DiamondRock Hospitality

# Investor Presentation | March 2021

# 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 the Company's 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 DiamondRock Hospitality Company (the "Company") has filed with the Securities and Exchange Commission, and 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.

# Key Takeaways

1. $482MM of Available Liquidity[(1)]
2. Q4 Burn Rate 27%[(2)] Better Than Q3 Burn Rate
3. Pipeline of ROI Projects with 40%+ Estimated IRR
4. Marriott Deal Expected to Expand Future Margins
5. Emerging Acquisition Pipeline
6. ESG Leader

(1) As of 12/31/2020
(2) Adjusted for one-time items.

# Recent Events

## February 2021

- Resolved to convert JW Marriott Denver Cherry Creek to The Luxury Collection
- Reported Q4 Burn Rate 27% better than Q3

## January 2021

- Completed additional amendment to Credit Facility
    - *Covenants waived through 2021*
    - *First covenant test in Q2 2022 for period ending 3/31/22*
    - *Covenants relaxed through Q1 2023*

## December 2020

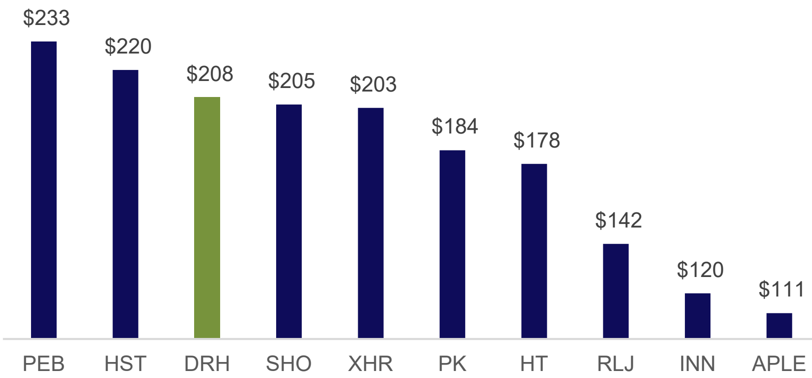
- Completed room renovations at Barbary Beach Key West
- Raised $87MM of proceeds on ATM offering
    - *Proceeds to fund approximately $65MM high ROI internal/external opportunities*

# DiamondRock at a Glance

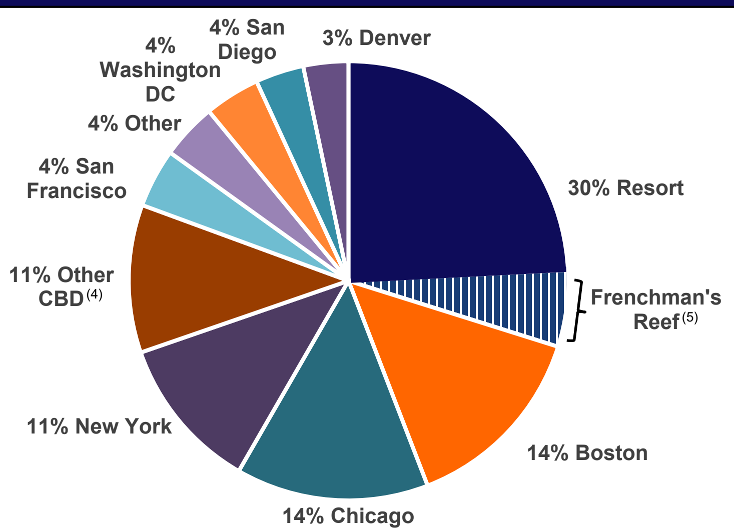
| 2020 FINANCIAL SUMMARY[1] | |
|---|---|
| **Hotels (Rooms)** | 31 Hotels (>10K Rooms) |
| **Total Revenue** | $299.8MM |
| **Room Revenue** | $196.7MM |
| **Hotel Adjusted EBITDA** | ($37.8MM) |
| **Outstanding Debt** | $1.05B |

## TOP TIER PORTFOLIO

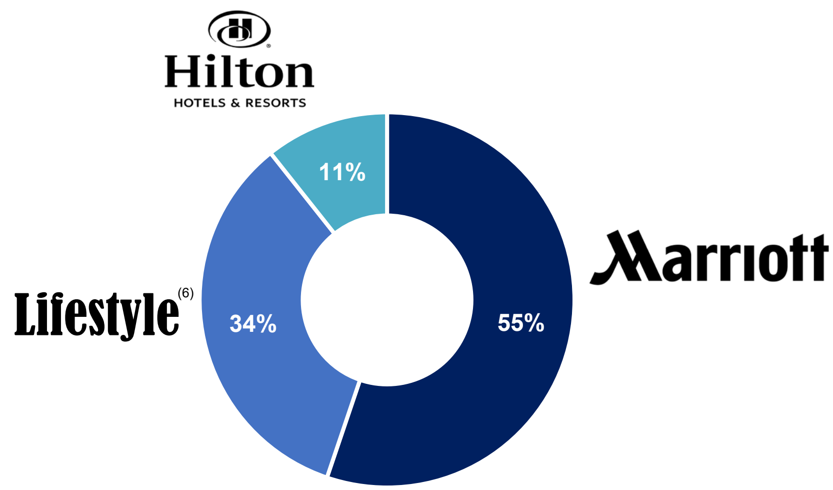
2020 ADR[2]




