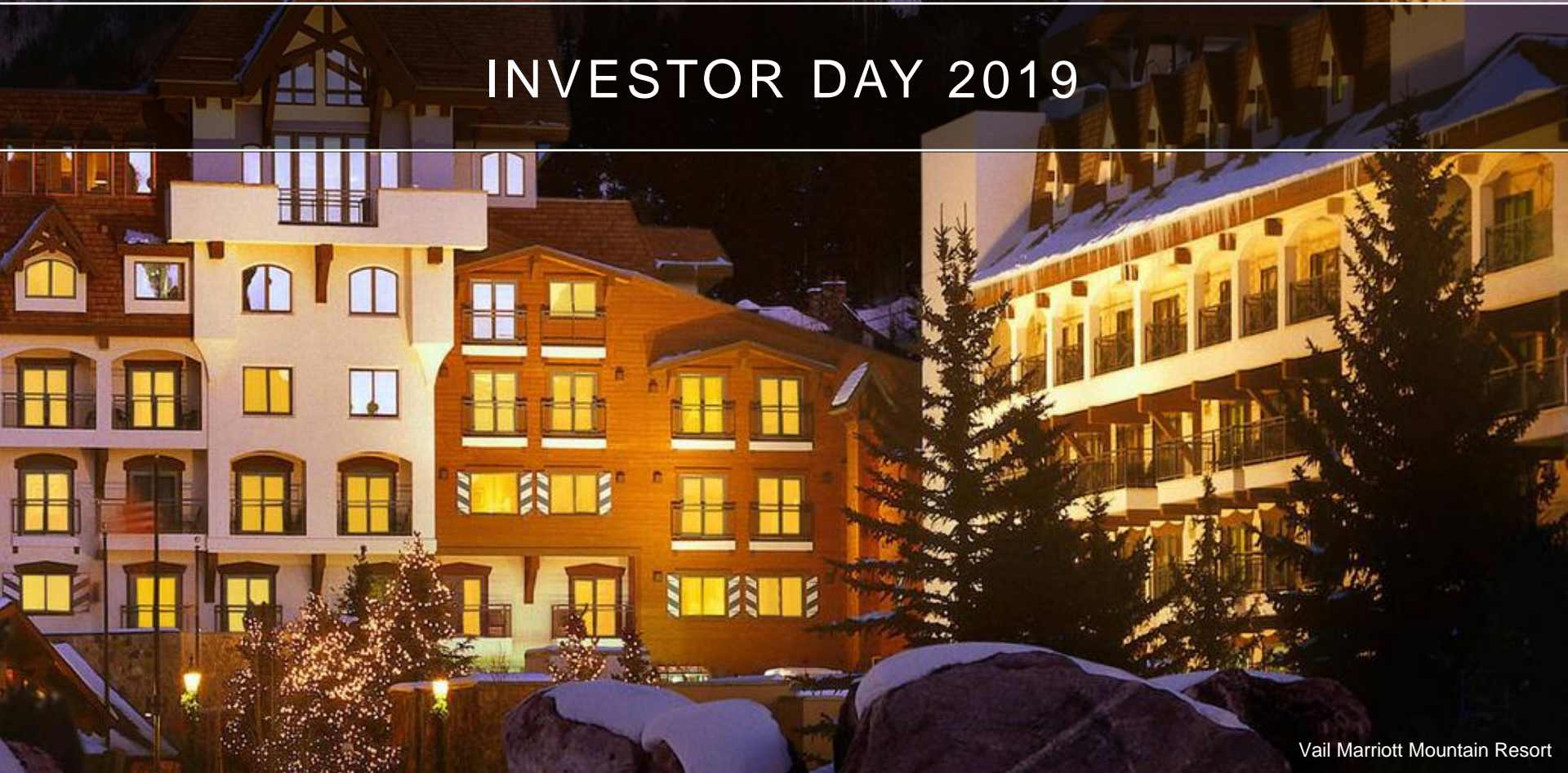




DIAMONDROCK
HOSPITALITY

INVESTOR DAY 2019



Vail Marriott Mountain Resort

January 31st, 2019 | Vail Marriott

DRH Evolution Since Prior Investor Day

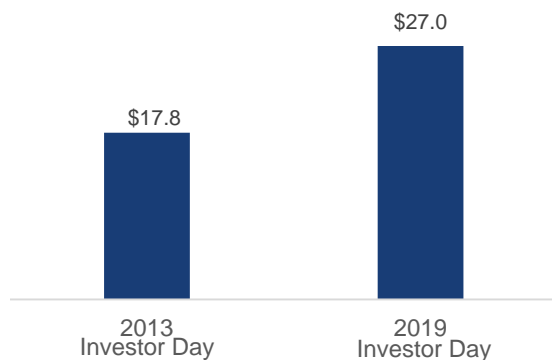


DRH Portfolio Evolution			
	2013 Investor Day	2019 Investor Day	Increase / (Decrease)
RevPAR	\$137.24	\$187.13	36%
AFFO Per Share	\$0.73	\$1.01	38%
Net Debt / EBITDA	4.9x	3.5x	28% Better
Resorts (% of Portfolio)	14%	32%	100%+
Short-Term/Terminable Management Agreements (% of Portfolio)	46%	65%	19 pp's

Hotel Adjusted EBITDA per Key⁽¹⁾

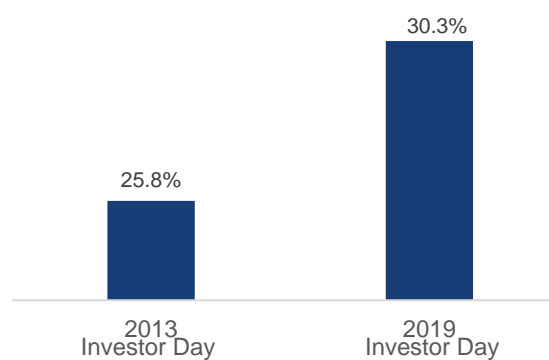
(\$ in thousands)

+52%



Hotel Adjusted EBITDA Margins⁽¹⁾

+451bps



Note: 2013 Investor day on September 3, 2013. Metrics based on full-year pro forma RevPAR and EBITDA.

(1) Represents full-year Pro Forma Hotel Adjusted EBITDA for 2013 and 2018.

DRH Leadership Team: 100+ Years of Experience



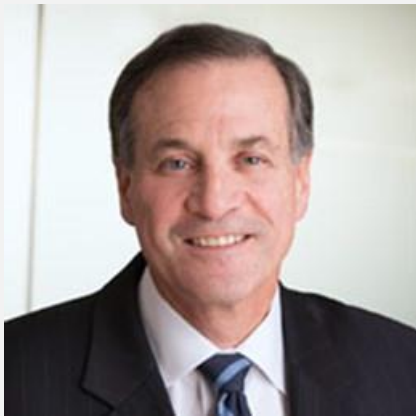
MARK W. BRUGGER
PRESIDENT, CHIEF EXECUTIVE
OFFICER AND DIRECTOR



JAY JOHNSON
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER



THOMAS HEALY
EXECUTIVE VICE PRESIDENT AND CHIEF
OPERATING OFFICER



WILLIAM J. TENNIS
EXECUTIVE VICE PRESIDENT, GENERAL
COUNSEL AND CORPORATE SECRETARY



TROY FURBAY
EXECUTIVE VICE PRESIDENT AND
CHIEF INVESTMENT OFFICER



BRIONY R. QUINN
SENIOR VICE PRESIDENT
AND TREASURER

DRH Four Pillars to Drive Performance



Portfolio Quality



Smart External Growth



Internal Growth Plan:

- Maximize Profits • New ROI Projects

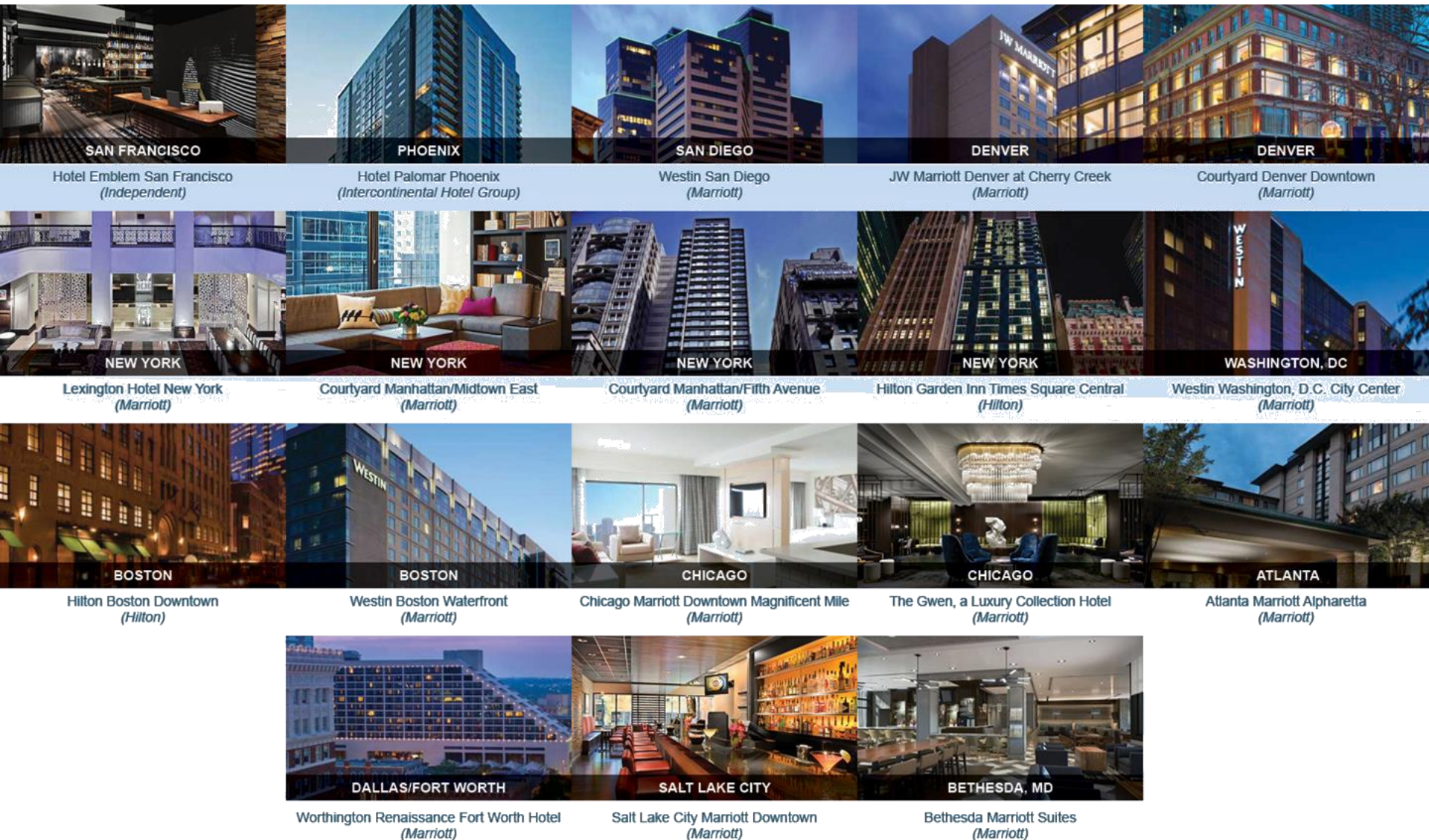


**Fortress Balance Sheet & Nimble
Capital Allocation**



High-Quality Diversified Portfolio

High Quality Portfolio in Key Gateway Markets



Approximately 2/3 of portfolio located in top, gateway markets.

Strong Resort Market Presence

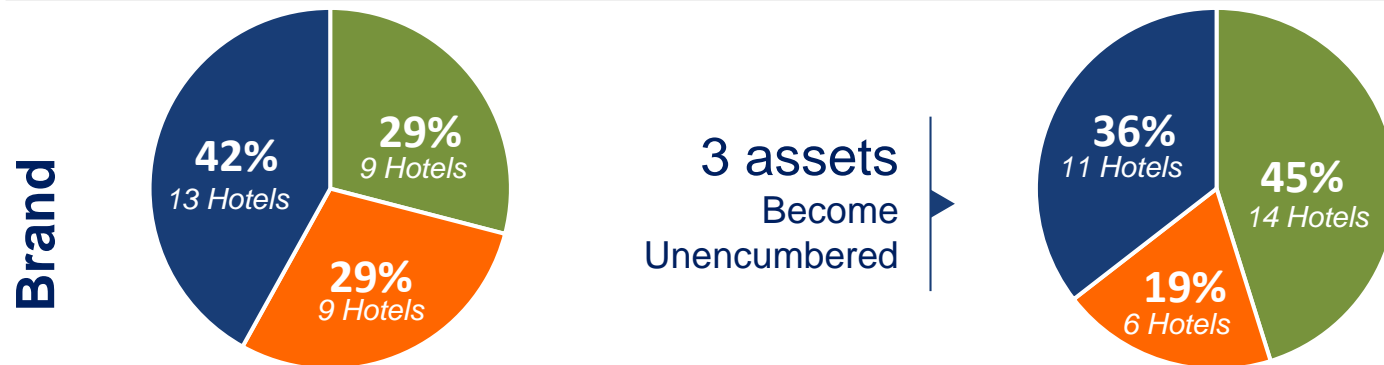


Approximately 1/3 of portfolio located in destination resort markets.

Short Term Agreements Driving Value



One of the least encumbered portfolios among all full-service REITs.



■ Terminable Franchise Agreements⁽¹⁾⁽²⁾ ■ Encumbered⁽¹⁾⁽²⁾ ■ Unencumbered

(1) Agreements terminable at will.
(2) Assumes the asset remains unencumbered when current agreements ends.



2018 Overview & Preliminary 2019 Outlook

2018 Results In-Line With Guidance



	Full Year Guidance	Preliminary Full Year Results	Variance to Midpoint
RevPAR Change	1.0% to 1.5%	1.3%	+0.1%
Adjusted EBITDA	\$250 to \$255 million	\$252.5M to \$253.5M	+\$0.5 million
Adjusted FFO	\$205 to \$209 million	\$208.5M to \$209.0M	+\$1.75 million
Adjusted FFO/Share	\$0.99 to \$1.01 per share	\$1.01 per share	+\$0.01 per share

Note: Represents preliminary 2018 results of operations. Results are subject to risks and uncertainties as defined in press release filed with SEC on January 31st, 2019.

