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**IDEAS**

**EAST COAST CONFERENCE**

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**JUNE 2016**

- Create and maintain a balance sheet with appropriate leverage, extended debt maturities & strong coverage
- Recycle portfolio by selling hotels that do not meet our investment criteria
- Improve overall portfolio quality and barriers-to-entry protection
- Enhance returns on investment through redevelopment and repositioning
- Deploy capital expenditures prudently, while preserving asset quality
- Pursue excellent operational performance

*DISCIPLINED FOCUS ON PRUDENT AND RESPONSIBLE  
CAPITAL ALLOCATION TO DRIVE STOCKHOLDER VALUE*

# How We Are Different



Strong management team with proven track record backed by extensive operations, financial and development acumen

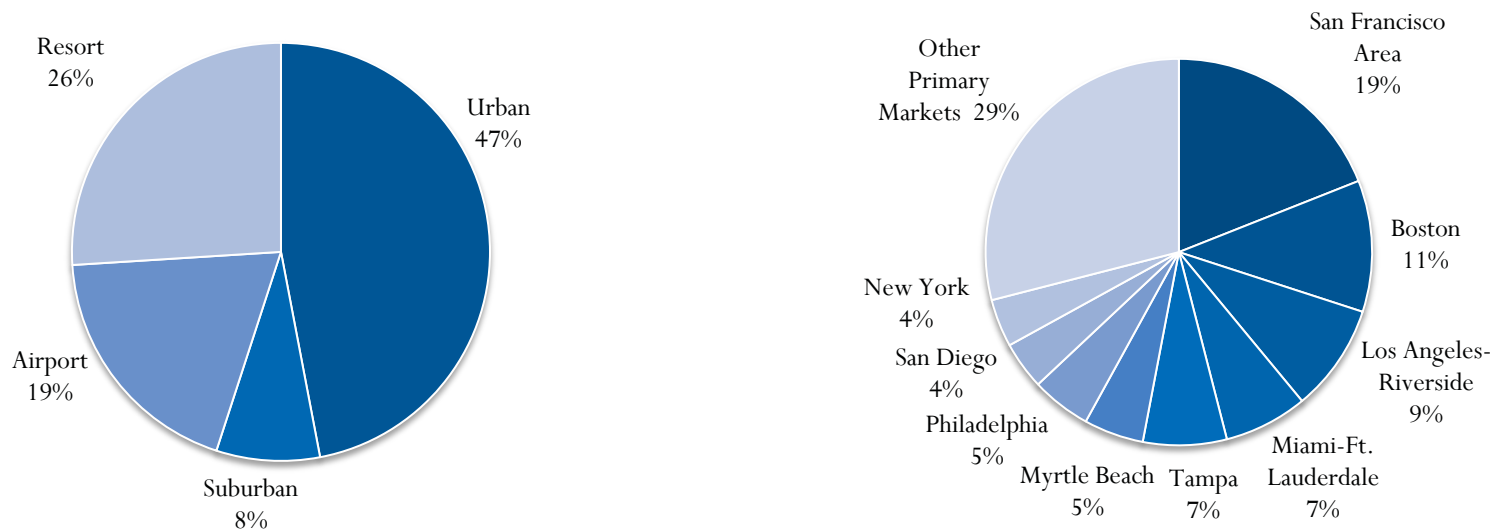
Hands-on asset management with proven success

Large pipeline of unique organic growth opportunities

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

- 41 hotels (12,000 rooms) located primarily in major urban and resort markets within 34 distinct submarkets
- 90% upper-upscale and luxury hotels
- Improving balance sheet with the best maturity profile of any lodging REIT<sup>(1)</sup>
- The highest forecasted FFO per share growth of any peer<sup>(2)</sup>