## URBAN AND RESORT HOTELS IN TOP MARKETS[3]



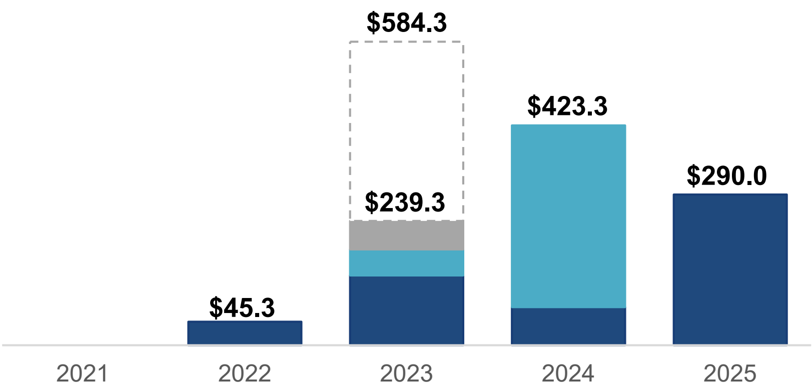

## HIGH QUALITY BRANDS[3]



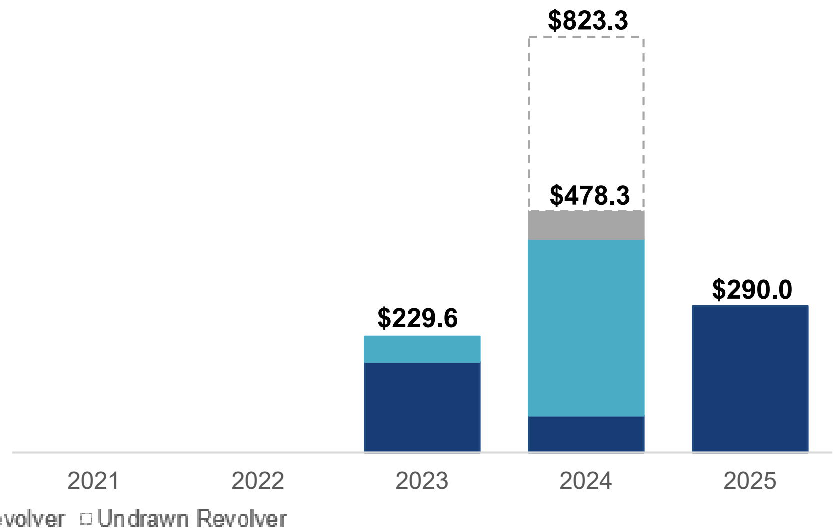

(1) As of and for the year ended 12/31/2020. Reconciliations provided in appendix
(2) As of 12/31/2020. Source: Company Filings
(3) Weighted by 2019 Actual EBITDA
(4) Other CBD includes Burlington Hilton, Salt Lake City Marriott, and Worthington Renaissance.
(5) Based on 2016 actual EBITDA
(6) Includes independent hotels, Luxury, Autograph and Renaissance collection properties, and Vail Marriott Resort

# DiamondRock Balance Sheet Profile

## FUTURE DEBT MATURITIES (IN $MM)(1)

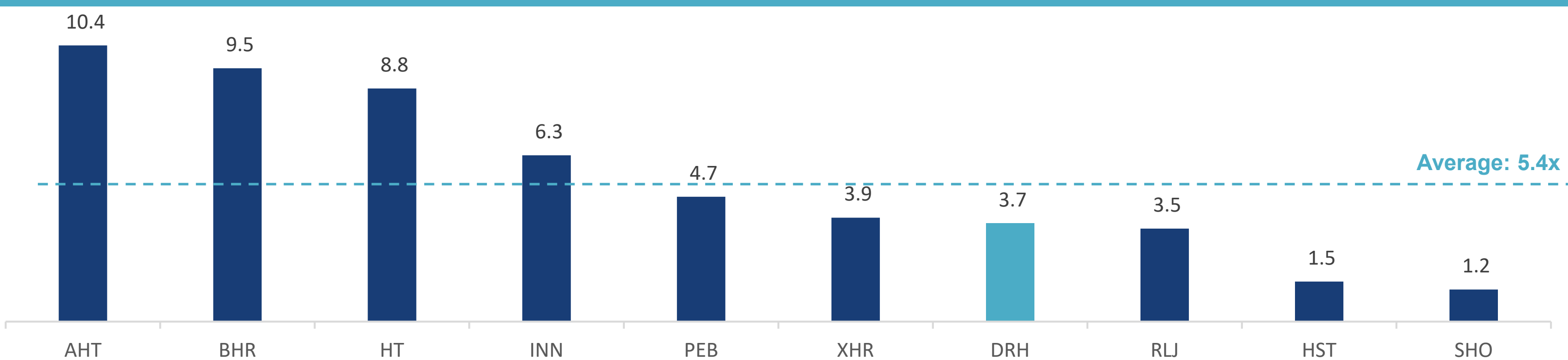



## PRO FORMA FUTURE DEBT MATURITIES (IN $MM)(2)




## $482MM year end liquidity available in cash and revolver capacity

## LEVERAGE BELOW PEER AVERAGE(4)




(1) Does not reflect extension options; revolving credit facility based on $55MM balance as of 12/31/2020
(2) Assumes all extension rights are exercised on revolver (2023), and Salt Lake City mortgage (2022)
(3) Forecast as of 11/16/2020
(4) Source: Baird. Net Debt plus preferred / 2019 Consensus EBITDA
Note: Leverage calculation is not adjusted for estimated EBITDA contribution from Frenchman's Reef

