



# INVESTOR PRESENTATION

MAY 2024



TRANQUILITY BAY BEACHFRONT RESORT

## FORWARD LOOKING STATEMENTS

Certain statements made during this presentation are forward-looking statements that are subject to risks and uncertainties. Forward-looking statements generally include the words “believe,” “expect,” “anticipate,” “plan,” “estimate,” “project,” “will,” “intend” or other similar expressions. Forward-looking statements include, without limitation, statements regarding industry outlook, results of operations, cash flows, business strategies, growth and value opportunities, capital and other expenditures, financing plans, expense reduction initiatives and projected dispositions.

Factors that could cause actual results to materially differ from those contained in the forward-looking statements include, without limitation, national and local economic and business conditions, including the impact of COVID-19 on occupancy rates at DiamondRock Hospitality Company’s (the “Company”) hotels and the demand for hotel products and services, and those risks and uncertainties discussed in the most recent Annual Report on Form 10-K, which the Company has filed with the Securities and Exchange Commission, and in our other public filings which you should carefully review. The forward-looking statements made are based on our beliefs, assumptions and expectations of future performance, taking into account all information currently available to the Company. Actual results could differ materially from the forward-looking statements made in this presentation. The forward-looking statements made in this presentation are subject to the safe harbor of the Private Securities Litigation Reform Act of 1995.

Any forward-looking statement speaks only as of the date on which it is made. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material.

All information in this presentation is as of the date of this presentation, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

This presentation contains statistics and other data that has been obtained or compiled from information made available by third-party service providers and believed to be reliable, but the accuracy and completeness of the information is not assured. The Company has not independently verified any such information.

## USE OF NON-GAAP FINANCIAL MEASURES

We use the following non-GAAP financial measures that we believe are useful to investors as key measures of our operating performance: EBITDA, EBITDAre, Adjusted EBITDA, Hotel EBITDA, Hotel Adjusted EBITDA, FFO and Adjusted FFO. These measures should not be considered in isolation or as a substitute for measures of performance in accordance with U.S. GAAP. EBITDA, EBITDAre, Adjusted EBITDA, Hotel EBITDA, Hotel Adjusted EBITDA, FFO and Adjusted FFO, as calculated by us, may not be comparable to other companies that do not define such terms exactly as the Company.

A detailed explanation of these non-GAAP financial measures and the reconciliation of such measures to the most directly comparable financial measures prepared in accordance with U.S. GAAP can be found in the Company’s first quarter 2024 earnings press release dated May 2, 2024.

## PORTFOLIO



**9,757 ROOMS**



**36 PROPERTIES**



**25 GEOGRAPHIC MARKETS**

## FINANCIAL SUMMARY

**FY 2023**

Revenue	\$1.1B
Corporate Adj. EBITDA	\$272MM
Total Debt <sup>1</sup>	\$1.2B
Net Debt <sup>2</sup> to EBITDA	3.9x
Total Debt to Gross Book Value	29%