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



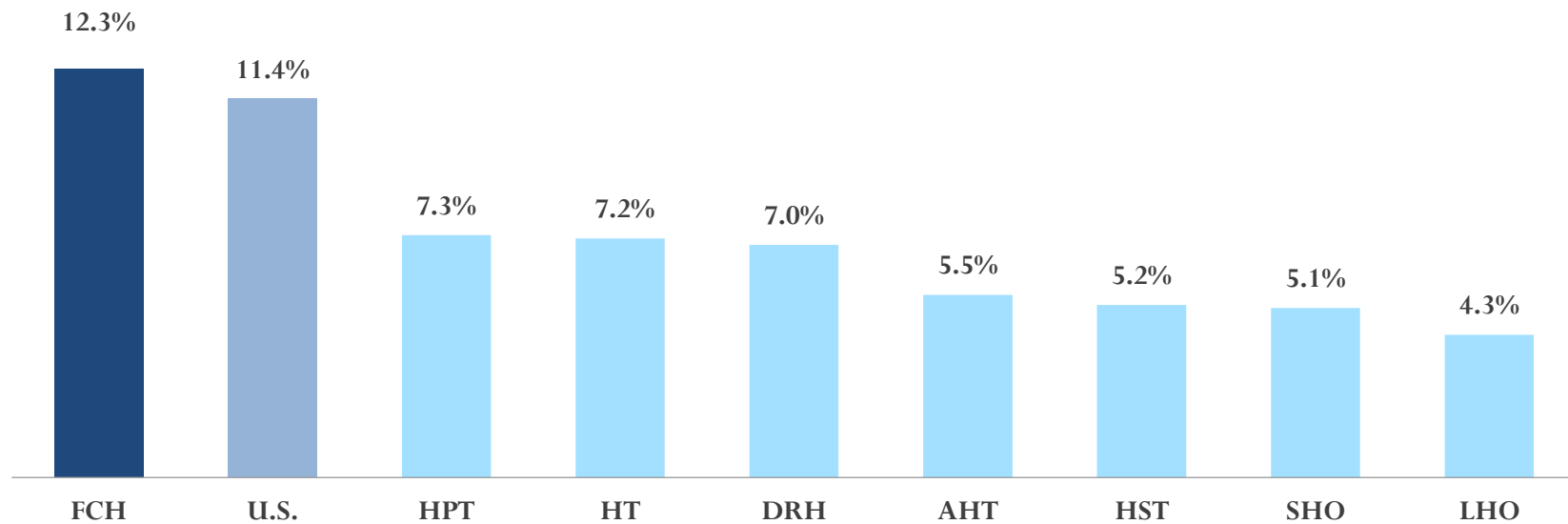
1) As of December 31, 2015

2) For 2016-18, as surveyed by Thomson (First Call) as of May 13, 2016

3) Represents 2015 revenue for 39 same-store hotels

## SAME-STORE REVPAR CHANGE<sup>(1)</sup>

(Cumulative - 2008 through 2015)



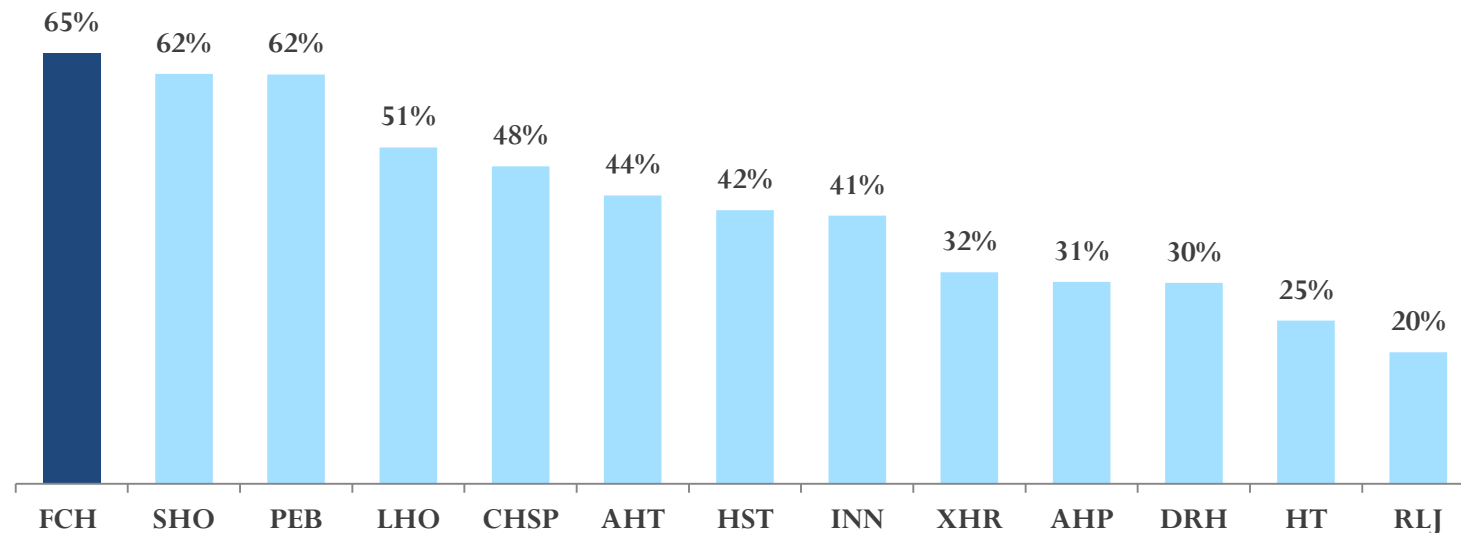
1) Based on company documents and STR reports. U.S. growth represents the Upper-Upscale segment.  
Note: Includes only hotel REITs that were public during the period measured

# 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 to markets which CBRE forecasts will outperform 2016-17 U.S. RevPAR growth