Actively Repurchasing Stock: 6.5M Shares











- \$250M Plan Authorization
- \$62M repurchased at \$9.50 per share under current 10b5-1
- Active every trading day since early December 2018

Implied Valuation	
2018 EBITDA Multiple	11.4x
2018 NOI Cap Rate	8.1%
Discount to NAV	25% - 40%

Continued Strength in RevPAR



	2018	Q4	
Total Industry	 +2.9%	 +2.4%	2019 RevPAR Industry Forecasts STR: 2.3% PWC: 2.3% CBRE: 2.5%
Resorts	 +4.0%	 +3.0%	
Luxury	 +3.7%	 +3.7%	2019 Brand RevPAR Guidance Marriott: 1% - 3% ⁽¹⁾ Hilton: 2% - 4% ⁽²⁾
Upper Upscale	 +2.0%	 +1.6%	

Source: STR, PKF, PWC, Company Filings. Represents Q4 and FY 2018 RevPAR.

(1) North American RevPAR guidance for 2019.

(2) System-wide RevPAR guidance for 2019.

Key Factors Affecting 2019 Guidance



Lower Renovation Disruption⁽¹⁾



BI Proceeds Lower in 2019



Renovation ROI Payoffs



Citywide Calendars Off Cycle⁽²⁾



Acquisitions



Rising Labor Costs and
Property Taxes



Marriott / Starwood Merger
Integration Complete

(1)

2019 renovation disruption estimate is \$3M to \$4M versus \$6M in 2018.

(2)

Current 2019 group pace by revenue has improved 240 bps since 3Q18 and is now forecasted to contract 4.6%. 2/3 of group needed to achieve 2019 budget is already under contract.

Preliminary 2019 Guidance



2019 Guidance		
Metric	Low End	High End
RevPAR Growth	0.5%	2.5%
Adjusted EBITDA	\$256 million	\$268 million
Adjusted FFO	\$204 million	\$214 million
Adjusted FFO per share (based on 205 million diluted shares)	\$1.00 per share	\$1.04 per share

Note: Includes Frenchman's Reef business interruption agreed upon to date.

Frenchman's Reef business interruption income of \$8.8M has been agreed upon for partial year 2019. We believe we are entitled to at least \$16M of business interruption income for the full year 2019.

DRH 2020 Outlook Favorable



- DRH 2020 pace **up 15%**
- Chicago combined pace **up >30%**
- Boston combined pace **up nearly 20%**
- DC pace **up nearly 30%**
- NYC supply additions to **decline by 30%+**
- Frenchman's Reef & Morning Star Resort **to Reopen**



A wide-angle photograph of the Boston Harbor skyline. In the foreground, a dark metal mooring post with a thick chain is attached to a stone pier. The water is a deep blue with gentle ripples. In the background, a dense cluster of skyscrapers rises against a bright blue sky with scattered white clouds. The architecture is a mix of modern glass-fronted buildings and older, more ornate structures. A large white ferry is visible in the harbor.

Key Market Outlook

Boston: Strong Long-Term Investment Drivers



6TH

Largest CSA In
The US



3RD

Most Attractive US
City For Foreign
Investment

■ BOSTON 2020

- Citywides up **7%**
- Boston Westin and Hilton pace up combined **20%**
- Potential for uplift from BCEC expansion



13

**FORTUNE
500**
Companies



54

International
Nonstop Destinations



6TH

Most Economically
Powerful City
In The World



100+

Of The World's
Leading
Educational
Institutions



Top 5

Lodging Market



Boston Seaport: Opportunity to Close Gap with Copley



RAPID DEVELOPMENT OF BOSTON'S SEAPORT DISTRICT

- One of the fastest-growing real estate markets in the US
- Includes 900,000 SF of retail space, 3,500 residential units, and the Boston Convention & Exhibition Center (BCEC)
- BCEC features 2.1M SF of space and hosted over 850,000 attendees in 2017
- Potential for >1M SF expansion of convention center on adjacent 70 acre parcel

	SF OF OFFICE	SF OF RETAIL	RESIDENTIAL UNITS
RECENTLY COMPLETED ⁽¹⁾	3M+	614,004	2,374
UNDER CONSTRUCTION	1.2M+	212,000	953
PLANNED	1.9M+	335,320	2,174

(1) Last five years.



Source: HFF, Wall Street Research.

Chicago: Setting Up for Strong 2020 and 2021



No.1

Largest US Metro for
Economic Diversity

Moody's Investor
Services

- CHICAGO 2020
 - Citywides up **6%**
 - Gwen and Marriott pace up **16%** & **32%** respectively
- 2020-2024 on pace to exceed 2018 levels
- Supply CAGR below **2%** over next 3 years.

More than **400**
Major Corporations,
Including **34** Fortune
500 Companies, are
Headquartered in
Metropolitan Chicago



3rd

Largest City in the
United States:

Over 9.6 million people
live within the broader
metropolitan area



Over

102.2M

plane passengers
in 2017 through O'Hare
and Midway



\$8.7B

Expansion of O'Hare
Airport to Increase
Gates by 15%



47%

Of Chicago's Population
are Under the
Age of 36



55.2M

Annual Visitors
2nd To
New York City



60

Colleges or
Universities in the
Chicago MSA



New York City: Supply Story to Turn Positive in 2020

RevPAR Projected to Increase

- Operators forecast 2% RevPAR growth in 2019
- Since 1988 when supply growth was less than 1%, RevPAR growth averaged 10.1%

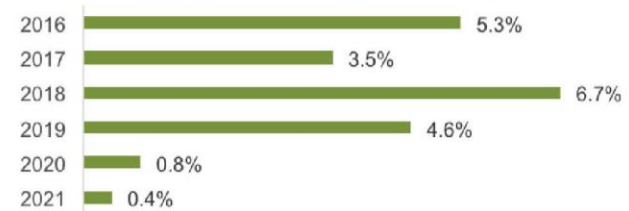
Positive Long-Term Catalysts

- M1 Zoning Law
- Airbnb legislation
- Demand continues to outpace supply
- Replacement cost now exceeding existing asset values
- Amazon HQ2 (one subway stop from Midtown East)

Supply Picture Significantly Improved

- No supply under construction or in final planning in Midtown East
- Supply growth to decelerate by >30% in 2020

NYC Supply Down Significantly in 2020



Quarterly NYC RevPAR Trending Positively



California: High Growth Driven by Tech & Other Drivers



Northern California

- With 71M residents, the San Francisco Bay Area is the eleventh most populous metropolitan area in the United States
- Over the next 25 years, nine counties of the region are expected to add a total of 1.7M new residents or 66,000 new residents per year



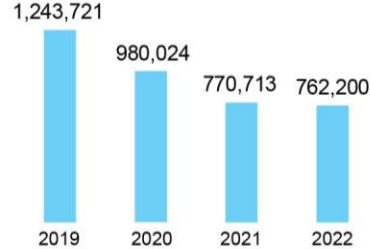
50+ Universities & Colleges are located in the Bay Area



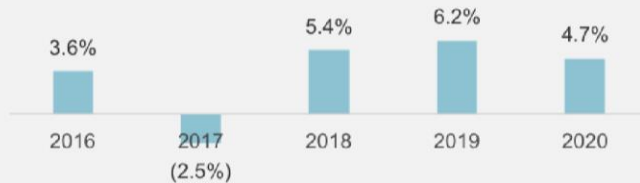
SFO is the 7th busiest airport nationwide, and 23rd worldwide by passenger content

SFO has the largest terminal in North America

San Francisco Citywide Room Nights



San Francisco RevPAR



Southern California

- Southern CA had 6.6% RevPAR CAGR from 2010 to 2017
- San Diego experienced 30%-40% less impact than other CA markets during recession
- Record breaking 35M visitors in 2017 in San Diego
- 2020 citywides up 4%



U.S. City for Millennials

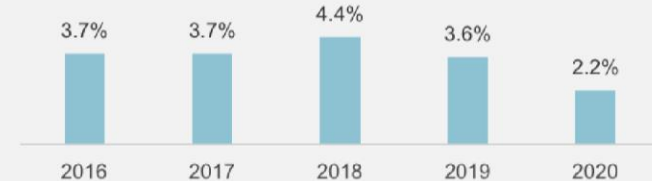


Concentration of Military/Defense Assets in World



Highest Ranked California Airport

San Diego RevPAR



South Florida: Low Supply & Strong Demand



Key West & The Florida Keys

- Key West the **#1 RevPAR** market in the country when compared against STR's Top 25
- Through 2017, the Keys experienced a five-year compound annual **RevPAR growth rate of 5.5%**
- No new supply due to moratorium on development
- Key West cruise port: **700K+ passengers** annually
- ~70% of the U.S. population has no passport



9.57 DAYS

Average Length of Stay



\$937.64

Average Spend per Party



58%

Responded the Keys Were Better than Expected



29%

Flew into Miami and Rented a Car




14%

Flew Directly to Key West Airport

Fort Lauderdale

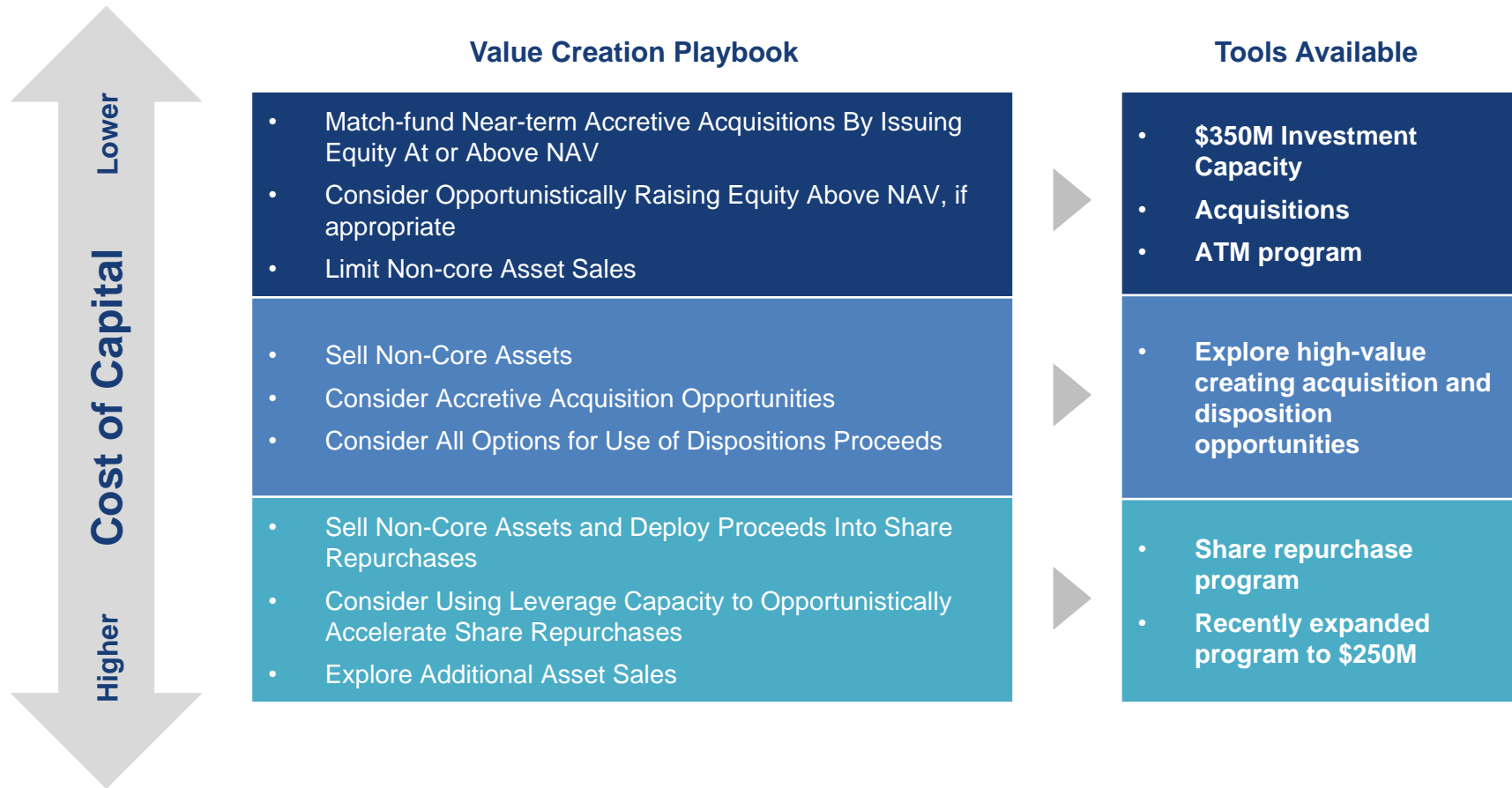
- Attracts more than **15.5M** visitors annually
- Fastest growing airport in North America
 - **Over 32.5M** passengers in 2017
 - **Added 28 new** routes in 2017 and **10 new flights in 2018**
- 23 miles of beach (Blue Wave Certified)
- Annual Fort Lauderdale Boat Show is world's largest
- **\$1.57B** in new development projects





How Do We Best Allocate
Capital in This Environment?

Creating Value Throughout Cycle



A photograph of a hotel room interior. On the left, a wooden desk and a black leather rocking chair are visible. In the center, a large arched window with a wooden frame provides a view of a mountain range with autumn-colored foliage and a small town below. To the right, a bed with a white and grey striped duvet and a plaid pillow is shown. A bedside lamp is mounted on the wall above the bed. The text "Proven Acquisition Strategy" is overlaid in white on a dark horizontal band across the middle of the image.

Proven Acquisition Strategy

Cavallo Point, The Lodge at the Golden Gate - Video



[Click Here to View Video](#)

Vail Marriott Mountain Resort: Created >\$100M in NAV

Timeless real estate soon to be unencumbered of brand & management.

