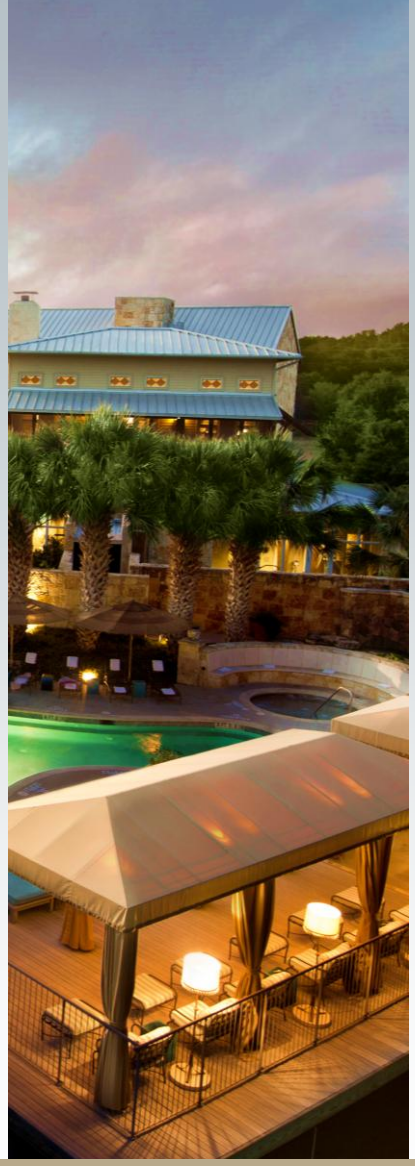








DIAMONDROCK HOSPITALITY

INVESTOR PRESENTATION

NOVEMBER 2026

DIAMONDROCK AT A GLANCE

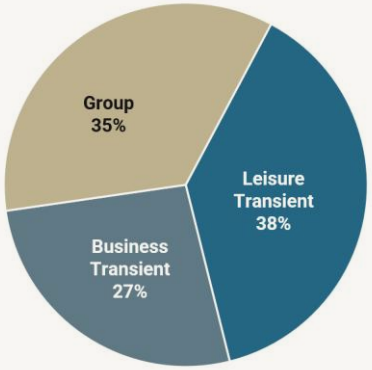
PORTFOLIO

9,644 ROOMS

36 PROPERTIES

28 GEOGRAPHIC MARKETS

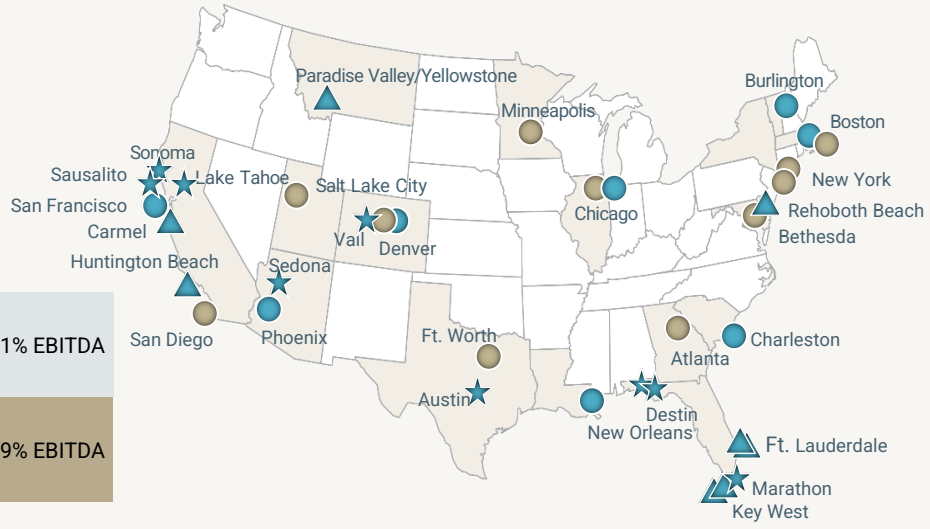
DEMAND SEGMENTATION



DIVERSIFIED GEOGRAPHY

MARKET	% OF EBITDA
Boston	12.6%
Chicago	11.8%
New York City	6.9%
Florida Keys	6.1%
Fort Lauderdale	5.5%
Vail	5.5%
Fort Worth	4.6%
Destin	4.5%
Salt Lake City	4.2%
Denver	4.1%
Sausalito/San Francisco	3.9%
Charleston	3.4%
Sedona	3.4%
San Diego	3.1%
Sonoma	3.0%
Atlanta	2.2%
New Orleans	2.0%
Huntington Beach	2.0%
Carmel	1.8%
Phoenix	1.7%
Austin	1.7%
Burlington	1.5%
Lake Tahoe	1.4%
Rehoboth Beach	1.0%
Paradise Valley/Yellowstone	0.9%
Minneapolis	0.8%
DC Metro	0.4%

