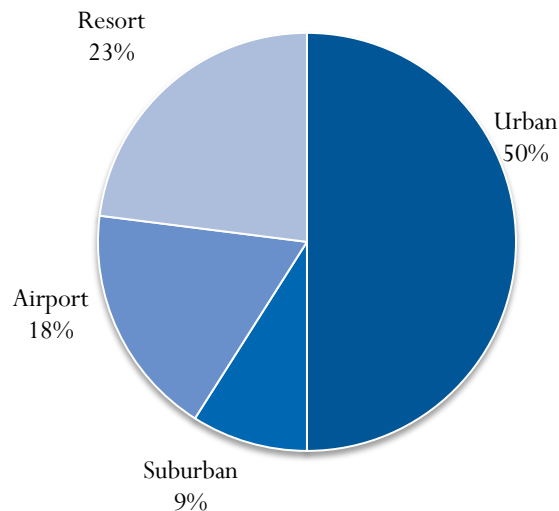
Hands-on asset management with proven success

Large pipeline of unique, organic growth opportunities

Lower volatility with geographically diverse portfolio and Wyndham guaranty (protects ~20% of EBITDA)

- 39 hotels (~11,000 rooms) located primarily in major urban and resort markets within 32 distinct submarkets
- ~90% upper-upscale and luxury hotels
- High-quality assets that are located in markets that are forecasted to outperform the industry<sup>(1)</sup>
- Improving balance sheet with the best maturity profile of any public lodging REIT<sup>(2)</sup>

## LOCATION & MARKET COMPOSITION<sup>(3)</sup>



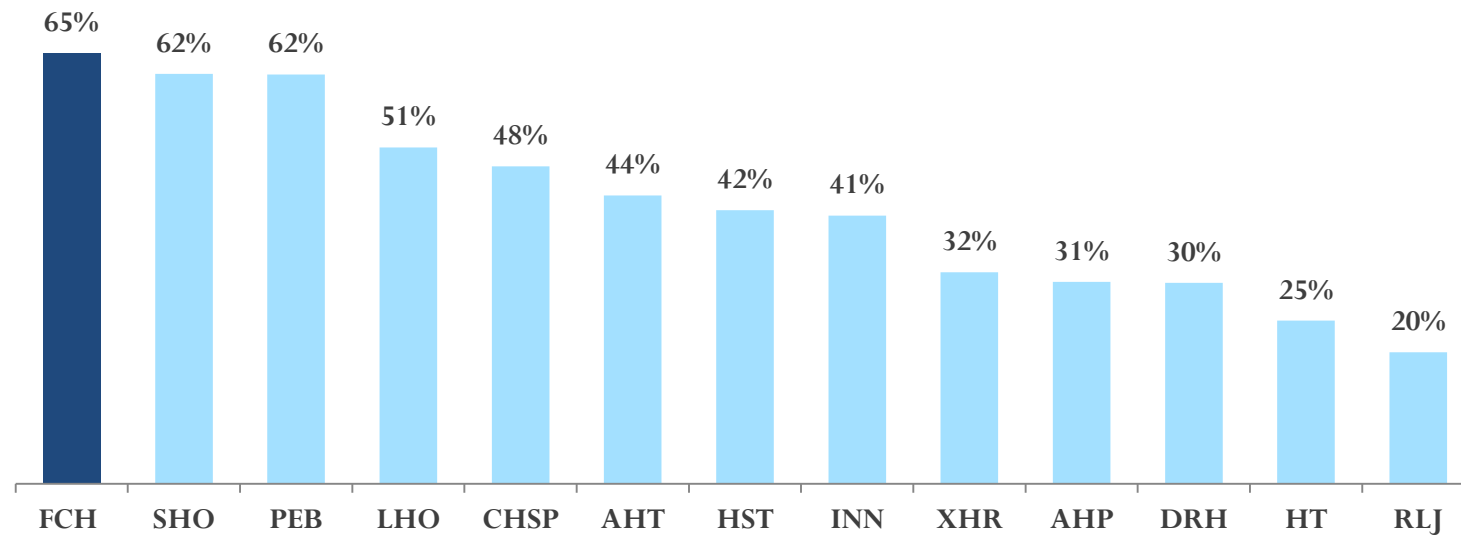
1) See page 5.  
 2) See page 6.  
 3) Represents 2015 revenue for 38 consolidated hotels.

