
**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 event reported):
September 10, 2013**

DiamondRock Hospitality Company

(Exact name of registrant as specified in charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-32514
(Commission
File Number)

20-1180098
(IRS Employer
Identification No.)

3 Bethesda Metro Center, Suite 1500
Bethesda, MD 20814
(Address of Principal Executive Offices) (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))
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ITEM 7.01. Regulation FD Disclosure.

A copy of the presentation that DiamondRock Hospitality Company (the "Company") expects to present at the Company's Institutional Investor and Security Analyst Conference is hereby furnished with this Current Report on Form 8-K ("Current Report") as Exhibit 99.1 and is incorporated by reference herein. Additionally, the Company has posted a copy of the presentation in the Investor Relations section of its website at www.drhc.com.

The information in this Current Report, including the exhibit attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Current Report, including the exhibit, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act, regardless of any incorporation by reference language in any such filing. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Day Presentation, September 2013

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: September 10, 2013

By: /s/ William J. Tennis

William J. Tennis

Executive Vice President, General Counsel and
Corporate Secretary



DIAMONDROCK
HOSPITALITY



Investor Day Presentation

September 2013

Safe Harbor



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, those risks and uncertainties discussed in the Company’s most recent Annual Report on Form 10-K, quarterly report on Form 10-Q and current reports on Form 8-K, which have been filed with the Securities and Exchange Commission, all of 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 us. Actual results could differ materially from the forward-looking statements made during this presentation. The forward-looking statements made during 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.

Presentation Overview



Company Overview.....	4
Industry Outlook.....	9
Investment Strategy.....	12
Growth Catalysts.....	20
Asset Management	38
Optimal Capital Structure.....	50
Key Takeaways.....	57



DIAMONDROCK
HOSPITALITY



COMPANY OVERVIEW

DiamondRock at a Glance



- 1 Positioned in Top US Markets
- 2 86% Urban and Destination Resorts
- 3 Geographically Diversified Portfolio

KEY STATISTICS at Sept. 3, 2013	
Hotels	27
Rooms	11,600
Enterprise Value	\$2.9B
Enterprise Value / Key	\$250,000
Net Debt/EBITDA	4.9x

MARKET BREAKDOWN



Company Vision & DiamondRock 2.0



COMPANY VISION

- Disciplined capital allocation
- Premium portfolio of hotels
- Optimal capital structure

DIAMONDROCK 2.0

- Better, higher quality hotels
- Greater diversity of hotel brands and managers
- Intensive asset management of the portfolio
- Best-in-class capital structure



Company
Overview

Industry Outlook

Investment
Strategy

Growth Catalysts

Asset Management

Optimal Capital
Structure

Key Takeaways

DiamondRock Strategy – Three Pillars



Portfolio Investment

- ◆ Buy opportunistically early in the cycle
- ◆ Focus on top gateway markets and destination resorts
- ◆ Diversify brand and management companies
- ◆ Focus on assets with value-add opportunities
- ◆ Recycle capital from non-core asset sales

Asset Management

- ◆ Promote accountability
- ◆ Capitalize on deep industry experience and relationships
- ◆ Disciplined approach to capital expenditures
- ◆ Mining value from portfolio

Capital Management

- ◆ Maintain low leverage
- ◆ Simple, conservative capital structure
- ◆ Lower risk with non-recourse debt
- ◆ Maintain consistent, sustainable dividend

A Compelling Investment Opportunity



Favorable Industry Supply/Demand Forecast¹

- Supply growth: 25% below historical average
- Demand growth: 40% above historical average
- RevPAR growth: 6.8%, 2X+ historical average

I

Portfolio Positioned to Outperform

- Urban and resort focused
- Concentrated in higher-growth gateway markets
- Group recovery mid-cycle driving strong 2014 booking pace

II

Substantial Upside from 2013 Investments

- \$140M capital expenditure program
- Renovations and ROI projects nearing completion
- Market share/EBITDA gains post-renovation

III

Enhanced Asset Management Focus to Drive Internal Margins

- New COO with deep experience
- New revenue and cost containment strategies implemented
- ROI opportunities developed

IV

Best-In-Class Capital Structure With Well Covered Dividend

- Net Debt/EBITDA among lowest in peer group²
- 13 unencumbered hotels with \$85 million 2013F EBITDA
- Ample liquidity with undrawn revolver

V

Attractive Valuation With Above Average Growth Potential

- 2014 growth projected above average
- 25% discount to replacement cost
- Discount to NAV

VI

(1) Source: PKF Hotel Horizons June to August 2013; US Upper Upscale CAGR 2013-2016
(2) Source: Citi Investment Research



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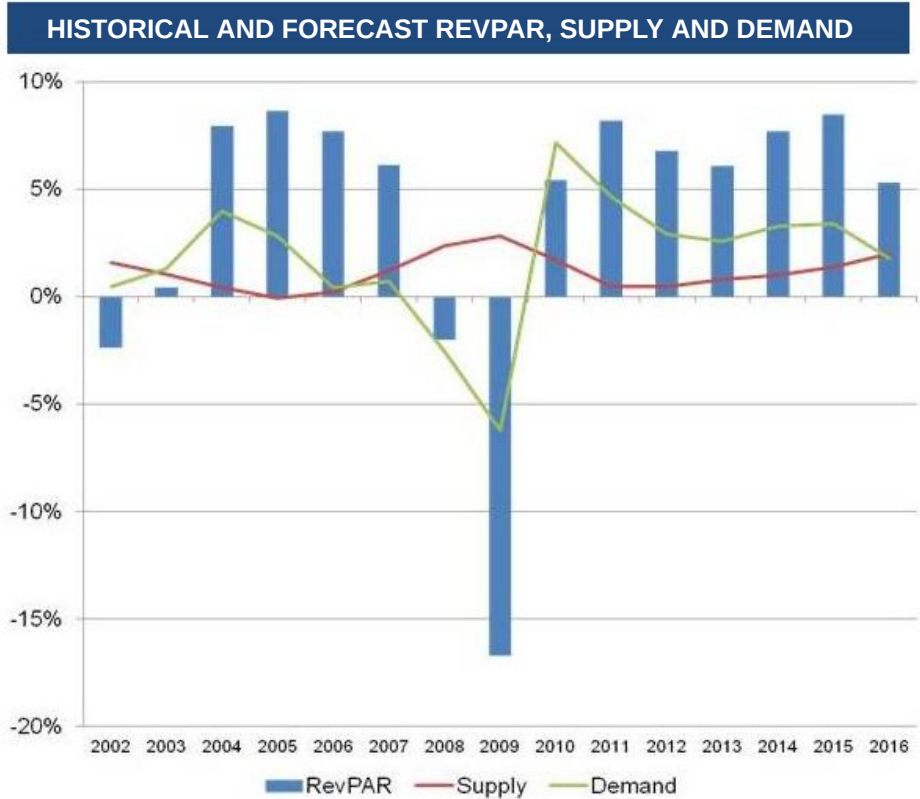
INDUSTRY OUTLOOK

Lodging Cycle – Many Years Left To Go



Forecast through 2016 of:

- Supply growth 25% below historic average
- Demand growth 40% above historic average
- RevPAR increase at a CAGR of 6.8%