DIVERSIFIED PROPERTIES



Luxury Resort
Lifestyle Resort
41% EBITDA

Urban Lifestyle
Urban Gateway
59% EBITDA

Note: Based on FY2025 comparable operating results

WHY INVEST IN DIAMONDROCK TODAY?

DRH's differentiated earnings growth, disciplined capital allocation, and ability to leverage portfolio optionality provide multiple pathways to long-term value creation.

DIFFERENTIATED EARNINGS GROWTH

- ✓ **Only Lodging REIT** to deliver hotel EBITDA margin and AFFO margin growth in 2024, 2025, and 2026E
- ✓ **Superior expense discipline and cash conversion** aided by owner-manager alignment and portfolio design
- ✓ Targeting long-term average annual "AFFO/sh growth + dividend yield" **100-200bps above peers**

DISCIPLINED CAPITAL ALLOCATION

- ✓ **Re-investing 7-9% of revenue annually** over the medium term vs. a peer average of 10% over the last 3 years
- ✓ **Meaningful embedded dividend growth** over the next several years
- ✓ Deploying capital across **high-return investments, acquisitions, share repurchases, and dividends**

LEVERAGING PORTFOLIO OPTIONALITY

- ✓ Independent or third-party managed hotels **typically command 15-20% valuation premiums** upon sale
- ✓ Franchise or brand agreements representing **one-quarter of EBITDA** expire over the next decade
- ✓ Capital recycling and ROI investments provide a **clear pathway to enhanced value creation**

INVESTMENT CASE

SUPERIOR GROWTH. LOWER RISK.
AN ATTRACTIVE RE-RATING OPPORTUNITY.


LAKE AUSTIN SPA RESORT

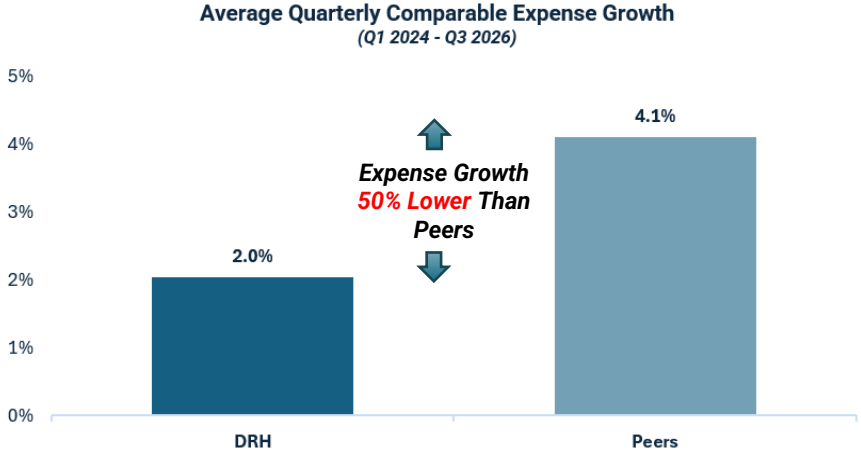

HENDERSON BEACH RESORT

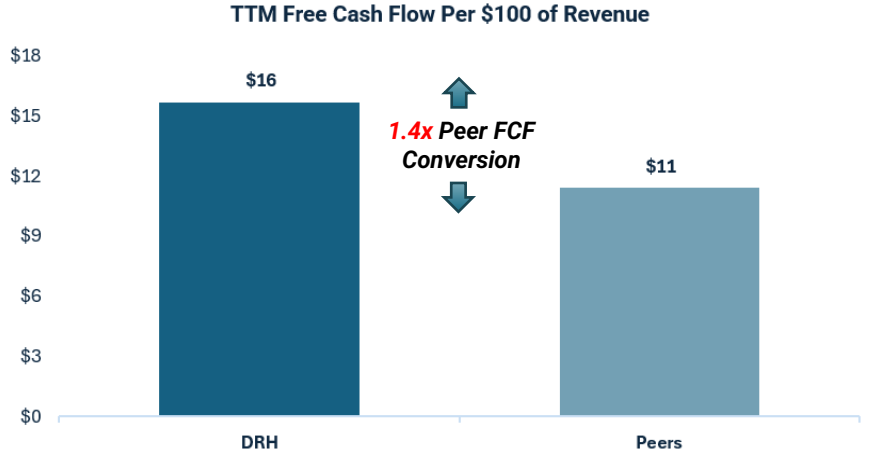


DIFFERENTIATED EARNINGS GROWTH

DIFFERENTIATED EARNINGS GROWTH: OPERATING MODEL DRIVES SUPERIOR FCF CONVERSION

Structurally Lower Expense Growth & Disciplined Capital Investment Drive Stronger FCF Conversion