# Strategically Located Portfolio Positioned to Outperform Peers



- FelCor is positioned to continue driving superior RevPAR growth
- FelCor is less exposed than its peers to high-supply markets
- FelCor has the highest exposure among its peers to markets which CBRE forecasts will outperform 2016-17 U.S. RevPAR growth

## PERCENT EXPOSURE TO MARKETS FORECASTED TO OUTPERFORM U.S. LODGING INDUSTRY

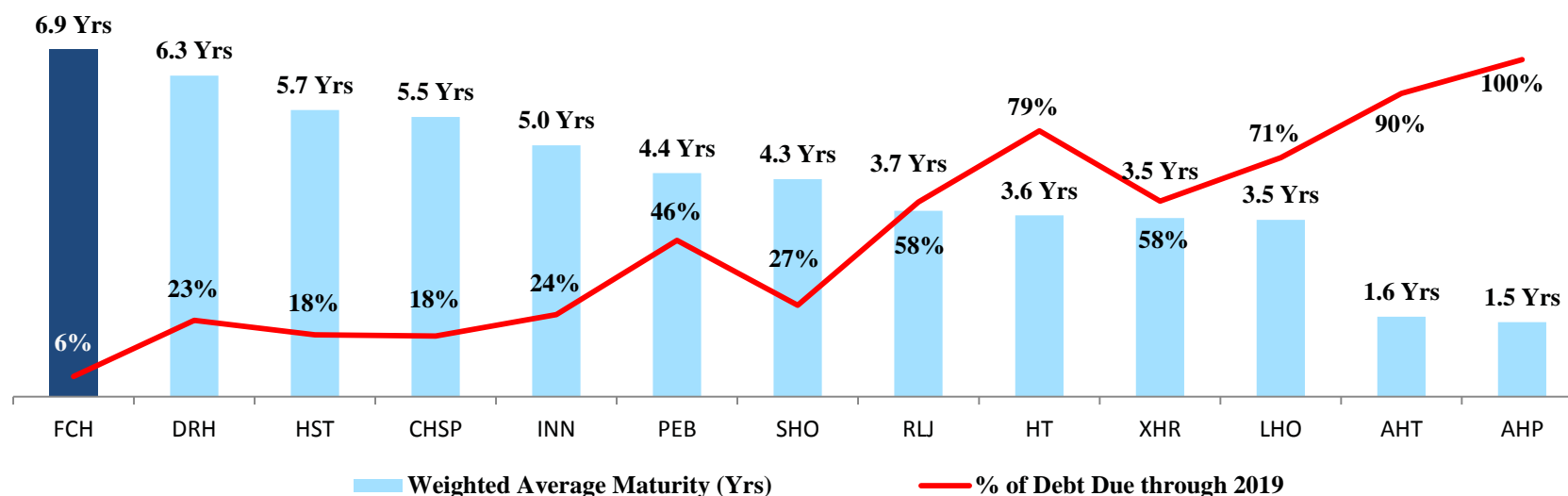


Note: FCH represents 2015 revenue for 40 hotels (including The Knickerbocker, which opened in 2015).