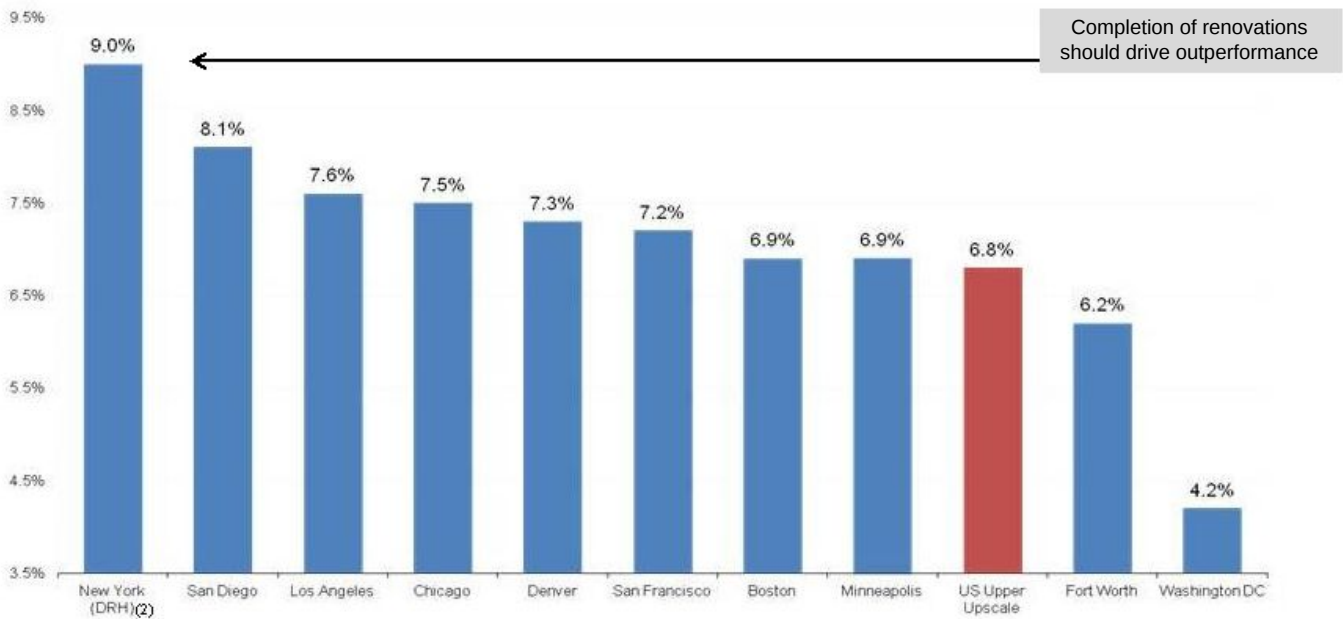


Source: Smith Travel Research, PKF Hotel Horizons June to August 2013

Portfolio Focused on Markets with Above Average RevPAR Growth Potential



PKF FORECASTED REVPAR CAGR 2013-2016⁽¹⁾



(1) Chart excludes Destination Resorts and Other components of DRH portfolio. Source: PKF Hotel Horizons June to August 2013.
 (2) Represents 2014 growth rate of 13.3%, adjusted for renovation disruption, and PKF projections for 2015 and 2016

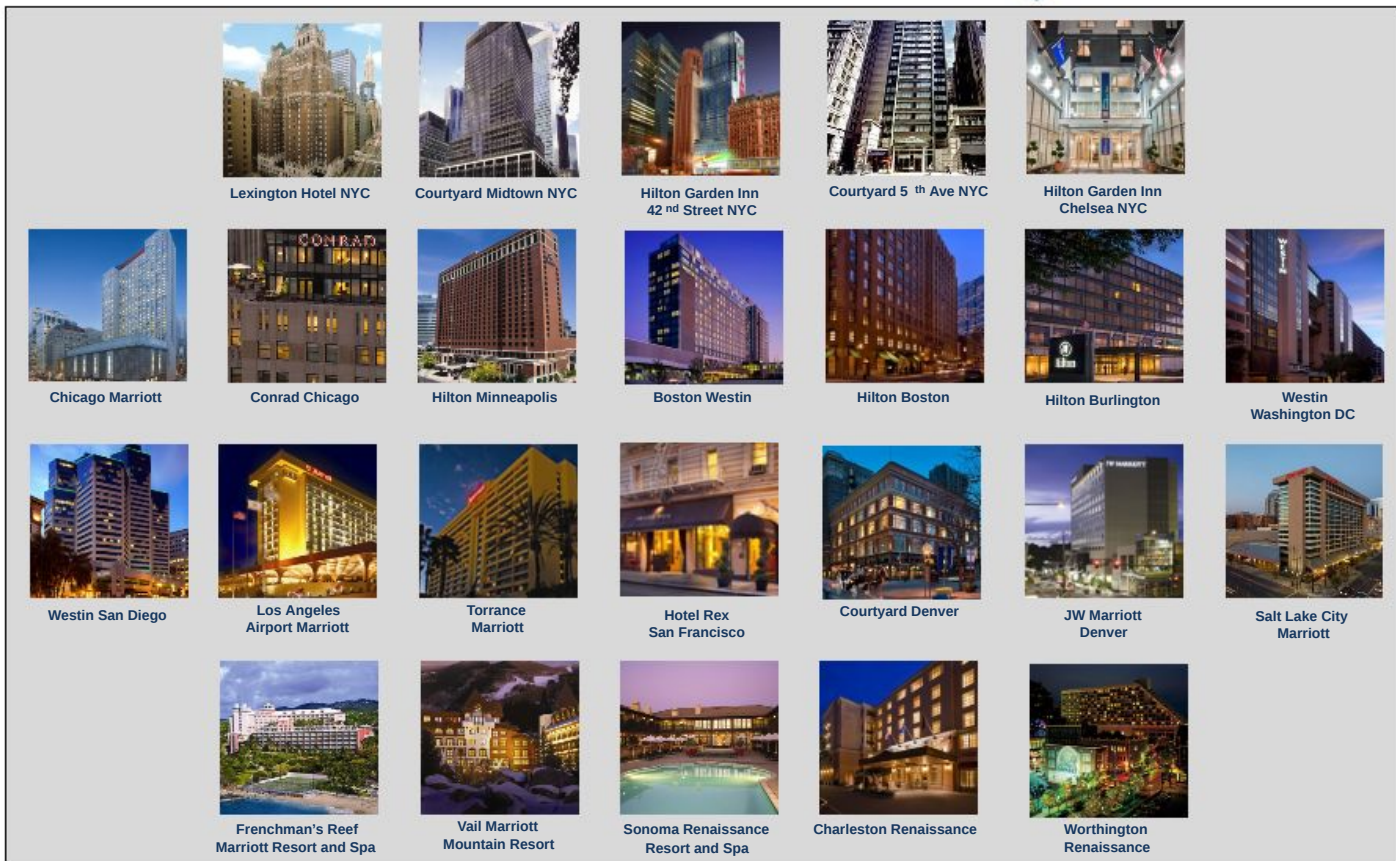


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INVESTMENT STRATEGY

Premier Portfolio With Urban and Resort Concentration



FIVE PRINCIPLES

- I. Buy early cycle
- II. Target top markets based on extensive research
- III. Diversify brand and management
- IV. Focus on value-add opportunities
 - Rebranding
 - Repositioning
 - Undermanaged properties
- V. Recycle capital from non-core assets

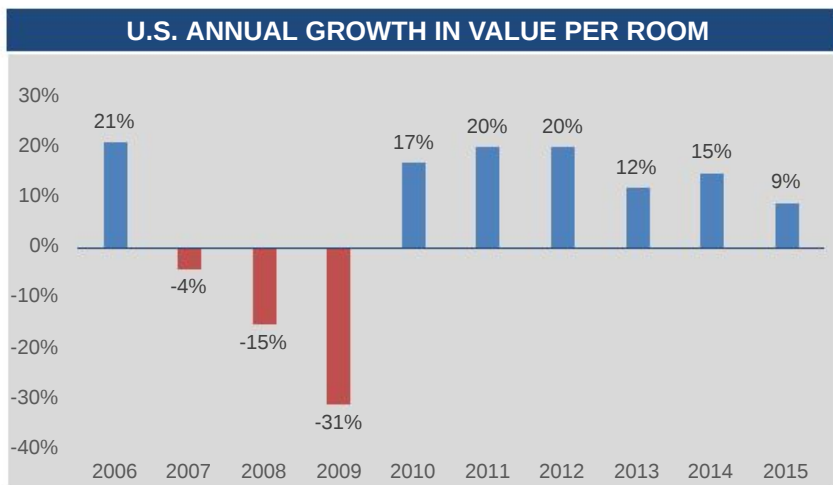


Westin Boston Waterfront



Lexington Hotel NYC

Significant Value Created by Early Cycle Acquisitions



Source: HVS Hotel Valuation Index



Courtyard Denver



Charleston Renaissance

◆ Significant early cycle value appreciation

- Price per key increased 68% from 2010 to 2012

◆ Value creation opportunity remains

- Forecasted price per key to increase 40% from 2013 to 2015

Company Overview

Industry Outlook

Investment Strategy

Growth Catalysts

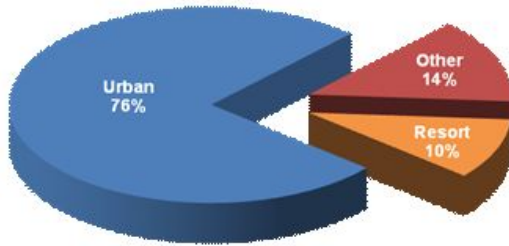
Asset Management

Optimal Capital Structure

Key Takeaways

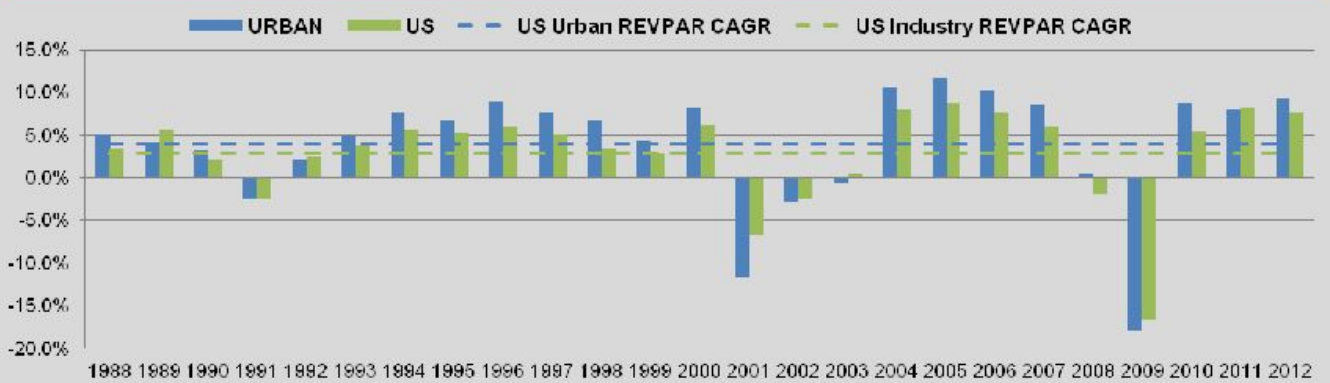
Increased Exposure to Urban Hotels

CURRENT PORTFOLIO (BY EBITDA)