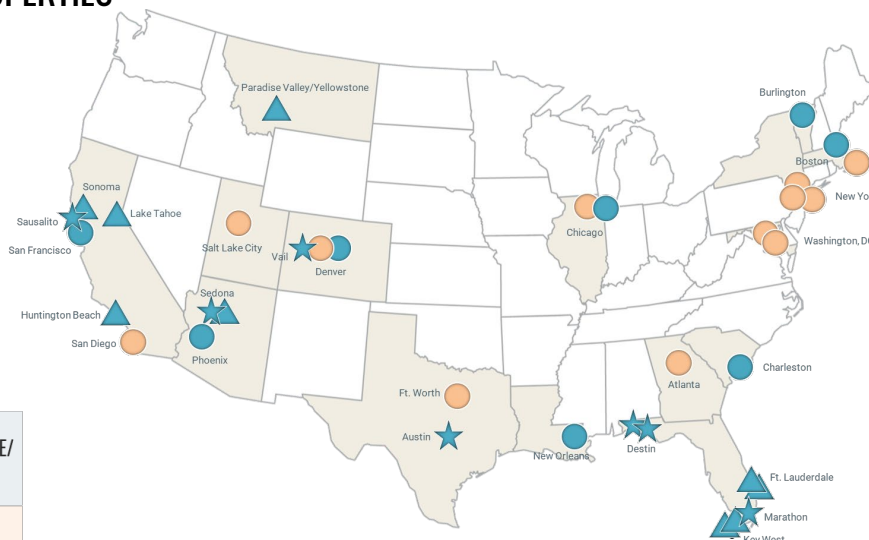
1. Excludes preferred capital

2. Cash includes corporate cash, excludes preferred capital

## DIVERSIFIED GEOGRAPHY

MARKET	% OF 2023 EBITDA
Chicago	12.5%
Boston	10.8%
New York City	8.3%
Florida Keys	7.6%
Vail	5.6%
Fort Lauderdale	5.0%
Fort Worth	4.8%
Sedona	3.8%
Denver	3.7%
Salt Lake City	3.7%
Destin	3.7%
Sausalito	3.7%
Charleston	3.4%
San Diego	3.4%
Sonoma	2.6%
Burlington	2.6%
Huntington Beach	2.5%
New Orleans	2.4%
Phoenix	2.3%
DC	2.1%
Atlanta	1.8%
Austin	1.5%
Lake Tahoe	1.2%
Montana	0.8%
San Francisco	0.1%
<b>Total</b>	<b>100.0%</b>

## DIVERSIFIED PROPERTIES



★	Luxury Resort	LIFESTYLE/ RESORT
▲	Lifestyle Resort	
●	Urban Lifestyle	URBAN
■	Urban Gateway	

# WELL-POSITIONED PORTFOLIO: LEISURE AS A LONG-TERM SECULAR DRIVER

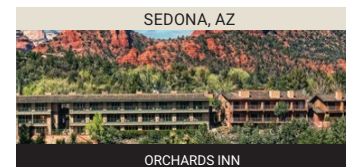
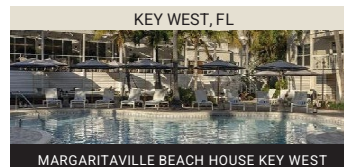
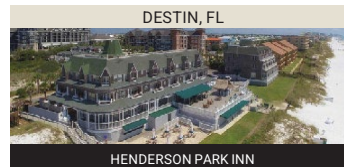
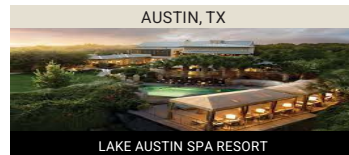
**24 Hotels**  
**4,345 Keys**

**56% of Portfolio**  
**by Revenue**

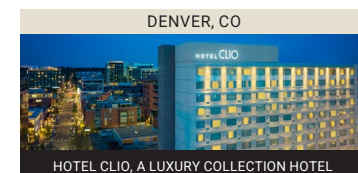
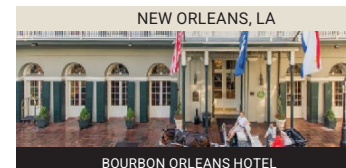
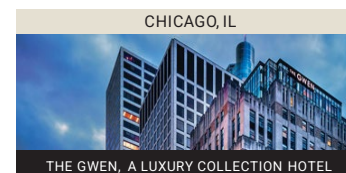
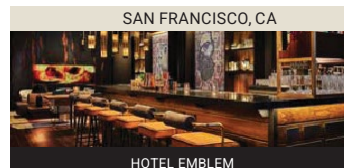
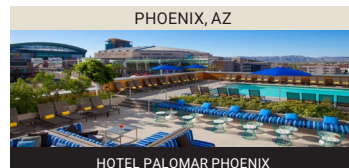
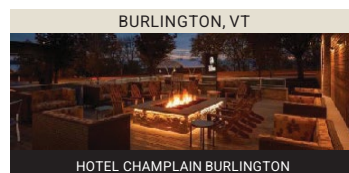
**15 Independent**  
**Hotels**