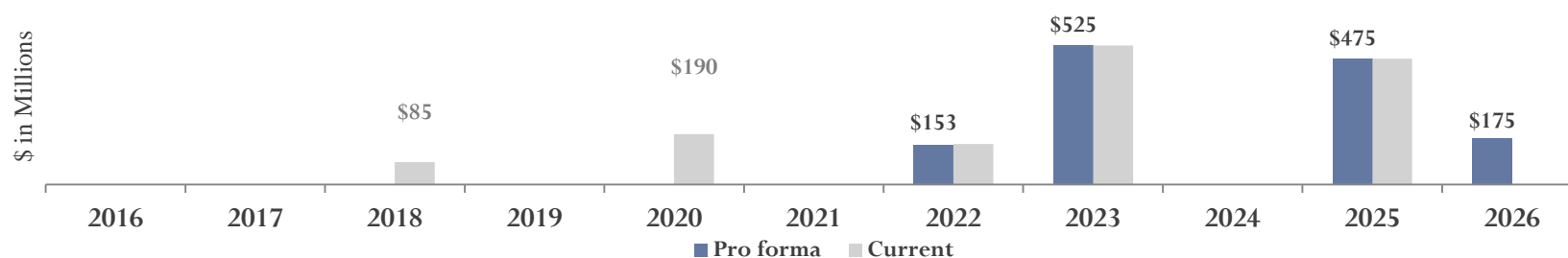
Source: CBRE (aka PKF), December 2015 for top 50 markets, and company documents. Rooms were used when revenue was not available.