- ◆ Acquired 3,900 urban and destination resort rooms since 2010
- ◆ Disposed of 1,800 non-core rooms in 2012
- ◆ Increased growth potential based on historical trends
- ◆ Urban markets historically outperform

HISTORICAL 100BPS REVPAR CAGR PREMIUM FOR URBAN vs U.S.

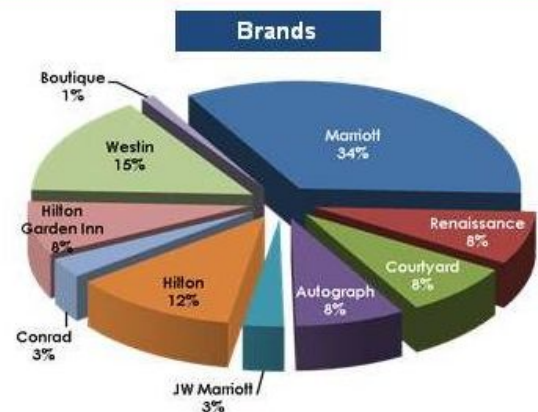
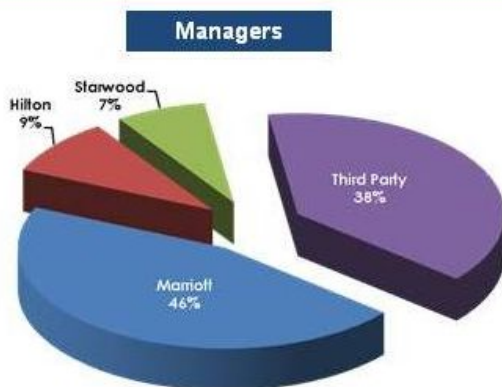


Source: Smith Travel Research

Increased Third Party Managers And Brand Diversification

- ◆ Goal of 50/50 brand/third-party managers
- ◆ Adoption of best practices, improving overall portfolio profitability
- ◆ Increased third party management by 30 percentage points¹
- ◆ Reduced concentration in Marriott brand family by 19 percentage points¹

CURRENT PORTFOLIO (BY EBITDA)



(1) By EBITDA.

Dispositions – Successfully Recycling Capital



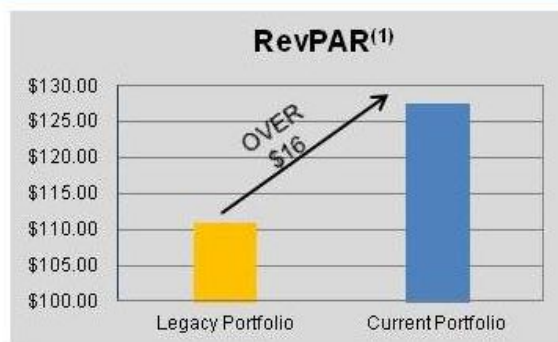
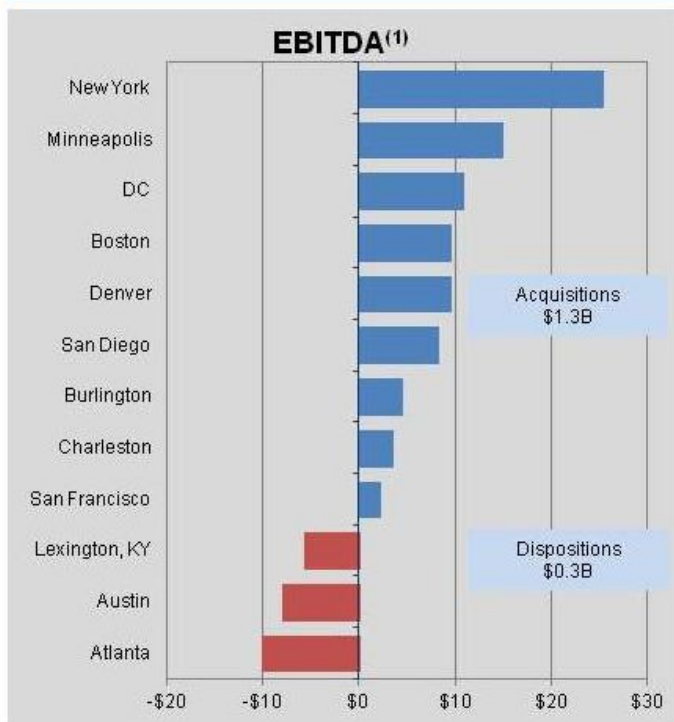
STRATEGIC DISPOSITIONS				
	RevPAR vs. Portfolio RevPAR	Profit Per Key vs. Portfolio	TTM Multiple with Capital	Market
Griffin Gate	(\$40)	(13%)	14.4x ¹	Lexington, KY
Waverly	(\$35)	(9%)	14.4x ¹	Suburban Atlanta, GA
Westin Atlanta North	(\$44)	(58%)	22.8x	Suburban Atlanta, GA
Austin	(\$33)	2%	14.4x ¹	Suburban Austin, TX

- ◆ Intend to sell 3 non-core hotels over the next 36 months to take advantage of favorable transactions market, promote growth, and recycle capital

(1) Portfolio sale. Multiple represents transaction average.

Portfolio Transformation

BETTER MARKETS, HIGHER QUALITY



(1) Represents 2011 data for comparability purposes.



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GROWTH CATALYSTS

Multiple Growth Catalysts Lead to Outperformance in 2014

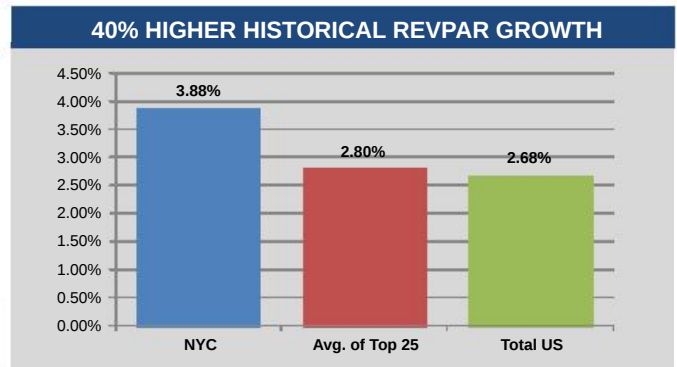


2014 GROWTH CATALYSTS		
Renovations	The Lexington Autograph Conversion, Courtyard Fifth Avenue & Courtyard Midtown East	2013 Disruption of \$12M - \$15M EBITDA
HGI Times Square	Expected mid-year opening Premier location will drive demand and ADR	Addition of \$5M EBITDA
Urban Portfolio	Value add renovations drive market share	\$2M - \$4M EBITDA Growth
Group Business	Strong portfolio-wide group booking trends led by Boston Westin and Frenchman's Reef	+10.3% Group Revenues

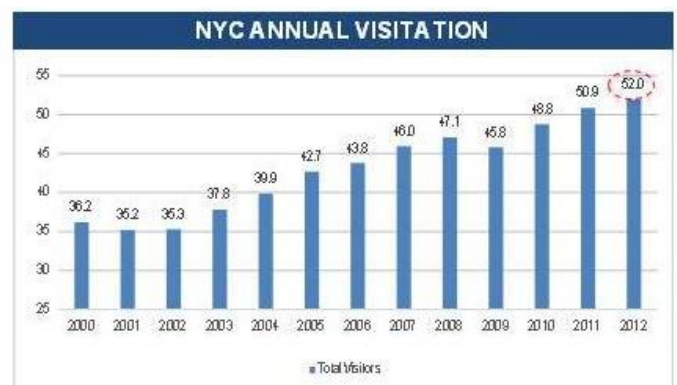
NYC Is The Leading Lodging Market In The US



- ◆ Since 2009:
 - Demand increase: Over 7M room nights
 - Supply increase: 6M available room nights
 - RevPAR increase: CAGR of 8.1% vs. industry average of 6.8%
- ◆ Occupancy expected to exceed 80% through 2017
- ◆ Annual visitors to NYC reached a record 52M in 2012
 - Brazil and China are expected to be significant growth drivers



Source: STR. Long run average reflects 1987 to 2012..