# Mitigating Cash Burn and Extending Runway

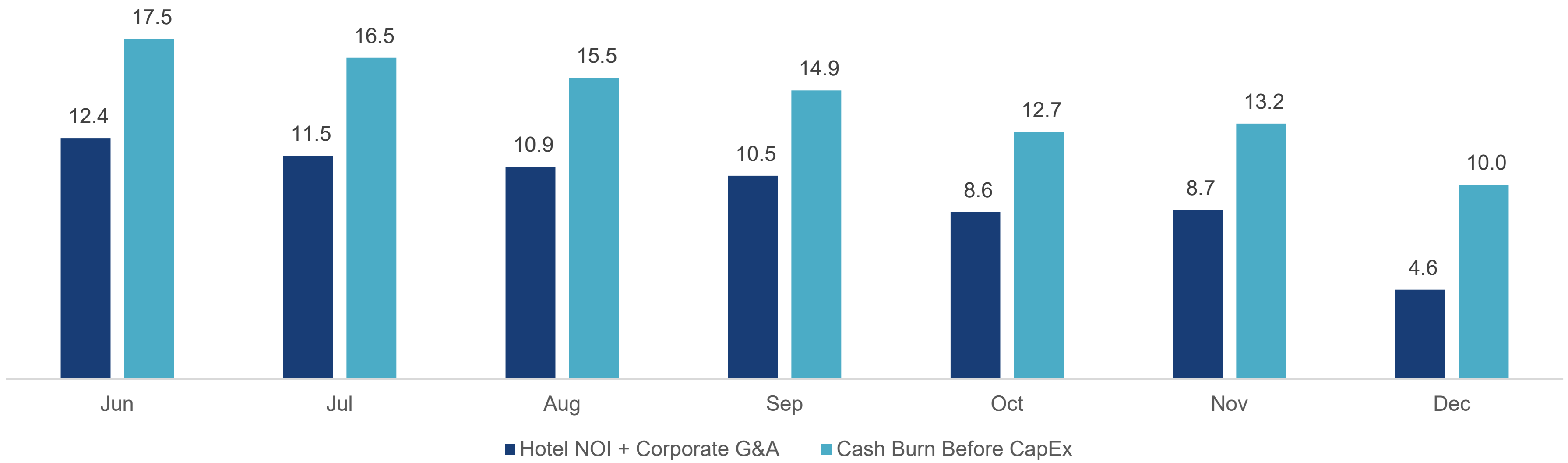
| | Quarterly Operating Metrics | | |
|---|---|---|---|
| | Q3 2020A | Q4 2020A | Improvement |
| Occupancy | 18.6% | 21.8% | 17.2% |
| Average Daily Rate | $202.44 | $200.92 | 0.0% |
| RevPAR | $37.55 | $43.78 | 16.6% |
| **Total Revenue** | **$50.1MM** | **$59.3MM** | **18.4%** |

| | Monthly Burn Rate ($MMs) | | | |
|---|---|---|---|---|
| | Q3 2020A | Q4 2020A | Improvement | Q1 2021E[(1)] |
| Hotel Net Operating Loss | 8.4 | 3.3[(4)] | 60.7% | |
| Corporate G&A Expenses | 1.4 | 1.3 | | |
| **Corporate Burn Rate** | **9.8** | **4.6** | **53.1%** | **8.0 – 8.5** |
| Debt Service | 4.1 | 4.6 | | 4.7 |
| Preferred Dividends[(2)] | 0.8 | 0.8 | | 0.8 |
| Capital Expenditures[(3)] | 3.0 | 3.0 | | 4.0 |
| **Total Monthly Cash Burn** | **17.7** | **13.0** | **26.6%** | **17.5 – 18.0** |
| **Total Liquidity** | **$435MM** | **$482MM** | **10.8%** | **~$415MM** |
| **Expected Runway** | **25 Months** | **37 Months** | **48.0%** | **23 – 24 Months** |

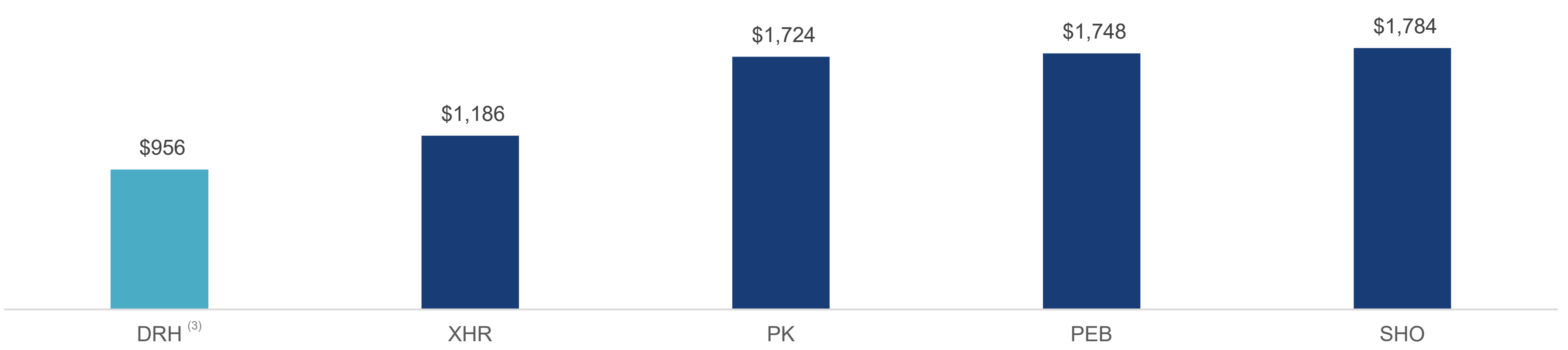
(1) Internal forecast as of 2/23/21
(2) Preferred dividends are shown on a proforma basis for Q3 2020
(3) Assumes capital expenditure of $3MM per month in 2020 and ~$4MM per month in 2021
(4) Q4 2020A Hotel NOI Loss includes one time benefit of $2.2MM related to a pandemic insurance claim