INVESTMENT HIGHLIGHTS

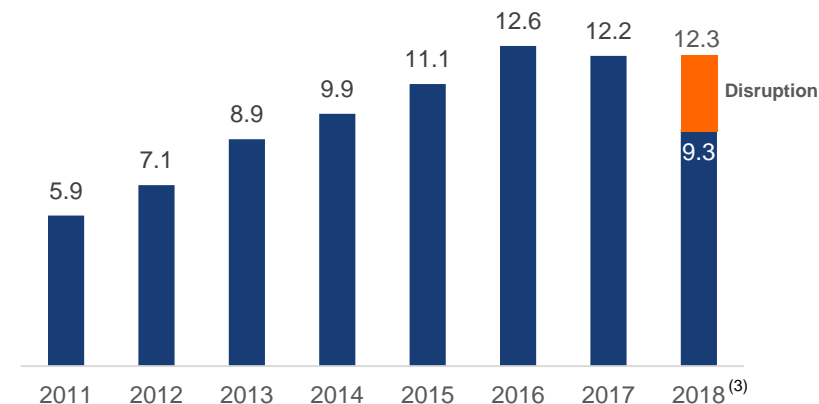
- Vail is one of best-performing investments in our portfolio
 - Recently completed a rooms and meeting space renovation to bring resort closer to luxury comp set
 - ~\$300 rate discount to luxury comp set in ski season
 - \$3M - \$4M EBITDA upside with renovation and rebranding
- DRH Basis of \$260K/Key for 344-room hotel
 - Significant discount to est. NAV of \$500K per key
- Franchise and management agreements expire within next ~3 years creating significant optionality

PERFORMANCE SINCE ACQUISITION

	2005	2018	Increase
RevPAR	\$112.66	\$168.77	50%
EBITDA	\$4.7	\$9.3	98%
EBITDA Margin	27.3%	29.1%	180bps
EBITDA Multiple ⁽¹⁾	13.4	9.6	28%
NAV ⁽²⁾	\$62M	\$170M	174%



7% EBITDA CAGR FROM 2010 TO 2017



(1) EBITDA multiple on current investment basis.
(2) NAV based on internal estimates.
(3) \$3.0 million of EBITDA disruption from renovation and Marriott merger integration in 2018. Actual EBITDA of \$9.3M disrupted by \$3.0M for full year.

L'Auberge de Sedona and Orchards Inn Sedona

Off-market transaction with significant upside.

- \$97M acquisition of two iconic assets with immediate asset management upside in attractive, high-growth resort market
 - No new supply currently planned or under development in Sedona
 - Top ten Conde-Nast rated hotel in Southwest
- Plan to reposition Orchards Inn to more upscale standard in 2020 to drive rate (~\$330 rate gap with L'Auberge de Sedona)
- Already exceeding underwriting for stabilized EBITDA at time of acquisition

PERFORMANCE SINCE ACQUISITION⁽¹⁾

	2016	2018	Increase
RevPAR	\$262.36	\$340.91	30%
EBITDA	\$6.6	\$10.1	53%
EBITDA Margin	23.3%	29.3%	600bps
EBITDA Multiple⁽²⁾	15.0	9.8	34%
NAV⁽³⁾	97M	110M	13%



(1) Combined performance for L'Auberge de Sedona and Orchards Inn.
(2) EBITDA multiple on current investment basis.
(3) NAV based on internal estimates.

Westin Fort Lauderdale Beach Resort & Spa

Nearly 30% increase in NAV over four years of ownership.

- NAV increase of \$44M since acquisition
- EBITDA exceeded underwriting by over \$5M
- Full guestroom renovation completed in 2018, with F&B and lobby repositioning completed in 2017
 - New restaurant, Lona, is driving revenue growth with improved mix (60% non-hotel guests)
 - Guestroom renovation to drive market share as Fort Lauderdale supply trends upward
- Eliminated >\$5M of annual expenses in first year with continued overhaul of expense structure and operations subsequently

PERFORMANCE SINCE ACQUISITION

	2014	2018F	Increase
RevPAR	\$148.94	\$159.99	7%
EBITDA	\$9.6M	\$15.0M	56%
EBITDA Margin	21.9%	31.8%	990bps
EBITDA Multiple ⁽¹⁾	14.8	11.1	25%
NAV ⁽²⁾	\$156M	\$200M	28%



(1) EBITDA multiple on current investment basis.

(2) NAV based on internal estimates.

Over \$380M of NAV Created in Resort Portfolio




	Investment (\$M)	EBITDA Multiple @		EBITDA Increase
		Purchase	YE 2018	\$M
Burlington Hilton	\$62	16.5x	8.8x	\$3.8
Cavallo Point	\$152	13.8x	13.8x	\$0.0
Charleston Renaissance	\$42	11.9x	7.1x	\$2.6
Fort Lauderdale Westin	\$166	14.8x	11.1x	\$4.9
Frenchman's Reef & Morning Star ⁽¹⁾	\$178	7.1x	10.7x	\$6.0
Havana Cabana ⁽¹⁾	\$59	12.2x	15.6x	(\$0.2)
Key West Suites	\$96	14.9x	12.7x	\$1.3
The Landing Resort & Spa ⁽¹⁾	\$42	17.8x	17.8	NA
Sedona - L'Auberge	\$69	15.8x	9.4x	\$3.1
Sedona - Orchards Inn	\$31	13.7x	10.5x	\$0.7
Shorebreak	\$63	14.6x	12.9x	\$0.9
Sonoma Renaissance	\$40	10.7x	5.1x	\$4.9
Vail Marriott Mountain Resort	\$89	13.4x	9.6x	\$4.6
Total Resort	\$1,088	13.1x	10.7x	\$32.4

DRH values its resort portfolio at a 6.5% cap rate, which implies over \$380M of NAV value over investment⁽²⁾.

Note: Historical RevPAR and EBITDA results pro forma for acquisitions for full period year prior to acquisition. Havana Cabana excluded due to natural disaster closure. Frenchman's Reef uses pre-hurricane figures due to closure.

(1) Landing EBITDA adjusted for transition disruption post-acquisition. Frenchman's and Havana Cabana EBITDA adjusted for hurricane disruption.

(2) Valuation calculated using 2018 net operating income with 6.5% cap rate. Frenchman's valuation calculated using 8.5% cap rate.



External Growth Strategy

Portfolio Strategy to Drive Performance



DIVERSIFICATION

**10% Allocation in Any One
Market Reduces Risk**

LIFESTYLE HOTELS, INDEPENDENTS AND SOFT BRANDS⁽¹⁾

1/3 of Portfolio

RESORTS

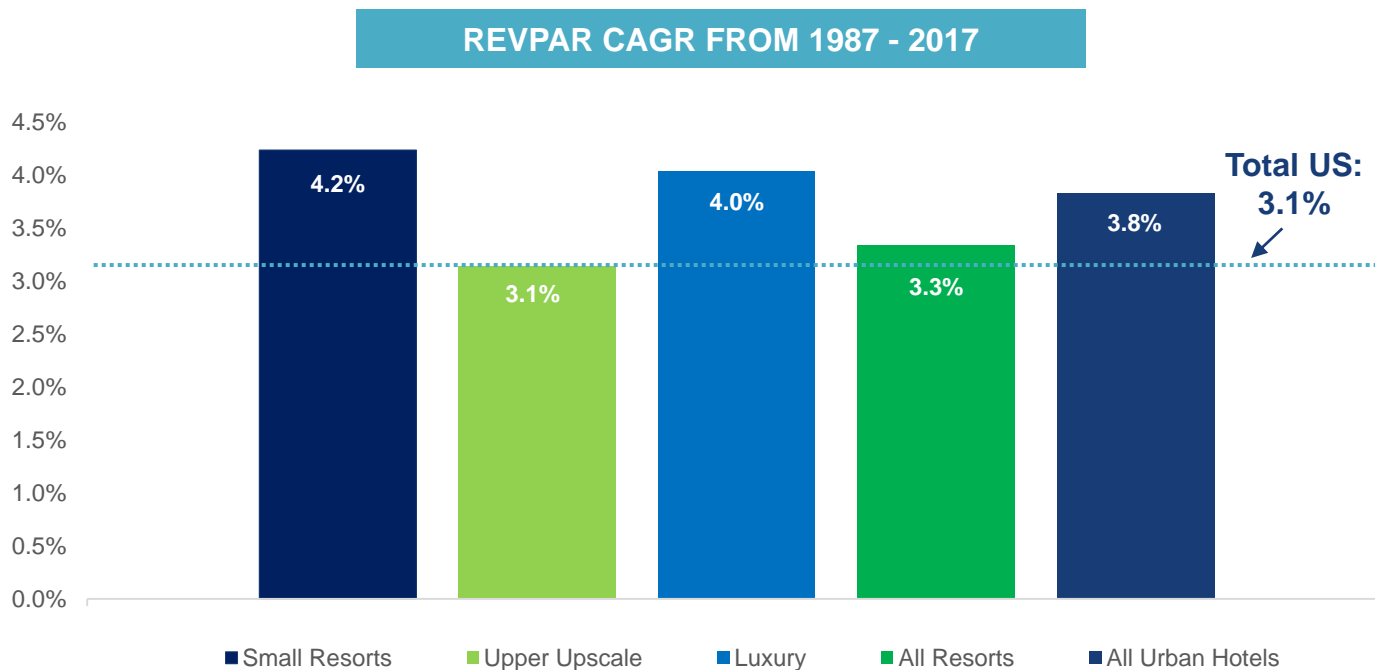
**Historically Have Outperformed:
Target 50% of Portfolio**

(1) Independent, lifestyle and soft brand hotels include the Havana Cabana, Cavallo Point, Hotel Emblem, L'Auberge de Sedona, Orchards Inn, The Landing, Palomar Phoenix, Shorebreak Hotel, the Lexington and The Gwen. Soft brands, including Autograph and Luxury Collection, are included as lifestyle / boutique. Based on 2018F EBITDA for all properties except Frenchman's Reef and Havana Cabana where 2016A used due to closure. Pro forma for full year for acquisitions.

Research Demonstrates Small Resorts Outperform



- According to CBRE/PKF research study, small resorts⁽¹⁾ have:
 - Less downside risk due to larger stream of reliable non-rooms revenue
 - Preserved the most ADR through the recession of the early 2000s
 - Achieved superior levels of ADR growth since 2009 to all other market classes



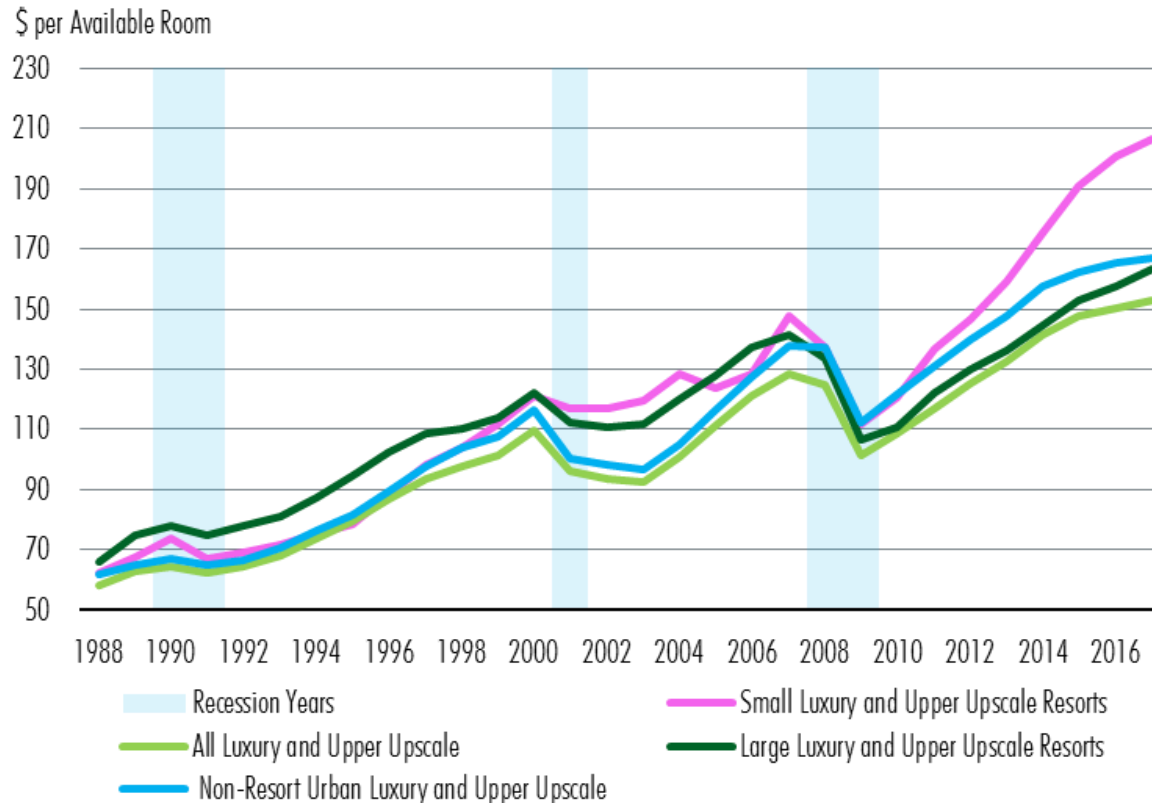
Source: CBRE Hotels Research.