# Long-dated Maturities Limit Capital Market Risk

## BEST DEBT MATURITY PROFILE AMONG PEERS<sup>(1)</sup>



## LONG-DATED DEBT MATURITY PROFILE<sup>(2)</sup>

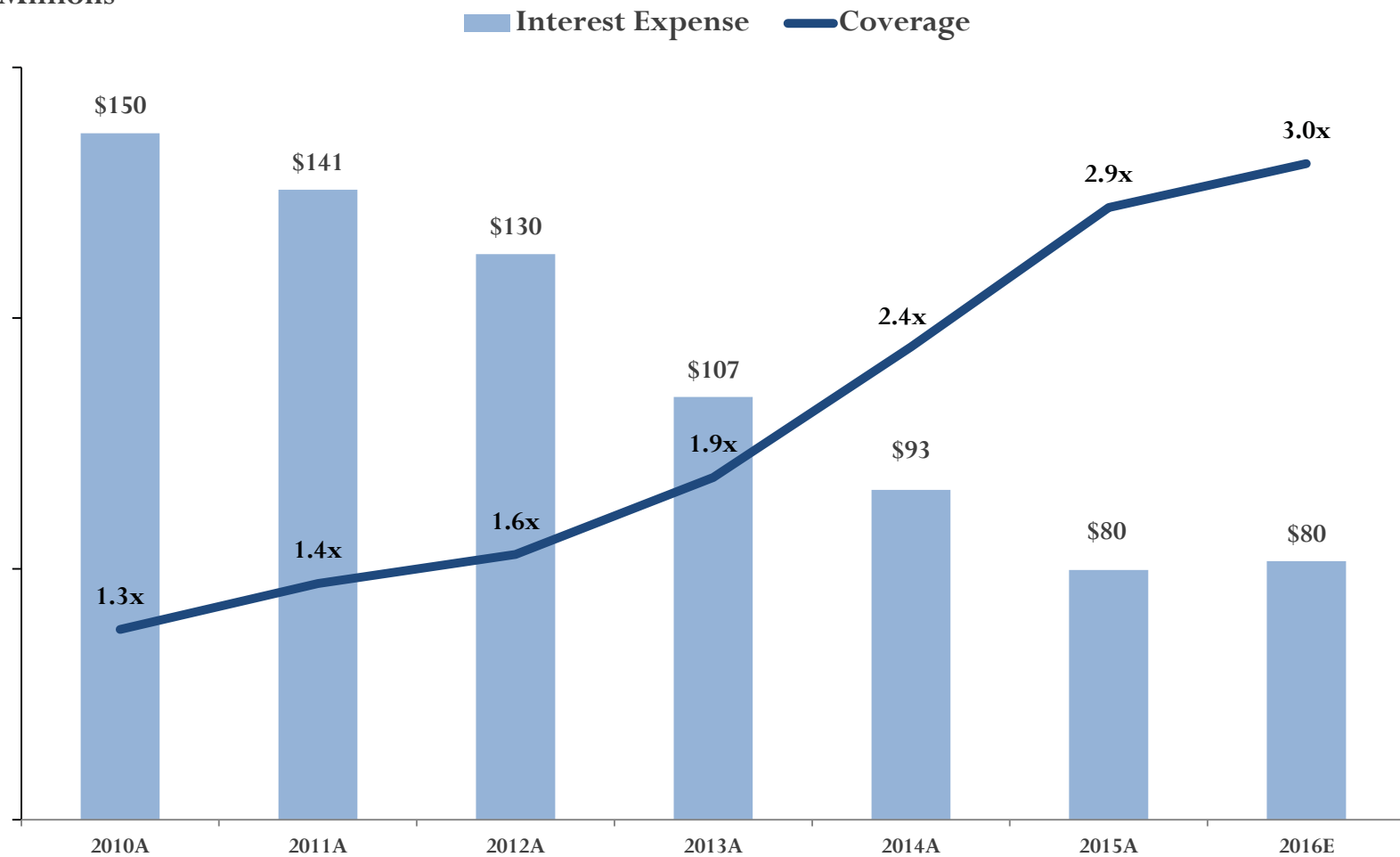


1) As of June 30, 2016. Source: Companies' filings.

2) As of December 31, 2015; Pro forma assumes line of credit balance (\$190 million) is repaid and The Knickerbocker loan (\$85 million) is refinanced.

# Significant Coverage Improvement & Interest Expense Reduction

\$ In Millions



# Next Steps

- Sell five hotels<sup>(1)</sup>
- Reduce leverage to long-term target
- Execute common stock repurchase program
- Complete three high-ROI redevelopment projects
- Obtain redevelopment and rebranding entitlements at several additional hotels

1) Two hotels were sold during Q3 2016.



# Planned Asset Sales

- Selling five hotels <sup>(1)</sup> (including a 44% interest in The Knickerbocker)
- Gross proceeds of ~\$450 million represent ~30x 2016E Hotel EBITDA
- Continue to increase portfolio RevPAR, Hotel EBITDA per key and hotel EBITDA margins



**Nashville Opryland -**  
Holiday Inn  
383 rooms



**Renaissance Esmeralda -**  
Indian Wells Resort & Spa  
560 rooms



**The Knickerbocker -**  
New York  
330 rooms



**Morgans -**  
New York  
117 rooms



**Royalton -**  
New York  
168 rooms

<i>2016E Operating Stats <sup>(2)</sup></i>	SALE HOTELS	CORE HOTELS
RevPAR	\$134	\$155
Hotel EBITDA per key	\$10k	\$23k
Hotel EBITDA Margin	13%	31%

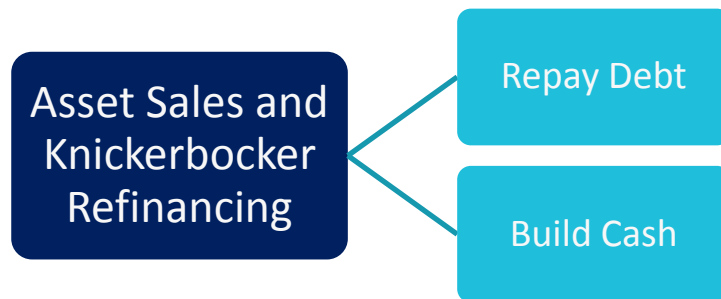
1) Two hotels were sold during Q3 2016, the remaining three hotels are currently being marketed for sale.

2) Sale hotels excludes The Knickerbocker (which will remain consolidated, assuming FelCor continues to own a majority interest), but is included in core hotels.