Value in Millions
Source: New York Economic Development Corporation

NYC Success: Courtyard Midtown East



- ◆ Embedded gain of \$84 million (20.0% unlevered IRR since acquisition)
- ◆ Created 10 additional keys since acquisition
 - Potential for 4 additional keys
- ◆ 2013 renovation to drive outsized growth in 2014 (3,900 displaced room nights)
- ◆ 2012 RevPAR 14% below prior peak

Acquisition Date	November 2004
# of Keys	317 (307 at acquisition)
Total Investment	\$82.5 million
Total Investment Per Key	\$265,000
Estimated Value	\$166.0 million
Estimated Value Per Key	\$525,000
Unlevered IRR Since Acquisition	20.0%



Renovated Guestroom



Sky Lobby Seating

NYC Success: Courtyard Fifth Avenue



- ♦ Embedded gain of \$50 million (19.5% unlevered IRR since acquisition)
- ♦ Branding at acquisition drove returns
 - \$48 ADR gain 1st month post-conversion
 - 35% RevPAR increase 1st Year
- ♦ 2013 renovation to drive outsized growth in 2014 (5,900 displaced room nights)
- ♦ 2012 RevPAR 6% below prior peak

Acquisition Date	December 2004
# of Keys	185
Total Investment	\$46.2 million
Total Investment Per Key	\$250,000
Estimated Value	\$97.0 million
Estimated Value Per Key	\$525,000
Unlevered IRR Since Acquisition	19.5%



Renovated Guestroom



Renovated Lobby

NYC Success: Hilton Garden Inn Chelsea



- ◆ Embedded gain of \$19 million (21.0% unlevered IRR since acquisition)
- ◆ Highest margins in DRH portfolio
- ◆ Terminable contract provides flexibility
- ◆ Opportunity for ADR growth
 - 2012 ADR 12% below prior peak
 - Superior product quality should allow hotel to outperform competitive set

Acquisition Date	September 2010
# of Keys	169
Total Investment	\$70.0 million
Total Investment Per Key	\$415,000
Estimated Value	\$89.0 million
Estimated Value Per Key	\$525,000
Unlevered IRR Since Acquisition	21.0%



Entrance off 28th Street

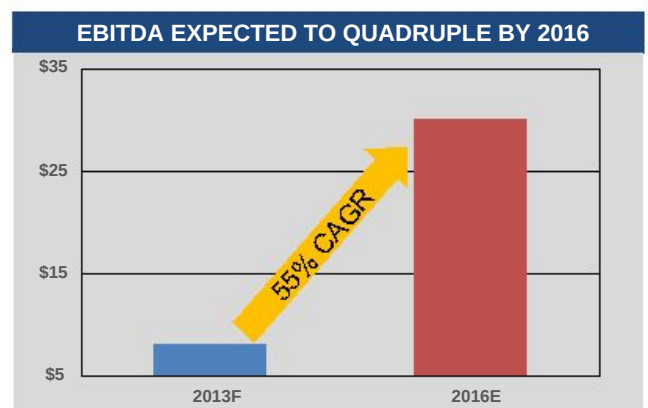
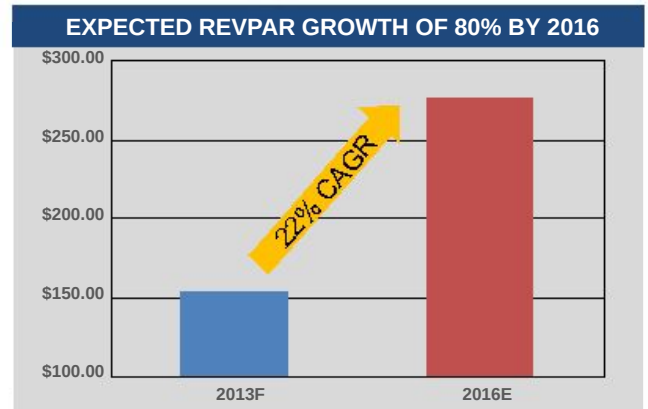


Lobby

Lexington Hotel Rebranding



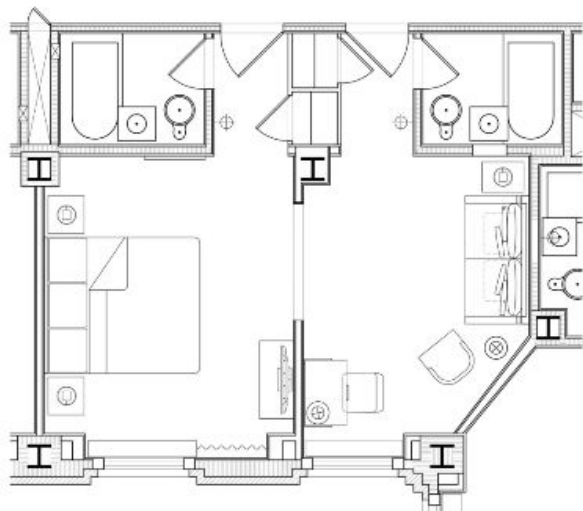
- ✦ Rebranded to Autograph Collection
- ✦ \$46 million capital plan
- ✦ Created 15 new rooms
- ✦ Rate upside
 - \$90 ADR gap to comparable Marriott
 - Each dollar = \$250k revenue
- ✦ 25% rate growth to prior peak
- ✦ Upside from potential retail repositioning
- ✦ Anticipate multi-year growth in EBITDA to \$30 million



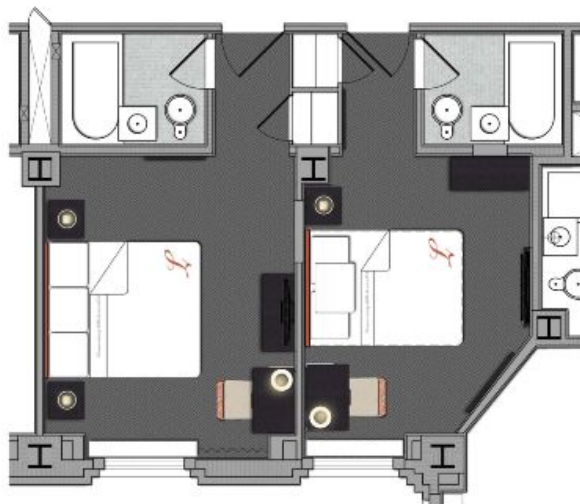
Value in Millions

Lexington Hotel: 15 New Keys

- ◆ Converted underutilized junior suites into two guestrooms
- ◆ Converted airline crew lounge into two guestrooms