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

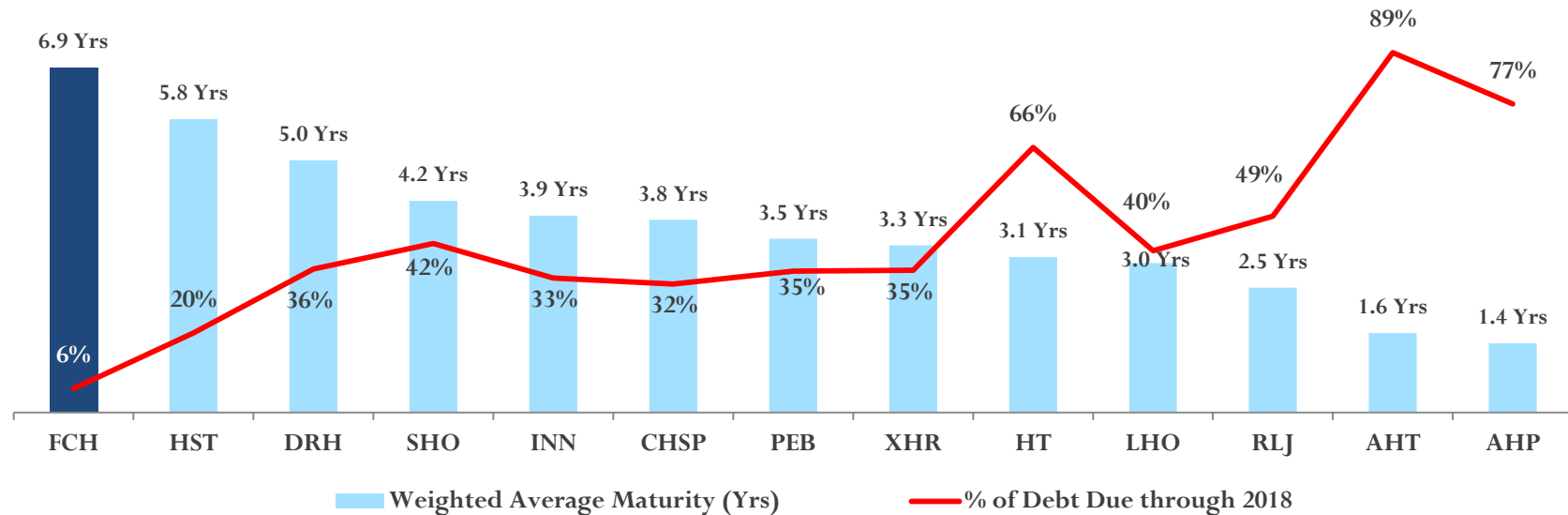


Note: FCH represents 2015 revenue for 40 hotels (including The Knickerbocker, which opened in 2015).

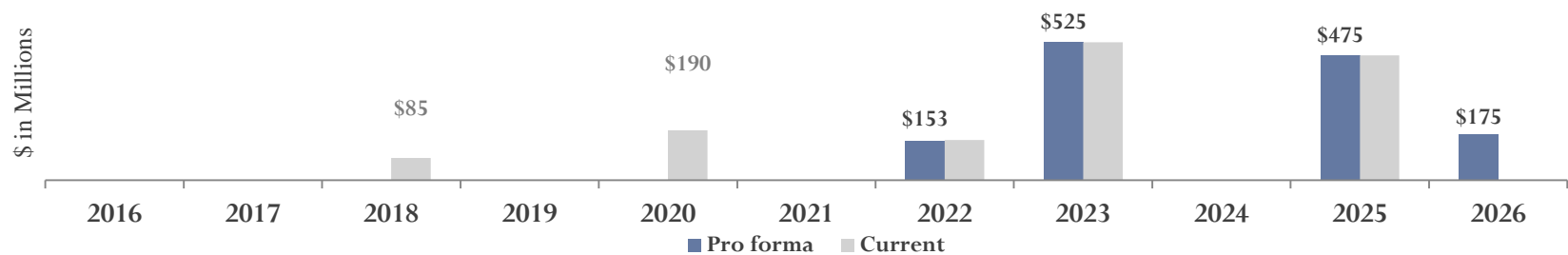
Source: CBRE (aka PKF), December 2015 for top 50 markets, and company documents. Rooms were used when revenue was not available.

