UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest reported):

October 20, 2005

DiamondRock Hospitality Company

(Exact name of registrant as specified in charter)

| Maryland | 001-32514 | 20-1180098 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

6903 Rockledge Drive, Suite 800
Bethesda, MD 20817
(Address of Principal Executive Offices) (Zip Code)

10400 Fernwood Road, Suite 300
Bethesda, MD 20817
(Former Address of Principal Executive Offices)(Former Zip Code)

(240) 744-1150
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

|_| Written communications pursuant to Rule 425 under the Securities Act(17 CFR 230.425)

|_| Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

|_| Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

|_| Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## ITEM 2.02. Results of Operations and Financial Condition.

The information in this Current Report on Form 8-K is furnished under Item 2.02 - - "Results of Operations and Financial Condition." Such information, including the exhibits attached hereto, shall not be deemed to be "filed" for any purpose, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing.

On October 20, 2005, DiamondRock Hospitality Company (the "Company") issued a press release announcing its financial results for the third quarter ended September 9, 2005. That press release referred to certain supplemental information that is available on the Company's website. The press release and the text of the supplemental information are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated by reference herein.

## ITEM 9.01. Financial Statements and Exhibits.

(c) Exhibits.

See Index to Exhibits attached hereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIAMONDROCK HOSPITALITY COMPANY

Date: October 20, 2005

By: /s/ Michael D. Schecter
---
Michael D. Schecter
General Counsel and Secretary

# EXHIBIT INDEX

| Exhibit No. | Description |
| --- | --- |
| 99.1 | Press release dated October 20, 2005 |
| 99.2 | DiamondRock Hospitality Company - Supplemental Operating and Financial Data for the quarter ended September 9, 2005 |

Exhibit 99.1

# DiamondRock Hospitality Company Reports Results of Operations for Third Quarter 2005

BETHESDA, Md.--(BUSINESS WIRE)--Oct. 20, 2005--DiamondRock Hospitality Company (the "Company") (NYSE: DRH) today announced results of operations for the third quarter ended September 9, 2005. DiamondRock Hospitality Company is a self-advised real estate investment trust (REIT) that is an owner and acquirer of upper upscale and upscale hotel properties located primarily in North America. To a lesser extent, it may invest, on a selective basis, in premium limited-service and extended-stay hotel properties in urban locations.

## Highlights

-- Increased same-store revenue per available room ("RevPAR") by 8.25 percent from $96.34 to $104.29 over the comparable period in 2004 for the twelve hotels addressed in prior guidance.

-- Quarterly adjusted earnings before interest expense, income taxes, depreciation and amortization ("Adjusted EBITDA") of $13.8 million.

-- Quarterly Funds from Operations ("FFO") per diluted share of $0.19 and quarterly Adjusted FFO per diluted share of $0.22.

-- Quarterly net income of $2.2 million, or $0.04 per diluted share.

-- Declared dividend of $0.1725 per share.

-- Acquired seven hotels for an aggregate contractual purchase price of $475.1 million.

-- Obtained long-term, fixed-rate debt on three hotels for a total of $202.5 million in proceeds at a weighted average interest rate of 5.4 percent.

-- Secured a $75 million line of credit.

## Operating Results

Please see "Certain Definitions" and "Non-GAAP Financial Measures" attached to this press release for an explanation of the terms "twelve hotels", "fourteen hotels", "EBITDA", "Adjusted EBITDA", "Hotel Adjusted EBITDA", "FFO" and "Adjusted FFO". Moreover, the discussions of RevPAR, Adjusted EBITDA margin and Hotel Adjusted EBITDA margin assume that the acquired hotels were owned by the Company for the entire reporting periods of 2005 and 2004.

## Third Quarter Results

For the fiscal quarter ended September 9, 2005, the Company's total revenue was $65.4 million; net income totaled $2.2 million ($0.04 per diluted share), and Adjusted EBITDA was $13.8 million. Additionally, the Company reported FFO of $9.6 million ($0.19 per diluted share) and Adjusted FFO of $11.3 million ($0.22 per diluted share) for the third quarter. FFO and Adjusted FFO include the impact of a $1.7 million tax benefit recorded on the pre-tax net loss generated by our taxable REIT subsidiary.

RevPAR for our twelve hotels increased 8.25 percent to $104.29 compared to a RevPAR of $96.34 in the same period in the prior year, driven by a 7 percent increase in the average daily rate and a 0.9 percentage point increase in occupancy. Due to a major renovation that we completed during the quarter, approximately one third of the Courtyard New York/Manhattan Fifth Avenue hotel's rooms were out of service during the third quarter and have been excluded from the calculation of RevPAR. Our prior guidance did not include adjustment for the out of service rooms; if we had included such rooms in our calculations for the third quarter, the RevPAR growth for our twelve hotels was 7.1%.

Hotel Adjusted EBITDA margins for our twelve hotels increased 1.26 percentage points to 22.34 percent compared to the same period in the prior year. Hotel Adjusted EBITDA margins were affected by a major renovation during the quarter at the Courtyard New York/Manhattan Fifth Avenue. Excluding this hotel, Hotel Adjusted EBITDA margin increased 1.74 percentage points to 22.94 percent.

William W. McCarten, chief executive officer, stated, "The third quarter results indicate that our portfolio of high quality hotels continues to benefit from the lodging recovery and our unique and preferential sourcing relationship with Marriott International. Operating performance met our expectations during a quarter in which we also completed the acquisition of seven hotels, more than doubling our Company's size. We also completed our first major hotel renovation, finishing the extensive Courtyard New York/Manhattan Fifth Avenue rooms renovation on budget and in time for the seasonally strong fourth quarter."

## Year to Date Results

For the period from January 1, 2005 to September 9, 2005, the Company reported:

-- RevPAR increased 10.4 percent to $110.07 for our twelve hotels compared to a RevPAR of $99.72 during the same period in the prior year, driven by an 8.8 percent increase in average daily room rate and a 1.1 percentage point increase in occupancy.

- Hotel Adjusted EBITDA margins increased 2.3 percentage points to 26.4 percent for our twelve hotels compared to the same period in the prior year.

- Total revenues were $125.3 million.

- Net loss was $8.9 million, or $(0.27) per diluted share.

- Adjusted EBITDA was $25.3 million.

- FFO and Adjusted FFO were $7.2 million and $15.8 million, respectively.

Recent Acquisitions

The Company completed several hotel acquisitions during the quarter as follows:

- A portfolio of four hotels, including the Marriott Los Angeles Airport Hotel, the Worthington Renaissance Hotel (Fort Worth), the Atlanta Alpharetta Marriott Hotel, and the Marriott Frenchman's Reef & Morning Star Resort (St. Thomas, USVI) for a contractual purchase price of $315.0 million.

- The Vail Marriott Mountain Resort and Spa for the contractual purchase price of $62.0 million.

- The Buckhead SpringHill Suites by Marriott in the Buckhead area of Atlanta, Georgia for a contractual purchase price of $34.1 million.

- The Oak Brook Hills Resort & Conference Center in Oak Brook, Illinois for a contractual purchase price of $64.0 million. This hotel was rebranded as the Oak Brook Hills Marriott Resort.

Capital Projects

During the third quarter we substantially completed the brand conversion and renovation project at the Courtyard New York/Manhattan Fifth Avenue for an estimated cost of $6.1 million. The renovation included complete rooms and bathroom renovation, as well as a renovation of the common areas, and the construction of a new fitness facility.

During the fourth quarter, we have begun a major renovation of the Torrance Marriott, which will include a renovation of the rooms and public spaces. At the Los Angeles Airport Marriott, we are commencing the renovation of the ballrooms. At the Frenchman's Reef & Morning Star Resort, we are completing a substantial renovation of the rooms.

In the first quarter of 2006, we plan to complete the renovation of the Torrance Marriott as well as renovate the rooms at the Courtyard Midtown East and the Bethesda Marriott Suites. The renovation of the Oak Brook Hills Marriott Resort will begin in 2006.

Balance Sheet & Recent Financings

As of September 9, 2005, the Company had total assets of $890.9 million, including $33.0 million of restricted cash dedicated to capital improvements at the hotels. Moreover, the Company had $366 million of total debt. Over 90 percent of the debt is long-term, fixed-rate, single property limited recourse mortgage debt. The debt bears interest at a weighted average interest rate of 5.5 percent.

The Company obtained long-term, fixed rate, single property debt secured by the Marriott Los Angeles Airport, the Worthington Renaissance Hotel and the Marriott Frenchman's Reef & Morning Star Resort. The loan on the Marriott Los Angeles Airport Hotel has a principal balance of $82.6 million, a term of 10 years, bears interest at 5.30 percent, and is interest only for the entire term. The loan on the Worthington Renaissance Hotel has a principal balance of $57.4 million, a term of 10 years, bears interest at 5.40 percent, and is interest only for the first four years and then amortizes on a 30-year schedule. The loan on the Marriott Frenchman's Reef & Morning Star Resort has a principal balance of $62.5 million, a term of 10 years, bears interest at 5.44 percent, and is interest only for the first three years and then amortizes on a 30-year schedule.

On July 8, 2005, the Company consummated its senior secured revolving credit facility. The facility has a three-year term and a $75.0 million limit, with an ability to increase the facility up to $250 million with lender approval. As long as the Company maintains a debt-to-asset value of less than 65 percent, outstanding funds on the credit facility will bear interest at LIBOR plus 1.45 percent. Wachovia Bank, Citigroup North America, and Bank of America participated in the credit facility. At the end of the third quarter, the Company had $5.0 million drawn under this credit facility and $70.0 million available.