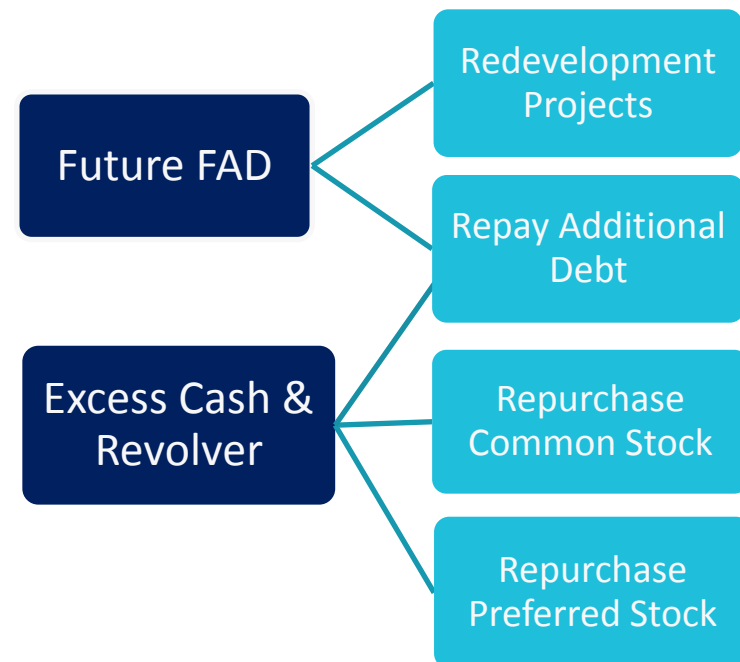
# Capital Allocation (Sources & Uses)

- Net proceeds from asset sales of ~\$335 million (~\$450 million less ~\$18 million in fees and expenses and ~\$97 million for the buyer's assumption of the pro rata portion of The Knickerbocker debt and EB-5)<sup>(1)</sup>
- Capacity and future FAD can be used to repay debt, repurchase common stock at a significant discount to NAV, fund redevelopment projects and repurchase preferred stock

## CURRENT CAPITAL ALLOCATION



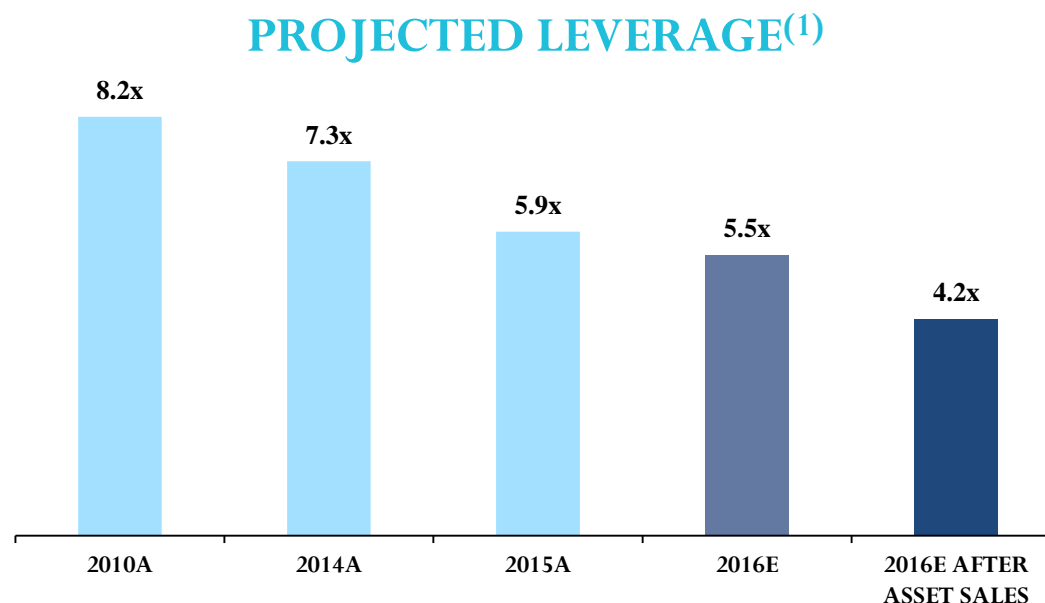
## FUTURE CAPITAL ALLOCATION



1) Assumes The Knickerbocker loan is refinanced prior to sale.

# Leverage Reduction

- Successfully reduced leverage through asset sales and above-market EBITDA growth
- Committed to reducing leverage to long-term target (4.5x to 5.0x)
- Pro Forma leverage (after asset sales) will decline below long-term target



1) Leverage represents total net debt to Adjusted EBITDA; assumes all net asset sale proceeds (after fees and expenses) are deducted from estimated total net debt as of December 31, 2016; does not include future stock repurchases or redevelopment projects.