# Long-dated Maturities Limit Capital Market Risk

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



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

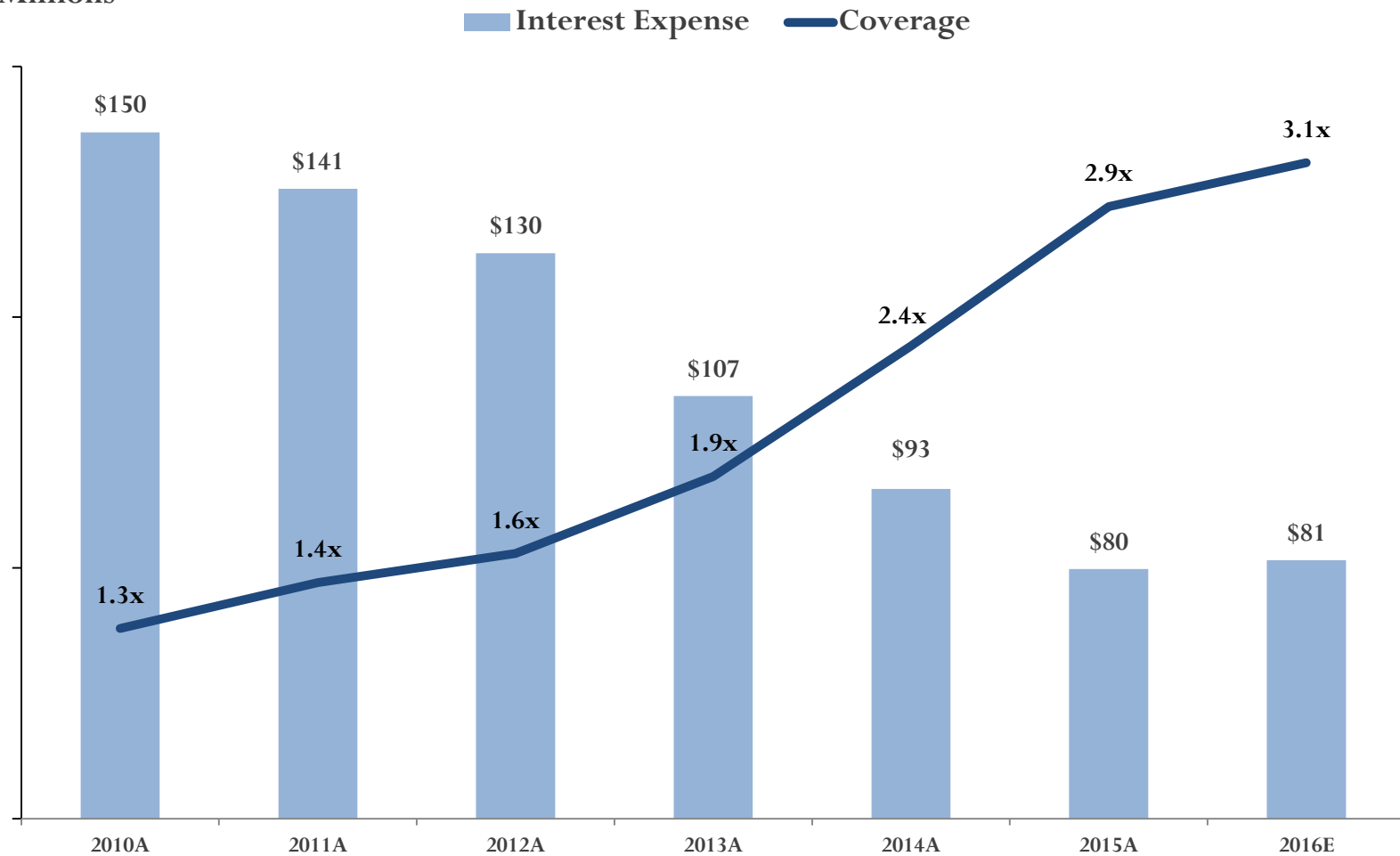


1) As of December 31, 2015.

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 in 2016.

# Significant Coverage Improvement & Interest Expense Reduction

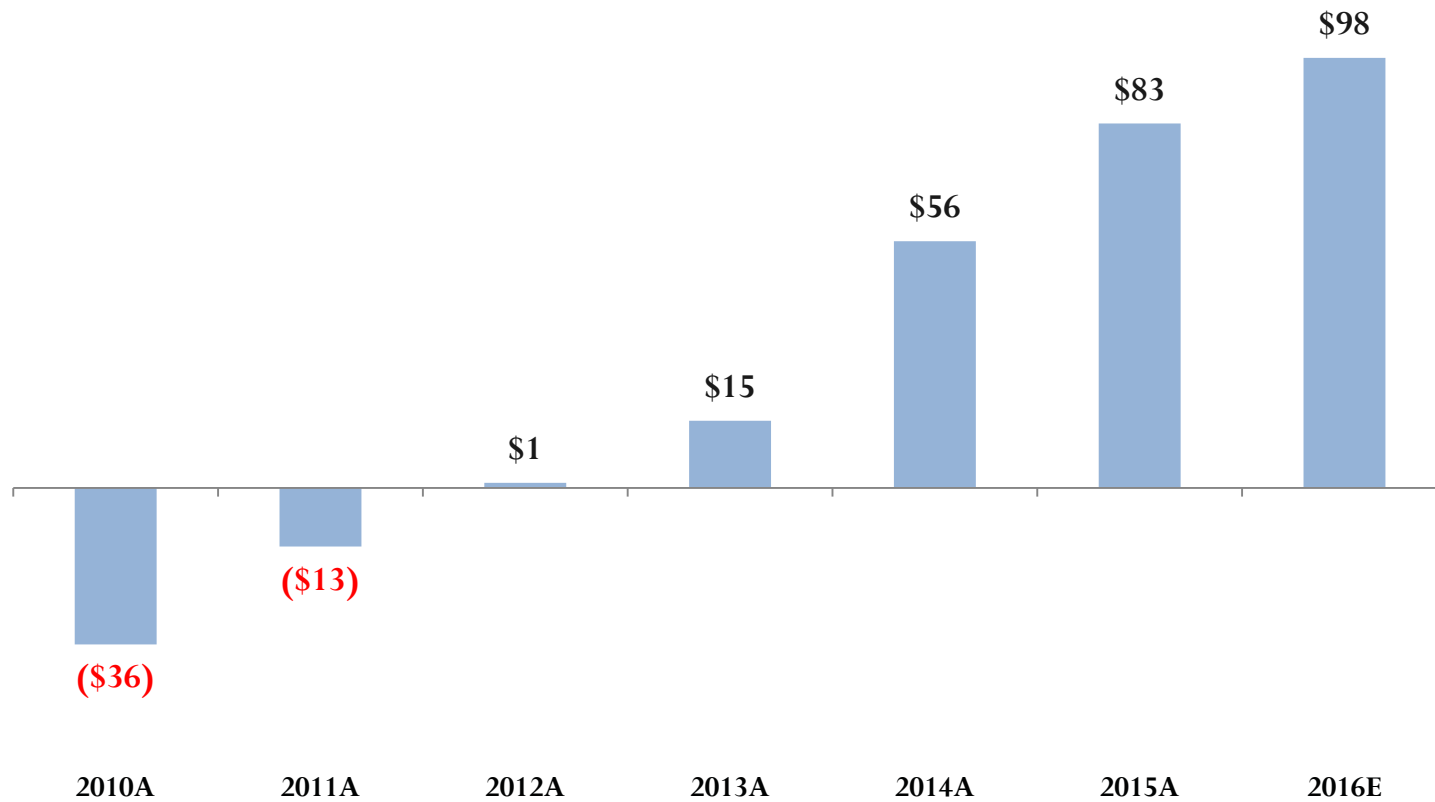
\$ In Millions





# Substantial FAD Growth

FAD (in millions)