(1) Collection of non-golf resorts with less than 200 rooms

Strong RevPAR Growth for Small Resorts



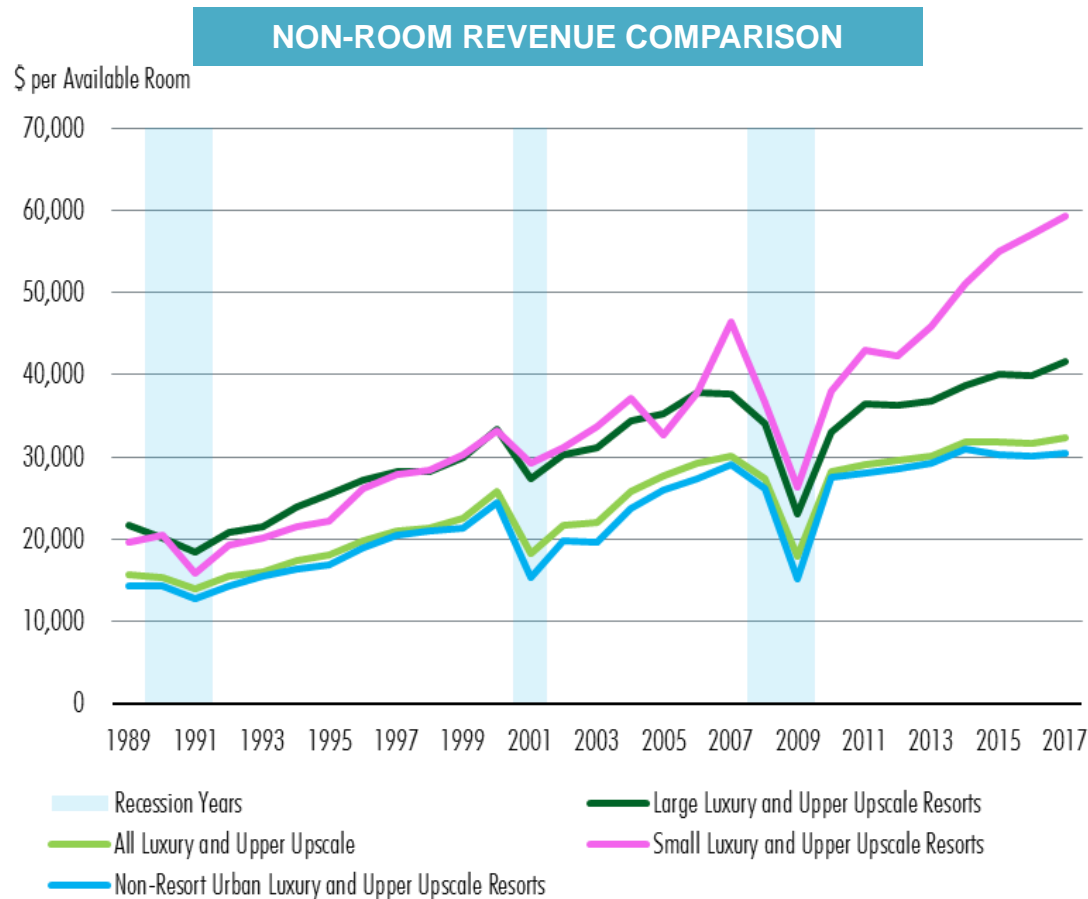
REVPAR COMPARISON FROM 1987 - 2017



- Small Resorts have operated with a consistently higher RevPAR during the post-Great Recession period
- May be result of a strategy to pursue higher rates at the expense of occupancy
 - Allowed for strong RevPAR with reduced variable expenses and higher income

Above trend line growth expected to continue.

Significant Contribution from Non-Rooms Revenue

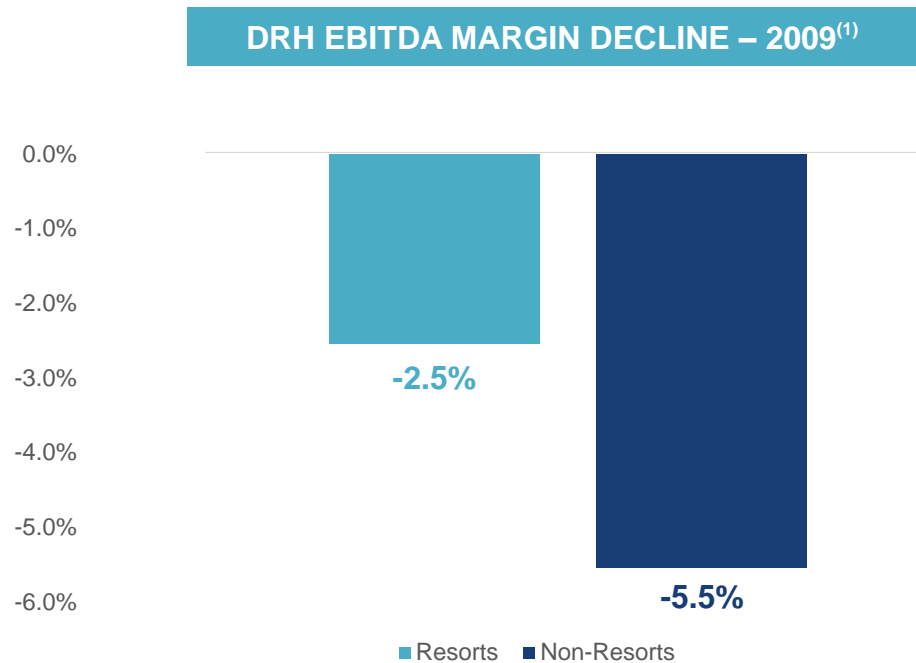


- Both small and large resorts have increasingly relied on non-room revenues
 - Non-room revenues have grown more quickly and regularly than that of other benchmark groups
- Since 1989, small resort non-room revenue approx. tripled while non-room revenue only doubled in other groups
 - Much of this growth premium was realized during the post-Great Recession period

DRH Resorts Resilient During Downturns



- DiamondRock selectively acquires small, upscale resorts in high barrier to entry markets that are more resistant to downturns
- Significantly lower supply in DRH resort markets
- During the 2009 global recession, DiamondRock's resorts outperformed the rest of the portfolio in EBITDA margin



(1) Includes resorts owned during prior recession or current resorts with comparable data at time of recession. Resorts included are Burlington Hilton, Frenchman's Reef, Griffin Gate, Havana Cabana, Sheraton Suites Key West, Sonoma Renaissance, and Vail Marriott. Non-resorts include all DRH owned non-resort hotels in 2009.

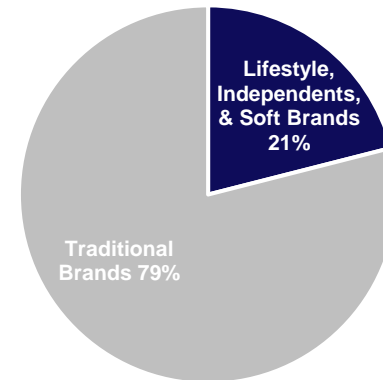
DRH Lifestyle & Independent Strategy



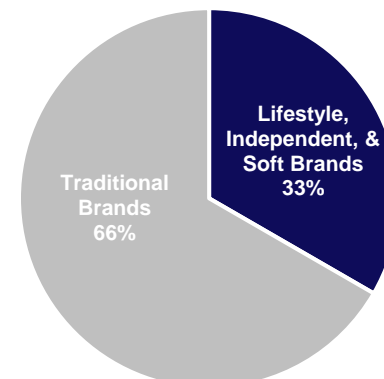
RATIONALE FOR TARGETING LIFESTYLE HOTELS, INDEPENDENTS, & SOFT BRANDS

- To grow with shift towards experiential travel
- Reduces reliance on traditional brands
- Balances portfolio
- Greater opportunity for smaller deals
- Target allocation will be achieved through acquisitions of lifestyle hotels, independents and soft brands and dispositions of traditional boxes

CURRENT ALLOCATION⁽¹⁾



LONG-TERM TARGET ALLOCATION

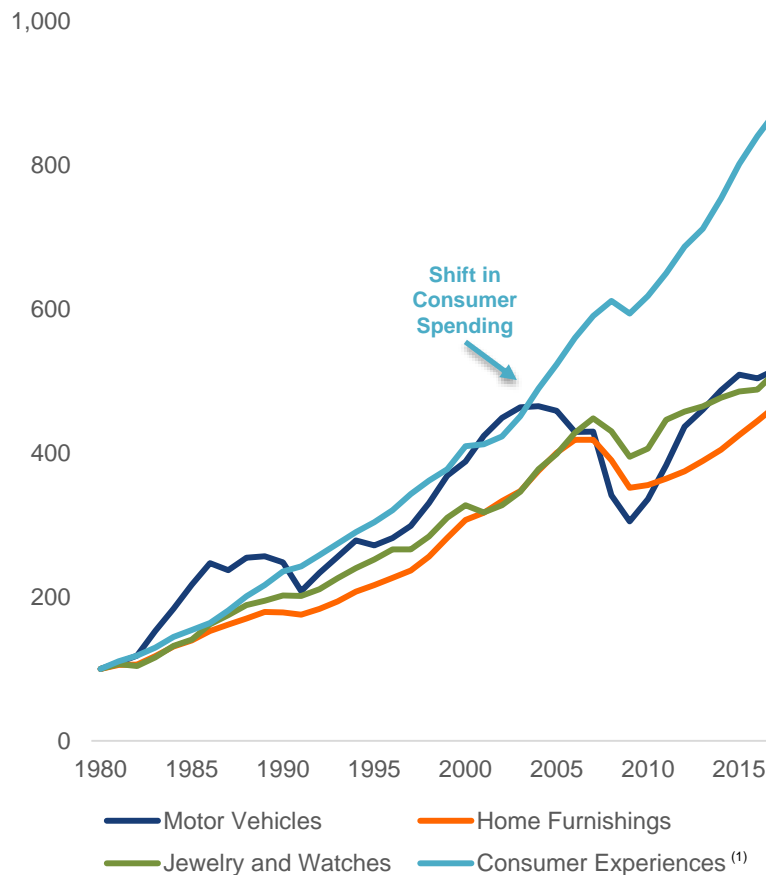


(1) Independent, lifestyle and soft brand hotels include the Havana Cabana, Cavallo Point, Hotel Emblem, L'Auberge de Sedona, Orchards Inn, The Landing, Palomar Phoenix, Shorebreak Hotel, the Lexington and The Gwen. Soft brands, including Autograph and Luxury Collection, are included as lifestyle / boutique. Based on 2018F EBITDA for all properties except Frenchman's Reef and Havana Cabana where 2016A used due to closure. Pro forma for full year for acquisitions.

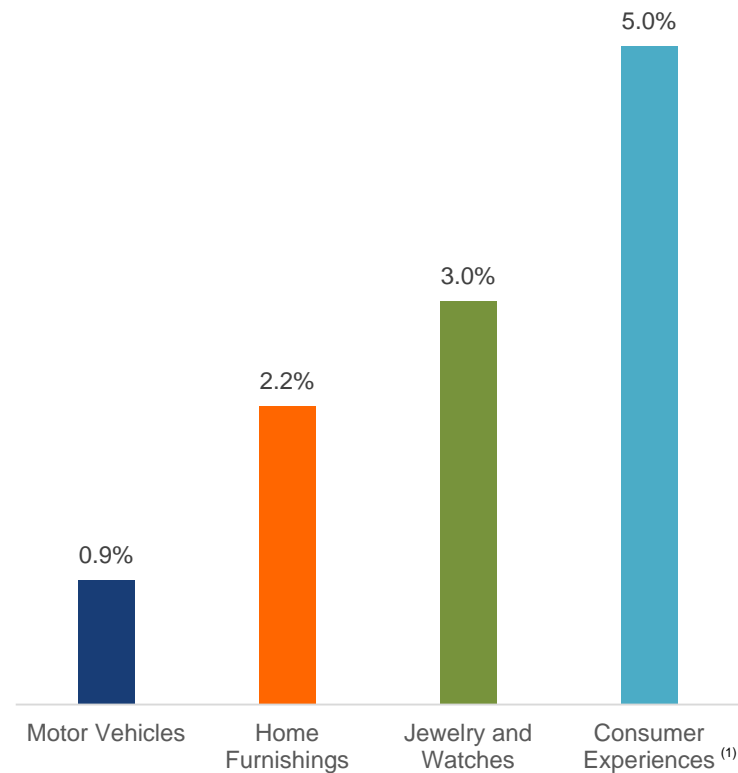
Consumers Spending More on Experiences Than Material Goods



Indexed Spending Growth (1980-2017)



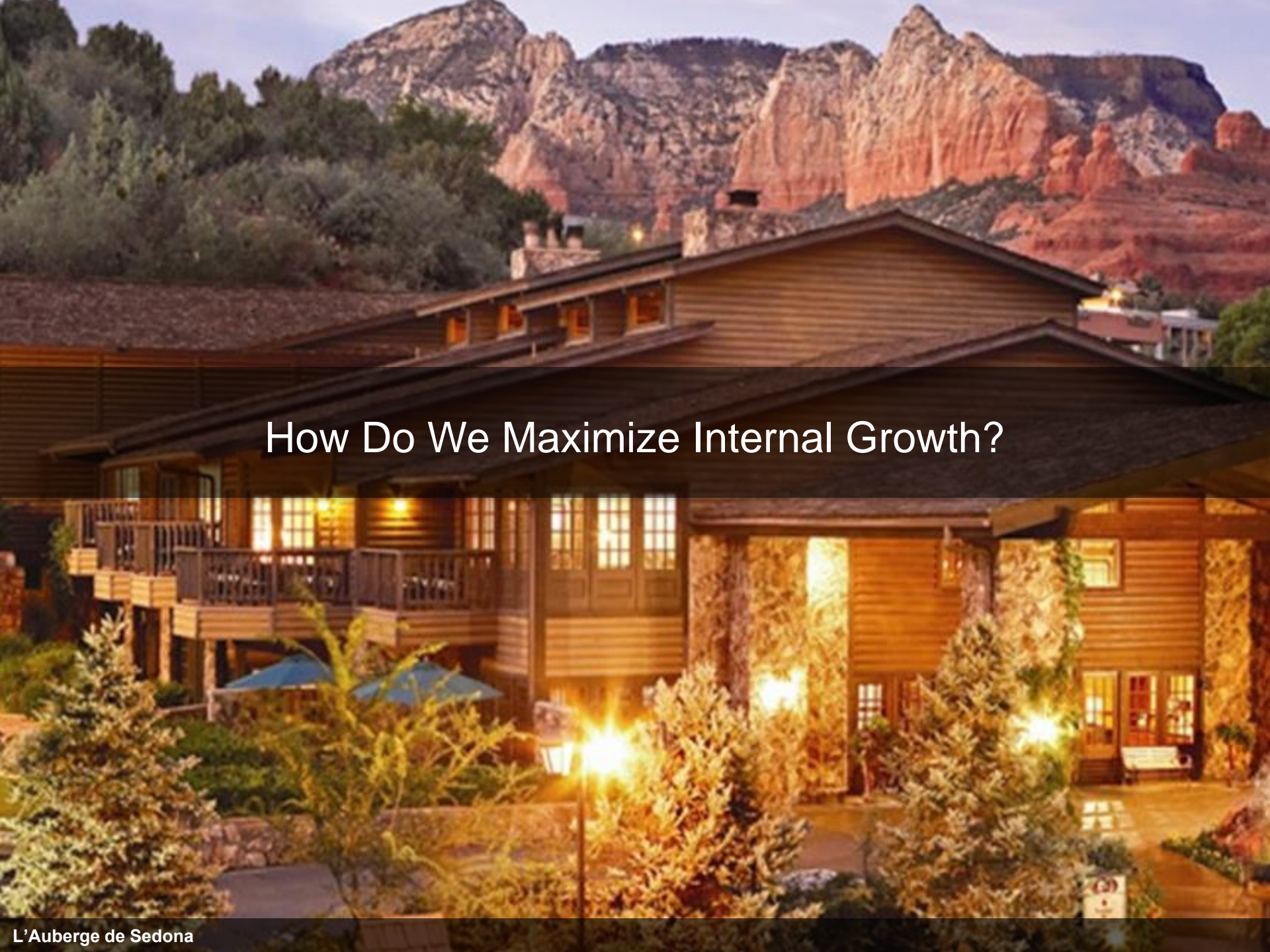
15-Year Spending CAGR (2002-2017)



Source: Bureau of Economic Analysis.