**100%**  
**Unencumbered**  
**by Management**

## LUXURY & LIFESTYLE RESORTS



## URBAN LIFESTYLE HOTELS

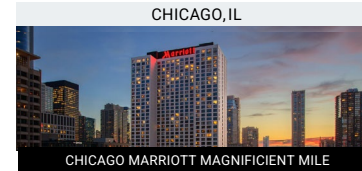


Notes: Revenue as of FY 2023

## URBAN GROUP HOTELS

**6 Hotels**  
**3,853 Keys**

**32% of Portfolio by Revenue**  
*Strong Convention Markets*



## URBAN LIMITED-SERVICE HOTELS

**4 Hotels**  
**969 Keys**

**9% of Portfolio by Revenue**  
*100% Unencumbered by Management*



## SUBURBAN HOTELS

**2 Hotels**  
**590 Keys**

**3% of Portfolio by Revenue**  
*100% Unencumbered by Management*



## TOTAL REVENUE

## TREVPAR

## REVPAR

## ADR

## OCCUPANCY

## PORTFOLIO

\$256.4MM

**+3.8%**  
vs 2023

\$288.92

**+2.4%**  
vs 2023

\$184.23

**(0.4%)**  
vs 2023

\$269.53

**(2.5%)**  
vs 2023

68.4%

**+1.5% PTS**  
vs 2023

## URBAN

\$210.70

**+5.6%**  
vs 2023

\$142.37

**+2.0%**  
vs 2023

\$210.09

**(1.3%)**  
vs 2023

67.8%

**+2.2% PTS**  
vs 2023

## RESORTS

\$522.71

**(1.9%)**  
vs 2023

\$309.33

**(4.0%)**  
vs 2023

\$441.28

**(2.8%)**  
vs 2023

70.1%

**(0.9% PTS)**  
vs 2023

## Q1 KEY TAKEAWAYS

- **New leadership appointments and simplified organizational structure expected to reduce G&A and streamline decision-making**
- **Total Comparable Revenue increased 3.8% vs 2023**
- **Comparable TRevPAR increased 2.4%, Comparable RevPAR declined 0.4% vs 2023**
- **Resort Comparable RevPAR decreased 4%**
  - Softer leisure demand at luxury resorts, but somewhat offset by stronger outside-of-room spend
  - Florida Keys RevPAR up 6.6%
- **Urban Comparable RevPAR increased 2.0%**
  - Business transient revenue increased 9.4%, but still 23% below 2019 levels
- **Group demand remains strong**
  - Group room nights increased 10.7%
  - Strong F&B revenue from increased group activity, group banquet volume up by 24% vs 2023
- **Two DRH hotels earned the distinction of MICHELIN Keys**
  - Cavallo Point (2 Keys)
  - The Gwen, a Luxury Collection Hotel (1 Key)

Cavallo Point, Sausalito, CA



## 2024 GUIDANCE

### CURRENT GUIDANCE

METRIC	LOW END	HIGH END
Comparable RevPAR Growth	2%	4%
Adjusted EBITDA	\$270MM	\$290MM
Adjusted FFO	\$194MM	\$214MM
Adjusted FFO per Share	\$0.91 per Share	\$1.00 per Share