DIVERSIFIED GROWTH PLATFORM

- ✓ Diverse Portfolio by Demand Segmentation and Geography
- ✓ 700bps of Potential Demand Recovery to Pre-Pandemic Levels
- ✓ Embedded and Staggered ROI Project Growth

ALIGNED OPERATING MODEL

- ✓ Leading Third-Party Management Exposure Among Peers
- ✓ Aligned Financial Incentives
- ✓ Advantageous Mix of Independent and Branded Hotels

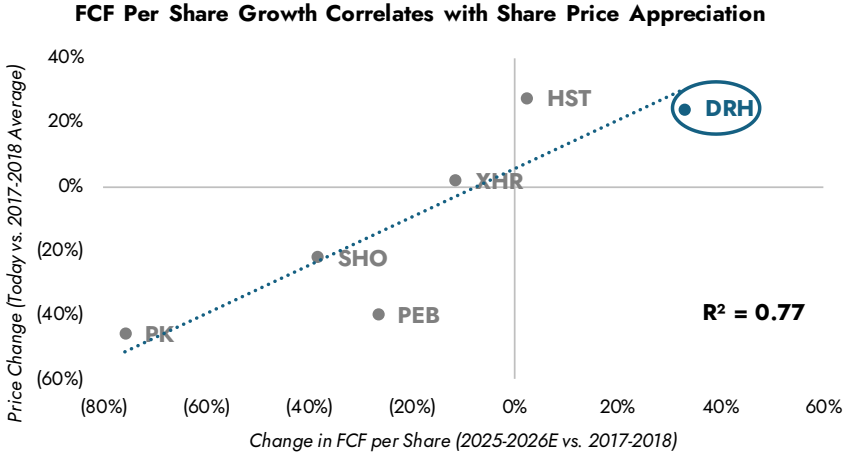
ACTIVE ASSET MANAGEMENT

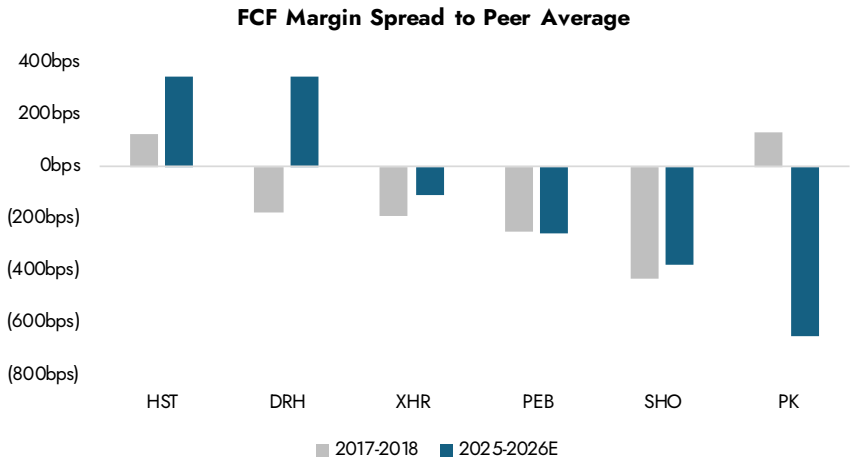
- ✓ Experienced Asset Management and Design & Construction Teams
- ✓ Culture of Expense Discipline
- ✓ Consistent Capital Investment Minimizes Disruption

Source: Company documents
Note: Full-service lodging REIT peers include HST, PEB, PK, SHO, XHR

DIFFERENTIATED EARNINGS GROWTH: SUPERIOR FCF CONVERSION DRIVES RETURNS

Over three years, DRH is translating industry-leading margin expansion into more than 60% free cash flow per share growth.