Note: Represents personal consumption expenditures by category indexed to 100 for the year 1980.

(1) Experiences include the following Bureau of Economic Analysis categories: accommodations, air travel, foreign travel by US residents, membership clubs, sports centers, parks, theaters, museums, casino gambling, and food services.



How Do We Maximize Internal Growth?

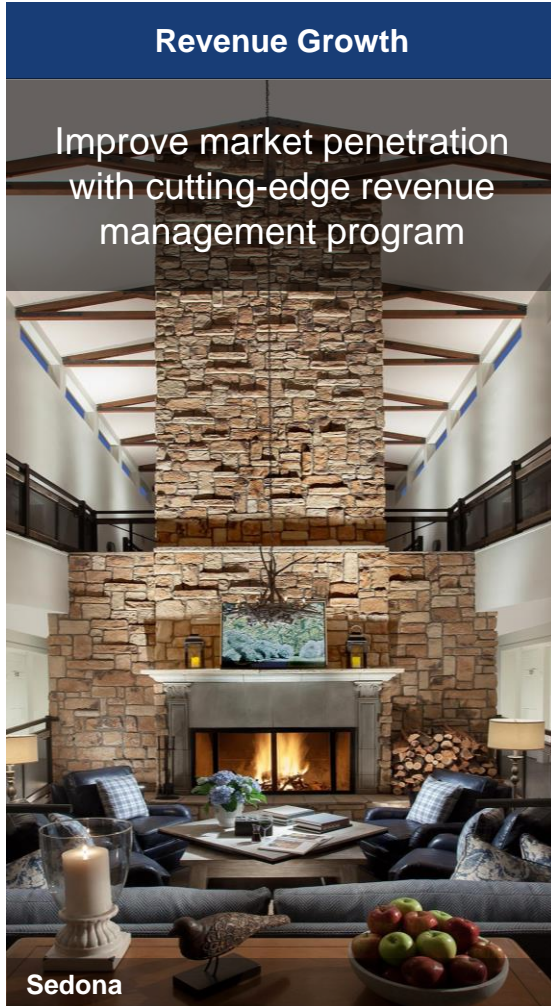
Asset Management Philosophy



Proven three-pillared approach to successful asset management

Revenue Growth

Improve market penetration with cutting-edge revenue management program



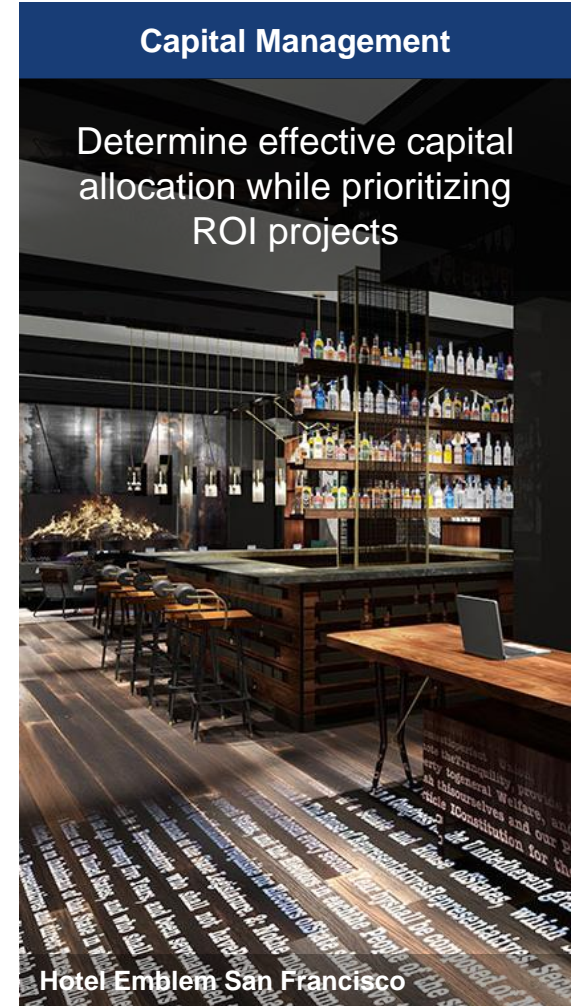
Cost Focus

Enhance margins through business intelligence tools and operator collaboration

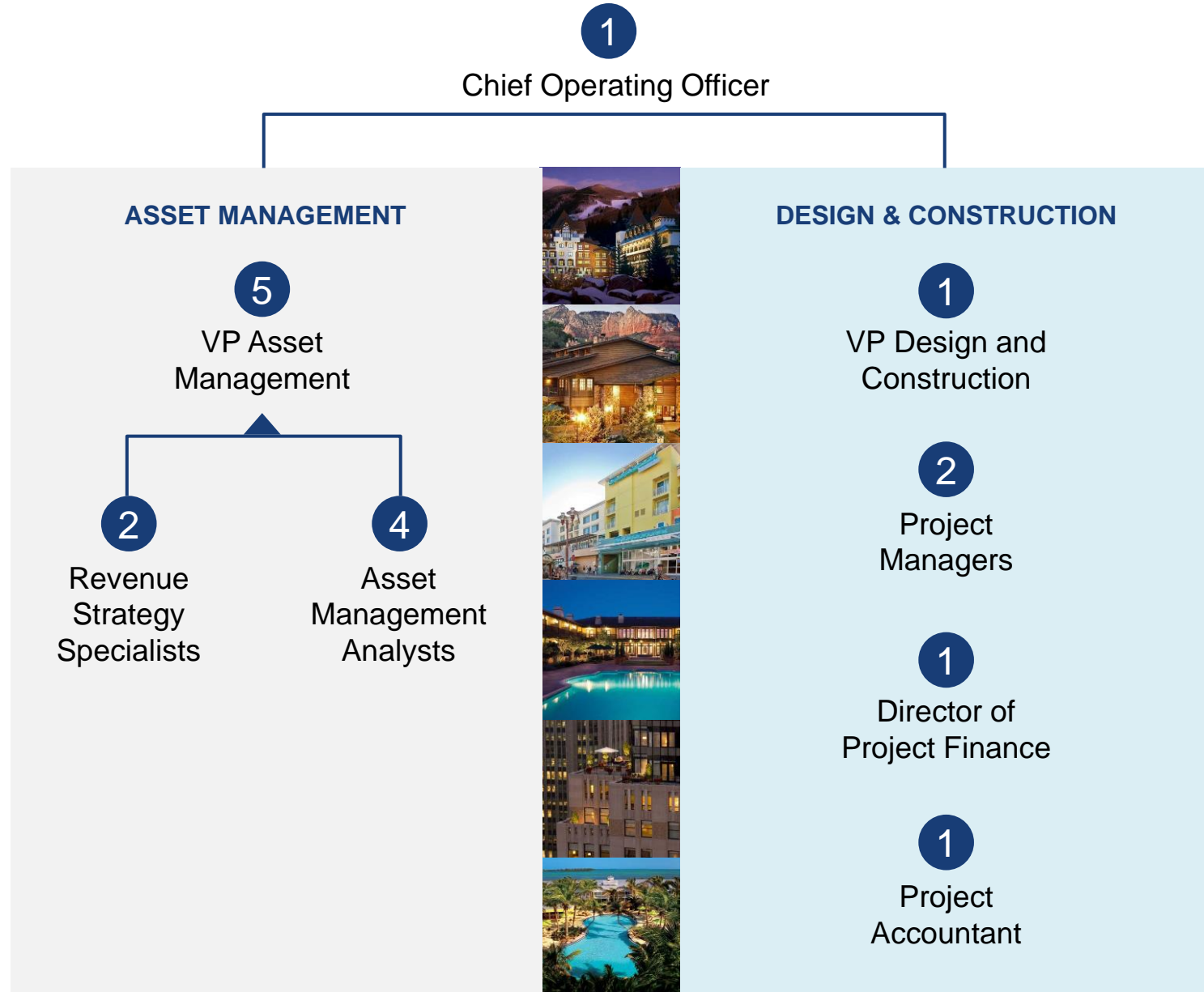


Capital Management

Determine effective capital allocation while prioritizing ROI projects



Best-in-Class Asset Management Team

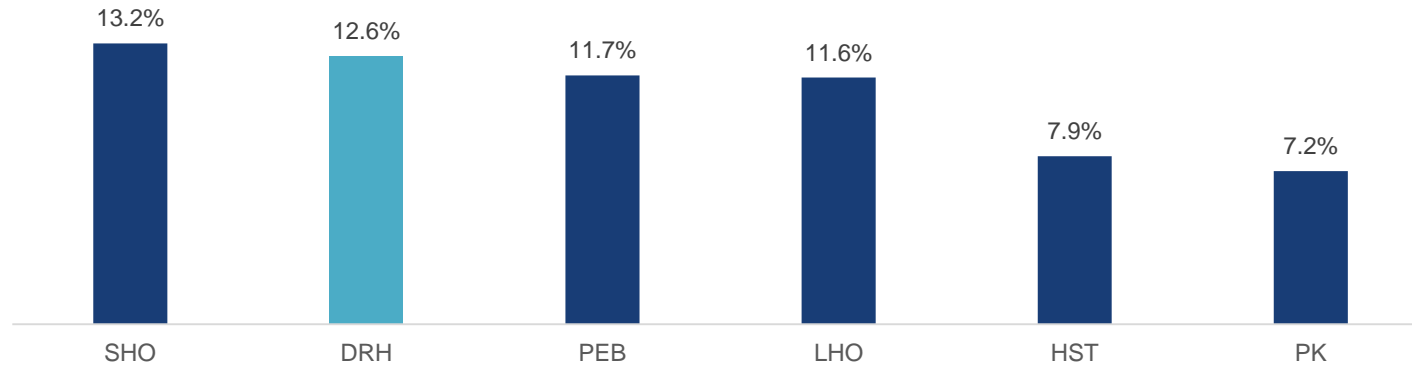


DRH to Benefit from Renovated Portfolio

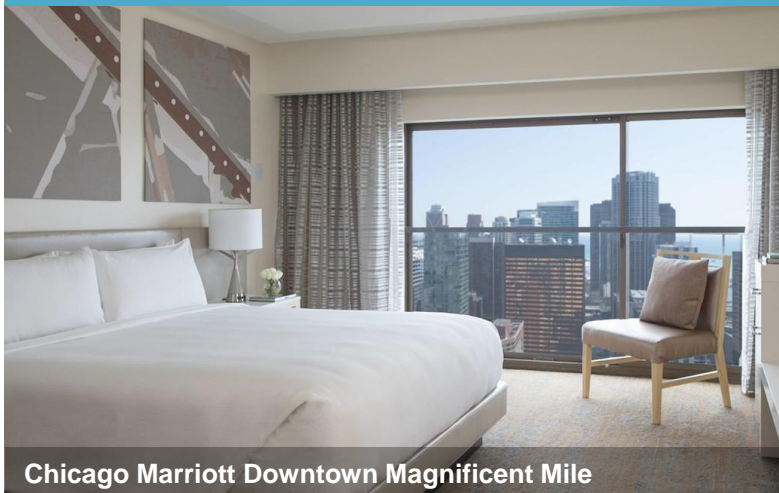


>70% of DRH portfolio has been renovated in recent years.

CapEx as a % of Revenue (3-Year Average)



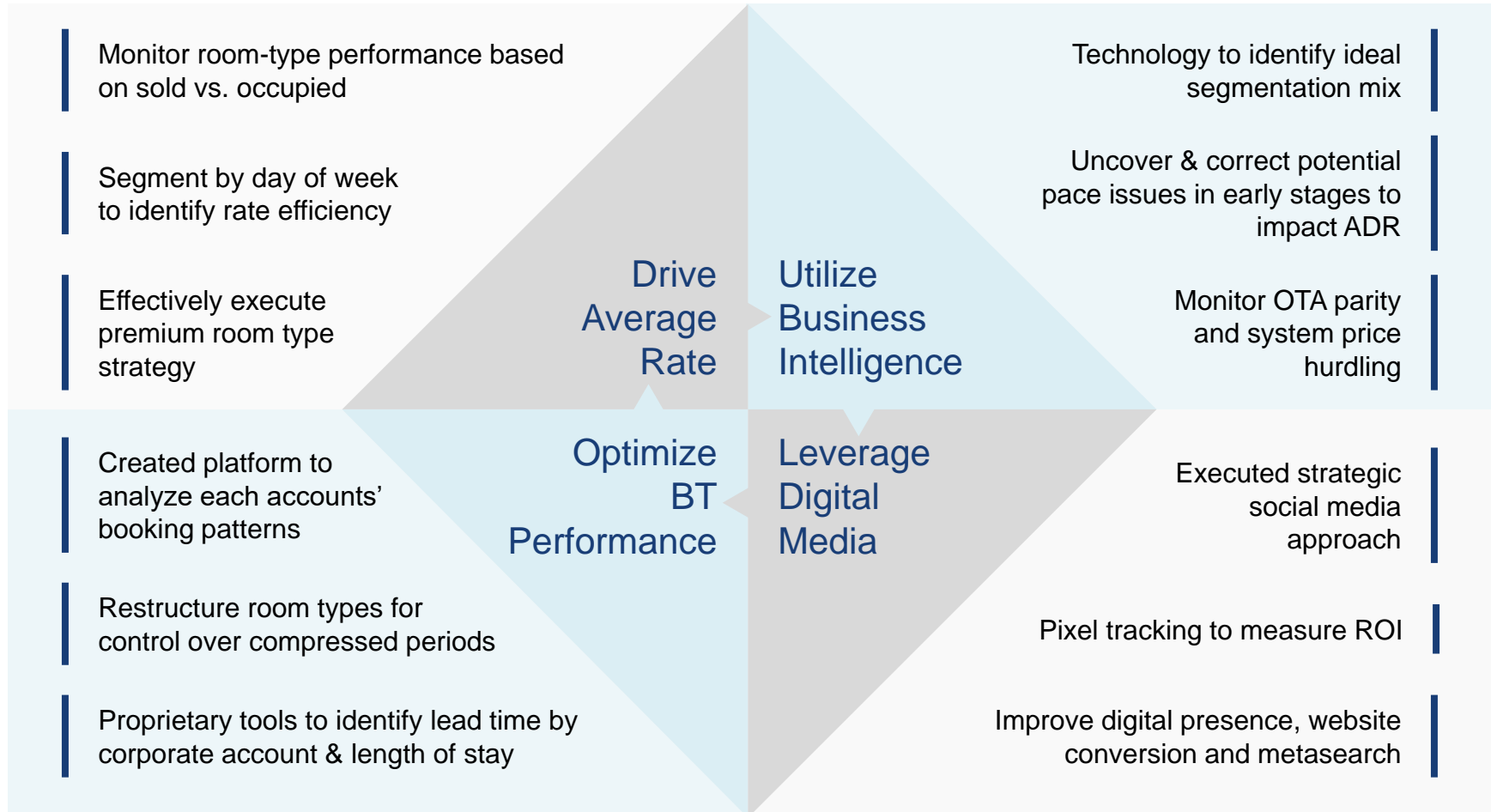
\$110 Million Renovation Complete



\$27 Million Renovation Complete



Revenue Management: Ahead of the Curve



Case Study – L'Auberge de Sedona



Since acquisition, Hotel ADR has grown \$114 and EBITDA has grown \$2.9M.