### PREVIOUS GUIDANCE

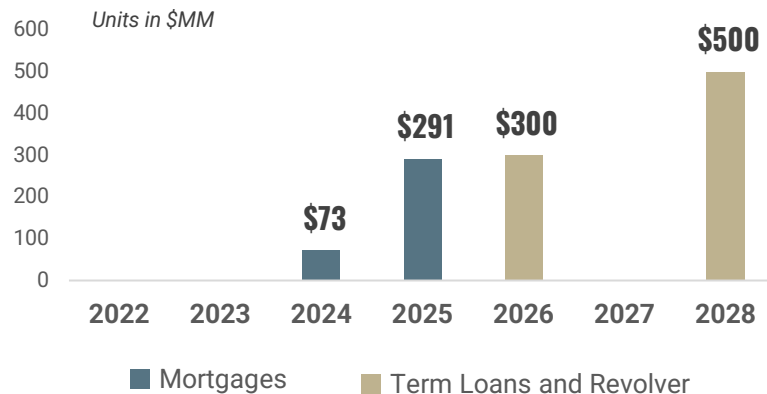
LOW END	HIGH END
2%	4%
\$260MM	\$290MM
\$187MM	\$217MM
\$0.88 per Share	\$1.02 per Share

## UPDATED ASSUMPTIONS

- **Corporate Expenses:** \$29.5MM - \$30.5MM<sup>1</sup>
- **Interest Expense:** \$65.2MM - \$66.2MM
- **Income Tax Expense:** \$0 - \$1.0MM
- **Available Rooms:** 3,571,062 available

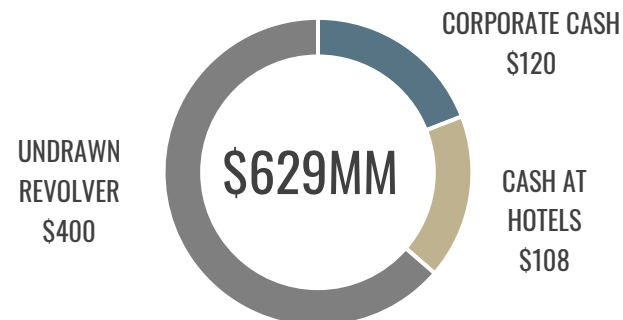
<sup>1</sup>Excludes expected executive transition costs which will be excluded from Adjusted EBITDA and Adjusted FFO

## PROFORMA BALANCE SHEET



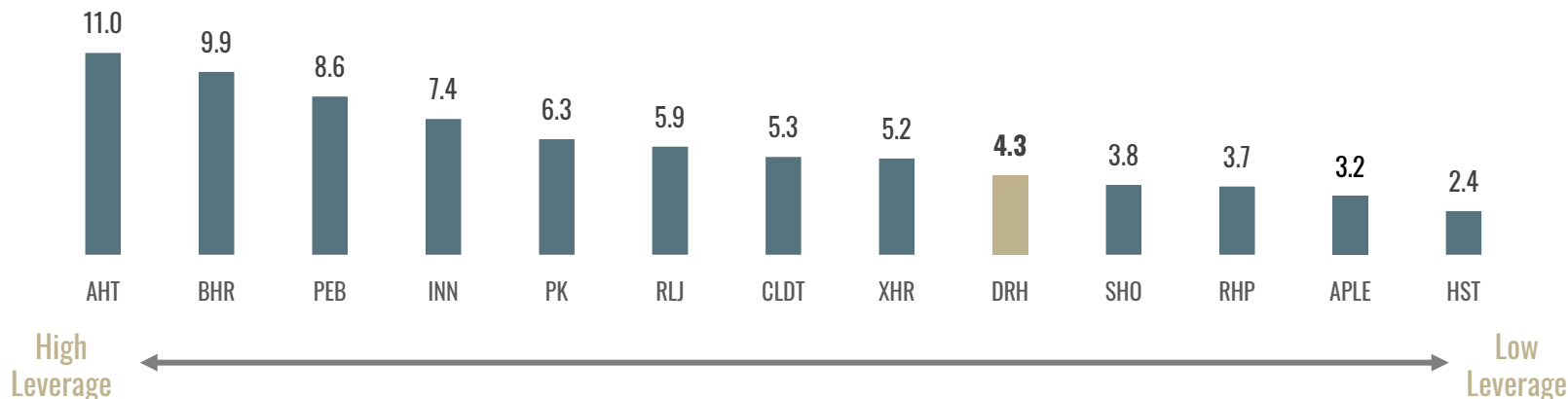
Note: Mortgages reflect balance at scheduled maturity, Term Loan reflects exercise of one-year extension