Outlook

The Company is providing guidance, but does not undertake to update it for any developments in its business. Achievement of the anticipated results is subject to the risks disclosed in the Company's filings with the Securities and Exchange Commission. The guidance below on margins and RevPAR includes the meaningful negative impact from the renovations of the Courtyard New York/Manhattan Fifth Avenue in the third quarter and the Torrance and LAX Marriott Hotels in the fourth quarter. Furthermore, the RevPAR and Hotel Adjusted EBITDA margin guidance are pro forma as they assume that the acquired hotels were owned by the Company for the entire reporting periods of 2005 and 2004.

For the full year 2005 the Company expects:

-- Pro forma RevPAR for the twelve hotels to increase in the range of 9.0 to 10.0 percent.

-- Pro forma Hotel Adjusted EBITDA margins for the twelve hotels should increase by approximately 2.10 to 2.30 percentage points.

-- Actual Adjusted EBITDA for the Company should be between $44 million and $46 million.

-- Actual FFO for the Company will be between $17.5 million and $19.5 million and actual Adjusted FFO for the Company will be between $28.4 million and $30.4 million.

The Company has just begun its budget process for 2006 and is not in a position to provide formal guidance. However, based on initial discussions with our operators, the Company expects 2006 same store RevPAR to increase 7 to 9 percent.

Comparative Results and Guidance

The following table reflects our prior guidance for the third quarter compared to our actual results:

| | Guidance | Actual Results |
|---|---|---|
| RevPAR Growth (1) | 6% - 8% | 8.25% (2) |
| Adjusted EBITDA | $12M - $14M | $13.8M |
| FFO | $5.4M - $7.4M | $9.6M(3) |
| Adjusted FFO | $7.0M - $9.0M | $11.3M(3) |

(1) Represents pro forma RevPAR growth for the twelve hotels (excluding the Oak Brook Hills Marriott and Buckhead SpringHill Suites).
(2) On a comparable basis (including the unavailable rooms at Courtyard Manhattan/New York Fifth Avenue), RevPAR growth was 7.1%.
(3) Includes a $1.7 million tax benefit recorded by our taxable REIT subsidiary

The following table reflects our prior guidance for the full year compared to our new guidance for the full year:

| | Prior Guidance | New Guidance |
|---|---|---|
| RevPAR Growth (1) | 8% - 10% | 9%-10% |
| Improvement in Hotel Adjusted EBITDA Margins (1) | 210 bps - 230 bps | 210 bps - 230 bps |
| Adjusted EBITDA | $43M - $46M | $44M - $46M |
| FFO | $13.5M - $16.5M | $17.5M - $19.5M |
| Adjusted FFO | $24.1M-$27.1M | $28.4M - $30.4M |

(1) Represents pro forma RevPAR growth and Hotel Adjusted EBITDA Margin growth for the twelve hotels (excluding the Oak Brook Hills Marriott and Buckhead SpringHill Suites).

Ground Leases

Several hotels owned by the Company are subject to ground leases. These include Bethesda Suites Marriott, Courtyard New York Fifth Avenue, Salt Lake City Downtown Marriott, Griffin Gate Marriott Resort and Oak Brook Hills Marriott Resort. In the third quarter, the contractual cash rent payable on the ground leases totaled $417,000. In accordance with GAAP, the Company records rent expense on a straight-line basis for ground leases that provide minimal rental payments that increase in pre-established amounts over the remaining term of the ground lease. In addition, the Company recorded a $12.3 million favorable lease asset in conjunction with the acquisition of the Oak Brook Hills Marriott Resort that will be amortized over the 20.5 year period until lease rental payments are adjusted to market. The Company recorded approximately $71,000 of non-cash ground rent expense during the third quarter related to the amortization of the favorable lease asset. In total, the Company recorded approximately $2.1 million in ground rent expense for the third quarter. The non-cash portion of ground rent expense recorded during the third quarter was $1.7 million.

## Dividend Update

During the third quarter, the Company declared a dividend of $0.1725 per share, payable to its common stockholders of record as of September 9, 2005. The dividend was paid on September 27, 2005.

## Earnings Call

The Company will host a conference call to discuss second quarter results on Thursday, October 20, 2005, at 2:00 p.m. EST. To participate in the live call, investors are invited to dial 1-866-831-6247 (for domestic callers) or 617-213-8856 (for international callers). The participant passcode is 40960633. A live webcast of the call will be available via the investor relations section of DiamondRock Hospitality Company's website at www.drhc.com. A replay of the webcast will also be archived on the website for 30 days.

In addition, the Company has produced a supplemental package that includes detailed financial information regarding the operating results, which is available via the investor relations section of the website at www.drhc.com.

## About the Company

DiamondRock Hospitality Company is a self-advised real estate investment trust (REIT) that is an owner and acquirer of upper upscale and upscale hotel properties located primarily in North America. To a lesser extent, it may invest, on a selective basis, in premium limited-service and extended-stay hotel properties in urban locations. As of September 9, 2005, the Company owns 14 hotels that comprise 5,633 rooms. The Company has a strategic acquisition sourcing relationship with Marriott International. For further information, please visit the Company's website at www.drhc.com.

This press release contains forward-looking statements within the meaning of federal securities laws and regulations. These forward looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will," "continue" and other similar terms and phrases, including references to assumptions and forecasts of future results. Forward- looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from those anticipated at the time the forward- looking statements are made. These risks include, but are not limited to: national and local economic and business conditions, including the potential for additional terrorist attacks, that will affect occupancy rates at our hotels and the demand for hotel products and services; operating risks associated with the hotel business; risks associated with the level of our indebtedness and our ability to meet covenants in our debt agreements; relationships with property managers; our ability to maintain our properties in a first-class manner, including meeting capital expenditure requirements; our ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures; changes in travel patterns, taxes and government regulations which influence or determine wages, prices, construction procedures and costs; our ability to complete acquisitions; the performance of acquired properties after they are acquired; necessary capital expenditures on the acquired properties; and our ability to continue to satisfy complex rules in order for us to qualify as a REIT for federal income tax purposes; and other risks and uncertainties associated with our business described in the Company's filings with the SEC. 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 release is as of October 20, 2005, 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.

FFO per share, Adjusted EBITDA, and comparable Hotel Adjusted EBITDA margins (discussed below) are non-GAAP financial measures within the meaning of the rules of the Securities and Exchange Commission (SEC). Included in the press release is a reconciliation of such terms to net income.

The Company has included in this press release for the comparable period (quarter ended September 10, 2004) a pro forma income statement that includes the effects of the initial public offering (as described in the Company's prospectus dated May 25, 2005), acquisitions and financings. The Company believes that this pro forma income statement is useful to enhance the comparability of the third quarter of 2005 with prior periods.

## Reporting Periods for Statement of Operations

The results we report in our consolidated statements of operations are based on results of our hotels reported to us by our hotel managers. Our hotel managers use different reporting periods. Marriott International, the manager of the majority of the Company properties, uses a fiscal year ending on the Friday closest to December 31 and reports twelve weeks of operations for the first three quarters and sixteen or seventeen weeks for the fourth quarter of the year for its domestic managed hotels. In contrast, Marriott for its non-domestic hotels (including Frenchman's Reef) and Vail Resorts, our manager of the Vail Marriott, report results on a monthly basis. Additionally, the Company, as a REIT, is required by tax laws to report results on a calendar year. As a result, the Company has adopted the reporting periods used by Marriott International for its domestic hotels, except that the fiscal year always ends on December 31 to comply with REIT rules. The first three fiscal quarters end on the same day as Marriott International's fiscal quarters but our fourth quarter ends on December 31 and our full year results, as reported in our statement of operations, always includes the same number of days as the calendar year.

Two consequences of the reporting cycle we have adopted are: (1) quarterly start dates will usually differ between years, except for the first quarter which always commences on January 1, and (2) our first and fourth quarters of operations and year-to-date operations may not include the same number of days as reflected in prior years.

While the reporting calendar we adopted is more closely aligned with the reporting calendar used by the manager of a majority of our properties, one final consequence of our calendar is we are unable to report any results for Frenchman's Reef or for the Vail Marriott for the month of operations that ends after our fiscal quarter-end because neither Vail Resorts nor Marriott International make mid- month results available to us. As a result, our quarterly results of operations include results from Frenchman's Reef and the Vail Marriott as follows: first quarter (January, February), second quarter (March to May), third quarter (June to August) and fourth quarter (September to December). While this does not affect full-year results, it does affect the reporting of quarterly results.

Reporting Periods for Hotel Operating Statistics and Comparable Hotel Results

In contrast to the reporting periods for our consolidated statement of operations, our hotel operating statistics (i.e., RevPAR, average daily rate and average occupancy) and our comparable hotel results are always reported based on the reporting cycle used by Marriott International for our Marriott- managed hotel(s). This facilitates year-to-year comparisons, as each reporting period will be comprised of the same number of days of operations as in the prior year (except in the case of fourth quarters comprised of seventeen weeks versus sixteen weeks). This means, however, that the reporting periods we use for hotel operating statistics and our comparable hotels results may differ slightly from the reporting periods used for our statements of operations for the first and fourth quarters and the full year. Results from hotel managers reporting on a monthly basis are included in our operating statistics and comparable hotel results consistent with their reporting in our consolidated statement of operations for the hotel operating statistics and comparable hotel results reported herein.