## Next Steps

- Sell five hotels (including a minority interest in The Knickerbocker)
- Reduce leverage
- Repurchase common stock
- Execute three near-term redevelopment projects
- Obtain entitlements for additional redevelopment and rebranding opportunities
- Ensure ramp-up of The Knickerbocker

# Planned Asset Sales

- Marketing five hotels for sale (including a 44% interest in The Knickerbocker)
- Gross proceeds of \$450 million represent ~25x 2016E Hotel EBITDA (~\$18 million)
- Continue to increase portfolio RevPAR, Hotel EBITDA per key and hotel EBITDA margins



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



**Nashville Opryland -**  
Holiday Inn  
383 rooms



**The Knickerbocker -**  
New York  
330 rooms



**Morgans -**  
New York  
117 rooms



**Royalton -**  
New York  
168 rooms

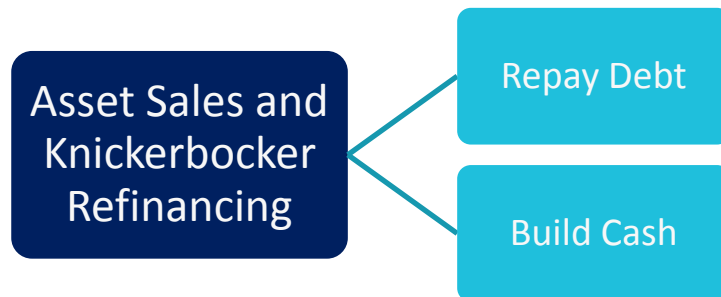
| <i>2016E Operating Stats <sup>(1)</sup></i> | SALE<br>HOTELS | CORE<br>HOTELS |
|---|----------------|----------------|
| RevPAR                                      | \$135          | \$157          |
| Hotel EBITDA per key                        | \$10k          | \$24k          |
| Hotel EBITDA Margin                         | 13%            | 33%            |

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

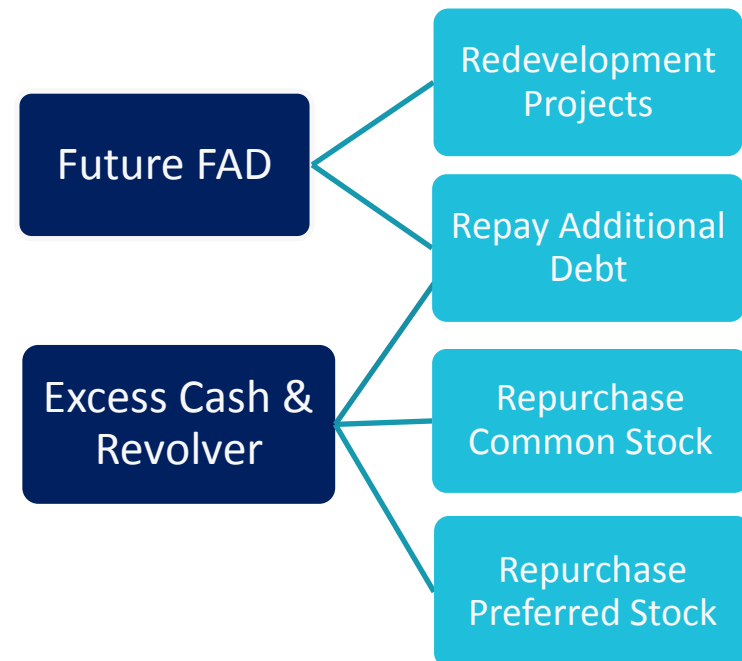
# Capital Allocation (Sources & Uses)

- Net proceeds from asset sales of ~\$340 million (~\$450 million less ~\$15 million in fees and expenses and ~\$95 million for the buyer's assumption of the pro rata portion of The Knickerbocker debt and EB-5)
- Pro forma leverage (after asset sales) will decline to roughly 4x at the end of 2016
- 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