# Attractive Portfolio Mix & Superior Asset Management

## Improving Burn Rate: Rolling 3-Month Trend[1]



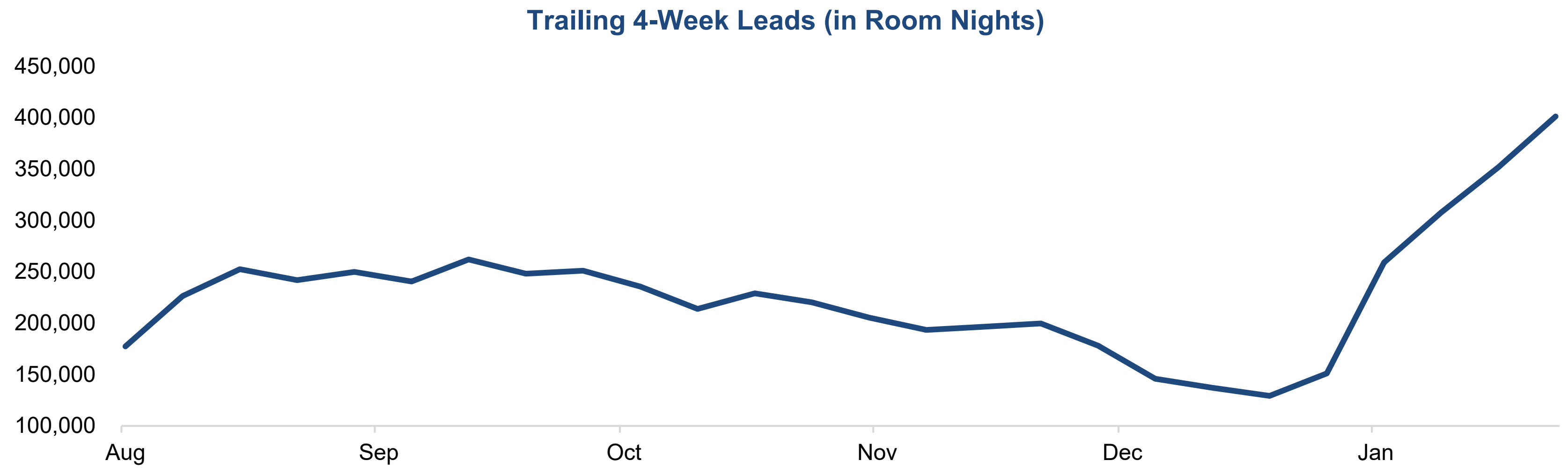

## Average Monthly AFFO Burn Rate Per Key[2]




(1) In millions
(2) Second, third, and fourth quarter AFFO per key per month.
(3) Third Quarter AFFO excludes noncash income tax valuation allowance recognized in the quarter of $12.4 million. Fourth Quarter AFFO excludes 2.2MM pandemic insurance claim.

# Encouraging Fundamental Trends Emerging

## Group Leads Up 7% in Q4 over Q3




## Business Transient Improving

**Increased 4-5%** in the fourth quarter, despite multiple headwinds

## Hotel Profitability

16 hotels generated **positive GOP** in the fourth quarter, up from 14 hotels in the third quarter

## DRH Leisure Strengthening

- Leisure volume increased **17% in Q4**
- January leisure trends show **continued strength**
- President's Day Weekend had **10 hotels** with **over 75% occupancy**

# INTERNAL GROWTH OPPORTUNITIES

Renaissance Charleston Historic District

# ROI Projects Drive Shareholder Value

| Property | Project | Estimated Capital Spend[1] | Estimated Incremental EBITDA[1] | Estimated IRR[2] | Estimated Completion |
|---|---|---|---|---|---|
| Sonoma | Autograph Collection Conversion | $9.8 | $1.4 | 25% | 2021 |
| Vail Marriott | Luxury Collection Brand Conversion | $8.4 | $3.4 | 88% | 2021 |
| | Rooftop Renovation and F&B Concept | $4.7 | $0.7 | 27% | 2021 |
| Denver JW Marriott | F&B and Public Space Renovation | $2.5 | $0.5 | 42% | 2021 |
| | Luxury Collection Brand Conversion | $3.6 | $1.2 | 74% | 2021 |
| Charleston Renaissance | F&B Repositioning | $2.1 | $0.5 | 52% | 2021 |
| | **Total Upcoming** | **$31.1** | **$7.7** | **55%** | |
| Orchards Inn | Resort Repositioning | $19.8 | $2.6 | 22% | 2022 |
| The Landing | Additional 17 Keys | $6.1 | $1.2 | 42% | 2022 |
| Boston Hilton | Additional 29 Keys | $6.0 | $1.0 | 33% | 2022 |
| | **Total in Planning** | **$31.9** | **$4.8** | **28%** | |
| | **Active ROI Pipeline** | **$63.0** | **$12.5** | **42%** | |

| | | |
|---|---|---|
| **Shadow ROI Pipeline** | **$25MM of Capital Spend** | **Estimated 20%+ IRR** |

**DiamondRock has identified $85MM of value-added projects**
**The Active ROI Pipeline is forecast to generate an IRR of over 40%**

(1) Estimated Capital Spend and Estimated Incremental EBITDA based upon management proformas
(2) Estimated IRR is calculated assuming a 3-year stabilization period and a 10.0x terminal multiple

# Up-Branding Opportunities

## JW Marriott Cherry Creek

JW MARRIOTT


| | |
|---|---|
| Project Cost | $3.6MM |
| IRR | 74% |
| Estimated Completion | 2021 |

## Sonoma Renaissance

R
RENAISSANCE®
HOTELS


| | |
|---|---|
| Project Cost | $9.8MM |
| IRR | 25% |
| Estimated Completion | 2021 |

## Vail Marriott

Marriott®


| | |
|---|---|
| Project Cost | $8.4MM |
| IRR | 88% |
| Estimated Completion | 2021 |

Note: Estimated IRR is calculated assuming a 3-year stabilization period and a 10.0x terminal multiple

# Sweeping Marriott Deal Increase Margins +50bp

Vail Marriott Mountain Resort

On 8/31/20, DRH entered into an agreement with Marriott to alter several brand and management contracts. Selected terms:

## Franchise Conversions

The following hotels will be converted from brand-managed to franchised properties with agreed to renovation scope and timeline:

- Atlanta Marriott Alpharetta
- Salt Lake City Marriott Downtown
- The Lodge at Sonoma
- Charleston Renaissance
- Courtyard Manhattan 5th Avenue

## Up-Branding

- The Vail Marriott Mountain Resort entered into a new franchise agreement to be branded as a Luxury Collection Hotel subject to renovation completion
- JW Marriott Cherry Creek franchise agreement extended and amended to allow for the conversion to a Luxury Collection Hotel if certain conditions are met

## The Lexington Hotel

The franchise agreement for The Lexington Hotel has been amended to provide termination right in 2021, subject to certain conditions

Note: Refer to 8-K filed 8/31/20 here for additional terms

# Recent Deals Evaluated at DiamondRock

## MAJOR SKI RESORT

Complex with existing assets and upgrade/ reposition asset

## FLORIDA INDEPENDENT OCEANFRONT RESORT

Complex with existing assets and potential to reposition asset

## UTAH BOUTIQUE RESORT

Supply constrained leisure market with expansion opportunity

## NATIONAL PARK PORTFOLIO

Collection of hotels at a major US National Park

## SMALL SONOMA INDEPENDENT RESORT

Lender-initiated foreclosure on small luxury boutique with potential to complex with existing assets