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Fiscal Quarter Ended September 9, 2005, the Period from January 1, 2005 to September 9, 2005, and the Fiscal Quarter Ended September 10, 2004 and Period from May 6, 2004 (Incorporation) to September 10, 2004

| | Fiscal Quarter Ended September 9, 2005 | Period from January 1, 2005 to September 9, 2005 | Fiscal Quarter Ended September 10, 2004 and Period from May 6, 2004 (Incorporation) to September 10, 2004 |
|---|---|---|---|
| | (Unaudited) | (Unaudited) | (Unaudited) |
| Rooms | $43,007,699 | $85,509,567 | $ - |
| Food and beverage | 17,607,225 | 31,812,477 | - |
| Other | 4,792,077 | 7,949,454 | - |
| Total revenues | 65,407,001 | 125,271,498 | - |
| Operating Expenses: | | | |
| Rooms | 10,853,919 | 21,439,976 | - |
| Food and beverage | 13,658,368 | 24,420,522 | - |
| Management fees | 2,171,128 | 4,280,139 | - |
| Other hotel expenses | 24,887,133 | 49,247,846 | - |
| Depreciation and amortization | 7,369,396 | 16,072,526 | 9,168 |
| Corporate expenses | 2,452,887 | 10,399,626 | 1,715,699 |
| Total operating expenses | 61,392,831 | 125,860,635 | 1,724,867 |
| Operating profit (loss) | 4,014,170 | (589,137) | (1,724,867) |
| Other Expenses (Income): | | | |
| Interest income | (654,201) | (1,215,028) | (452,300) |

| | | | |
|---|---|---|---|
| Interest expense | 4,156,249 | 10,640,988 | - |
| Total other expenses/(income) | 3,502,048 | 9,425,960 | (452,300) |
| Income (loss) before income taxes | 512,122 | (10,015,097) | (1,272,567) |
| Income tax benefit | 1,684,346 | 1,125,499 | 552,294 |
| Net income (loss) | $2,196,468 | $(8,889,598) | $ (720,273) |
| Earnings (loss) per share: | | | |
| Basic and diluted | $0.04 | $(0.27) | $ (0.05) |

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS
September 9, 2005 and December 31, 2004

| ASSETS | September 9, 2005 | December 31, 2004 |
|---|---|---|
| | (Unaudited) | |
| Property and equipment, at cost | $811,084,017 | $286,727,306 |
| Less: accumulated depreciation | (17,300,783) | (1,084,867) |
| | 793,783,234 | 285,642,439 |
| Deferred financing costs, net | 2,925,759 | 1,344,378 |
| Restricted cash | 33,035,939 | 17,482,515 |
| Due from hotel managers | 34,543,143 | 2,626,262 |
| Favorable lease asset, net | 12,214,838 | - |
| Purchase deposits and pre-acquisition costs | - | 3,272,219 |
| Prepaid and other assets | 4,464,554 | 4,340,259 |
| Cash and cash equivalents | 9,968,037 | 76,983,107 |
| Total assets | $890,935,504 | $391,691,179 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Debt, at face amount | $363,181,035 | $177,827,573 |
| Debt premium | 2,832,142 | 2,944,237 |
| Total debt | 366,013,177 | 180,771,810 |
| Deferred income related to key money, net | 6,383,518 | 2,490,385 |
| Unfavorable lease liability, net | 5,426,955 | 5,776,946 |
| Due to hotel managers | 21,649,144 | 3,985,795 |
| Dividends declared and unpaid | 8,893,732 | - |
| Accounts payable and accrued expenses | 12,270,323 | 3,078,825 |
| Total other liabilities | 54,623,672 | 15,331,951 |
| Shareholders' Equity: | | |
| Preferred stock, $.01 par value; 10,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, $.01 par value; 100,000,000 shares authorized; 50,819,864 and 21,020,100 shares issued and outstanding at September 9, 2005 and December 31, 2004, respectively | 508,199 | 210,201 |
| Additional paid-in capital | 491,450,709 | 197,494,842 |
| Accumulated deficit | (21,660,253) | (2,117,625) |
| Total shareholders' equity | 470,298,655 | 195,587,418 |
| Total liabilities and shareholders' equity | $890,935,504 | $391,691,179 |

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Period from January 1, 2005 to September 9, 2005 and the Period from May 6, 2004 (Incorporation) to September 10, 2004

| | Period from January 1, 2005 to September 9, 2005 (Unaudited) | Period from May 6, 2004 (Incorporation) to September 10, 2004 (Unaudited) |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (8,889,598) | $ (720,273) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Real estate depreciation | 16,072,526 | 9,167 |
| Corporate asset depreciation as corporate expenses | 75,166 | |
| Non-cash straight line ground rent | 4,839,677 | - |
| Non-cash financing costs as interest | 1,100,820 | - |
| Market value adjustment to interest rate caps | (11,402) | - |
| Amortization of favorable lease asset | 70,601 | - |
| Amortization of debt premium and unfavorable lease liability | (209,835) | - |
| Amortization of deferred income | (106,867) | - |
| Stock-based compensation | 5,582,077 | 645,000 |
| Income tax benefit | (1,125,499) | (552,294) |
| Changes in assets and liabilities: | | |
| Prepaid expenses and other assets | 1,012,604 | (204,170) |
| Due to/from hotel managers | (11,837,240) | - |
| Accounts payable and accrued expenses | 4,069,073 | 388,914 |
| Net cash provided by (used in) operating activities | 10,642,103 | (433,656) |
| Cash flows from investing activities: | | |
| Hotel acquisitions | (530,905,343) | (81,302) |
| Hotel capital expenditures | (9,646,244) | - |
| Receipt of deferred key money | 4,000,000 | - |
| Cash paid for restricted cash at acquisition | (17,740,652) | - |
| Purchase deposits and pre-acquisition costs | - | (1,096,221) |
| Net cash used in investing activities | (554,292,239) | (1,177,523) |
| Cash flows from financing activities: | | |
| Proceeds from mortgage debt | 246,500,000 | - |
| Draws on senior secured credit facility | 5,000,000 | - |
| Repayments of mortgage debt | (56,948,685) | - |
| Scheduled mortgage debt principal payments | (2,146,538) | - |
| Payment of financing costs | (2,682,201) | - |
| Proceeds from sale of common stock | 291,799,785 | 197,376,548 |
| Payment of dividends | (1,680,656) | - |
| Payment of costs related to sale of common stock | (3,206,639) | (1,028,588) |
| Net cash provided by financing activities | 476,635,066 | 196,347,960 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the Period from January 1, 2005 to September 9, 2005 and the Period from May 6, 2004 (Incorporation) to September 10, 2004

| | Period from January 1, 2005 to September 9, 2005 | Period from May 6, 2004 (Incorporation) to September 10, 2004 |
|---|---|---|
| Net (decrease) increase in cash and cash equivalents | (67,015,070) | 194,736,781 |
| Cash and cash equivalents, beginning of period | 76,983,107 | - |
| Cash and cash equivalents, end of period | $ 9,968,037 | $ 194,736,781 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid for interest | $ 9,283,715 | $ - |
| Cash paid for income taxes | $ 1,114,363 | $ - |
| Non-Cash Investing and Financing Activities: | | |
| Repayments of mortgage debt with restricted cash | $ 7,051,315 | $ - |

Non-GAAP Financial Measures

We use the following four non-GAAP financial measures that we believe are useful to investors as key measures of our operating performance: (1) EBITDA (2) Adjusted EBITDA, (3) FFO and (4) Adjusted FFO.

EBITDA represents net income (loss) excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; and (3) depreciation and amortization. We believe EBITDA is useful to an investor in evaluating our operating performance because it helps investors evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization) from our operating results. We also use EBITDA as one measure in determining the value of hotel acquisitions and dispositions.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9, 2005 | Period from January 1, 2005 to September 9, 2005 |
| Net income (loss) | $ 2,196,468 | $ (8,889,598) |
| Interest expense | 4,156,249 | 10,640,988 |
| Income tax benefit | (1,684,346) | (1,125,499) |
| Depreciation and amortization | 7,369,396 | 16,072,526 |
| EBITDA | $ 12,037,767 | $ 16,698,417 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| Net loss | $ (10,336,250) | $ (8,336,250) |
| Interest expense | 17,400,000 | 17,400,000 |
| Income tax benefit | (1,750,000) | (1,750,000) |
| Depreciation and amortization | 27,800,000 | 27,800,000 |
| EBITDA | $ 33,113,750 | $ 35,113,750 |

Management also evaluates our performance by reviewing Adjusted EBITDA because the Company believes that the exclusion of certain additional recurring and non-recurring items described below provides useful supplemental information regarding our ongoing operating performance and that the presentation of Adjusted EBITDA, when combined with the primary GAAP presentation of net income, is beneficial to a complete understanding of our operating performance.

We adjust EBITDA for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA:

-- Non-Cash Ground Rent: We exclude the non-cash expense incurred from straight lining the rent from our ground lease obligations and the non-cash amortization of our favorable lease asset.

-- The impact of fully vested irrevocable commitments to issue 382,500 shares of stock to our five senior executive officers made in connection with the initial public offering and expensed in the second quarter. These were grants and do not reflect the underlying performance of the Company.

-- Cumulative effect of a change in accounting principle -- Infrequently, the Financial Accounting Standards Board (FASB) promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.