Original suite room with living area

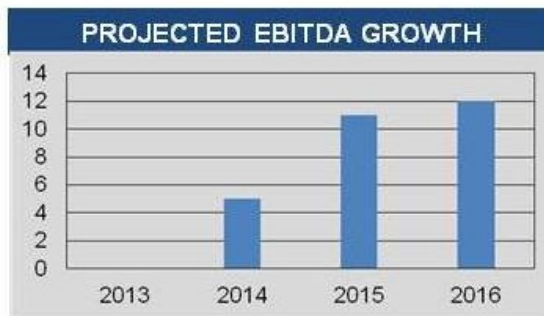


Two new guestrooms

Hilton Garden Inn Times Square



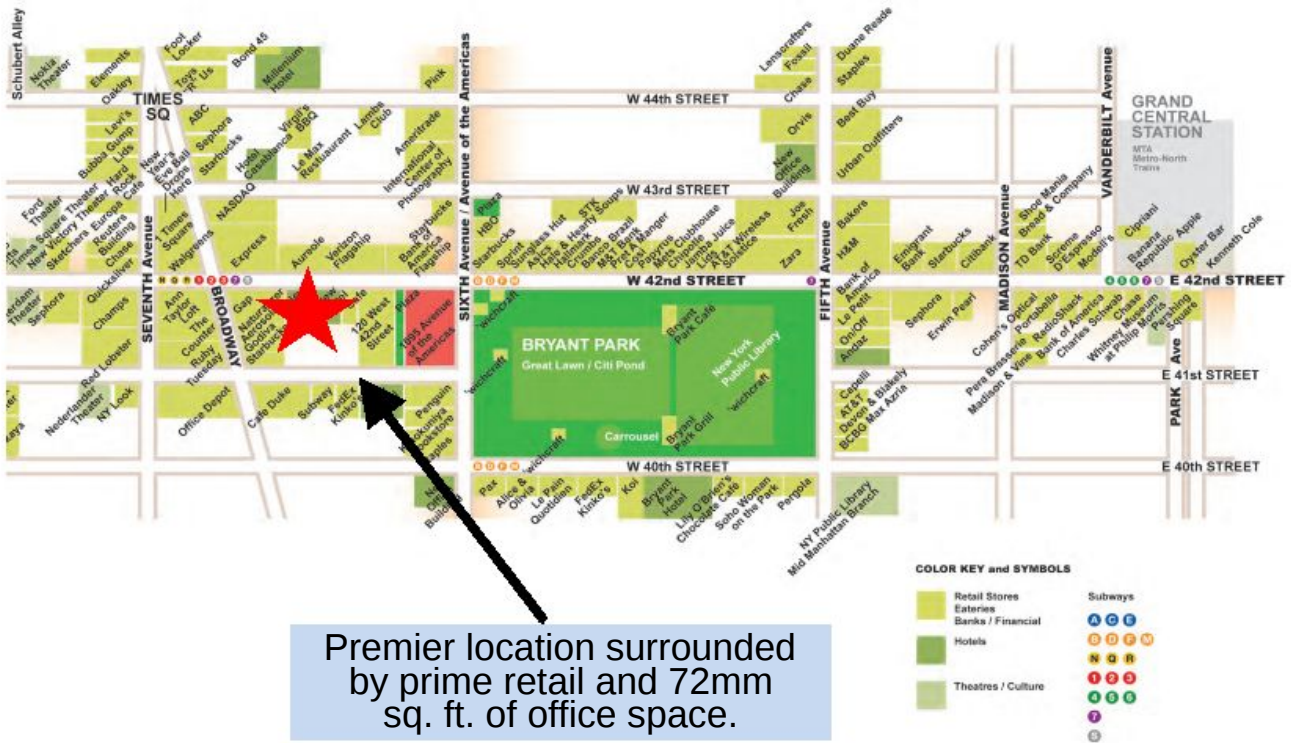
- ♦ **282 keys – Expected mid-2014 delivery**
- ♦ Spectacular location (42nd St & Broadway)
- ♦ Below current market cost (\$450,000 per key)
- ♦ Immediately accretive (9% initial EBITDA yield)
- ♦ Embedded gain of \$20+ million on investment



Value in Millions



HGI Times Square: Premier NYC Location



Westin Washington DC

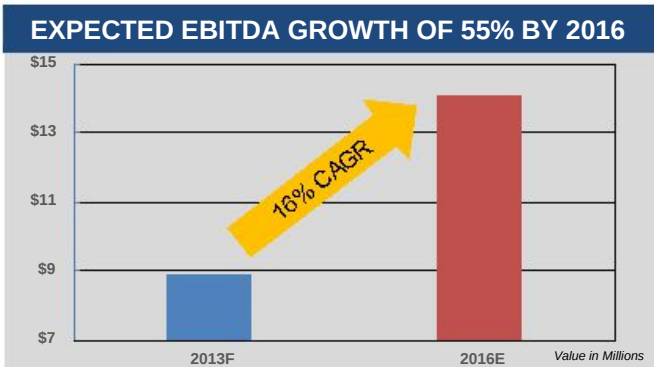


◆ Growth Story:

- 2014 group booking pace: 33%
- 2-year growth story post-renovation
- Recapture business transient accounts that abandoned hotel
- Attract local group with renovated meeting space and lobby

◆ Upside Opportunities:

- Rate increases following renovation
- Renovated lobby including new lobby bar, contemporary check-in experience and desirable grab-n-go market
- DC as an attractive convention market



2013F RevPAR Index	90.3
2016E RevPAR Index	105.3
Market Share Opportunity	15.0
Revenue Upside	\$4.5 million

Westin Washington DC Renovation



- ◆ Fundamentally change hotel experience with brand new lobby & arrival
- ◆ New guest room renovation
 - First 5th generation Westin in the US
- ◆ Renovate and upgrade meeting space



RECEPTION ELEVATION



BAR ELEVATION

View of New Guest Check-in and Lobby Bar



New Lobby Bar



DOUBLE/QUEEN/2 KING ROOM FLOOR PLAN

KING ROOM FLOOR PLAN

Renovated Guestrooms

Westin San Diego



- Growth Story:
 - 2014 Group booking pace up 7%
 - 2-year growth story post-renovation
 - CBD location with a variety of demand generators
 - Attract legal and media business from new Federal Courthouse
- Upside Opportunities:
 - Business mix shift driven by enhanced sales strategies and renovation
 - Creation of innovative legal war rooms
 - Outsource three-meal restaurant to further improve F&B margin
 - Reposition leased retail space
 - Potential expansion of convention center



EXPECTED EBITDA GROWTH OF 35% BY 2016

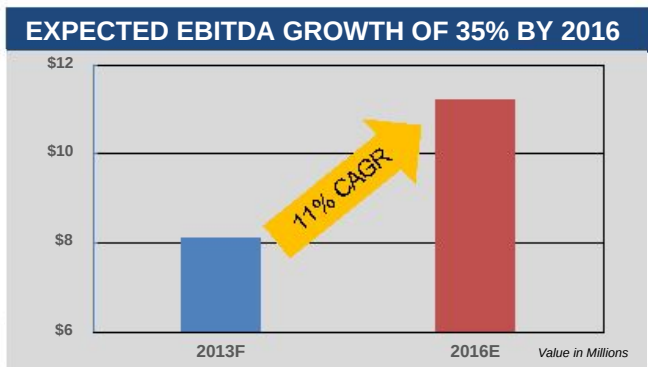


2013F RevPAR Index	116.0
2016E RevPAR Index	126.0
Market Share Opportunity	10.0
Revenue Upside	\$2.4 million

Hilton Boston Downtown



- ♦ Growth Story:
 - 2014 Group booking pace up double digits due to strong convention calendar in Boston
 - 2-year growth story post-renovation and management change
- ♦ Upside Opportunities:
 - Create up to 40 additional keys by converting excess suites
 - Leasing of over 4,000 sq. ft. of desirable retail space
 - Evaluate highest and best use for 23,000 sq. ft. leased to tenant through 2015

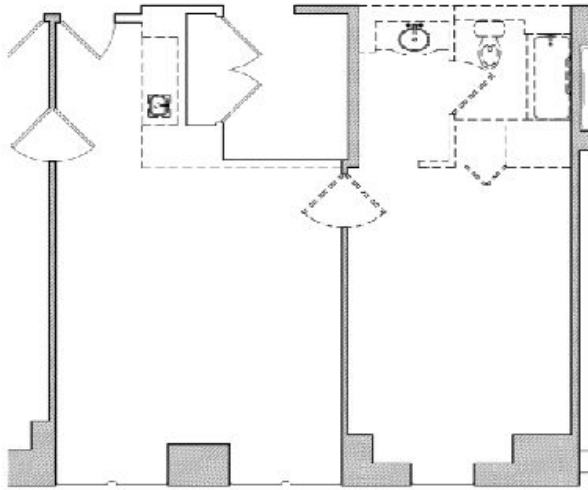


2013F RevPAR Index	91.5
2016E RevPAR Index	103.5
Market Share Opportunity	12.0
Revenue Upside	\$3.4 million

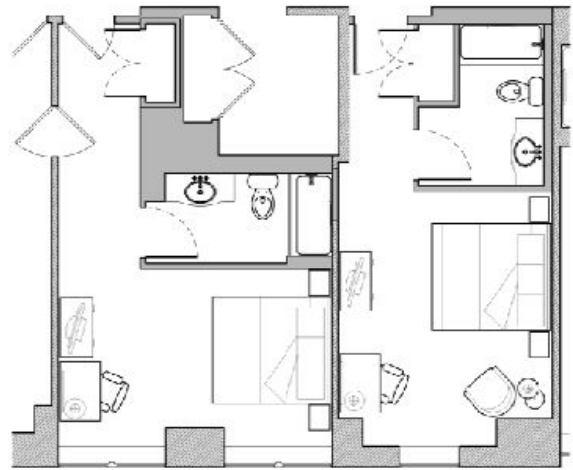
Hilton Boston: Extracting Value from Real Estate



- ◆ Exploring potential to add up to 40 new rooms (subject to permitting approval)
 - Convert excess suites (currently over 20% of inventory) into two guestrooms
- ◆ Leasing of over 4,000 sq. ft. of desirable retail space
- ◆ Evaluate highest and best use for 23,000 sq. ft. leased to tenant through 2015



Original suite room with living area



Two new guestrooms

Group Business: 2014 Positioned to Outperform



◆ Solid 2013 group booking pace:

- Pace up 6% (8% excluding Boston)
- Closed 33,000 more group room nights in Q2 2013 than Q2 2012
- Q2 in-the-quarter for-the-quarter pickup was 46%
- 2H 2013 comparisons challenging – Boston Westin 2H pace is -14% amidst weakest year at BCEC since opening