DRH acquired the property in February of 2017

Our team identified opportunity to drive incremental ADR with a premium room-type strategy

Garden/Spa Cottage



ADR increase of \$112

2018 ADR: **\$499**

2016 ADR: **\$387**

Vista Cottage



ADR increase of \$197

2018 ADR: **\$706**

2016 ADR: **\$509**

Creekside Cottage



ADR increase of \$128

2018 ADR: **\$732**

2016 ADR: **\$603**

Case Study – The Gwen



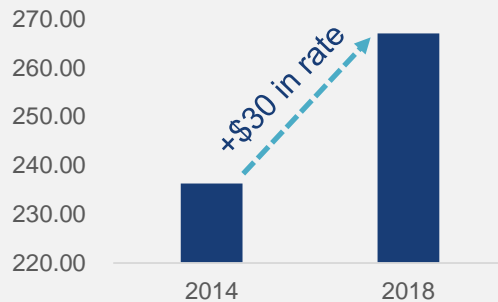
The Gwen increased EBITDA by \$3M in 2018.



Segmentation - Case Study

Business Transient Rate

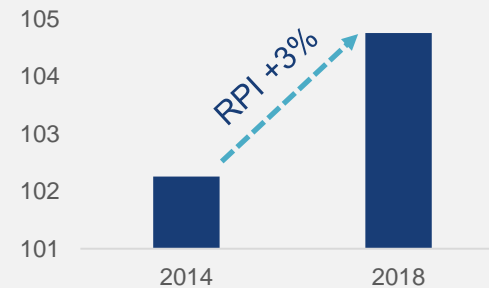
Focused on growing market share in the business transient segment, driving corporate volume midweek.



RevPAR Index (Luxury Class)

The Gwen's RPI increased 250bps for Chicago luxury hotels.

2018 RevPAR is up +19% to last year



#1 most improved Guest Satisfaction rating in 2018 out of all North American Marriott luxury branded hotels and Rated 7 of 204 hotels in Chicago on TripAdvisor.

Cost Control Focus: Millions in Cost Savings



Focusing on the largest variable expenses to drive NOI.



Labor Management

Estimated Savings:

\$6.2M

Implemented in:

12 Hotels

Implemented labor management system to reduce expenses and improve productivity



Energy Efficiency

Estimated Savings:

\$1.5M

Implemented in:

19 Hotels

Completed lighting retrofits throughout our portfolio



Food Cost

Estimated Savings:

\$1.1M

Implemented in:

15 Hotels

Implemented company-wide procurement program to promote best-practices

Operating Initiatives – Labor Management System



New labor management system with total estimated savings of \$6.2M.

Implemented in:

12 Hotels by YE 2018



Results with new labor management system:

- Total estimated savings of **\$6.2M** upon implementation throughout the portfolio
- 2018 productivity improved **1.7%**

Opportunities with new system:

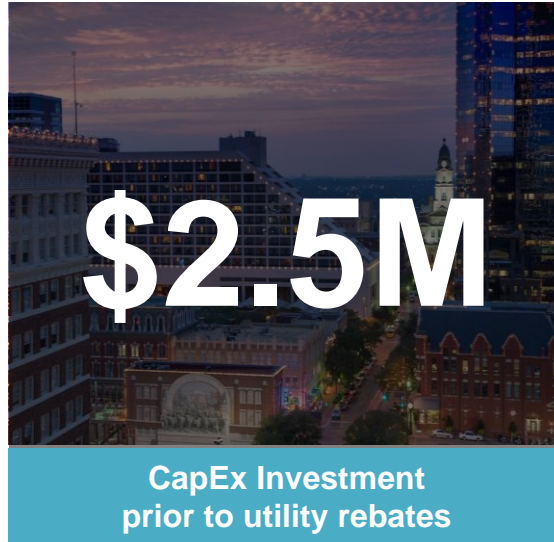
- 2018 productivity only increased **0.5%** at hotels without new labor management system

Goal: Implement system in all DRH hotels by 2019 to further improve productivity.

Operating Initiatives – Option One Energy



Conducted comprehensive lighting efficiency audits and LED lighting conversions across the portfolio.



100% of hotels will be fully LED by the end of 2019.

Operating Initiatives – Food Cost



Asset Management implementing best practices with new partners.



Estimated
2019 Savings



Food Margin
Improvement



Properties to have implemented
New System by YE 2019

Last quarter, margin improvement for properties that implemented new food cost system outperformed other properties by 190bps.

Commitment to Sustainability



- Sustainability initiatives drive profitability
- DRH participates in GRESB, widely regarded as the premier ESG environmental benchmarking tool in the real estate industry
- In 2018, DRH achieved the 4th highest score in the Global Lodging Sector and earned Green Star Status
- DRH's GRESB score is 28% higher than Global Lodging Sector average

Greenhouse Gas Emissions⁽¹⁾

↓ **28%**

Since 2013

Water Consumption⁽²⁾

↓ **17%**

Since 2013

Energy Consumption⁽³⁾

↓ **31%**

Since 2013

Note: Metrics from 2013 to 2017 for owned portfolio. Data excludes all properties that not owned for entire year.

(1) Based on greenhouse gas emissions intensity (kilograms per square foot)

(2) Based on water consumption (kilo-gallons)

(3) Based on energy intensity (kilowatt hours per square foot)

>\$200M Value Creation Opportunities



Property	Project	Incremental Capital Spend	Incremental EBITDA	Incremental Value
JW Marriott Denver	Renovation and Restaurant Repositioning	\$2.4M	\$1.25M	\$17M
Hotel Emblem	Complete Renovation and Repositioning	\$5.1M	\$1.5M - \$1.8M	\$25M - \$30M
Sheraton Key West	Reposition as an Independent Hotel	\$10.7M	\$1.7M - \$2.2M	\$23M - \$31M
The Lodge at Sonoma	Reposition as Autograph Collection	\$5.0M	\$1.2M	\$17M
Hilton Boston Downtown	28 Additional Guestrooms	\$2.7M	\$1.0M	\$14M
Sedona - Orchards Inn	Reposition as Cliffs at L'Auberge	\$10.8M	\$2.7M	\$37M
Worthington Renaissance	Restaurant, Lobby and Courthouse Conservatory	\$13.8M	\$3.0M	\$36M
The Landing Resort & Spa	Additional 22 Keys and Resort Enhancements	\$9.4M	\$1.8M	\$27M
Vail Marriott	Resort Renovation and Repositioning	\$27.0M	\$3.0M - \$4.0M	\$41M - \$55M
Total		\$89.3M	\$17 - \$19M	\$237 - \$264M

Value-Add Opportunities to be implemented from 2019-2021.

Sheraton Suites Key West: Increase NAV by \$23M to \$31M

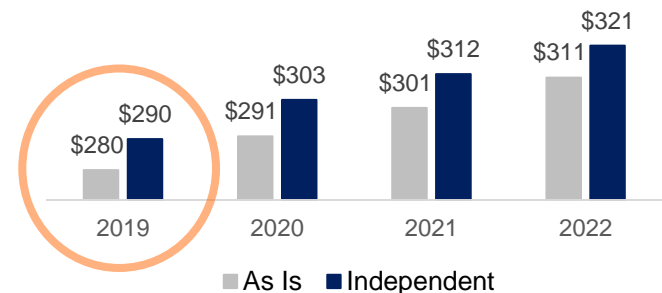
Highest RevPAR Market with no new supply under construction.

Repositioning Opportunity

- Sheraton brand holding back rate
- Largest guestrooms on the island
- Only hotel on the island's best beach
- Reposition to enhance resort experience and drive resort fee
- Conservative underwriting estimates an incremental ADR of \$10 (RevPAR of \$7) from repositioning
- Independent hotels in the market have a \$20 RevPAR premium over branded hotels



**Projected ADR –
As is vs Independent**



Project
Details

Estimated Completion
Q4 2019

Incremental Capital Spend
\$10.7M

Incremental EBITDA
\$1.7M – \$2.2M

Incremental Value
\$23M – \$31M

Sedona Master Plan: Increase NAV by \$37M

Reposition Orchards Inn with luxury rooms and form connection with L'Auberge de Sedona to create one resort.

Current Market Conditions

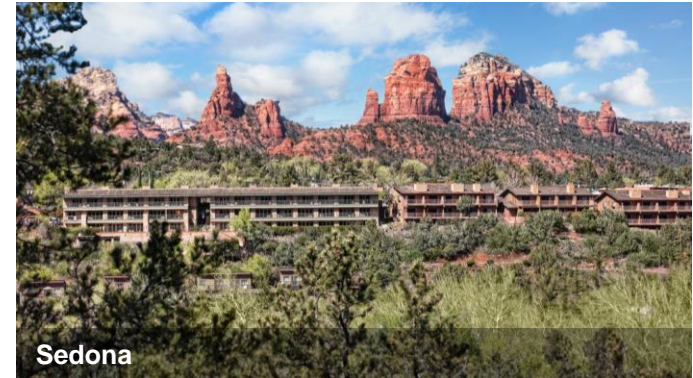
- Market RevPAR up 18% over past 24 months in high barrier-to-entry market
- L'Auberge is one of only two luxury resorts in Sedona

Operational Potential

- Connect Orchards and L'Auberge to be one resort
- Reposition Orchards as unique room type: Cliffs at L'Auberge
- Add 4 new, high ROI cottages on currently vacant space
- Create dramatic pool and wedding event areas

Assumptions

- Orchards rate to increase by +\$100 as Cliffs at L'Auberge
- L'Auberge ADR premium to remain >\$200 over Orchards
- Incremental F&B due to centralized pool bar experience and additional wedding venue to yield \$2M annually
- 4 new cottages at \$650 rate to drive \$925K new revenue



Project
Details

Estimated Completion
Pending

Incremental Capital Spend
\$10.8M

Incremental EBITDA
\$2.7M

Incremental Value
\$37M

Vail Marriott Repositioning: Increase NAV by \$41M to \$55M

Completed first of three phase plan to comprehensively renovate hotel to a luxury standard.

Vail Market Conditions

- Market has evolved into a 5-star, luxury destination
- Lionshead increasingly sought-after location in Vail

Upside Opportunity

- Hotel unencumbered of brand and manager in 2021
- Hotel is currently under-branded; rebranding to luxury will open the property up to:
 - Luxury travel agents and other market segments
 - Increased ADR (\$175 full-year ADR gap to luxury comp set)
 - Incremental \$1 in rate yields +\$30K in annual EBITDA



Phase I

Guestroom & Meeting Space



Phase II

Spa, Fitness Center



Phase III

Lobby, Lobby Bar, Retail, Pool, Outdoor Event Space

Project Details

Estimated Completion
2021

Incremental Capital Spend
\$27.0M

Incremental EBITDA
\$3.0M – \$4.0M

Incremental Value
\$41M – \$55M



Vail Marriott Renovated Guestroom



Vail Marriott Renovated Lobby

Hotel Emblem San Francisco: Increase NAV by \$25M to \$30M

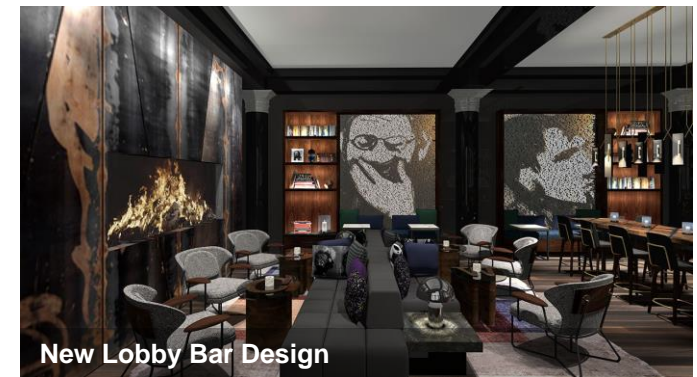
Complete renovation and repositioning as part of Viceroy's Urban Retreat Collection.

Renovation Details

- Hotel reopened in Jan 2019 as the Hotel Emblem by Viceroy
- San Francisco citywide rooms up +80% in 2019
- Renovation included all areas of hotel
- Repositioned lobby bar for higher volume
- Under-utilized meeting room in lobby converted into a grab-and-go/café leased by Bluestone Lane Coffee



New Hotel Emblem Branding



Project Details	Estimated Completion 2019	Incremental Capital Spend \$5.1M	Incremental EBITDA \$1.5M – \$1.8M	Incremental Value \$25M – \$30M
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The Landing Resort & Spa: Increase NAV by \$27M

Premier location in Lake Tahoe with beach and ski resort access.

Current Market Conditions

- Lake Tahoe is one of the top-rated resort markets in the US
- Due to government regulations, Lake Tahoe possesses limited hotel inventory and high barriers to entry
- Property has the best lakefront location in South Lake Tahoe
- Walking distance to Heavenly Ski Resort by Vail Resorts

Opportunity

- Add 22 unique lake/mountain facing cottages
- Increase wedding business
- Create outdoor social catering and F&B space to enhance F&B profits



Project Details	Estimated Completion Q4 2020	Incremental Capital Spend \$9.4M	Incremental EBITDA \$1.8M	Incremental Value \$27M
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The Lodge at Sonoma: Increase NAV by \$17M

Reposition hotel to take advantage of location and drive luxury business.