# Redevelopment/Repositioning Return Potential

- Build on successful track record and wealth of in-house expertise
- Identified opportunities at 12 hotels
- Total estimated incremental stabilized Hotel EBITDA impact of \$25 to \$32 million (nine hotels)
- Stabilized EBITDA yields for most projects expected to be 10-12%

PROPERTY	PROJECT	ESTIMATED STABILIZED EBITDA RETURN (IN MILLIONS)
Renaissance Vinoy-St Petersburg Resort & Golf Club <sup>(1)</sup>	Resort enhancements	\$5.0 - 6.0
Kingston Plantation (Myrtle Beach-Embassy Suites) <sup>(1)</sup>	Resort enhancements	\$1.5 - 2.0
Napa Valley-Embassy Suites <sup>(1)</sup>	Rebrand, resort enhancements, add guest rooms	\$4.5 - 5.5
Chateau LeMoyne New Orleans (a Holiday Inn Hotel)	Rebrand	~\$1.0
Deerfield Beach Resort -Embassy Suites	Rebrand, add guest rooms, resort enhancements	\$4.0 - 5.0
Mandalay Beach Hotel & Resort-Embassy Suites	Rebrand, resort enhancements	\$3.5 - 4.5
Atlanta Buckhead-Embassy Suites	Rebrand	\$2.5 - 3.5
Burlington Hotel & Conference Center-Sheraton	Rebrand	~\$1.0
Philadelphia Society Hill-Sheraton	Rebrand	\$2.5 - 3.5
Holiday Inn San Francisco-Fisherman's Wharf <sup>(2)</sup>	TBD	TBD
Santa Monica at the Pier-Wyndham	New hotel and condominiums	TBD
San Diego Bayside-Wyndham	Redevelopment of existing site; Rebrand	TBD
<b>Total Incremental Hotel EBITDA Potential (nine hotels)</b>		<b>\$25 – 32</b>

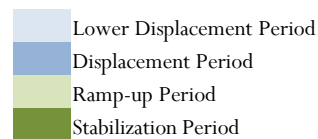
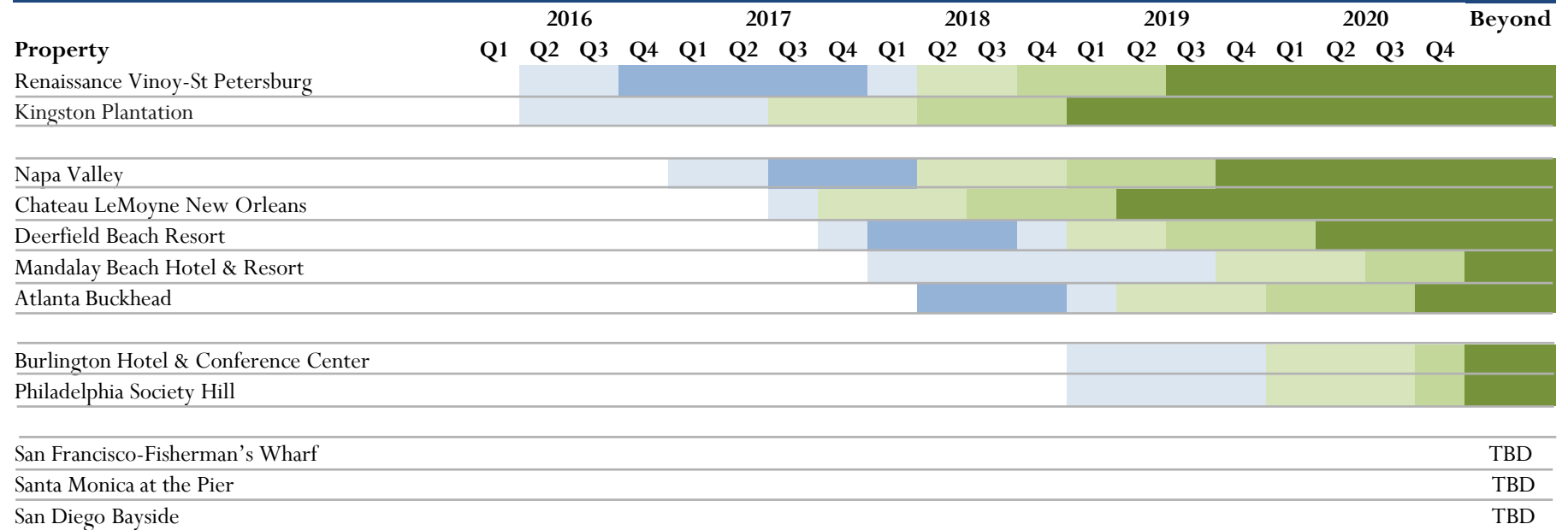
1) See page 23-25 for additional detail.