-- Impairment Losses -- We exclude the effect of impairment losses recorded because we believe that including them in EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. In addition, we believe that impairment charges are similar to gains (losses) on dispositions and depreciation expense, both of which are also excluded from EBITDA.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9, 2005 | Period from January 1, 2005 to September 9, 2005 |
| EBITDA | $ 12,037,767 | $ 16,698,417 |
| Non-cash ground rent | 1,730,168 | 4,910,278 |
| Initial public offering stock grants | -- | 3,736,250 |
| Adjusted EBITDA | $ 13,767,935 | $ 25,344,945 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| EBITDA | $ 33,113,750 | $ 35,113,750 |
| Non-cash ground rent | 7,150,000 | 7,150,000 |
| Initial public offering stock grants | 3,736,250 | 3,736,250 |
| Adjusted EBITDA | $ 44,000,000 | $ 46,000,000 |

We compute FFO in accordance with standards established by NAREIT, which defines FFO as net income (loss) (determined in accordance with GAAP), excluding gains (losses) from sales of property, plus depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures (which are calculated to reflect FFO on the same basis). We believe that the presentation of FFO provides useful information to investors regarding our operating performance because it is a measure of our operations without regard to specified non-cash items, such as real estate depreciation and amortization and gain or loss on sale of assets. We also use FFO as one measure in determining our results after taking into account the impact of our capital structure.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9, 2005 | Period from January 1, 2005 to September 9, 2005 |
| Net income (loss) | $ 2,196,468 | $ (8,889,598) |
| Real estate related depreciation and amortization | 7,369,396 | 16,072,526 |
| FFO | $ 9,565,864 | $ 7,182,928 |
| FFO per Share (Basic and | | |

| | | |
|---|---|---|
| Diluted) | $ 0.19 | $ 0.21 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| Net loss | $ (10,336,250) | $ (8,336,250) |
| Real estate related depreciation and amortization | 27,800,000 | 27,800,000 |
| FFO | $ 17,463,750 | $ 19,463,750 |

Management also evaluates our performance by reviewing Adjusted FFO because the Company believes that the exclusion of certain additional recurring and non-recurring items described below provides useful supplemental information regarding our ongoing operating performance and that the presentation of Adjusted FFO, when combined with the primary GAAP presentation of net income, is beneficial to a complete understanding of our operating performance. We adjust FFO for the following items, which may occur in any period, and refer to this measure as Adjusted FFO:

-- Non-Cash Ground Rent: We exclude the non-cash expense incurred from straight lining the rent from our ground lease obligations and the non-cash amortization of our favorable lease asset.

-- The impact of fully vested irrevocable commitments to issue 382,500 shares of stock to our five senior executive officers made in connection with the initial public offering and expensed in the second quarter. The impact of these grants do not reflect the underlying performance of the Company.

-- Cumulative effect of a change in accounting principle -- Infrequently, the Financial Accounting Standards Board (FASB) promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.

-- Impairment Losses -- We exclude the effect of impairment losses recorded because we believe that including them in EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. In addition, we believe that impairment charges are similar to gains (losses) on dispositions and depreciation expense, both of which are also excluded from EBITDA.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9 , 2005 | Period from January 1, 2005 to September 9 , 2005 |
| FFO | $ 9,565,864 | $ 7,182,928 |
| Non-cash ground rent | 1,730,168 | 4,910,278 |
| Initial public offering stock grants | -- | 3,736,250 |
| Adjusted FFO | $ 11,296,032 | $ 15,829,456 |
| Adjusted FFO per Share (Basic and Diluted) | $ 0.22 | $ 0.47 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| FFO | $ 17,463,750 | $ 19,463,750 |
| Non-cash ground rent | 7,150,000 | 7,150,000 |
| Initial public offering stock grants | 3,736,250 | 3,736,250 |
| Adjusted FFO | $ 28,350,000 | $ 30,350,000 |

Certain Definitions

In this supplemental, when we discuss the "twelve hotels" we are discussing all of our hotels except SpringHill Suites Buckhead (Atlanta) and the Oak Brook Hills Marriott Resort and when we discuss the "fourteen hotels" we are discussing all of our hotels. We exclude the two hotels from our discussion to enable our investors to compare our performance on a same store basis with the guidance we provided at the end of the second quarter. We excluded the SpringHill Suites Buckhead from our prior guidance as it had been open only since July 2005 and has no comparable period in the prior year. We excluded the Oak Brook Hills Marriott Resort because the Company excluded the results in certain guidance provided when the Company released second quarter results. At that time, the Company had not completed its audit of the property and the hotel was undergoing a brand conversion.

In this release, when we discuss "Hotel Adjusted EBITDA", we exclude from Hotel EBITDA the non-cash expense incurred by the hotel due to the straight lining of the rent from our ground lease obligations and the non-cash amortization of our favorable lease asset. Hotel EBITDA represents hotel net income (loss) excluding: (1) interest expense; (2) income taxes; and (3) depreciation and amortization. Hotel Adjusted EBITDA margins are calculated as Hotel Adjusted EBITDA divided by total hotel revenues.

DiamondRock Hospitality Company

Pro Forma Financial Information for the Fiscal Quarters Ended September 9, 2005 and September 10, 2004 and the Periods from January 3, 2004 to September 10, 2004 and January 1, 2005 to September 9, 2005

The acquired properties are included in our results of operations from the respective dates of acquisition. The following unaudited pro forma results of operations reflect these transactions as if each had occurred on the first day of the fiscal period presented. In our opinion, all significant adjustments necessary to reflect the effects of the acquisitions have been made; however, a preliminary allocation of the purchase price to land and buildings was made, and we will finalize the allocation after all information is obtained.

| | Fiscal Quarter Ended September 9, 2005 | Fiscal Quarter Ended September 10, 2004 | Period from January 1, 2005 to September 9, 2005 | Period from January 3, 2004 to September 10, 2004 |
|---|---|---|---|---|
| Revenues | $72,515,200 | $68,265,825 | $226,125,395 | $210,289,146 |
| Hotel level expenses | 57,712,154 | 55,115,445 | 172,088,221 | 165,435,239 |
| Depreciation and amortization | 7,949,197 | 7,634,092 | 24,173,933 | 23,328,370 |
| Corporate expenses | 2,452,887 | 2,200,000 | 10,399,626 | 6,400,000 |
| Interest expenses, net | 4,049,953 | 4,747,736 | 12,986,275 | 14,324,860 |
| Income tax benefit | 1,949,897 | 907,570 | 2,706,346 | 4,946,017 |
| Net income (loss) | $ 2,300,906 | $ (523,878) | $ 9,183,686 | $ 5,746,694 |
| EBITDA | $13,004,360 | $10,950,380 | $ 44,852,576 | $ 38,453,907 |
| Adjusted EBITDA | $14,801,109 | $12,747,129 | $ 53,842,257 | $ 43,707,338 |
| FFO | $10,250,103 | $ 7,110,214 | $ 33,357,619 | $ 29,075,064 |
| Adjusted FFO | $12,046,852 | $ 8,906,963 | $ 42,347,300 | $ 34,328,495 |

CONTACT: DiamondRock Hospitality Company
Mark W. Brugger, 240-744-1150

Exhibit 99.2

DiamondRock Hospitality Company
Supplemental Information
Third Quarter 2005

DiamondRock Hospitality Company
Supplemental Information
Third Quarter 2005

TABLE OF CONTENTS

# CORPORATE INFORMATION

## The Company

DiamondRock Hospitality Company is a self-advised real estate company that owns, acquires and invests in upper upscale and upscale hotel properties located primarily in North America. To a lesser extent, we may invest, on a selective basis, in premium limited service and extended stay hotel properties in urban locations. We began operations in July 2004 when we completed a private placement of our common stock. As of the end of the fiscal quarter, we owned fourteen hotels, comprising 5,633 rooms, located in the following markets: Atlanta, Georgia (2 hotels), Fort Worth, Texas, Lexington, Kentucky, Los Angeles (2 hotels), New York City (2 hotels), Northern California, Oak Brook, Illinois, Salt Lake City, Washington D.C., St. Thomas, U.S. Virgin Islands, and Vail, Colorado and for purchase prices aggregating approximately $847.7 million (including pre-funded capital improvement restricted cash).

Our senior management team has extensive experience and a broad network of relationships in the hotel industry, which we believe provides us with ongoing access to hotel property investment opportunities and enables us to quickly identify and consummate acquisitions. We also have an investment sourcing relationship with Marriott International, a leading worldwide hotel brand, franchise and management company. We believe that our ability to implement our business strategies is greatly enhanced by the continuing source of additional acquisition opportunities generated by this relationship, as many of the properties that Marriott brings to our attention are offered to us through "off market" transactions, meaning that they are not made generally available to other hospitality companies.

We began operations in July 2004 and became a public reporting company in May 2005. We are listed on the New York Stock Exchange under the symbol "DRH".

Fiscal Year End:
December 31

Number of Full-Time Employees:
14

Corporate Headquarters:
6903 Rockledge Drive, Suite 800
Bethesda, MD 20817
(240) 744-1150

Mark Brugger
Chief Financial Officer
(240) 744-1150

## Board of Directors and Executive Officers

William W. McCarten
Chairman of the Board, Chief Executive Officer and Director

John L. Williams
President, Chief Operating Officer and Director

Daniel J. Altobello
Director and Chairman of the Compensation Committee

W. Robert Grafton
Lead Director and Chairman of the Audit Committee

Maureen L. McAvey
Director

Gilbert T. Ray
Director and Chairman of the Nominating and Corporate Governance Committee

Mark W. Brugger
Executive Vice President, Chief Financial Officer and Treasurer

Michael D. Schecter
General Counsel and Corporate Secretary

Sean M. Mahoney
Chief Accounting Officer and Corporate Controller

## Equity Research Coverage

| Firm | Analyst | Telephone |
|---|---|---|
| Citigroup Smith Barney | Michael Rietbrock | (212) 816-7777 |
| Friedman, Billings, Ramsey, & Co. | Gustavo Sarago | (703) 469-1042 |
| JMP Securities | William C. Marks | (415) 835-8944 |
| Wachovia Securities | Jeffrey J. Donnelly | (617) 603-4262 |

DiamondRock Hospitality is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding DiamondRock Hospitality's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of DiamondRock Hospitality or its management. DiamondRock Hospitality does not by its reference here imply its endorsement of, or concurrence with, such information, conclusions or recommendations.