Operational Potential

- Sonoma has grown into a premier wine market – in the last 5 years Comp Set RevPAR has grown +\$60 with rate increases of +\$70

Cottage Enhancements

- Invest in resort landscaping to create 70 private terraces with fire pits and a more intimate experience between buildings
- Add outdoor social space to increase wedding business

Restaurant

- Reposition restaurant through partnership with celebrity chef Michael Mina
 - Incremental Restaurant Revenue of \$4.1M

Spa

- Enhance spa offerings and profitability with best-in-class third-party spa manager
 - Incremental Spa Revenue of \$1.0M



Project
Details

Estimated Completion
2019

Incremental Capital Spend
\$5.0M

Incremental EBITDA
\$1.2M

Incremental Value
\$17M

JW Marriott Cherry Creek: Increase NAV by \$17M



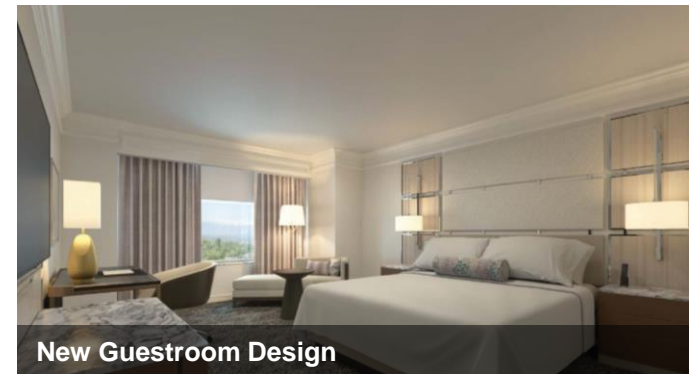
Comprehensive Renovation to Bolster Position as Leading Cherry Creek Hotel.

Renovation Plan

- Upgrade guestrooms, public space and meeting space
- Capitalize on the strength of location within the submarket and the JW brand
- Reposition rooms as best luxury product in market
- Gain 800 to 1000bps in market share to luxury hotels in Denver and approximately \$750K in EBITDA impact
- Renovate lobby and re-concept the restaurant and bar
 - Partner with celebrity chef Richard Sandoval to convert current restaurant to Toro Latin Gastro Bar
- Add 3 keys by moving concierge lounge to 2nd floor and dividing a large suite



Toro Latin Kitchen and Lounge Design



New Guestroom Design

Project
Details

Estimated Completion
Q1 2019

Incremental Capital Spend
\$2.4M

Incremental EBITDA
\$1.25M

Incremental Value
\$17M

Before



JW Cherry Creek Guestroom

After



JW Cherry Creek Guestroom

Worthington Renaissance: Increase NAV by \$36M

Renovate public spaces by creating a 15,000+ SF ballroom, repositioning the restaurant, and redesigning the lobby.

Restaurant Repositioning Operational Potential

- Prime Sundance Square location
- Partner with celebrity chef Richard Sandoval to convert current restaurant to popular Toro Bistro

Courthouse Conservatory⁽¹⁾

- All-glass function space with views of the courthouse will position Worthington as the #1 venue for social catering

Proven Track Record Post-Renovation

- \$2.4M increase in 2017 EBITDA post-renovation over average of last three years
- RevPAR index gained +20 points of share following renovation



(1) Still analyzing ROI and costs.

Project Details	Estimated Completion Q3 2020	Incremental Capital Spend \$13.8M	Incremental EBITDA \$3.0M	Incremental Value \$36M
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Hilton Boston Downtown: Increase NAV by \$14M



Convert 3rd floor meeting space into 28 additional guest rooms.

Market Conditions are Ideal for Key Addition

- 1.4M SF of office space is under development in the CBD
- 2017 had 200 nights above 95% occupancy

Increasing Operational Potential for Property

- Unencumbered of brand and management in 2022
- 91% transient demand and meeting space is underutilized
- Opportunity to add 28 keys for less than half of replacement cost
- In 2015, DRH added 41 keys through suite conversions at over 26.8% IRR → proven demand



Project Details	Estimated Completion 2020	Incremental Capital Spend \$2.7M	Incremental EBITDA \$1.0M	Incremental Value \$14M
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Cavallo Point: 10 Years of ROI Opportunities



Newly acquired luxury resort located in Golden Gate National Recreation Area in Sausalito, CA.

Situational Overview

- Famous luxury resort in highly desirable Sausalito
- Situated at the base of the Golden Gate Bridge with sweeping views of the San Francisco Bay
- Average daily rate over \$400
- Independently branded with third-party operator
- Low-to-zero supply growth market
- 2019 RevPAR growth expected to exceed national average



Numerous Upside Opportunities

- Owner-operated with upside from asset management best practices
- Convert former unused guard house at resort's entrance into a bakery and F&B outlet – incremental \$2M in revenue
- Entitlement allows for an additional 83 Keys




Project
Details

Purchase Price
\$152M

Yield on TTM NOI
6.7%

Total RevPAR
\$809

EBITDA Multiple
12.8x

An aerial photograph of a tropical beach resort. The top half of the image shows the turquoise ocean with white foam from waves breaking onto a sandy beach. The bottom half shows the resort's buildings, which have white, gabled roofs and are surrounded by lush greenery and palm trees. A large area of the beach is covered with numerous blue beach umbrellas and lounge chairs. The text "Frenchman's Reef & Morning Star Beach Resort" is overlaid in white on a dark horizontal band across the middle of the image.

Frenchman's Reef & Morning Star Beach Resort

Morning Star Beach Resort

Frenchman's Reef Resort & Morning Star Beach Resort - Video



[**Click Here To View Video**](#)

Frenchman's Reef Resort & Morning Star Beach Resort

Key Facts & Figures

Q2 2020

Projected Reopening

\$20M+

Brand Support

\$30M

USVI Support

\$350+

Stabilized ADR

\$25M

Stabilized EBITDA



Frenchman's Reef Insurance Claim



Insurance Overview

- \$280M⁽¹⁾ Total Claim (includes rebuild cost, lost profits and ongoing expenses & other costs)
 - \$95M in cash received to date from insurers
 - \$361M is policy limit per storm
- DiamondRock expects to fund \$45M in brand and infrastructure upgrades not covered by insurance
 - To be offset by key money (+\$20M) from brand and other outside funding sources



Business Interruption

- Insurance policy covers all lost profits through rebuild period plus 18-month stabilization period
- Through 2018, recovery of lost profits of \$19M recognized and agreed to (\$3M in 2017 and \$16M in 2018)
- For 2019, insurers have agreed to \$8.8M in BI for lost profits through April 2019
- DiamondRock believes it is entitled to at least \$16M in lost profits for FY 2019. [Not yet agreed to by insurers](#)

The Company is actively pursuing all its rights, but the position of the insurer will create timing issues. As with all legal disputes, final results cannot be guaranteed.

(1) Amounts provided are approximate. As of 1/25/19.

Best-in-Class Rebuild Team



Kollin Altomare Architects

Four Seasons Punta Mita Resort & Spa
The Ritz-Carlton Laguna Niguel
The Fairmont Scottsdale Princess Resort
The Ritz Carlton, Kapalua Maui



WhiteSpace (Design)

Four Seasons Scottsdale at Troon North
Four Seasons Hotel Austin
Ritz-Carlton Half Moon Bay



The Johnson Studio (F&B Design)

The Ritz-Carlton Grand Cayman
(Blue, Seven, Taikun, Ritz Lobby Bar)
Lobster Sea Bar Grille (Miami Beach)
Del Frisco's Double Eagle Steakhouse (Dallas)



Maris Collective (Retail, Concepts, Programming)

Four Seasons Maui
Four Season Anguilla
Fairmont Kea Lani, Maui



Richard Sandoval Group (Celebrity Chef)

Four Seasons Nevis
Four Seasons Punta Mita
Maya (NYC, Dubai)
Toro (Abu Dhabi)



Morning Star Pool Area Rendering



Morning Star Lobby Rendering



Morning Star Guestroom Rendering

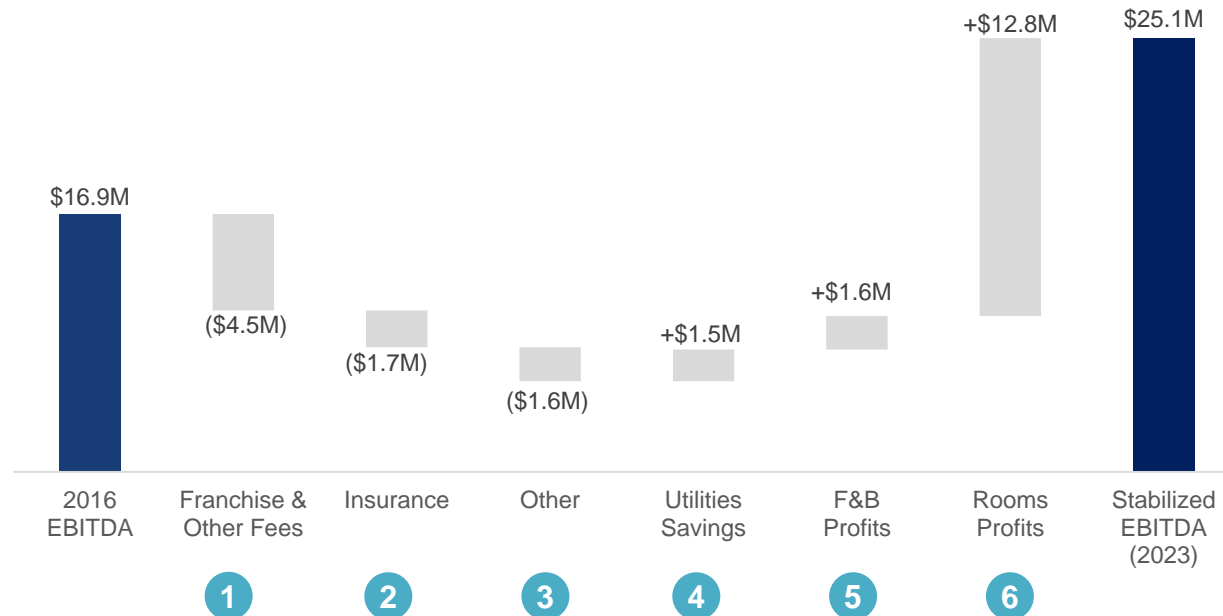


Frenchman's Reef Lobby Rendering



Frenchman's Reef Guestroom Rendering

Frenchman's Reef Bridge to Stabilized EBITDA



Potential Upside From Items Not In Underwriting:

- Increased Resort Fee Revenue
- Spa Income
- Casino Income
- Additional F&B outlets & repositioning

EBITDA Bridge Components		
1	Franchise Fees	\$2.5M Franchise Fee (new) and additional S&M and other expenses
2	Insurance	Increased insurance costs post-hurricane
3	Other	Conservative Assumptions → lower resort fee income, higher expenses, no cancellation fee income and no spa income
4	Utilities	\$1.5M savings from improved infrastructure and utilities enhancement
5	F&B Profits	Increased profits from enhanced F&B offering
6	Rooms Profits	~\$80 Increase to RevPAR

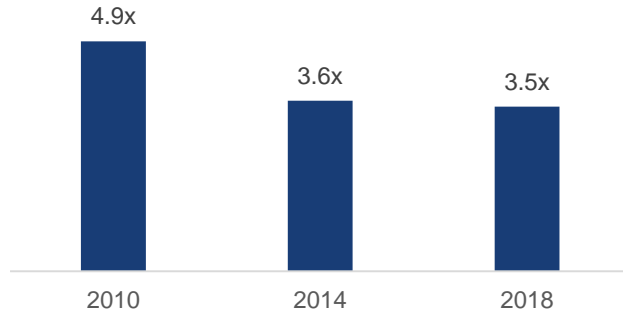


Balance Sheet & Capital Structure

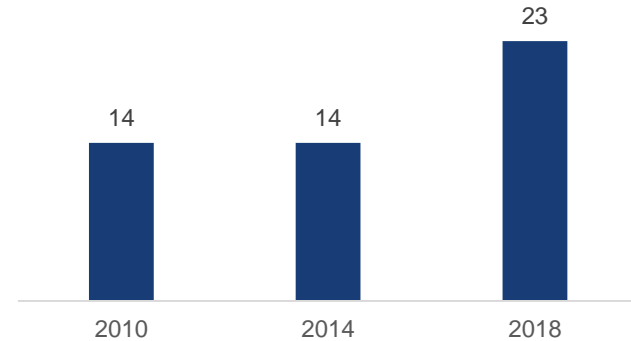
Best Balance Sheet in Company History



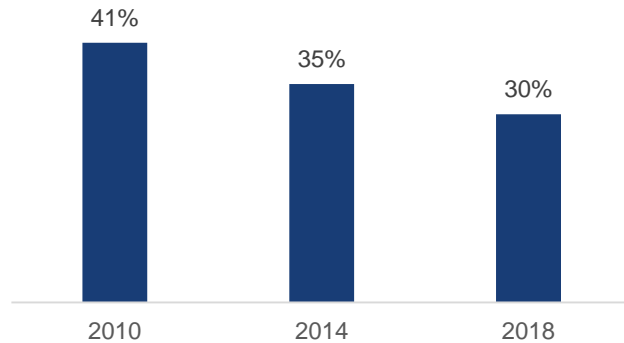
Net Debt / EBITDA



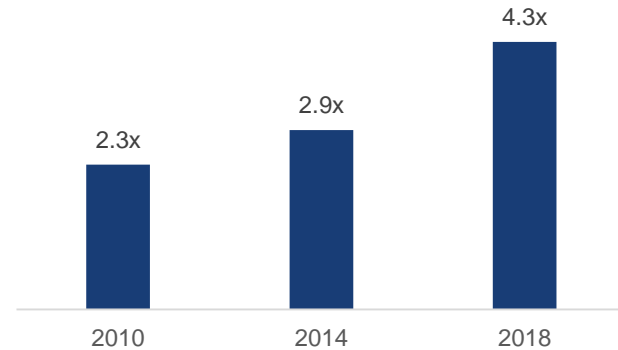
Unencumbered Properties



Total Debt / Total Asset Value



Fixed Charge Coverage Ratio



Balance Sheet Can Withstand 2008-Type Downturn



DRH Stress Testing				
	2019F	2020F	2021F	2022F
RevPAR Growth	-1.0%	-8.7%	-7.5%	6.3%
Corp. EBITDA Growth	1.0%	-13.8%	-13.8%	12.6%
Net Debt-to-EBITDA	3.4x	3.9x	4.5x	4.0x
Leverage Ratio (60% Maximum)	32.7%	38.2%	44.1%	39.1%
Fixed Charge Coverage Ratio (1.5x Minimum)	4.3x	3.6x	3.1x	3.5x

- Balance Sheet is prepared to withstand severe downturn
- Stress test assumes >15% RevPAR and >25% EBITDA decline
- 23 unencumbered properties throughout forecast
- Net debt-to-EBITDA of 4.5x, leverage ratio of 44% and FCCR of 3.1x at trough
- No outstanding borrowings on LOC in this scenario

Note: Excludes Frenchman's Reef from topline and revenue operating statistics, but includes BI for Frenchman's from a baseline of 2016A EBITDA.