Frenchman's Reef Marriott

◆ Robust 2014 group booking pace:

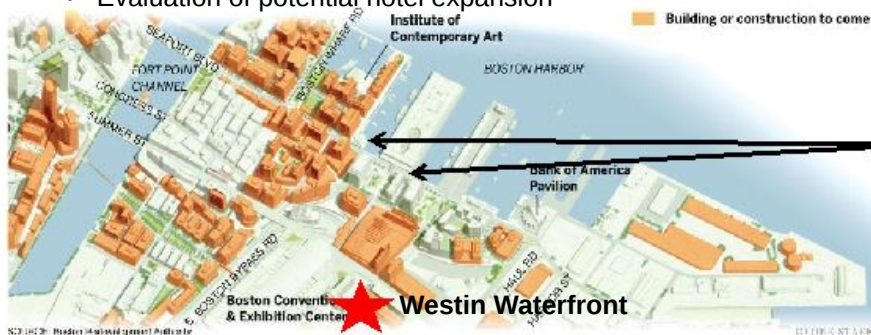
- Pace up 10.3% (10 properties up >10%)
- Strong convention calendars in key markets such as Boston (record year), Frenchman's Reef, Westin DC
- \$12.5 million of group revenue booked during Q2 2013; another \$4 million in July
- ADR up 5%, demonstrating pricing power



Westin Waterfront – The Center of Boston’s Growth



- ◆ Boston Convention & Exhibition Center
 - Largest convention center in Northeast
 - 2014 booking pace: +26% (Record year for BCEC)
- ◆ Innovation District Taking Shape
 - Over 4,000 jobs with over 200 companies have been added
 - 6,300 jobs announced (Vertex, State Street, PWC)
 - Liberty Wharf has proven success of high-end restaurants
- ◆ Internal Growth Opportunities
 - New retail tenants opening in 2013
 - Conversion of over 10,000 sq. ft. from unleased retail space to meeting rooms
 - Evaluation of potential hotel expansion



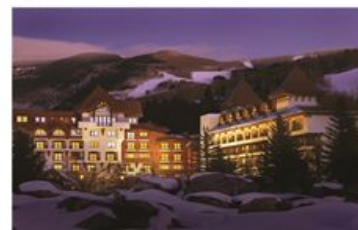
Over 10 mm sq. ft. of development under construction or approved, including:

- 5 mm sq. ft. of office
- 2 mm sq. ft. of retail
- 3 mm sq. ft. of residential

Vail Marriott – Great & Getting Better



- ◆ Irreplaceable real estate location at base of Vail Mountain
- ◆ Epic Discovery - Summer mountain resort facilities and activities to drive Summer demand beginning in 2014
 - Forest Flyer™ Alpine Slide
 - Game Creek and Zip Line Tours
 - Adventure Ridge Challenge and Family Forest Adventure Park
 - Segway and Trail Tours
- ◆ Ever Vail - \$1B green resort development:
 - Mixed-use project located between Lionshead and Cascade Village – Walking distance of Vail Marriott
 - New gondola access – Vail Marriott within walking distance of 2 gondolas



¹Based on reports from Vail Resorts.



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ASSET MANAGEMENT

FOUR PRINCIPLES

- I. Promote Accountability
 - Internal
 - External
- II. Leverage Strengths
 - Experience
 - Experts
- III. Capital Expenditure Management
 - Cost engineering
 - Creative problem solving
- IV. Mining Value From Portfolio
 - Operations
 - Enhance real estate value



Conrad Chicago



Charleston Renaissance

Internal Accountability



◆ Reorganized Department

- Added Head of Design and Construction
 - Allows asset managers to fully focus on operations
- Put optimal team in place to drive growth and add value

◆ Realigned Portfolio

- Creation of “major market experts” through redistribution of properties
- Collaborative approach in NYC



Frenchman's Reef Marriott



Chicago Marriott

External Accountability



◆ Property Management Team Initiatives:

- Strong leadership
 - Talent-driven approach to operations
- Comprehensive sales strategies
 - Targeting right customer base
 - Optimal mix of transient/group business
 - Strategies appropriately aligned for seasonality
- Drive revenue management
 - Specific transient and group strategies
 - Weekly sales meetings to adapt approach and tactics in real-time
- Profit improvement initiatives
 - Labor productivity
 - Cost savings programs
 - Innovative pricing programs for ancillary departments
- Monthly stretch goals
 - Drive profitability



New GM at Boston Westin



New Revenue Manager at Boston Hilton



New GM at Conrad Chicago

Leveraging Past Experience



Frenchman's Reef

VS



Aruba Marriott

FRENCHMAN'S REEF STRATEGY

- ♦ Moved revenue management on property
- ♦ Changed out GM, allowing for a fresh perspective
- ♦ Additional management changes in process
- ♦ Analyzing opportunity to create "Trade Winds" Club paid-only concierge floors



Conrad Chicago

VS



**Waldorf Astoria
Chicago**

CONRAD CHICAGO STRATEGY

- ♦ Change transient mix
- ♦ Draft behind Waldorf Astoria's ADR
- ♦ Reanalyzing group sales force deployment
- ♦ Dedicated on-property team versus shared regional team

Leveraging Experts to Cut Costs & Promote Efficiencies Across Expense Categories

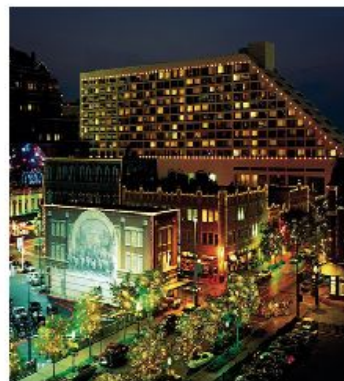


Capital Expenditure Management



Head of Design & Construction brings in-house expertise to capital expenditure management

- Realized savings of \$1.9 million in the Urban Portfolio by *cost engineering* a variety of projects
- Reduced estimated \$1.4 million cost of building improvement through *creative solutions* at Westin San Diego
- *Reduce reliance on outside parties-* with dedicated resource oversight on all projects. Results in project cost savings as well as enhanced controls



Worthington Renaissance



Hilton Boston Downtown

Current and Future Value-Add Projects:

Boston Westin	<ul style="list-style-type: none">• Add convertible beds to make parlor suites rentable - 100% IRR• Utilize low-flow toilets to conserve energy - 50% IRR• Walk-In Cooler efficiencies - 20% IRR• New retail tenant driving additional lease income in 2014 - \$275K incremental EBITDA
Chicago Marriott	<ul style="list-style-type: none">• Comprehensive lighting retrofit - \$75K in cost savings• Rebidding multiple service contracts with over \$150k in savings
Minneapolis Hilton	<ul style="list-style-type: none">• Analyzing the conversion of 9,600 sq. ft. of vacant office space to meeting space
Worthington Renaissance	<ul style="list-style-type: none">• Renegotiated parking contract, generating \$100K in additional profit• Exploring potential to lease-out food and beverage operations to a third party

Current and Future Value-Add Projects:

Westin San Diego	<ul style="list-style-type: none"> • Eliminating Pay-Per-View movie program, adding \$35K in profit • Increased room service trip charge which will add an incremental \$35K annually • Telephone consultant found \$55K in cost savings and \$125K in CapEx savings • Saved \$100K through the installation of industrial grade BTU meters
Boston Hilton	<ul style="list-style-type: none"> • Investment Grade LED Lighting & Occupancy Controls – 63% IRR
Alpharetta Marriott	<ul style="list-style-type: none"> • Creation of 2nd concierge floor adding \$53K of revenue annually
Burlington Hilton	<ul style="list-style-type: none"> • Implement 24 Hour summer weekend cancellation fee
Sonoma Renaissance	<ul style="list-style-type: none"> • New resort fee will add \$300K in Net Profit
Hilton Garden Inn Chelsea	<ul style="list-style-type: none"> • Telephone consultant found \$28K in cost savings
Portfolio Wide Initiative	<ul style="list-style-type: none"> • Exploring additional “view” rate categories

Mining For Value: Management Agreements



Creating Value Through Management Agreements:

Frenchman's Reef Marriott

- Negotiated manager contribution of \$5 million cash and 40% reduction in future incentive management fees worth an estimated \$5+ million to upgrade facility
- **Added \$10+ million in value**

Salt Lake City Marriott

- Negotiated a reduction in management fee by 50% for two years and 33% for three additional years to offset new supply additions
- **Potential to add \$1.6 million (estimated) in value**

Conrad Chicago

- Manager subordinated 3% management fee to operating profit threshold in order to retain agreement after failed performance test
- **Added \$3+ million in value**

Orlando Airport Marriott

- Subordinated 33% of management fee to actual debt service because operating performance was below debt service
- **Added \$0.5 million in value**