## LIFESTYLE PORTFOLIO

Portfolio of well-located hotels in lifestyle cities


**Cavallo Point, the Lodge at Golden Gate Bridge**

# Responsible Corporate Citizen

## GRESB Annual Results

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| **DRH GRESB Score** | 50 | 53 | 75 | 81 | 84 |
| **Peer Score Average[1]** | 51 | 57 | 58 | 69 | 69 |
| **Index to Peer Score Average** | 98% | 93% | 129% | 117% | 122% |

GRESB ★★★★★ 2020

GRESB INFRASTRUCTURE Sector Leader 2020

## ISS ESG Rankings[2]

**Environmental**

**3**

**Social**

**3**

**Governance**

**2**

## ISS-ESG Corporate Ranking

Currently Ranked in Top **1%** of all US Real Estate Companies

DiamondRock ranks in the **top 5%** of the Worldwide Real Estate Sector, earning an **ISS ESG Prime** designation

(1) Lodging Peer Average is based on 17 Lodging Companies including 10 REITs

(2) ISS will not provide Quality Ranking of peer set to DRH without enrolling in their advisory services, however score is relative to peer set

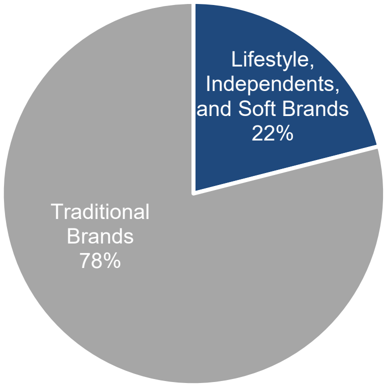
DiamondRock
HOSPITALITY

# APPENDIX

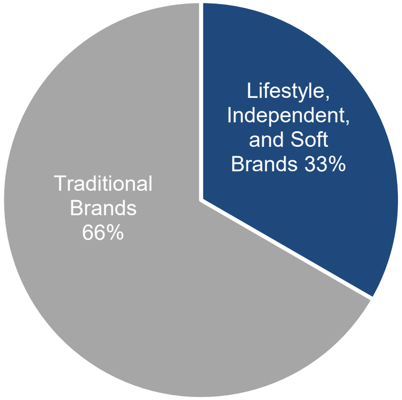
Havana Cabana Key West

# DRH Lifestyle & Independent Strategy

## CURRENT ALLOCATION[(1)]




## TARGET ALLOCATION



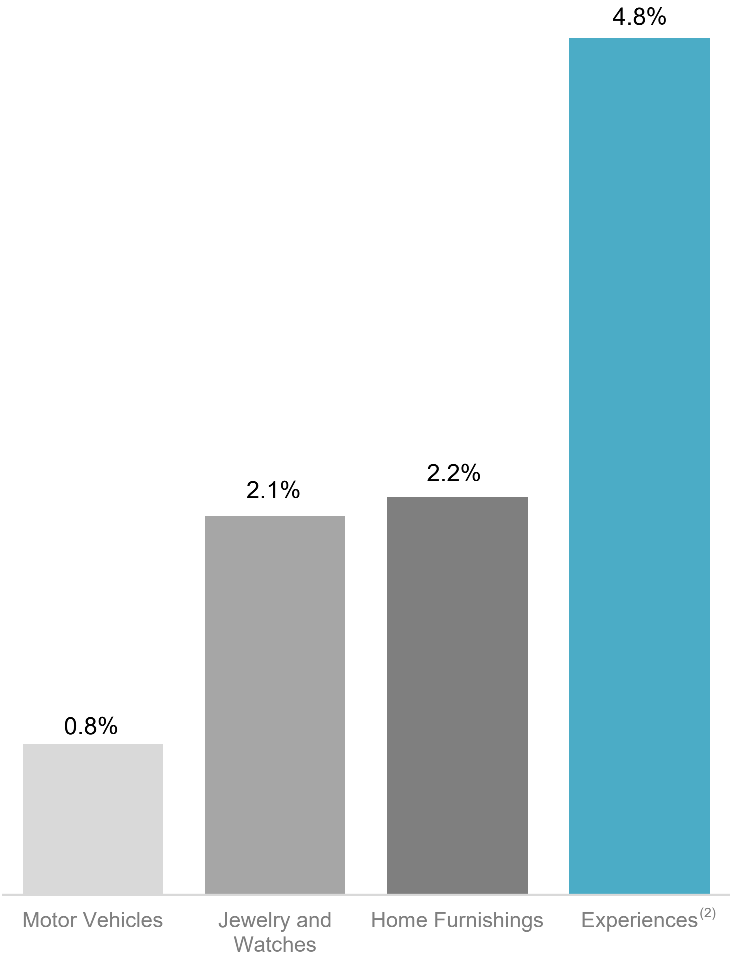

## RATIONALE FOR TARGETING LIFESTYLE HOTELS, INDEPENDENTS, & SOFT BRANDS

- Balances DRH's existing portfolio
- Greater opportunity for smaller deals
- Reduces reliance on traditional brands
- Cultural shift toward experiential travel

Target allocation will be **achieved through acquisitions** of lifestyle hotels, independents and soft brands and dispositions of traditional boxes

(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 2019A EBITDA for all properties except Frenchman's Reef and Havana Cabana where 2016A used due to closure. Pro forma for full year for acquisitions.

# Experiential Travel Leads the Way




15-YEAR SPENDING CAGR (2004-2019)(1)

In the past decade, consumer spending in the US has seen a drastic **shift toward experiences,** rather than products or "things". DiamondRock's **resort strategy** capitalizes on this trend by offering the once-in-a-lifetime travel experiences that consumers are willing spend their excess income on.