## Capitalization

| Capitalization | September 9, 2005 |
|---|---|
| Common shares outstanding per balance sheet | 50,819,864 |
| Unvested restricted stock held by management and employees | 738,000 |
| Share grants under deferred compensation plan held by corporate officers | 383,608 |
| Combined shares outstanding | 51,941,472 |
| Common stock price at September 9, 2005 | $ 11.70 |
| Common equity capitalization | $ 607,715,222 |
| Consolidated debt | 366,013,177 |
| Cash and cash equivalents | (9,968,037) |
| Total enterprise value | $ 963,760,362 |

| Dividend Per Share | |
|---|---|
| Common dividend declared (holders of record on September 9, 2005) | $ 0.1725 |

| Share Reconciliation | |
|---|---|
| Common shares outstanding, held by third parties | 46,199,293 |
| Common shares outstanding, held by Marriott International | 4,428,571 |
| Common shares outstanding, held by management and directors | 192,000 |
| Subtotal | 50,819,864 |
| Unvested restricted stock held by management and employees | 738,000 |
| Share grants under deferred compensation plan held by corporate officers | 383,608 |
| Combined shares outstanding | 51,941,472 |

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Fiscal Quarter Ended September 9, 2005, the Period from January 1, 2005 to September 9, 2005, and the Fiscal Quarter Ended September 10, 2004 and Period from May 6, 2004 (Incorporation) to September 10, 2004

| | Fiscal Quarter Ended September 9, 2005 (Unaudited) | Period from January 1, 2005 to September 9, 2005 (Unaudited) | Fiscal Quarter Ended September 10, 2004 and Period from May 6, 2004 (Incorporation) to September 10, 2004 (Unaudited) |
|---|---|---|---|
| Rooms | $ 43,007,699 | $ 85,509,567 | $ - |
| Food and beverage | 17,607,225 | 31,812,477 | - |
| Other | 4,792,077 | 7,949,454 | - |
| Total revenues | 65,407,001 | 125,271,498 | - |
| Operating Expenses: | | | |
| Rooms | 10,853,919 | 21,439,976 | - |
| Food and beverage | 13,658,368 | 24,420,522 | - |
| Management fees | 2,171,128 | 4,280,139 | - |
| Other hotel expenses | 24,887,133 | 49,247,846 | - |
| Depreciation and amortization | 7,369,396 | 16,072,526 | 9,168 |
| Corporate expenses | 2,452,887 | 10,399,626 | 1,715,699 |
| Total operating expenses | 61,392,831 | 125,860,635 | 1,724,867 |
| Operating profit (loss) | 4,014,170 | (589,137) | (1,724,867) |
| Other Expenses (Income): | | | |
| Interest income | (654,201) | (1,215,028) | (452,300) |
| Interest expense | 4,156,249 | 10,640,988 | - |
| Total other expenses/(income) | 3,502,048 | 9,425,960 | (452,300) |
| Income (loss) before income taxes | 512,122 | (10,015,097) | (1,272,567) |
| Income tax benefit | 1,684,346 | 1,125,499 | 552,294 |
| Net income (loss) | $ 2,196,468 | $ (8,889,598) | $ (720,273) |
| Earnings (loss) per share: | | | |
| Basic and diluted | $ 0.04 | $ (0.27) | $ (0.05) |

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS
September 9, 2005 and December 31, 2004

| ASSETS | September 9, 2005 (Unaudited) | December 31, 2004 |
|---|---|---|
| Property and equipment, at cost | $ 811,084,017 | $ 286,727,306 |
| Less: accumulated depreciation | (17,300,783) | (1,084,867) |
| | 793,783,234 | 285,642,439 |
| Deferred financing costs, net | 2,925,759 | 1,344,378 |
| Restricted cash | 33,035,939 | 17,482,515 |
| Due from hotel managers | 34,543,143 | 2,626,262 |
| Favorable lease asset, net | 12,214,838 | - |
| Purchase deposits and pre-acquisition costs | - | 3,272,219 |
| Prepaid and other assets | 4,464,554 | 4,340,259 |
| Cash and cash equivalents | 9,968,037 | 76,983,107 |
| Total assets | $ 890,935,504 | $ 391,691,179 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Liabilities: | | |
| Debt, at face amount | $ 363,181,035 | $ 177,827,573 |
| Debt premium | 2,832,142 | 2,944,237 |
| Total debt | 366,013,177 | 180,771,810 |
| Deferred income related to key money, net | 6,383,518 | 2,490,385 |
| Unfavorable lease liability, net | 5,426,955 | 5,776,946 |
| Due to hotel managers | 21,649,144 | 3,985,795 |
| Dividends declared and unpaid | 8,893,732 | - |
| Accounts payable and accrued expenses | 12,270,323 | 3,078,825 |
| Total other liabilities | 54,623,672 | 15,331,951 |
| Shareholders' Equity: | | |
| Preferred stock, $.01 par value; 10,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, $.01 par value; 100,000,000 shares authorized; 50,819,864 and 21,020,100 shares issued and outstanding at September 9, 2005 and December 31, 2004, respectively | 508,199 | 210,201 |
| Additional paid-in capital | 491,450,709 | 197,494,842 |
| Accumulated deficit | (21,660,253) | (2,117,625) |
| Total shareholders' equity | 470,298,655 | 195,587,418 |
| Total liabilities and shareholders' equity | $ 890,935,504 | $ 391,691,179 |

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Period from January 1, 2005 to September 9, 2005
and the Period from May 6, 2004 (Incorporation)
to September 10, 2004

| | Period from January 1, 2005 to September 9, 2005 | Period from May 6, 2004 (Incorporation) to September 10, 2004 |
|---|---|---|
| Cash flows from operating activities: | (Unaudited) | (Unaudited) |
| Net loss | $ (8,889,598) | $ (720,273) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Real estate depreciation | 16,072,526 | 9,167 |
| Corporate asset depreciation as corporate expenses | 75,166 | |
| Non-cash straight line ground rent | 4,839,677 | - |
| Non-cash financing costs as interest | 1,100,820 | - |
| Market value adjustment to interest rate caps | (11,402) | - |
| Amortization of favorable lease asset | 70,601 | - |
| Amortization of debt premium and unfavorable lease liability | (209,835) | - |
| Amortization of deferred income | (106,867) | - |
| Stock-based compensation | 5,582,077 | 645,000 |
| Income tax benefit | (1,125,499) | (552,294) |
| Changes in assets and liabilities: | | |
| Prepaid expenses and other assets | 1,012,604 | (204,170) |
| Due to/from hotel managers | (11,837,240) | - |
| Accounts payable and accrued expenses | 4,069,073 | 388,914 |
| Net cash provided by (used in) operating activities | 10,642,103 | (433,656) |
| Cash flows from investing activities: | | |
| Hotel acquisitions | (530,905,343) | (81,302) |
| Hotel capital expenditures | (9,646,244) | - |
| Receipt of deferred key money | 4,000,000 | - |
| Cash paid for restricted cash at acquisition | (17,740,652) | - |
| Purchase deposits and pre-acquisition costs | - | (1,096,221) |
| Net cash used in investing activities | (554,292,239) | (1,177,523) |
| Cash flows from financing activities: | | |
| Proceeds from mortgage debt | 246,500,000 | - |
| Draws on senior secured credit facility | 5,000,000 | - |
| Repayments of mortgage debt | (56,948,685) | - |
| Scheduled mortgage debt principal payments | (2,146,538) | - |
| Payment of financing costs | (2,682,201) | - |
| Proceeds from sale of common stock | 291,799,785 | 197,376,548 |
| Payment of dividends | (1,680,656) | - |
| Payment of costs related to sale of common stock | (3,206,639) | (1,028,588) |
| Net cash provided by financing activities | 476,635,066 | 196,347,960 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued) For the Period from January 1, 2005 to September 9, 2005 and the Period from May 6, 2004 (Incorporation) to September 10, 2004

| | Period from January 1, 2005 to September 9, 2005 | Period from May 6, 2004 (Incorporation) to September 10, 2004 |
|---|---|---|
| Net (decrease) increase in cash and cash equivalents | (67,015,070) | 194,736,781 |
| Cash and cash equivalents, beginning of period | 76,983,107 | - |
| Cash and cash equivalents, end of period | $ 9,968,037 | $ 194,736,781 |

Supplemental Disclosure of Cash Flow Information:

| | | |
|---|---|---|
| Cash paid for interest | $ 9,283,715 | $ - |
| Cash paid for income taxes | $ 1,114,363 | $ - |

Non-Cash Investing and Financing Activities:

| | | |
|---|---|---|
| Repayments of mortgage debt with restricted cash | $ 7,051,315 | $ - |

## Non-GAAP Financial Measures

We use the following four non-GAAP financial measures that we believe are useful to investors as key measures of our operating performance: (1) EBITDA (2) Adjusted EBITDA, (3) FFO and (4) Adjusted FFO.