Units in \$MM



**SIGNIFICANT LIQUIDITY AVAILABLE  
AT END OF Q1 2024**

## NET DEBT + PREFERRED / EBITDA



# ROI CASE STUDY – CONVERSION FROM HILTON BOSTON TO THE DAGNY

Since conversion to The Dagny, the hotel's TripAdvisor ranking has improved from #56 out of 99 hotels in Boston in Q1 2023 to **#3 out of 95 hotels** as of April 22, 2024

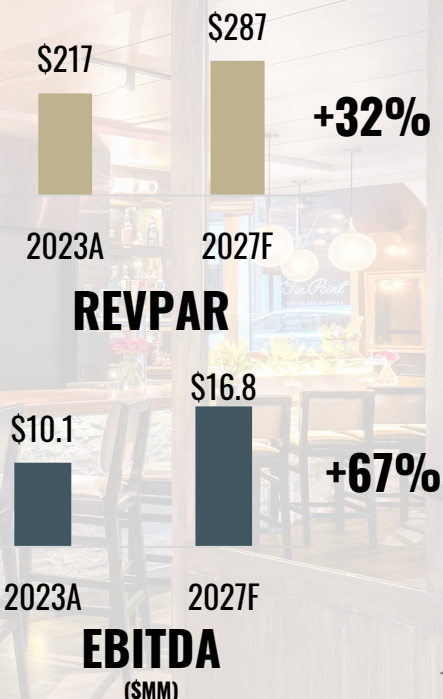


- **Completion:** August 1, 2023
- **Total Cost:** \$32MM
- **Increase Cost over Hilton Renovation:** \$5MM
- **Incremental NOI for Independent hotel:** \$1MM
- **Exit value increase:** \$14MM-30MM (50-100 bps on cap rate)

**The Dagny was relaunched on August 1, 2023, and has exceeded expectation.**

## Performance vs. Q1'24 budget:

- Top line revenue beat by +\$99K
- EBITDA margin beat by +149bp
- EBITDA beat by +\$101k or +32%
- TripAdvisor ranking improved 53 spots from March 2023 to April 2024
- TripAdvisor's #3 Travelers' Choice



## Hilton Burlington Lake Champlain



*Conversion to Curio brand and a new chef-driven restaurant*

- **Est. Completion:** Summer 2024
- **Total Est. Cost:** \$8.6MM
- **Stabilized Yield on Cost:** 10%
- Adds an additional lifestyle hotel to the portfolio
- Expected to enhance exit value

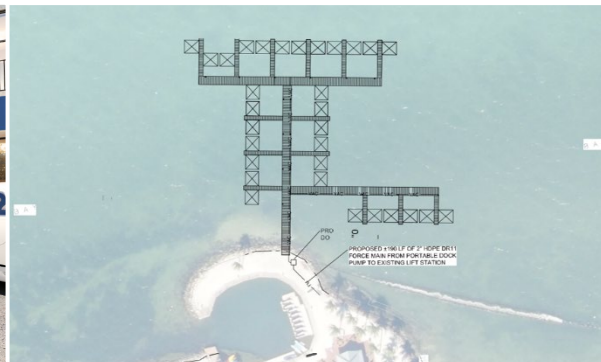


## Tranquility Bay



*Installation of a new marina*

- **Est. Completion:** 2025
- **Total Est. Cost:** \$1.5MM
- The marina will create 32 slips with the ability to add boat lifts
- Creates opportunity for ancillary revenue