**74%** of Americans say they prioritize experiences over products(3)

**49%** of Generation Z and Millennials would sell their furniture or clothes to travel(3)

According to a recent survey, the **Top 3 drivers** of travel decisions are(3):

#1 Activities I will be doing on my trip

#2 Having a "once-in-a-lifetime" experience

#3 Having a cultural experience

(1) Source: Bureau of Economic Analysis
(2) 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.
(3) Source: Expedia and the Center for Generational Kinetics

# The Next Generation of Travel

## GENERATIONAL TRENDS

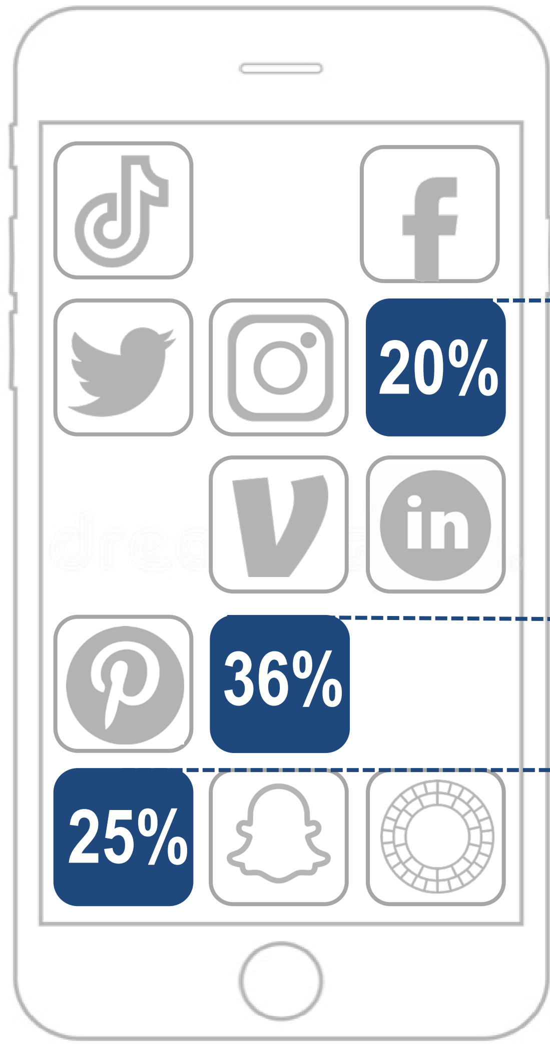
The future of travel will be dictated by the trends we see in Millennials (Generation Y) and Generation Z – who now account for **42.3% of the US population.**

These young generations have introduced **the importance of social media** into the travel landscape, turning to the platforms for trip inspiration and sometimes going on trips for the main purpose of sharing with followers.

Research also shows that travel is more important to these generations and seeing the world is one of their top priorities in life. A survey conducted by Deloitte shows Millennials and Generation Z ranking their life ambitions in the following order:

1. **See and travel the world**
2. Earn high salary/be wealthy
3. Buy a home
4. Make positive impacts on society
5. Have children/start families

## SOCIAL MEDIA FUELED TOURISM(1)




Nearly 20% of Gen-Z respondents said they have stayed at a specific hotel or destination in order to score a **positive response from followers** on posts on their own social media channels.

36% of Generation Z have chosen a travel destination because they **saw it on social media**

25% of millennials **posted a trip on social media before booking** in order to get the opinions of their followers

(1) Source: Expedia and the Center for Generational Kinetics

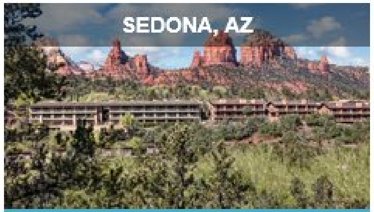
# Resort Thesis Already Proven Successful

| | | EBITDA Multiple @ | | EBITDA Increase |
|---|---|---|---|---|
| | Investment ($MM) | Purchase | YE 2019 | $MM |
| Burlington Hilton | $64 | 16.5x | 8.9x | $3.9 |
| Charleston Renaissance | $43 | 11.9x | 7.0x | $2.9 |
| Fort Lauderdale Westin | $167 | 14.8x | 10.7x | $5.5 |
| Havana Cabana | $54 | 12.2x | 15.8x | ($0.5) |
| The Landing Resort & Spa | $44 | 17.8x | 25.9x | ($0.7) |
| Sedona - L'Auberge | $67 | 15.8x | 8.6x | $3.6 |
| Sedona - Orchards Inn | $31 | 13.7x | 14.2x | ($0.1) |
| Shorebreak | $63 | 14.6x | 11.5x | $1.5 |
| Sonoma Renaissance | $40 | 10.7x | 5.7x | $4.0 |
| Vail Marriott Mountain Resort | $96 | 13.4x | 8.7x | $6.2 |
| **Total Resort** | **$668** | **14.2x** | **9.9x** | **$26.3** |

Note: Figures exclude Frenchman's Reef, Cavallo Point and Barbary Beach House as these assets are either repositioned or currently under construction.

# Strong Resort Market Presence

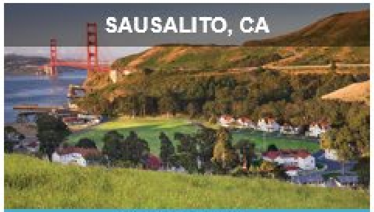
L'Auberge de Sedona
*(Independent)*



Orchards Inn
*(Independent)*

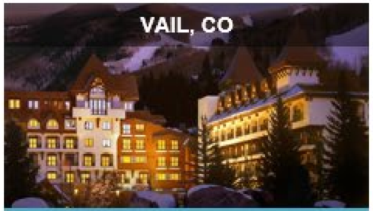
Kimpton Shorebreak
Huntington Beach Resort
*(Intercontinental Hotel Group)*