EBITDA represents net income (loss) excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; and (3) depreciation and amortization. We believe EBITDA is useful to an investor in evaluating our operating performance because it helps investors evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization) from our operating results. We also use EBITDA as one measure in determining the value of hotel acquisitions and dispositions.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9, 2005 | Period from January 1, 2005 to September 9, 2005 |
| Net income (loss) | $ 2,196,468 | $ (8,889,598) |
| Interest expense | 4,156,249 | 10,640,988 |
| Income tax benefit | (1,684,346) | (1,125,499) |
| Depreciation and amortization | 7,369,396 | 16,072,526 |
| EBITDA | $ 12,037,767 | $ 16,698,417 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| Net loss | $ (10,336,250) | $ (8,336,250) |
| Interest expense | 17,400,000 | 17,400,000 |
| Income tax benefit | (1,750,000) | (1,750,000) |
| Depreciation and amortization | 27,800,000 | 27,800,000 |
| EBITDA | $ 33,113,750 | $ 35,113,750 |

Management also evaluates our performance by reviewing Adjusted EBITDA because the Company believes that the exclusion of certain additional recurring and non-recurring items described below provides useful supplemental information regarding our ongoing operating performance and that the presentation of Adjusted EBITDA, when combined with the primary GAAP presentation of net income, is beneficial to a complete understanding of our operating performance. We adjust EBITDA for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA:

- Non-Cash Ground Rent: We exclude the non-cash expense incurred from straight lining the rent from our ground lease obligations and the non-cash amortization of our favorable lease asset.

- The impact of fully vested irrevocable commitments to issue 382,500 shares of stock to our five senior executive officers made in connection with the initial public offering and expensed in the second quarter. These were grants and do not reflect the underlying performance of the Company.

- Cumulative effect of a change in accounting principle -- Infrequently, the Financial Accounting Standards Board (FASB) promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.

- Impairment Losses -- We exclude the effect of impairment losses recorded because we believe that including them in EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. In addition, we believe that impairment charges are similar to gains (losses) on dispositions and depreciation expense, both of which are also excluded from EBITDA.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9 , 2005 | Period from January 1, 2005 to September 9 , 2005 |
| EBITDA | $ 12,037,767 | $ 16,698,417 |
| Non-cash ground rent | 1,730,168 | 4,910,278 |
| Initial public offering stock grants | -- | 3,736,250 |
| Adjusted EBITDA | $ 13,767,935 | $ 25,344,945 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| EBITDA | $ 33,113,750 | $ 35,113,750 |
| Non-cash ground rent | 7,150,000 | 7,150,000 |
| Initial public offering stock grants | 3,736,250 | 3,736,250 |
| Adjusted EBITDA | $ 44,000,000 | $ 46,000,000 |

We compute FFO in accordance with standards established by NAREIT, which defines FFO as net income (loss) (determined in accordance with GAAP), excluding gains (losses) from sales of property, plus depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures (which are calculated to reflect FFO on the same basis). We believe that the presentation of FFO provides useful information to investors regarding our operating performance because it is a measure of our operations without regard to specified non-cash items, such as real estate depreciation and amortization and gain or loss on sale of assets. We also use FFO as one measure in determining our results after taking into account the impact of our capital structure.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9, 2005 | Period from January 1, 2005 to September 9, 2005 |
| Net income (loss) | $ 2,196,468 | $ (8,889,598) |
| Real estate related depreciation and amortization | 7,369,396 | 16,072,526 |
| FFO | $ 9,565,864 | $ 7,182,928 |
| FFO per Share (Basic and Diluted) | $ 0.19 | $ 0.21 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| Net loss | $ (10,336,250) | $ (8,336,250) |
| Real estate related depreciation and amortization | 27,800,000 | 27,800,000 |
| FFO | $ 17,463,750 | $ 19,463,750 |

Management also evaluates our performance by reviewing Adjusted FFO because the Company believes that the exclusion of certain additional recurring and non-recurring items described below provides useful supplemental information regarding our ongoing operating performance and that the presentation of Adjusted FFO, when combined with the primary GAAP presentation of net income, is beneficial to a complete understanding of our operating performance. We adjust FFO for the following items, which may occur in any period, and refer to this measure as Adjusted FFO:

- Non-Cash Ground Rent: We exclude the non-cash expense incurred from straight lining the rent from our ground lease obligations and the non-cash amortization of our favorable lease asset.

- The impact of fully vested irrevocable commitments to issue 382,500 shares of stock to our five senior executive officers made in connection with the initial public offering and expensed in the second quarter. The impact of these grants do not reflect the underlying performance of the Company.

- Cumulative effect of a change in accounting principle -- Infrequently, the Financial Accounting Standards Board (FASB) promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.

- Impairment Losses -- We exclude the effect of impairment losses recorded because we believe that including them in EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. In addition, we believe that impairment charges are similar to gains (losses) on dispositions and depreciation expense, both of which are also excluded from EBITDA.

| | Historical | |
|---|---|---|
| | Fiscal Quarter Ended September 9 , 2005 | Period from January 1, 2005 to September 9 , 2005 |
| FFO | $ 9,565,864 | $ 7,182,928 |
| Non-cash ground rent | 1,730,168 | 4,910,278 |
| Initial public offering stock grants | -- | 3,736,250 |
| Adjusted FFO | $ 11,296,032 | $ 15,829,456 |
| Adjusted FFO per Share (Basic and Diluted) | $ 0.22 | $ 0.47 |

| | Forecast Full Year 2005 | |
|---|---|---|
| | Low End | High End |
| FFO | $ 17,463,750 | $ 19,463,750 |
| Non-cash ground rent | 7,150,000 | 7,150,000 |
| Initial public offering stock grants | 3,736,250 | 3,736,250 |
| Adjusted FFO | $ 28,350,000 | $ 30,350,000 |

Certain Definitions

In this supplemental, when we discuss the "twelve hotels" we are discussing all of our hotels except SpringHill Suites Buckhead (Atlanta) and the Oak Brook Hills Marriott Resort and when we discuss the "fourteen hotels" we are discussing all of our hotels. We exclude the two hotels from our discussion to enable our investors to compare our performance on a same store basis with the guidance we provided at the end of the second quarter. We excluded the SpringHill Suites Buckhead from our prior guidance as it had been open only since July 2005 and has no comparable period in the prior year. We excluded the Oak Brook Hills Marriott Resort because the Company excluded the results in certain guidance provided when the Company released second quarter results. At that time, the Company had not completed its audit of the property and the hotel was undergoing a brand conversion.

In this release, when we discuss "Hotel Adjusted EBITDA", we exclude from Hotel EBITDA the non-cash expense incurred by the hotel due to the straight lining of the rent from our ground lease obligations and the non-cash amortization of our favorable lease asset. Hotel EBITDA represents hotel net income (loss) excluding: (1) interest expense; (2) income taxes; and (3) depreciation and amortization. Hotel Adjusted EBITDA margins are calculated as Hotel Adjusted EBITDA divided by total hotel revenues.

DiamondRock Hospitality Company
Pro Forma Financial Information for the Fiscal Quarters Ended September 9, 2005 and September 10, 2004 and the Periods from January 3, 2004 to September 10, 2004 and January 1, 2005 to September 9, 2005

The acquired properties are included in our results of operations from the respective dates of acquisition. The following unaudited pro forma results of operations reflect these transactions as if each had occurred on the first day of the fiscal period presented. In our opinion, all significant adjustments necessary to reflect the effects of the acquisitions have been made; however, a preliminary allocation of the purchase price to land and buildings was made, and we will finalize the allocation after all information is obtained.

| | Fiscal Quarter Ended September 9, 2005 | Fiscal Quarter Ended September 10, 2004 | Period from January 1, 2005 to September 9, 2005 | Period from January 3, 2004 to September 10, 2004 |
|---|---|---|---|---|
| Revenues | $ 72,515,200 | $ 68,265,825 | $ 226,125,395 | $ 210,289,146 |
| Hotel level expenses | 57,712,154 | 55,115,445 | 172,088,221 | 165,435,239 |
| Depreciation and amortization | 7,949,197 | 7,634,092 | 24,173,933 | 23,328,370 |
| Corporate expenses | 2,452,887 | 2,200,000 | 10,399,626 | 6,400,000 |
| Interest expenses, net | 4,049,953 | 4,747,736 | 12,986,275 | 14,324,860 |
| Income tax benefit | 1,949,897 | 907,570 | 2,706,346 | 4,946,017 |
| Net income (loss) | $ 2,300,906 | $ (523,878) | $ 9,183,686 | $ 5,746,694 |
| EBITDA | $ 13,004,360 | $ 10,950,380 | $ 44,852,576 | $ 38,453,907 |
| Adjusted EBITDA | $ 14,801,109 | $ 12,747,129 | $ 53,842,257 | $ 43,707,338 |
| FFO | $ 10,250,103 | $ 7,110,214 | $ 33,357,619 | $ 29,075,064 |
| Adjusted FFO | $ 12,046,852 | $ 8,906,963 | $ 42,347,300 | $ 34,328,495 |