2) The 585-room hotel is comprised of two buildings (342-room Columbus and 243-room Beach). The Beach building is partially fee owned; the remaining portion is subject to a ground lease that can be acquired through a purchase option at market value.

# Redevelopment/Repositioning Pipeline

- Stagger projects to minimize displacement
- Provide investors with a steady and consistent stream of earnings growth
- Limit balance sheet risk

## EXPECTED REDEVELOPMENT TIMELINE



# Internal Growth Potential *(for illustrative purposes only)*

## PRO FORMA ASSUMPTIONS:

- Sell five hotels (including a minority interest in The Knickerbocker) for expected total gross proceeds of ~\$450 million
- Repay \$190 million line of credit balance
- Repurchase \$157 million of common stock<sup>(1)</sup>
- Invest \$115 million in redevelopment projects (11.5% stabilized EBITDA yield)
- RevPAR CAGR of 4.3% in 2017 and 2018 (based on current CBRE estimates for the upper-upscale segment)

	2015A	2016E <sup>(2)</sup>	PRO FORMA	PRO FORMA VS. 2015A
RevPAR <sup>(3)</sup>	\$144	\$157	\$178	↑ 24%
Hotel EBITDA per room <sup>(3)</sup>	\$20k	\$22k	\$27k	↑ 35%
Adjusted EBITDA	\$235	\$240	\$272	↑ 16%
Adjusted FFO	\$115	\$125	\$164	↑ 43%
Adjusted FFO per share	\$0.83	\$0.90	\$1.42	↑ 71%
FAD (FFO less CapEx Reserve)	\$86	\$91	\$130	↑ 51%