Chicago Marriott

- Negotiated a manager cash contribution of \$10 million for "brand enhancement" capital projects during 2008 renovation
- **Added \$10.0 million in value**

Bethesda Suites

- Leveraged contract provision to expense loan costs through Hotel P&L, thereby reducing incentive management fees
- **Added \$1 million in value**

Mining for Value: Adding Keys



Creating Value by Additional Keys:

Lexington Hotel	<ul style="list-style-type: none">• Created 15 new rooms from an unused lounge and underutilized junior suites• Added \$9.0 million (\$600k/key) in value
Courtyard Midtown East	<ul style="list-style-type: none">• Created 10 additional keys from underutilized suites• Opportunity exists to convert 4 more conversions• Added \$5.25 million (\$525k/key in value)
Chicago Marriott	<ul style="list-style-type: none">• Relocated concierge lounge to mezzanine level, creating 6 premium new rooms with skyline views• Added \$2.4 million (\$400/key) in value
Hilton Boston	<ul style="list-style-type: none">• By splitting underutilized suites, opportunity exists to add up to 40 new guestrooms• Potential to add \$18.0 million (\$450k/key) of value
Frenchman's Reef	<ul style="list-style-type: none">• Exploring the creation of 23 new guest rooms from expiring tenant lease• Value increase to be determined

Mining for Value: New Meeting Space



Creating Value by Maximizing Meeting Space:

Chicago Marriott	<ul style="list-style-type: none"> Created 15,000 sq. ft. of new junior ballroom and breakout meeting rooms targeted at small corporate groups from the low volume 4th floor restaurant and lounge
Chicago Conrad	<ul style="list-style-type: none"> Relocated executive offices to "last sell" breakout rooms and created 4,100 sq. ft. of desirable high end social and small group meeting space with views of Michigan Ave
Torrance Marriott	<ul style="list-style-type: none"> Converted dated restaurant into 4,500 sq. ft. of new meeting space utilized by car companies for product launches. Relocated bar to activate lobby
Westin Boston Waterfront	<ul style="list-style-type: none"> Negotiated with ground lessor to change the allowed use of previously vacant retail space, creating 37,000 sq. ft. of ballroom, breakout and exhibit hall space Potential to create additional 10,000 sq. ft. of meeting space
Bethesda Suites	<ul style="list-style-type: none"> Converted 2 last sell hospitality suites to 1,500 sq. ft. of meeting space
Vail Marriott	<ul style="list-style-type: none"> Converted racquet ball courts to 2,100 sq. ft. of meeting rooms



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OPTIMAL CAPITAL STRUCTURE

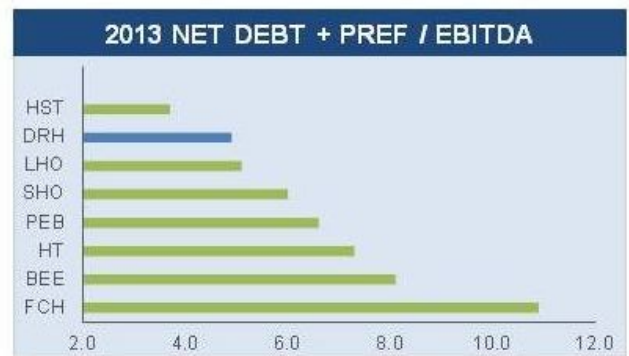
Best-in-Class Capital Structure



CAPITAL STRUCTURE FRAMEWORK

- ◆ Low Leverage
- ◆ Mitigated Cyclical Risk
- ◆ Simple Capital Structure
- ◆ No Corporate Debt
- ◆ Significant Pool of Unencumbered Hotels
- ◆ Sustainable Dividend

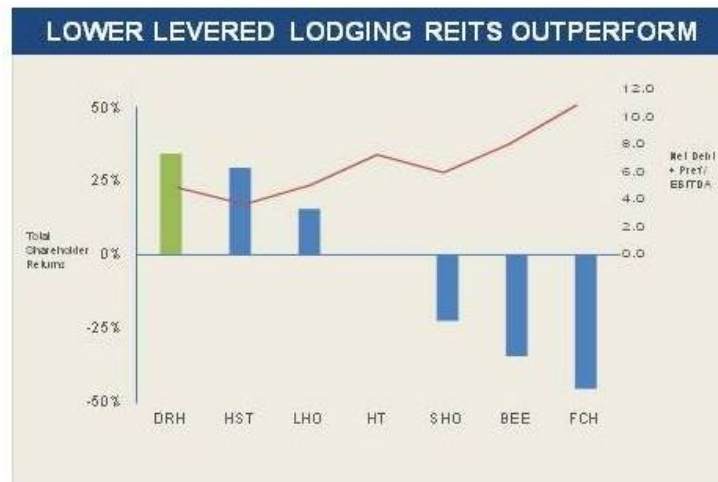
Leverage Statistics	2013
Net Debt / EV	35%
Net Debt / EBITDA ⁽¹⁾	4.9x
Fixed Charge Coverage	2.7x
Unencumbered Assets	13
Average Interest Rate	5.2%
Average Maturity (years)	3.50



Source: Citi Investment Research and Analysis

(1) Year end 2012 ratio. Calculated as defined under the Company's corporate credit facility.

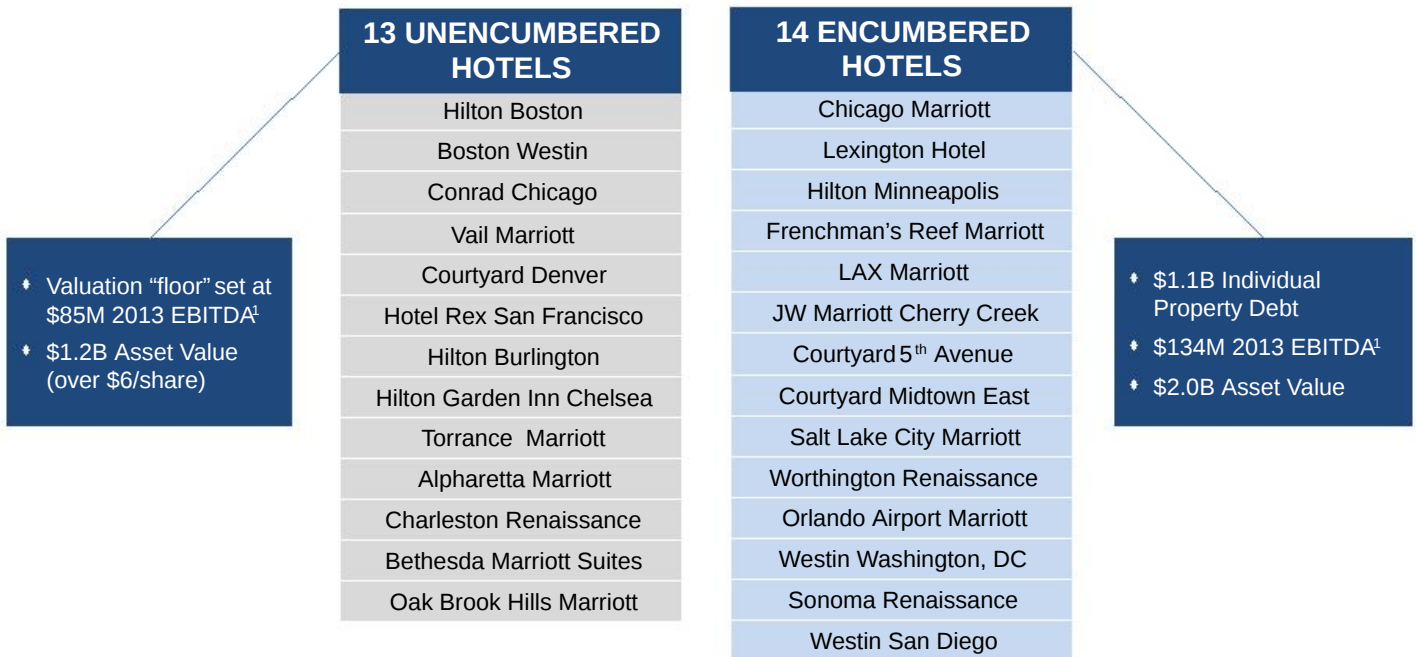
Low Leverage Outperforms



Note: Period used in calculation of total shareholder returns is 05/26/2005 – 08/26/2013.
Source: Citigroup Bank of America Merrill Lynch