The Lodge at Sonoma,
A Renaissance Resort & Spa
*(Marriott)*



Cavallo Point,
The Lodge at the Golden Gate Bridge
*(Independent)*

The Landing Resort & Spa
*(Independent)*



Vail Marriott Mountain Resort & Spa
*(Marriott)*

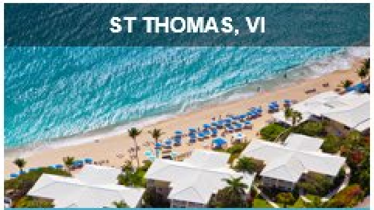
Havana Cabana
*(Independent)*

Barbary Beach House Key West
*(Independent)*

Renaissance Charleston
Historic District Hotel
*(Marriott)*

Westin Fort Lauderdale Beach Resort
*(Marriott)*

Frenchman's Reef Marriott
Resort & Spa
*(Marriott)*



Noni Beach Resort,
An Autograph Collection Hotel
*(Marriott)*

Hilton Burlington Lake Champlain
*(Hilton)*

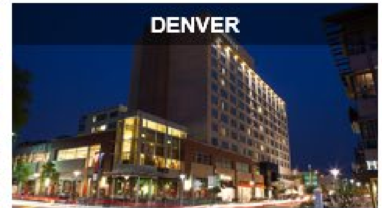
**Approximately 1/3 of portfolio located in destination resort markets.**

# High Quality Portfolio in Key Gateway Markets

Hotel Emblem San Francisco
*(Independent)*

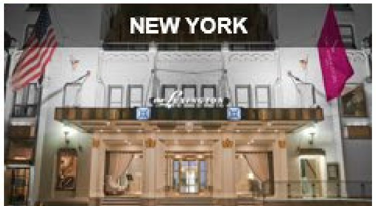
Hotel Palomar Phoenix
*(Intercontinental Hotel Group)*

Westin San Diego
*(Marriott)*

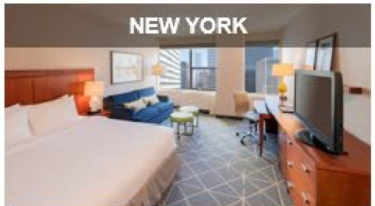


JW Marriott Denver at Cherry Creek
*(Marriott)*

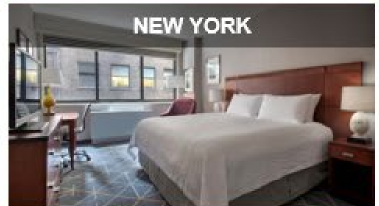
Courtyard Denver Downtown
*(Marriott)*



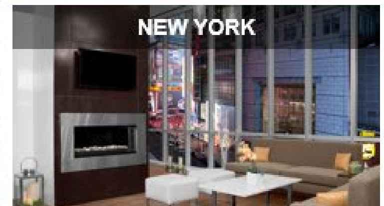
Lexington Hotel New York
*(Marriott)*



Courtyard Manhattan/Midtown East
*(Marriott)*

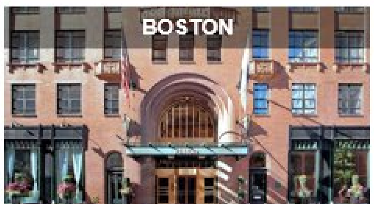


Courtyard Manhattan/Fifth Avenue
*(Marriott)*

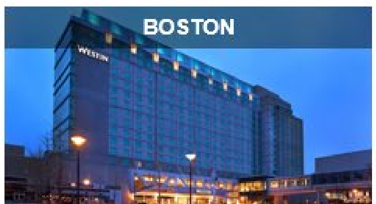


Hilton Garden Inn Times Square
*(Hilton)*

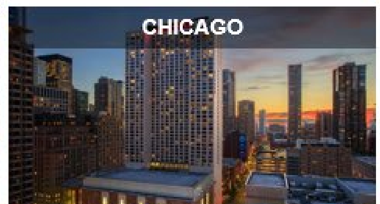
Westin Washington, DC City Center
*(Marriott)*



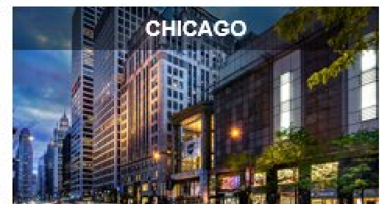
Hilton Boston Downtown
*(Hilton)*



Westin Boston Waterfront
*(Marriott)*



Chicago Marriott Downtown
*(Marriott)*



The Gwen, a Luxury Collection Hotel
*(Marriott)*

Atlanta Marriott Alpharetta
*(Marriott)*

Worthington Renaissance Fort Worth
*(Marriott)*

Salt Lake City Marriott Downtown
*(Marriott)*

Bethesda Marriott Suites
*(Marriott)*

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

# Non GAAP Measures

The Company considers the following non-GAAP financial measures to be useful to investors as key supplemental measures of operating performance: EBITDA, EBITDAre, Adjusted EBITDA, Hotel EBITDA and Hotel Adjusted EBITDA. 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 and Hotel Adjusted EBITDA, as calculated by us, may not be comparable to other companies that do not define such terms exactly as the Company.

EBITDA represents net income (calculated in accordance with U.S. GAAP) excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; and (3) depreciation and amortization. The Company computes EBITDAre in accordance with the National Association of Real Estate Investment Trusts ("Nareit") guidelines. Nareit defines EBITDAre as EBITDA plus or minus losses or gains on the disposition of depreciated property, including gains/losses on change of control, impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates.

Hotel EBITDA represents net income excluding: (1) interest expense, (2) income taxes, (3) depreciation and amortization, (4) corporate general and administrative expenses and (5) hotel acquisition costs. We believe that Hotel EBITDA provides our investors a useful financial measure to evaluate our hotel operating performance, excluding the impact of our capital structure (primarily interest), our asset base (primarily depreciation and amortization), and our corporate-level expenses (corporate expenses and hotel acquisition costs). We believe that excluding the effect of corporate-level expenses provides a more complete understanding of the operating results over which individual hotels and third-party management companies have direct control. We believe property-level results provide investors with supplemental information on the ongoing operational performance of our hotels and effectiveness of the third-party management companies operating our business on a property-level basis.