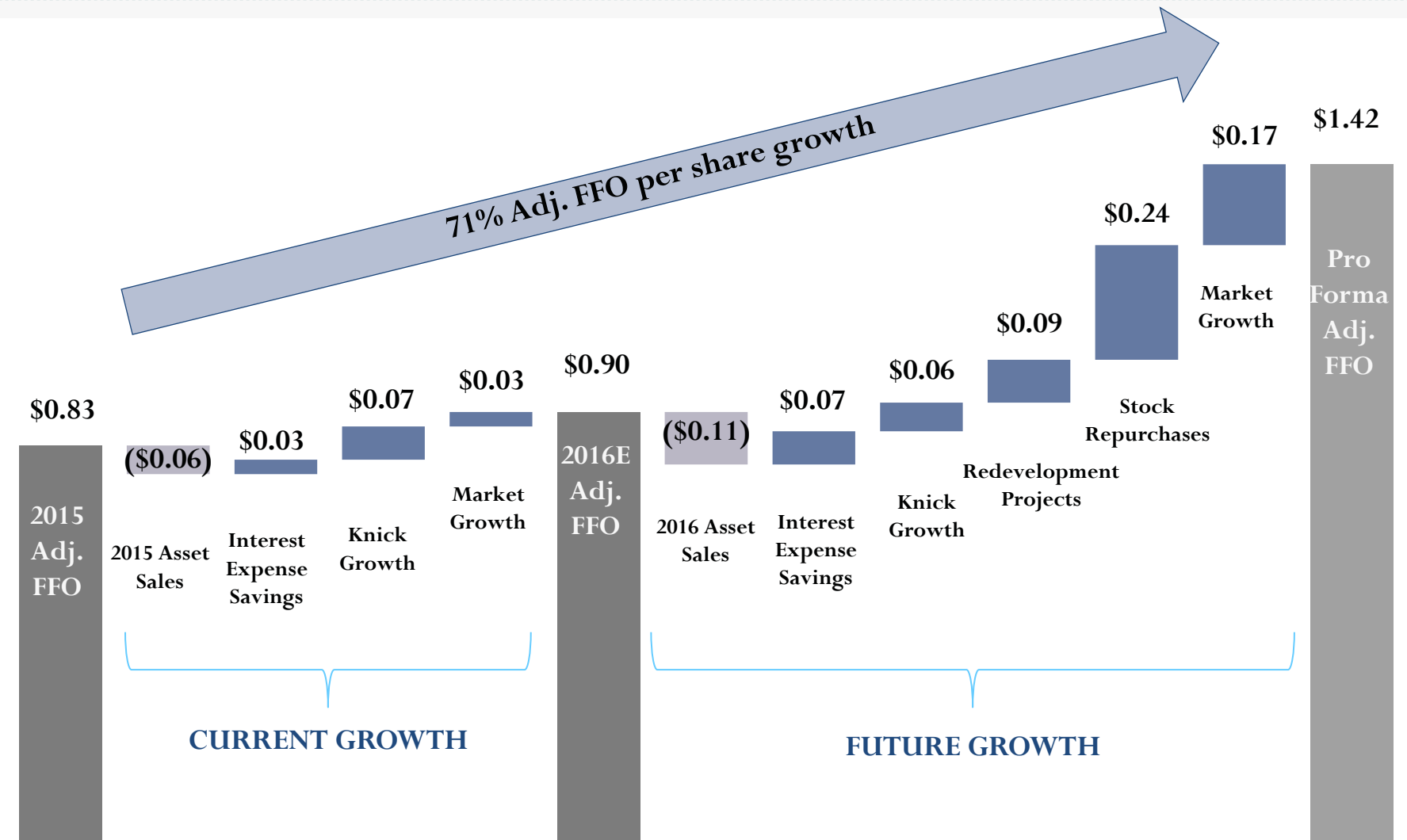
Note: \$ in Millions (except per room and per share data)

1) Assumes an additional \$100 million authorization and \$57 million remaining on the existing authorization at an average repurchase price of \$7.00.

2) Represents the mid-point of guidance provided on July 26, 2016. Includes sale of Nashville and Esmeralda hotels, stock repurchased as of June 2016..

3) Represents 39 hotels in 2015 (excludes The Knickerbocker), 38 hotels in 2016 (includes the Knickerbocker) and 36 hotels for pro forma (post asset sales and includes The Knickerbocker).

# Internal Growth Potential *(for illustrative purposes only)*



Note: Asset sales reflect the EBITDA lost from eight hotels sold in 2015 (\$0.06) and the planned asset sales in 2016 (\$0.11).

# Why Invest in FelCor?



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Proven Track Record of Execution



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Diverse Portfolio in High Barrier-to-Entry Markets That Consistently Outperforms Peers'



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The Highest FFO Per Share Growth of Any Peer



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Significant Pipeline of Unique Internal Growth Opportunities



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Wyndham Guaranty Reduces Volatility



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Superior Asset Management Approach



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Strong Balance Sheet with the Best Maturity Profile of Any Lodging REIT



# Forward-Looking Statements

*This presentation has been prepared for informational purposes by FelCor, which undertakes no obligation to update the presentation for future events. The presentation also contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” “continue” and other similar terms and phrases, including references to assumptions and forecasts of future results. Forward-looking statements 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 anticipated at the time the forward-looking statements are made. Current economic circumstances or an economic slowdown and the impact on the lodging industry, operating risks associated with the hotel business, relationships with our property managers, risks associated with our level of indebtedness, our ability to meet debt covenants in our debt agreements, our ability to complete dispositions, the availability of capital, the impact on the travel industry from security precautions, our ability to continue to qualify as a real estate investment trust for U.S. federal income tax purposes and numerous other factors may affect future results, performance and achievements. Certain of these risks and uncertainties are described in greater detail in our filings with the Securities and Exchange Commission. Although we believe our current expectations to be based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that actual results will not differ materially. We undertake no obligation to update any forward-looking statement to conform the statement to actual results or changes in our expectations.*