## Debt Summary
(dollars in thousands)

| Property | Interest Rate | Spread to LIBOR | Outstanding Principal | Maturity |
|---|---|---|---|---|
| Courtyard Manhattan / Midtown East | 5.195% | Fixed | $ 44,354 | December 2009 |
| Marriott Salt Lake City Downtown | 5.500% | Fixed | 38,290 | December 2014 |
| Courtyard Manhattan / Fifth Avenue | 6.325% | 270bps | 23,000 | January 2007 |
| Marriott Griffin Gate Resort | 5.110% | Fixed | 30,597 | January 2010 |
| Bethesda Marriott Suites | 7.690% | Fixed | 19,440 | February 2023 |
| Marriott Los Angeles Airport | 5.300% | Fixed | 82,600 | June 2015 |
| Marriott Frenchman's Reef & Morning Star Beach Resort | 5.440% | Fixed | 62,500 | July 2015 |
| Renaissance Worthington | 5.400% | Fixed | 57,400 | June 2015 |
| Credit Facility Borrowings (as of September 9, 2005) | 5.120% | 145bps | 5,000 | July 2008 |
| Total Debt (excluding Debt Premium) | 5.52% (weighted average) | | 363,181 | 8.35 yrs. (weighted average) |
| Fixed Interest Rate Debt to Total Debt | 92.3% | | | |

PORTFOLIO DATA
Portfolio Summary at September 9, 2005

| Property | Location | Rooms | % of Total |
|---|---|---|---|
| Marriott Los Angeles Airport | Los Angeles, CA | 1,004 | 18% |
| Salt Lake City Marriott Downtown | Salt Lake City, UT | 510 | 9% |
| Frenchman's Reef & Morning Star Marriott Beach Resort | St. Thomas, U.S. Virgin Islands | 504 | 9% |
| Renaissance Worthington | Fort Worth, TX | 504 | 9% |
| Torrance Marriott | Los Angeles County, CA | 487 | 9% |
| Marriott Griffin Gate Resort | Lexington, KY | 408 | 7% |
| Oak Brook Hills Resort & Conference Center | Oak Brook, IL | 384 | 7% |
| Vail Marriott Mountain Resort & Spa | Vail, CO | 346 | 6% |
| Marriott Atlanta Alpharetta | Alpharetta, GA | 318 | 6% |
| Courtyard Manhattan / Midtown East | New York, NY | 307 | 5% |
| Bethesda Marriott Suites | Bethesda, MD | 274 | 5% |
| SpringHill Suites Buckhead | Atlanta, GA | 220 | 4% |
| Courtyard Manhattan / Fifth Avenue | New York, NY | 185 | 3% |
| The Lodge at Sonoma, a Renaissance Resort & Spa | Sonoma, CA | 182 | 3% |
| Total Portfolio as of September 9, 2005 | | 5,633 | 100% |

## Selected Financial and Operating Information by Property
### Properties Owned as of September 9, 2005
(in thousands, except selected operating information)

The following tables present, except where noted, selected financial and operating information by property for the fiscal quarter ended September 9, 2005, the period from January 1, 2005 to September 9, 2005, and the comparable periods during 2004. Where relevant, the data is pro forma as it assumes that the hotels were owned by the Company for the entire reporting periods of 2005 and 2004. Hotel Adjusted EBITDA reflects property net operating income excluding corporate expenses, the non-cash expense incurred from straight lining the rent from our ground lease obligations (where applicable), interest expense and depreciation and amortization.

| | Fiscal Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
| **MARRIOTT ATLANTA ALPHARETTA** | | | | | | |
| Average Occupancy | 57.8% | 58.4% | (-0.6 pts) | 60.4% | 60.6% | (-0.2 pts) |
| ADR | $ 132.22 | $ 121.38 | 8.9% | $ 132.92 | $ 121.48 | 9.4% |
| RevPAR | $ 76.44 | $ 70.88 | 7.8% | $ 80.27 | $ 73.60 | 9.1% |
| Total Revenues | $ 2,911 | $ 2,816 | 3.3% | $ 9,611 | $ 8,814 | 9.0% |
| Net Income / (Loss) | $ 446 | $ 471 | | $ 1,973 | $ 1,591 | |
| Plus: Depreciation | $ 330 | $ 304 | | $ 943 | $ 912 | |
| Hotel Adjusted EBITDA | $ 776 | $ 775 | 0.1% | $ 2,916 | $ 2,503 | 16.5% |
| **BETHESDA MARRIOTT SUITES** | | | | | | |
| Average Occupancy | 86.0% | 73.1% | 12.9 pts | 77.2% | 74.1% | 3.1 pts |
| ADR | $ 142.70 | $ 153.53 | (7.0%) | $ 159.29 | $ 154.60 | 3.0% |
| RevPAR | $ 122.77 | $ 112.20 | 9.4% | $ 122.92 | $ 114.56 | 7.3% |
| Total Revenues | $ 3,761 | $ 3,545 | 6.1% | $ 11,164 | $ 10,642 | 4.9% |
| Net Income / (Loss) | $ (1,414) | $ (1,362) | | $ (4,125) | $ (4,111) | |
| Plus: Depreciation | $ 542 | $ 530 | | $ 1,621 | $ 1,591 | |
| Plus: Interest Expense | $ 375 | $ 317 | | $ 1,067 | $ 951 | |
| Plus: Non-Cash Ground Rent | $ 1,517 | $ 1,517 | | $ 4,550 | $ 4,550 | |
| Hotel Adjusted EBITDA | $ 1,020 | $ 1,002 | 1.8% | $ 3,113 | $ 2,981 | 4.4% |

| | Fiscal Third Quarter | | | | Year-to-Date | | | |
|---|---|---|---|---|---|---|---|---|
| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |

SPRINGHILL SUITES BUCKHEAD

(This property opened for business on July 1, 2005. The results presented below represent only our period of ownership.)

| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
|---|---|---|---|---|---|---|
| Average Occupancy | 40.3% | N/A | N/A | 40.3% | N/A | N/A |
| ADR | $ 95.24 | N/A | N/A | $ 95.2 | N/A | N/A |
| RevPAR | $ 38.34 | N/A | N/A | $ 38.34 | N/A | N/A |
| Total Revenues | $ 476 | N/A | N/A | $ 476 | N/A | N/A |
| Net Income / (Loss) | $ (2) | N/A | N/A | $ (2) | N/A | N/A |
| Plus: Depreciation | $ 157 | N/A | N/A | $ 157 | N/A | N/A |
| Hotel Adjusted EBITDA | $ 155 | N/A | N/A | $ 155 | N/A | N/A |

COURTYARD MANHATTAN / FIFTH AVENUE

(This property received the Courtyard brand in January 2005. During the comparable periods of 2004, the property was branded as a Clarion for a portion of the period and unaffiliated the remainder. The historical results presented here represent the three months ended August 31, 2005 and 2004, and the eight months ended August 31, 2005 and 2004.)

| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
|---|---|---|---|---|---|---|
| Average Occupancy | 78.1% | 94.8% | (-16.8 pts) | 83.6% | 87.9% | (-4.3 pts) |
| ADR | $ 188.16 | $ 128.78 | 46.1% | $ 185.79 | $ 128.13 | 45.0% |
| RevPAR | $ 146.92 | $ 122.14 | 20.3% | $ 155.26 | $ 112.57 | 37.9% |
| Total Revenues | $ 1,639 | $ 2,208 | (25.8%) | $ 6,663 | $ 5,414 | 23.1% |
| Net Income / (Loss) | $ (883) | $ (516) | | $ (1,143) | $ (1,774) | |
| Plus: Depreciation | $ 502 | $ 461 | | $ 1,507 | $ 1,230 | |
| Plus: Interest Expense | $ 285 | $ 441 | | $ 979 | $ 1,176 | |
| Plus: Non-Cash Ground Rent | $ 72 | $ - | | $ 216 | $ - | |
| Hotel Adjusted EBITDA | $ (24) | $ 386 | (106.2%) | $ 1,559 | $ 632 | 146.7% |

COURTYARD MANHATTAN / MIDTOWN EAST

| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
|---|---|---|---|---|---|---|
| Average Occupancy | 88.2% | 89.5% | (-1.3 pts) | 87.9% | 89.0% | (-1.1 pts) |
| ADR | $ 211.05 | $ 185.53 | 13.8% | $ 206.28 | $ 181.23 | 13.8% |
| RevPAR | $ 186.25 | $ 166.09 | 12.1% | $ 181.31 | $ 161.36 | 12.4% |
| Total Revenues | $ 5,038 | $ 4,489 | 12.2% | $ 14,767 | $ 13,169 | 12.1% |
| Net Income / (Loss) | $ 833 | $ 200 | | $ 1,615 | $ 463 | |
| Plus: Depreciation | $ 384 | $ 661 | | $ 1,925 | $ 1,984 | |
| Plus: Interest Expense | $ 541 | $ 547 | | $ 1,643 | $ 1,642 | |
| Hotel Adjusted EBITDA | $ 1,758 | $ 1,408 | 24.9% | $ 5,183 | $ 4,089 | 26.8% |