We adjust EBITDAre and Hotel EBITDA when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted EBITDA and Hotel Adjusted EBITDA when combined with U.S. GAAP net income, EBITDAre, and Hotel EBITDA, is beneficial to an investor's complete understanding of our consolidated and property-level operating performance. Hotel Adjusted EBITDA margins are calculated as Hotel Adjusted EBITDA divided by total hotel revenues. We adjust EBITDAre and Hotel EBITDA for non-cash lease expense and other amortization, cumulative effects of a change in accounting principle, gains or losses from early extinguishment of debt, hotel acquisition costs, severance costs, hotel manager transition items and certain other items that we consider outside the ordinary course of business and that we do not believe reflect the ongoing performance of the Company or our hotels. Such items may include, but are not limited to, the following: pre-opening costs incurred with newly developed hotels; lease preparation costs incurred to prepare vacant space for marketing; management or franchise contract termination fees; gains or losses from legal settlements; costs incurred related to natural disasters; and gains on property insurance claim settlements, other than income related to business interruption insurance.

Reconciliations of net income (loss) to EBITDA, EBITDAre, Adjusted EBITDA and Hotel EBITDA can be found in the Company’s earnings press releases.

# Pro Forma Net Debt / 2019 EBITDA Reconciliation

| | As of December 31, 2019 |
|---|---|
| | **Actual** |
| **Principal Balance** | |
| Salt Lake City Marriott Downtown mortgage loan | $53,273 |
| Westin Washington D.C. City Center mortgage loan | 60,550 |
| The Lodge at Sonoma, a Renaissance Resort & Spa mortgage loan | 26,963 |
| Westin San Diego mortgage loan | 61,851 |
| Courtyard Manhattan / Midtown East mortgage loan | 81,107 |
| Renaissance Worthington mortgage loan | 80,904 |
| JW Marriott Denver at Cherry Creek mortgage loan | 61,253 |
| Boston Westin mortgage loan | 190,725 |
| New Market Tax Credit loan (1) | 2,943 |
| Unamortized debt issuance costs | (3,240) |
| **Total mortgage and other debt, net of unamortized debt issuance costs** | **616,329** |
| | |
| Unsecured term loan | 50,000 |
| Unsecured term loan | 350,000 |
| Unamortized debt issuance costs | (1,230) |
| **Unsecured term loans, net of unamortized debt issuance costs** | **398,770** |
| | |
| **Senior unsecured credit facility** | **75,000** |
| | |
| **Total debt, net of unamortized debt issuance costs** | **$1,090,099** |
| | |
| **Cash and cash equivalents** | **122,524** |
| | |
| Net debt | 967,575 |
| Adjusted EBITDA | 260,409 |
| **Net Debt / Adjusted EBITDA** | **3.7x** |

Note: $ in thousands.
(1) Assumed in connection with the acquisition of the Hotel Palomar Phoenix on March 1, 2018.

# EBITDA and Hotel Adjusted EBITDA Reconciliation

| | Year Ended December 31, 2019 |
|---|---|
| **Net income** | **$184,211** |
| Interest expense | 46,584 |
| Income tax expense | 22,028 |
| Real estate related depreciation and amortization | 118,110 |
| **EBITDA** | **$370,933** |
| Corporate expenses | 28,231 |
| Interest and other income, net | (1,197) |
| Loss on early extinguishment of debt | 2,373 |
| Professional fees related to Frenchman's Reef (1) | 17,822 |
| Severance costs (2) | – |
| Gain on property insurance settlement | (144,192) |
| **Hotel EBITDA** | **$273,970** |
| Non-cash lease expense and other amortization | 7,013 |
| Hotel manager transition and pre-opening items (3) | 6,460 |
| **Hotel Adjusted EBITDA** | **$287,443** |
| Hotel Adjusted EBITDA from closed hotels (4) | ($11,161) |
| **Comparable Hotel Adjusted EBITDA** | **$276,282** |
| **Revenues** | **938,091** |
| Hotel revenues from closed hotels (4) | ($6,013) |
| **Comparable Revenues** | **$932,078** |
| **Comparable Hotel Adjusted EBITDA Margin** | **29.6%** |

Note: $ in thousands.
(1) Represents legal and professional fees and other costs incurred at Frenchman's Reef as a result of Hurricane Irma that are not covered by insurance.
(2) Represents payments made to unionized employees under a voluntary buyout program at the Lexington Hotel New York, which are classified within other hotel expenses on the consolidated statement of operations.
(3) Consists of (a) manager transition costs of $0.8 million related to the L'Auberge de Sedona, Orchards Inn Sedona and The Landing Resort and Spa, (b) pre-opening costs of $0.5 million related to the reopening of the Hotel Emblem, (c) pre-opening costs of $2.7 million related to the reopening of Frenchman's Reef, and (d) $2.5 million related to the pending termination of the franchise agreement for Sheraton Suites Key West.
(4) Amounts represent the operating results of Frenchman's Reef for all periods presented, Havana Cabana Key West for January 1 to March 31, 2019 and the comparable period of 2018 and Hotel Emblem from September 1, 2019 to December 31, 2019 and the comparable period of 2018.

# 2019 Adjusted EBITDA Reconciliation

| | Year Ended December 31, |
|---|---|
| | 2019 |
| **Net (loss) income** | 184,211 |
| Interest expense | 46,584 |
| Income tax (benefit) expense | 22,028 |
| Real estate related depreciation and amortization | 118,110 |
| **EBITDA/EBITDAre** | **370,933** |
| Non-cash lease expense and other amortization | 7,013 |
| Professional fees and pre-opening costs related to Frenchman's Reef (1) | 17,822 |
| Hotel manager transition costs and pre-opening items (2) | 6,460 |
| Gain on property insurance settlement | (144,192) |
| Loss on early extinguishment of debt | 2,373 |
| **Adjusted EBITDA** | **$260,409** |

Note: $ in thousands.
(1) Represents legal and professional fees and other costs incurred at Frenchman's Reef as a result of Hurricane Irma that are not covered by insurance.
(2) Consists of (a) manager transition costs of $0.8 million related to the L'Auberge de Sedona, Orchards Inn Sedona and The Landing Resort and Spa, (b) pre-opening costs of $0.5 million related to the reopening of the Hotel Emblem, (c) pre-opening costs of $2.7 million related to the reopening of Frenchman's Reef, and (d) $2.5 million related to the pending termination of the franchise agreement for Sheraton Suites Key West.