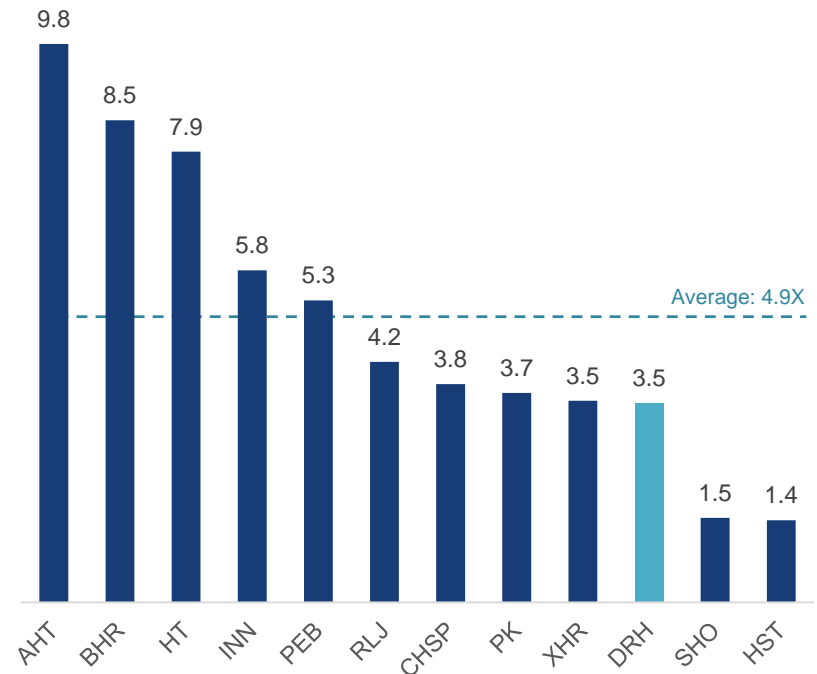
\$350 Million of Investment Capacity



CONSERVATIVE BALANCE SHEET STRATEGY

- Net Debt to 2019 EBITDA of 3.5x
- \$300M Line of Credit with no outstanding borrowings
- 23 unencumbered hotels
- Well-laddered maturity schedule with no maturities until November 2020
- \$350 million of investment capacity
- No more than 35% floating rate debt

LEVERAGE AT LOW END OF PEER GROUP



Source: Baird. Net Debt plus preferred / 2019 Consensus EBITDA.

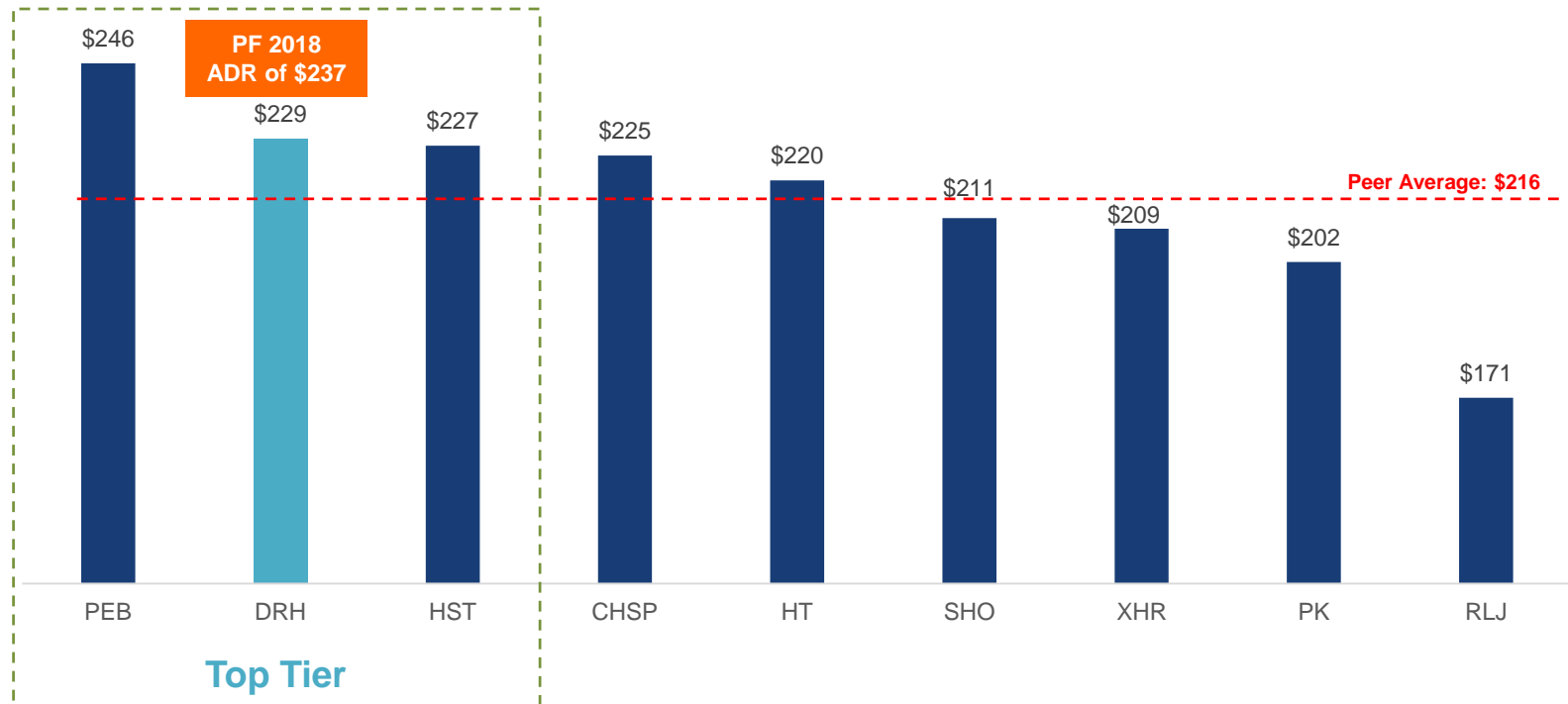


Compelling Valuation

Top-Tier Portfolio Quality



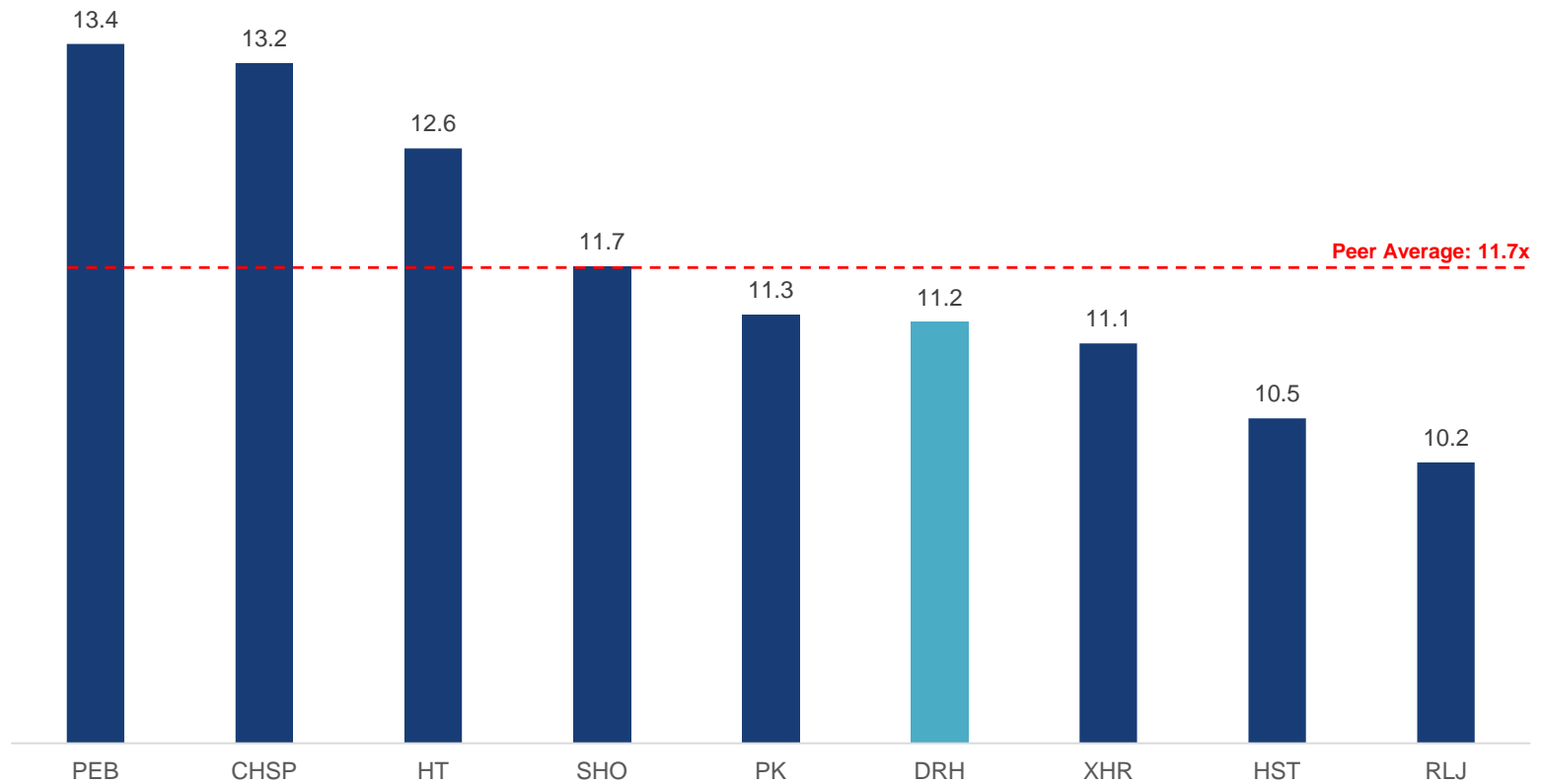
2017 Portfolio Average Daily Rate



Compelling Valuation



2018 Consensus EBITDA Multiple



DiamondRock Currently Trades At a Steep Discount to NAV

Market price of \$9.88⁽¹⁾ represents a 30% discount to NAV per share.

	Hotel NOI	Cap Rate			Estimated Value ⁽²⁾			
Region	FC Sept 2018	Low	Mid	High	Low	Mid	High	Mid / Key ⁽³⁾
Boston	\$34.5	6.0%	6.5%	7.0%	\$494	\$532	\$576	\$444
Chicago	\$30.2	6.5%	7.0%	7.5%	\$403	\$432	\$465	\$286
Dallas / Fort Worth	\$12.4	7.0%	7.5%	8.0%	\$155	\$166	\$177	\$328
Denver	\$11.3	6.0%	6.5%	7.0%	\$162	\$174	\$189	\$467
New York City	\$27.6	5.0%	5.5%	6.0%	\$460	\$502	\$552	\$331
San Diego	\$12.4	6.5%	7.0%	7.5%	\$166	\$178	\$191	\$407
San Francisco	\$11.8	5.0%	5.5%	6.0%	\$197	\$215	\$237	\$912
Washington, DC	\$14.1	6.5%	7.0%	7.5%	\$188	\$201	\$217	\$295
Other Urban	\$20.8	6.5%	7.0%	7.5%	\$277	\$296	\$319	\$277
Resorts	\$66.7	6.0%	6.5%	7.0%	\$953	\$1,026	\$1,112	\$497
Resorts Under Development	\$15.0	8.0%	8.5%	9.0%	\$167	\$176	\$188	\$553
Total	\$257.0	6.1%	6.6%	7.1%	\$3,622	\$3,899	\$4,223	\$393

NAV Per Share

\$12.84

\$14.18

\$15.73

- Note: San Francisco NOI includes Cavallo Point Resort as if owned for full-year 2018
Havana Cabana, Palomar Phoenix, Hotel Emblem, Frenchman's Reef and Landing Resort are included using stabilized NOI as proxy for multiple.
- (1) Share price as of January 25, 2018
(2) Dollar amounts in millions
(3) Dollar amounts in thousands

Trading at Clear Discount to Value



DiamondRock has repurchased \$62M worth of shares in the last 90 days.

DRH COMPANY VALUATION - SHARE PRICE SENSITIVITY					
	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00
2018 Consensus EBITDA Multiple	10.2x	11.0x	11.9x	12.7x	13.5x
2018 Consensus NOI Cap Rate	9.1%	8.4%	7.8%	7.3%	6.9%
2019 Consensus EBITDA Multiple	9.9x	10.7x	11.4x	12.2x	13.0x
Discount to Current Stock Price (\$9.70)	(19.0%)	(8.9%)	1.2%	11.3%	21.5%
Discount to 52-Week High (\$12.99)	(38.4%)	(30.7%)	(23.0%)	(15.3%)	(7.6%)
Discount to Internal NAV (\$14.18)	(43.6%)	(36.5%)	(29.5%)	(22.4%)	(15.4%)
Discount to Replacement Cost (\$500/Key)	(48.7%)	(44.6%)	(40.4%)	(36.3%)	(32.2%)



Key Takeaways

Key Takeaways



**Balance Sheet in Great Shape
(\$350M Dry Powder)**



Significant ROI Projects (\$200M NAV+)



**External Growth Focus on Resorts
(5 of Last 6 Deals)**



**Compelling Relative Valuation
(25% - 40% Discount to NAV)**



**Strong 2020 Setup
(Group Pace Up 15%)**



DIAMONDRock
HOSPITALITY