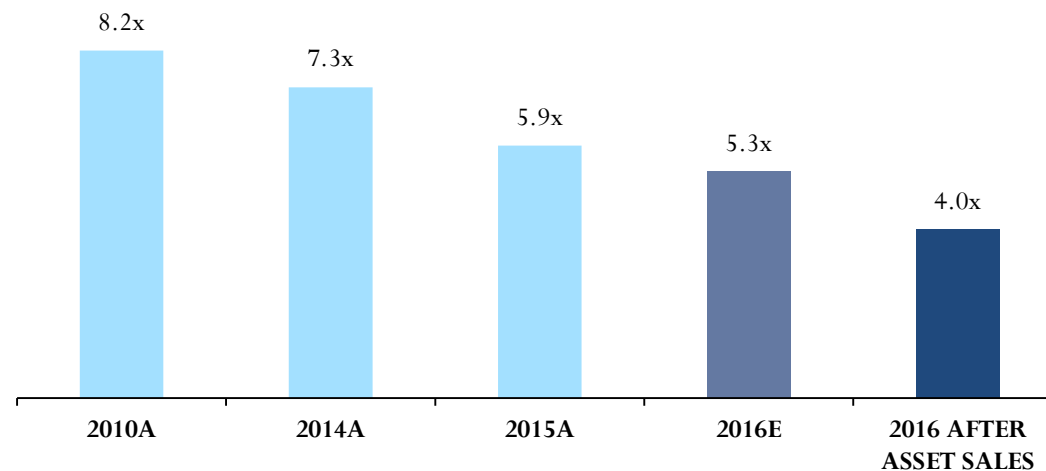
## FUTURE CAPITAL ALLOCATION



# Significant Leverage Reduction

- Committed to reducing leverage and maintaining target levels
- Leverage is expected to decline to 5.3x in 2016 before asset sales
- Asset sales will further reduce leverage to approximately 4x

## PROJECTED LEVERAGE<sup>(1)</sup>



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.

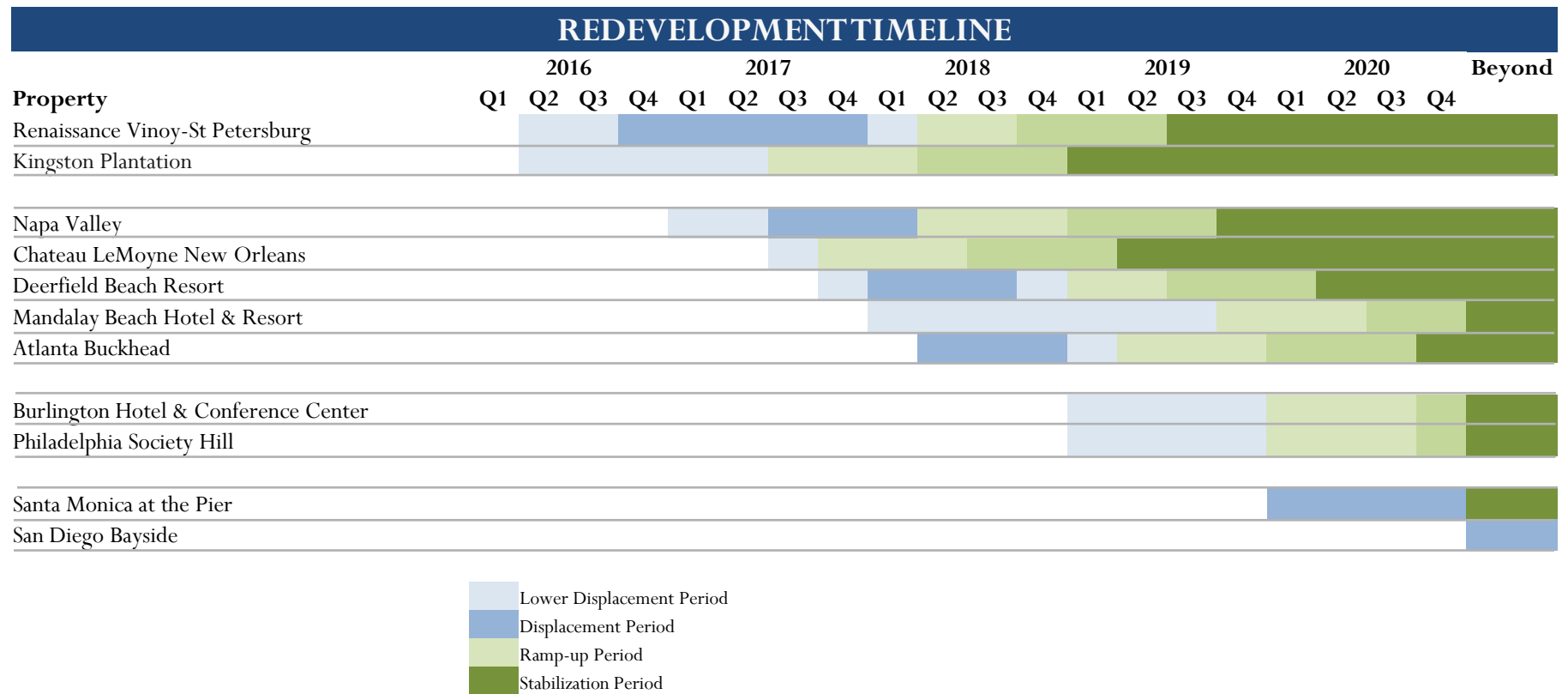
# Redevelopment/Repositioning Return Potential

- Build on successful track record and wealth of in-house expertise
- Identified opportunities at 11 hotels
- Total incremental stabilized hotel EBITDA impact of \$25 to \$32 million (nine hotels)
- Stabilized EBITDA yields for most projects expected to be 10-12%
- Additional long-term opportunities exist at several other properties (not listed below)

| PROPERTY  | PROJECT                                       | STABILIZED EBITDA RETURN (IN MILLIONS) |
|---|---|--|
| Renaissance Vinoy-St Petersburg Resort & Golf Club            | Resort enhancements                           | \$5.0 - 6.0                            |
| Kingston Plantation (Myrtle Beach-Embassy Suites)             | Resort enhancements                           | \$1.5 - 2.0                            |
| Napa Valley-Embassy Suites                                    | 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                            |
| Santa Monica at the Pier-Wyndham                              | New hotel and condominiums                    | TBD                                    |
| San Diego Bayside-Wyndham                                     | Redevelopment of existing site                | TBD                                    |
| <b>Total Incremental Hotel EBITDA Potential (nine hotels)</b> |   | <b>\$25 – 32</b>                       |