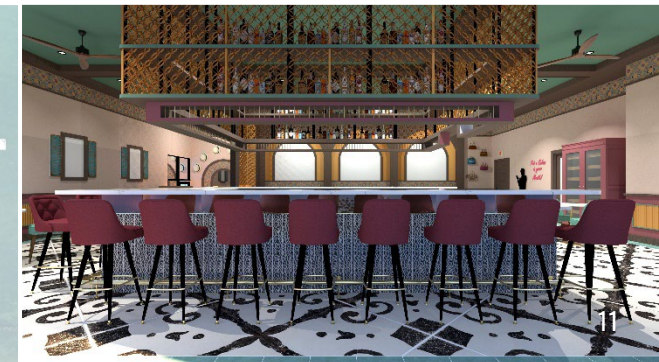


## Havana Cabana



*New hotel pool bar at Havana Cabana*

- **Est. Completion:** Summer 2024
- **Total Cost:** \$1.5MM
- Enhances guest experience and expected to significantly increase F&B revenue at a 25%+ margin



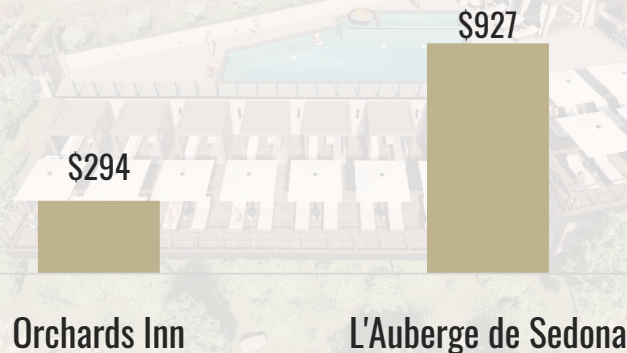


## *Integration of Orchards Inn with L'Auberge de Sedona*

- New cliff side pool and bar with some of the best views of Sedona's red rocks
- Significant rate opportunity
- **Total Cost: ~\$20MM**
- **Est. Completion: 2025**

### 2023 ADR COMPARISON

*3x Difference in ADRs*



Proceeding with Adding  
20% More Guest Rooms



Franchise Expiration in 2026  
Value Creation Opportunity



The Westin Boston  
Seaport District



Franchise Expiration in 2027  
Potential Upbranding and Expansion



Courtyard Denver  
Downtown



Exploring Adding New Cabins



Exploring Adding More  
Waterfront Guest Rooms



Exploring Spa Expansion



## 4<sup>th</sup> Consecutive Year Recognized as Sector Leader

### ISS ESG RANKINGS<sup>(2)</sup>



### 2023 DRH GRESB SCORE & RECOGNITION



**GRESB Score** **Green Star**  
GRESB Average 75 Peer Average 77

#### GRESB Public Disclosure Level



Global Average: B  
Comparison Group Average: B



sector leader 2023



★★★★☆ 2023

#### GRESB REAL ESTATE ASSESSMENT

- Ranked 1<sup>st</sup> GRESB Score among U.S. Listed Hotels
- Ranked 2<sup>nd</sup> GRESB Score among Listed Hotels
- Ranked 18<sup>th</sup> GRESB Score among U.S. Listed Companies (Top 15%)

#### GRESB PUBLIC DISCLOSURE

- Ranked 1<sup>st</sup> within the U.S. Hotels with a score of "A" compared to the Peer Group Average of "B" and the GRESB Global Average of "B"

### GRESB ANNUAL RESULTS VS PEER GROUP

	2017	2018	2019	2020	2021	2022	2023
<b>DRH GRESB Score</b>	<b>53</b>	<b>75</b>	<b>81</b>	<b>84</b>	<b>86</b>	<b>82</b>	<b>85</b>
Peer Score Average	57	58	69	69	72	65	77
Index to Peer Score Avg	93%	129%	117%	122%	119%	126%	110%