| | Fiscal Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
| **FRENCHMAN'S REEF & MORNING STAR MARRIOTT BEACH RESORT** | | | | | | |
| (This property reports results on a monthly basis. The historical results presented here represent the three months ended August 31, 2005 and 2004, and the eight months ended August 31, 2005 and 2004.) | | | | | | |
| Average Occupancy | 81.6% | 76.3% | 5.3 pts | 84.0% | 78.6% | 5.4 pts |
| ADR | $ 161.18 | $ 149.65 | 7.7% | $ 206.91 | $ 189.95 | 8.9% |
| RevPAR | $ 131.50 | $ 114.17 | 15.2% | $ 173.81 | $ 149.38 | 16.4% |
| Total Revenues | $ 9,933 | $ 9,034 | 10.0% | $ 32,811 | $ 29,773 | 10.2% |
| Net Income / (Loss) | $ 13 | $ (624) | | $ 4,990 | $ 3,160 | |
| Plus: Depreciation | $ 906 | $ 583 | | $ 2,083 | $ 1,750 | |
| Plus: Interest Expense | $ 680 | $ 791 | | $ 2,379 | $ 2,374 | |
| Hotel Adjusted EBITDA | $ 1,599 | $ 750 | 113.2% | $ 9,452 | $ 7,284 | 29.8% |
| **MARRIOTT GRIFFIN GATE RESORT** | | | | | | |
| Average Occupancy | 70.7% | 76.5% | (-5.8 pts) | 65.7% | 68.2% | (-2.5 pts) |
| ADR | $ 117.05 | $ 107.61 | 8.8% | $ 118.65 | $ 107.51 | 10.4% |
| RevPAR | $ 82.76 | $ 82.32 | 0.5% | $ 77.99 | $ 73.37 | 6.3% |
| Total Revenues | $ 5,758 | $ 5,608 | 2.7% | $ 16,078 | $ 15,213 | 5.7% |
| Net Income / (Loss) | $ 509 | $ 646 | | $ 1,211 | $ 1,040 | |
| Plus: Depreciation | $ 485 | $ 412 | | $ 1,444 | $ 1,235 | |
| Plus: Interest Expense | $ 370 | $ 370 | | $ 1,114 | $ 1,109 | |
| Plus: Non-Cash Ground Rent | $ 1 | $ - | | $ 3 | $ - | |
| Hotel Adjusted EBITDA | $ 1,365 | $ 1,428 | (4.4%) | $ 3,772 | $ 3,384 | 11.5% |
| **MARRIOTT LOS ANGELES AIRPORT** | | | | | | |
| Average Occupancy | 82.9% | 82.5% | 0.4 pts | 79.1% | 80.2% | (-1.1 pts) |
| ADR | $ 97.49 | $ 91.98 | 6.0% | $ 101.55 | $ 96.22 | 5.5% |
| RevPAR | $ 80.86 | $ 75.90 | 6.5% | $ 80.37 | $ 77.21 | 4.1% |
| Total Revenues | $ 11,210 | $ 10,694 | 4.8% | $ 34,810 | $ 33,553 | 3.7% |
| Net Income / (Loss) | $ 908 | $ 475 | | $ 2,992 | $ 2,484 | |
| Plus: Depreciation | $ 950 | $ 875 | | $ 2,717 | $ 2,626 | |
| Plus: Interest Expense | $ 969 | $ 1,028 | | $ 3,102 | $ 3,084 | |
| Hotel Adjusted EBITDA | $ 2,827 | $ 2,378 | 18.9% | $ 8,811 | $ 8,194 | 7.5% |

| | Fiscal Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
| **OAK BROOK HILLS MARRIOTT RESORT** | | | | | | |

(This property converted to the Marriott brand in late-July 2005. During the comparable periods of 2004 and early 2005, the property was unaffiliated. The historical results presented here represent the fiscal quarter beginning July 1 and ending September 9, 2005 and August 31, 2004, and the eight months ended August 31, 2005 and 2004.)

| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
|---|---|---|---|---|---|---|
| Average Occupancy | 60.6% | 56.3% | 4.3 pts | 53.2% | 48.7% | 4.5 pts |
| ADR | $ 119.64 | $ 121.28 | (1.4%) | $ 118.27 | $ 123.05 | (3.9%) |
| RevPAR | $ 72.51 | $ 68.32 | 6.1% | $ 62.95 | $ 59.96 | 5.0% |
| Total Revenues | $ 5,731 | $ 4,647 | 23.3% | $ 16,834 | $ 15,598 | 7.9% |
| Net Income / (Loss) | $ 592 | $ 289 | | $ 603 | $ 13 | |
| Plus: Depreciation | $ 695 | $ 790 | | $ 2,446 | $ 2,371 | |
| Plus: Non-Cash Ground Rent | $ 138 | $ 138 | | $ 415 | $ 415 | |
| Hotel Adjusted EBITDA | $ 1,425 | $ 1,217 | 17.1% | $ 3,464 | $ 2,799 | 23.8% |
| **SALT LAKE CITY MARRIOTT DOWNTOWN** | | | | | | |
| Average Occupancy | 76.4% | 70.4% | 5.9 pts | 72.3% | 68.8% | 3.4 pts |
| ADR | $ 116.72 | $ 116.97 | (0.2%) | $ 118.60 | $ 116.26 | 2.0% |
| RevPAR | $ 89.12 | $ 82.40 | 8.2% | $ 85.69 | $ 80.00 | 7.1% |
| Total Revenues | $ 5,404 | $ 5,302 | 1.9% | $ 16,226 | $ 15,475 | 4.9% |
| Net Income / (Loss) | $ 548 | $ 279 | | $ 1,177 | $ 816 | |
| Plus: Depreciation | $ 563 | $ 556 | | $ 1,689 | $ 1,667 | |
| Plus: Interest Expense | $ 492 | $ 499 | | $ 1,497 | $ 1,498 | |
| Hotel Adjusted EBITDA | $ 1,603 | $ 1,334 | 20.1% | $ 4,363 | $ 3,981 | 9.6% |
| **THE LODGE AT SONOMA, A RENAISSANCE RESORT & SPA** | | | | | | |
| Average Occupancy | 81.6% | 76.2% | 5.4 pts | 71.3% | 65.1% | 6.2 pts |
| ADR | $ 227.38 | $ 207.75 | 9.4% | $ 198.92 | $ 184.88 | 7.6% |
| RevPAR | $ 185.62 | $ 158.34 | 17.2% | $ 141.89 | $ 120.35 | 17.9% |
| Total Revenues | $ 4,600 | $ 4,133 | 11.3% | $ 11,233 | $ 9,828 | 14.3% |
| Net Income / (Loss) | $ 794 | $ 736 | | $ 573 | $ 137 | |
| Plus: Depreciation | $ 405 | $ 408 | | $ 1,229 | $ 1,224 | |
| Hotel Adjusted EBITDA | $ 1,199 | $ 1,144 | 4.8% | $ 1,802 | $ 1,361 | 32.4% |

| | Fiscal Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change | Ended Sept. 9, 2005 | Ended Sept. 10, 2004 | % Change |
| **TORRANCE MARRIOTT** | | | | | | |
| Average Occupancy | 86.1% | 82.8% | 3.3 pts | 82.0% | 77.9% | 4.1 pts |
| ADR | $ 100.97 | $ 98.59 | 2.4% | $ 102.81 | $ 99.05 | 3.8% |
| RevPAR | $ 86.96 | $ 81.66 | 6.5% | $ 84.29 | $ 77.13 | 9.3% |
| Total Revenues | $ 4,975 | $ 4,780 | 4.1% | $ 15,157 | $ 14,083 | 7.6% |
| Net Income / (Loss) | $ 207 | $ 73 | | $ 424 | $ (10) | |
| Plus: Depreciation | $ 1,081 | $ 1,084 | | $ 3,302 | $ 3,251 | |
| Hotel Adjusted EBITDA | $ 1,288 | $ 1,157 | 11.4% | $ 3,726 | $ 3,241 | 15.0% |

VAIL MARRIOTT MOUNTAIN RESORT & SPA

(This property reports results on a monthly basis. The historical results presented here represent the three months ended August 31, 2005 and 2004, and the eight months ended August 31, 2005 and 2004.)

| | Fiscal Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| Average Occupancy | 58.8% | 68.2% | (-9.4 pts) | 63.8% | 66.4% | (-2.6 pts) |
| ADR | $ 141.08 | $ 135.18 | 4.4% | $ 200.02 | $ 185.50 | 7.8% |
| RevPAR | $ 82.97 | $ 92.18 | (10.0%) | $ 127.64 | $ 123.22 | 3.6% |
| Total Revenues | $ 4,229 | $ 5,204 | (18.7%) | $ 16,035 | $ 16,042 | (0.0%) |
| Net Income / (Loss) | $ (49) | $ 320 | | $ 3,056 | $ 2,697 | |
| Plus: Depreciation | $ 495 | $ 578 | | $ 1,603 | $ 1,541 | |
| Hotel Adjusted EBITDA | $ 446 | $ 898 | (50.3%) | $ 4,659 | $ 4,238 | 10.0% |

| | Fiscal Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| **RENAISSANCE WORTHINGTON** | | | | | | |
| Average Occupancy | 74.2% | 70.0% | 4.2 pts | 78.3% | 75.4% | 2.9 pts |
| ADR | $ 141.70 | $ 131.85 | 7.5% | $ 148.75 | $ 136.40 | 9.1% |
| RevPAR | $ 105.20 | $ 92.30 | 14.0% | $ 116.50 | $ 102.81 | 13.3% |
| Total Revenues | $ 6,841 | $ 6,564 | 4.2% | $ 24,249 | $ 22,658 | 7.0% |
| Net Income / (Loss) | $ (126) | $ (445) | | $ 1,821 | $ 957 | |
| Plus: Depreciation | $ 412 | $ 637 | | $ 1,698 | $ 1,912 | |
| Plus: Interest Expense | $ 669 | $ 714 | | $ 2,152 | $ 2,143 | |
| Hotel Adjusted EBITDA | $ 955 | $ 906 | 5.4% | $ 5,671 | $ 5,012 | 13.1% |