# Redevelopment/Repositioning Pipeline

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



# The Knickerbocker

## PROPERTY

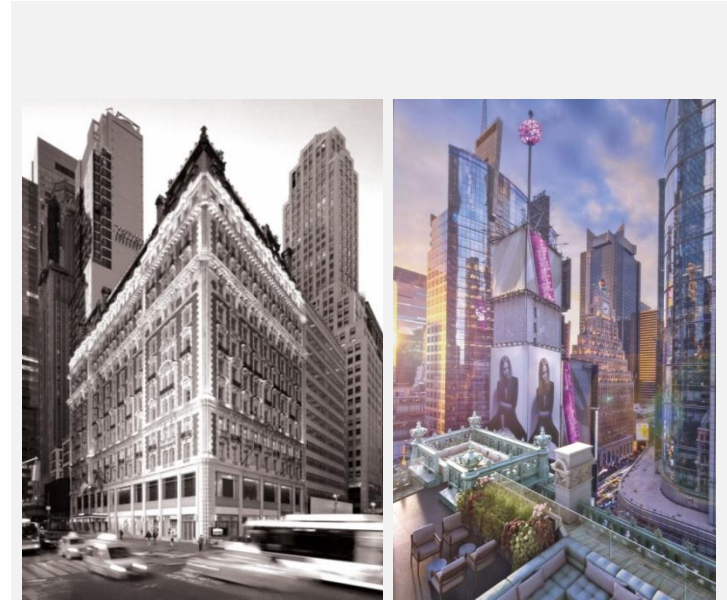
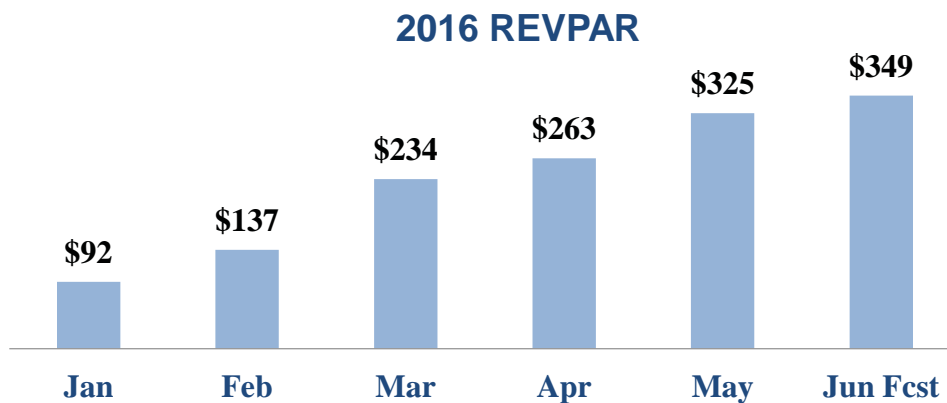
- Premier luxury hotel located between Times Square & Bryant Park
- Member, Leading Hotels of the World
- Largest guest rooms in its competitive set (~425 square feet)
- Rooftop bar and lounge

## GOALS

- Ensure successful ramp-up to underwriting target
- Continue to refine customer mix
- Significant RevPAR and EBITDA growth expected through 2018

## PROGRESS

- Exceeded expectations each month during first quarter 2016



1) As of May 22, 2016



# Incremental 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 \$158 million of common stock<sup>(1)</sup>
- Invest \$115 million redevelopment projects (11.5% stabilized EBITDA yield)
- RevPAR CAGR of 4.6% in 2017 and 2018 (based on current PKF estimates for the U.S.)

|   | 2015A  | 2016E <sup>(2)</sup> | PRO<br>FORMA | PRO FORMA<br>VS. 2015A |
|---|--------|----------------------|--------------|------------------------|
| Core RevPAR <sup>(3)</sup>                | \$144  | \$155                | \$180        | ↑ 25%                  |
| Core Hotel EBITDA per room <sup>(3)</sup> | \$20k  | \$22k                | \$28k        | ↑ 40%                  |
| Core Adjusted EBITDA <sup>(3)</sup>       | \$226  | \$253                | \$280        | ↑ 24%                  |
| Adjusted FFO                              | \$115  | \$136                | \$172        | ↑ 50%                  |
| Adjusted FFO per share                    | \$0.83 | \$0.97               | \$1.49       | ↑ 80%                  |
| FAD (FFO less CapEx Reserve)              | \$83   | \$98                 | \$134        | ↑ 61%                  |