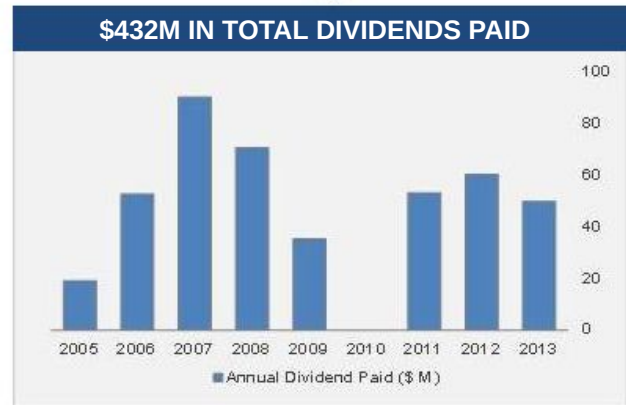
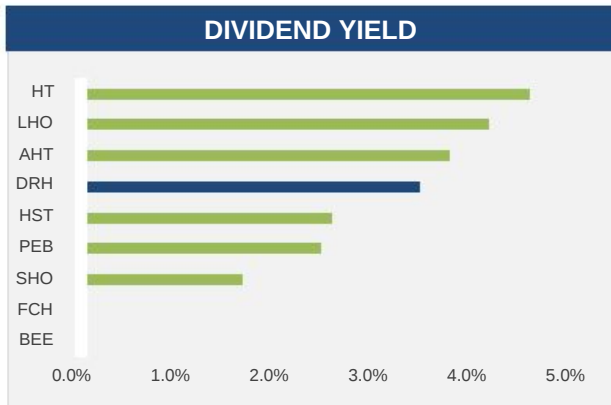
- ◆ Total shareholder returns should outperform higher leveraged peers
- ◆ Balance sheet is built with the entire lodging cycle in mind
- ◆ Mitigates risk of value destructive capital decisions during downturn
 - Base case net debt/EBITDA remains below 5.0x
- ◆ Dry powder for early cycle acquisitions
- ◆ Allows for sustainable dividend

Low Leverage Mitigates Cyclical Risk, Increases Flexibility



(1) Based on mid-point of Company 2013 guidance.

Sustainable Dividends



Source: Citi Investment Research and Analysis

DIVIDENDS ARE KEY DRIVER OF LODGING REIT TOTAL SHAREHOLDER RETURN

- ◆ Current yield of 3.5%
- ◆ DRH has returned \$432M of capital through dividends
- ◆ Payout of 65% of CAD
- ◆ Expect to pay cash dividends throughout lodging cycle

Recent Capital Actions Have Enhanced Financial Flexibility



- ◆ Took advantage of attractive financing environment:
 - \$450 million of new property-specific secured debt
 - Average interest rate of 4%
- ◆ Increased floating rate debt to 15% of total debt
- ◆ Improved line of credit pricing, flexibility and tenor;
 - Full \$200M line available
- ◆ Laddered debt maturities



Westin Washington D.C.



Sonoma Renaissance

Plan in Place to Support Funding Needs



FUNDING NEEDS

- ◆ 2013 Capital Expenditure program
 - \$70M remaining through early 2014
- ◆ 42nd Street commitment (\$100M in mid-2014)
- ◆ Debt Maturities
- ◆ Dividends

ACTION PLAN

- ◆ Achieve 3.0x net debt/EBITDA by 2016
- ◆ Maximize flexibility to address capital needs
 - Borrowing capacity of \$600M to \$700M from unencumbered hotels
 - Up to \$150M proceeds from dispositions of non-core hotels over next three years
 - Refinancing of debt maturities through 2016
 - \$200M of credit line capacity plus \$200M accordion option
 - Expect to end 2013 with \$30M cash, generate \$40M to \$50M in annual free cash flow



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KEY TAKEAWAYS

A Compelling Investment Opportunity



Favorable Industry Supply/Demand Dynamics

Portfolio Positioned to Outperform

Substantial Upside from 2013 Capital Investments

Enhanced Asset Management Focus to Drive Internal Margins

Best-In-Class Capital Structure With Well Covered Dividend



Courtyard Denver



Hilton Garden Inn Times Square



Westin San Diego



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APPENDIX

HGI Times Square: View to New Year's Ball



HGI Times Square: Lobby



Monogram by CALLISON HGI TSS
New York, New York

Business Center HIGHGATE

HGI Times Square: Lobby



Monogram by CALLISON HGI TSS
New York, New York

4th Floor Lobby HIGHGATE

HGI Times Square: Restaurant



Monogram by GALLISON HGI TSS
New York, New York

Restaurant View 'A' HIGHGATE

HGI Times Square: Guestroom



Monogram by CALLISON HGI TSS
New York, New York

Guest Room HIGHGATE

Lexington: Exterior



Lexington: Lobby



Lexington: Lobby Bar Artwork



Lexington: Lobby Library



Lexington: Guestroom



Lexington: Guest Bathroom



New York City Hotel Transactions



NYC HOTEL TRANSACTIONS						
Hotel Name	Location	Date	Keys	Price	Price / Key	
Holiday Inn Manhattan 6th Avenue	New York, NY	226 Jun-13		121,400,000	537,000	
The James	New York, NY	114 May-13		85,000,000	745,614	
Hyatt Union Square	New York, NY	178 Apr-13		105,000,000	589,888	
Hyatt Place Midtown South	New York, NY	185 Mar-13		76,400,000	412,973	
Milford Plaza Hotel (50% int.)	New York, NY	1300 Mar-13		325,000,000	250,000	
Alex Hotel	New York, NY	203 Feb-13		115,000,000	566,502	
Flathotel	New York, NY	288 Feb-13		180,000,000	625,000	
Beekman Tower Hotel	New York, NY	174 Jan-13		82,150,000	472,126	
Crown Hotel	New York, NY	65 Jan-13		18,000,000	276,923	
The Plaza and Shops at the Plaza	New York, NY	230 Nov-12		575,000,000	2,500,000	
Dream Downtown	New York, NY	315 Nov-12		220,000,000	698,413	
Setai Fifth Avenue	New York, NY	214		229,000,000	1,070,093	
Manhattan at Times Square Hotel	New York, NY	665 Oct-12		275,000,000	413,534	
Essex House	New York, NY	518 Aug-12		362,300,000	699,421	
Holiday Inn Express Madison Square Garden	New York, NY	228 Jun-12		87,500,000	383,772	
King & Grove Manhattan	New York, NY	227 Jun-12		116,000,000	418,773	
Courtyard Marriott	New York, NY	226 May-12		82,000,000	362,832	
Cassa Hotel	New York, NY	165 Mar-12		130,000,000	787,879	
Avalon Hotel	New York, NY	100 Feb-12		48,300,000	483,000	
Hyatt Place Midtown South	New York, NY	185 Feb-12		76,500,000	413,514	
Ritz-Carlton	New York, NY	261 Jan-12		198,000,000	758,776	
Knickerbocker Hotel	New York, NY	330 Jan-12		230,000,000	696,970	
Park Central Hotel	New York, NY	934 Dec-11		396,200,000	424,197	
Hampton Inn Manhattan	New York, NY	146 Dec-11		69,500,000	476,027	
Holiday Inn Midtown	New York, NY	122 Dec-11		52,200,000	427,869	
The Cooper Square Hotel	New York, NY	145 Nov-11		90,000,000	620,690	
Paramount Hotel	New York, NY	597 Sep-11		275,000,000	460,637	
Hotel Chelsea	New York, NY	226 Aug-11		82,500,000	629,771	
The Carlyle	New York, NY	188 Jul-11		357,200,000	1,900,000	
New York Palace Hotel	New York, NY	899 Jul-11		377,000,000	419,355	
Hyatt Union Square	New York, NY	175 Jul-11		104,000,000	594,286	
Affinia Manhattan	New York, NY	526 Jun-11		292,200,000	555,513	
Affinia Shelburne	New York, NY	323 Jun-11		179,400,000	555,418	
Affinia Dumont	New York, NY	241 Jun-11		133,900,000	555,602	
Affinia 50	New York, NY	210 Jun-11		116,700,000	555,714	
Affinia Gardens	New York, NY	129 Jun-11		71,700,000	555,814	
The Benjamin	New York, NY	209 Jun-11		116,100,000	555,502	
YOTEL	New York, NY	669 Jun-11		315,000,000	470,852	
Four Points by Sheraton - Times Square	New York, NY	244 Jun-11		112,000,000	459,016	
Algonquin Hotel	New York, NY	174 Jun-11		82,000,000	436,782	

Source: Eastdil Secured

Transformation of Salt Lake City Marriott



- ◆ City Creek Center is multi-billion dollar, 23-acre mixed-use development
 - 1.2 mm sq. ft. of office,
 - 700,000 sq. ft. of retail
 - 800 new residential units
- ◆ Strong operating performance since opening of City Creek in early 2012:
 - 2012 RevPAR growth: +17.8%
 - 2012 EBITDA growth: +35.8%
 - 2013E RevPAR growth: +8.8%
 - 2013E EBITDA growth: +14.9%



SLC Marriott after City Creek



SLC Marriott after City Creek