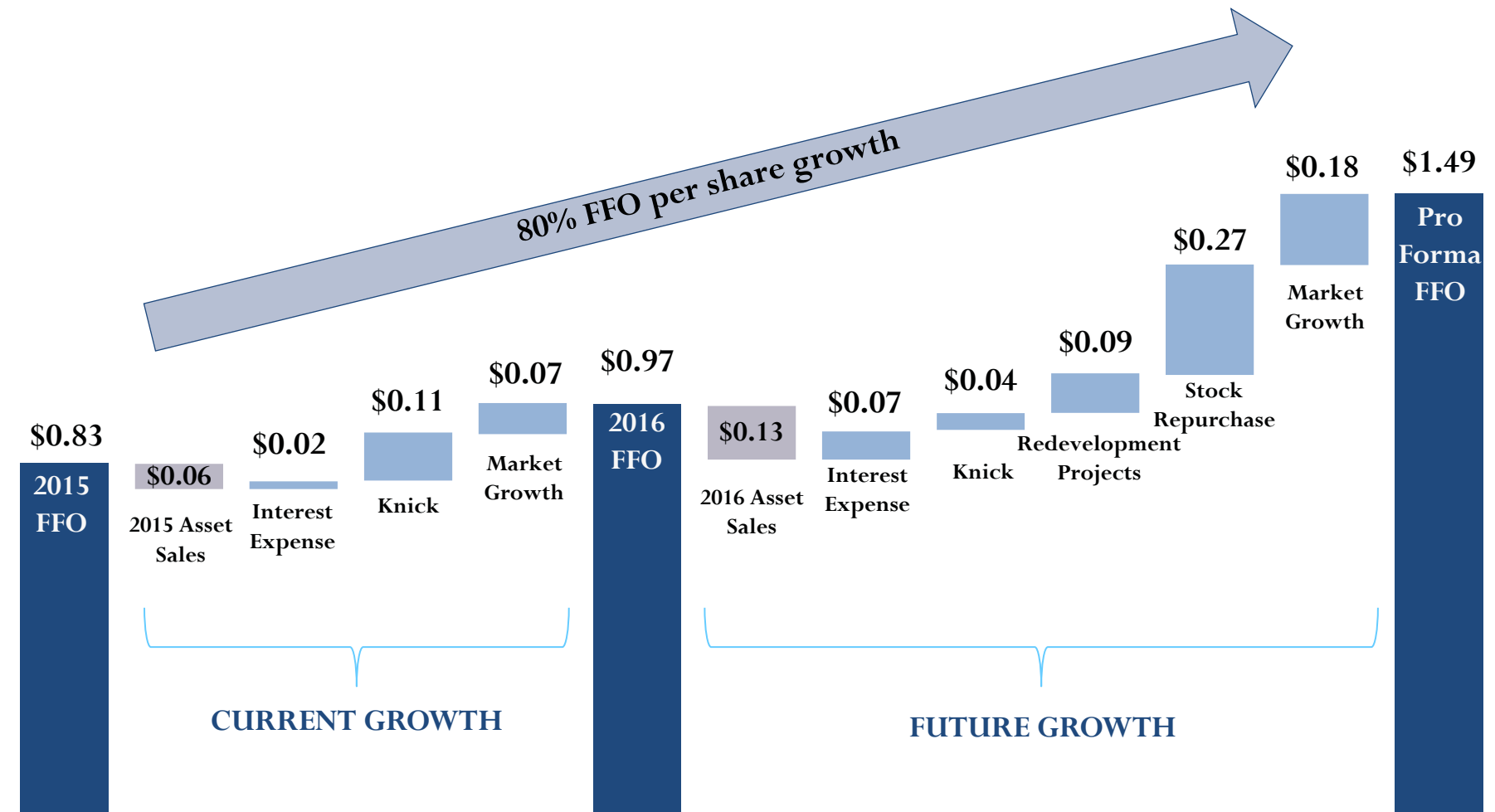
Note: \$ in Millions (except per room and per share data)

1) Assumes an additional \$100 million authorization and \$58 million remaining on the existing authorization at an average repurchase price of \$7.00.

2) Represents the mid-point of guidance provided on April 26, 2016, prior to the planned asset sales. Includes stock repurchased in 2016 and refinancing The Knickerbocker.

3) Represents 39 same-store hotels in 2015 and 40 hotels in 2016 and pro forma (includes The Knickerbocker, which opened in 2015).

# Incremental 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 (\$0.13).

# Incremental NAV Potential *(for illustrative purposes only)*

## VALUE CREATING CATALYSTS CAN UNLOCK ROUGHLY ~\$4 VALUE PER SHARE

Assumptions:

- Sell the five hotels (including a minority interest in The Knickerbocker) at attractive EBITDA multiples
- Use proceeds to repay \$190 million of debt, repurchase \$158 million of common stock and spend \$115 million for redevelopments

|                        |        | CURRENT HYPOTHETICAL NAV RANGE |               |               |               |
|------------------------|--------|--------------------------------|---------------|---------------|---------------|
|                        |        | \$10.00                        | \$11.00       | \$12.00       | \$13.00       |
| STOCK REPURCHASE PRICE | \$6.00 | \$4.04<br>40%                  | \$4.29<br>39% | \$4.53<br>38% | \$4.78<br>37% |
|                        | \$6.50 | \$3.79<br>38%                  | \$4.01<br>36% | \$4.23<br>35% | \$4.45<br>34% |
|                        | \$7.00 | \$3.57<br>36%                  | \$3.78<br>34% | \$3.98<br>33% | \$4.18<br>32% |
|                        | \$7.50 | \$3.39<br>34%                  | \$3.58<br>33% | \$3.77<br>31% | \$3.96<br>30% |
|                        | \$8.00 | \$3.24<br>32%                  | \$3.41<br>31% | \$3.59<br>30% | \$3.76<br>29% |

# Forward-Looking Statements

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