Source: Company documents, FactSet

- More Than 60% Free Cash Flow Per Share Growth 2023-2026E
- AFFO Margin Growth Exceeding Peer Average by Over 400bps Over Three Years
- Lower Capital Intensity Portfolio Supports Stronger Post Cap Ex Economics

Optimal Portfolio Mix → Strong Flow Through → Disciplined Capital Allocation → Investable Cash Flow Generation → Shareholder Value Creation

Note: 2026E represents 2026 consensus estimates. Three years 2023-2026E.

DIFFERENTIATED EARNINGS GROWTH: 2026 GUIDANCE AND Q4 REVPAR UPDATE

2026 GUIDANCE

METRIC	AS OF 7/30/2026 LOW END	AS OF 7/30/2026 HIGH END	AS OF 11/3/2026 LOW END	AS OF 11/3/2026 HIGH END	CHANGE AT MIDPOINT
Comparable RevPAR Growth	2.5%	4.0%	4.75%	5.25%	175bps
Comparable Total RevPAR Growth	2.75%	4.25%	4.75%	5.25%	150bps
Adjusted EBITDA	$310.0MM	$320.0MM	$322.0MM	$327.0MM	$9.5MM
Adjusted FFO	$245.5MM	$255.5MM	$256.5MM	$261.5MM	$8.5MM
Adjusted FFO per Share	$1.18	$1.23	$1.24	$1.26	$0.04

2026 GUIDANCE ASSUMPTIONS

Corporate Expenses	Approximately $28.0MM (excluding share-based compensation)
Interest Expense	$58.5MM to $59.5MM (excluding non-cash amortization)
Weighted Average Shares	207.5MM
Capital Expenditures	$75MM to $80MM

Q4 2026 REVPAR UPDATE

- 2026 guidance implies mid-single digit Total RevPAR growth in Q4 2026
- October results ahead of expectations
- Double-digit growth in Boston, Chicago, New Orleans, NYC, San Francisco

DIFFERENTIATED EARNINGS GROWTH: MULTIPLE VISIBLE DRIVERS SUPPORT 2027 GROWTH

DRIVERS OF 2027 EARNINGS GROWTH

AFFLUENT TRAVELER REMAINS RESILIENT

- ✓ **Record household net worth** continues to support experiential travel
- ✓ Premium-rated hotels generate **2x EBITDA per key** versus the broader portfolio

CITYWIDES CREATE COMPRESSION OPPORTUNITIES

- ✓ **Strong 2027 citywide calendars** in Boston, Chicago, and San Diego

HIGHLY FAVORABLE MUTED SUPPLY BACKDROP

- ✓ **Most supply-constrained** lodging cycle since 1990
- ✓ Replacement cost of **$700,000 per key** reinforces barriers to entry

FIRST YEAR OF ACQUISITIONS ON DIAMONDROCK PLATFORM

- ✓ **~$10 million** of EBITDA from Bellmoor Inn & Spa and Carmel Mission Inn

PATHWAY TO STABILIZATION FOR RECENT RENOVATIONS

- ✓ **$3-5 million** of incremental upside remains to achieve stabilized returns

ENHANCED WESTIN BOSTON SEAPORT ECONOMICS

- ✓ **Improved EBITDA flow through** from renegotiated franchise agreement terms

2027 SPECIAL EVENTS

U.S. OPEN AT PEBBLE BEACH
Carmel Mission Inn

SUNDANCE FILM FESTIVAL, BOULDER
Hotel Clio & Courtyard Denver Downtown

SUPER BOWL LXI
Kimpton Shorebreak Huntington Beach

INTERSKI VAIL
The Hythe, a Luxury Collection Hotel

NBA ALL-STAR WEEKEND
Kimpton Hotel Palomar Phoenix

MLB ALL-STAR GAME
Chicago Marriott Magnificent Mile &
The Gwen, a Luxury Collection Hotel

MEN'S NCAA TOURNAMENT
The Worthington Renaissance,
AC Hotel Minneapolis Downtown
Kimpton Shorebreak Huntington Beach
Hilton Garden Inn Times Sq. & Courtyard Midtown E.

DIFFERENTIATED EARNINGS GROWTH: PREMIUM LEISURE DELIVERS SUPERIOR ECONOMICS

25 Hotels
4,586 Keys

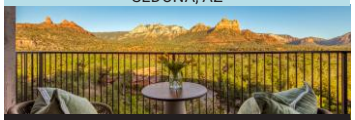
58% of Portfolio by Revenue

14 Independent Hotels

100% Unencumbered by Management

LUXURY & LIFESTYLE RESORTS

SEDONA, AZ



L'AUBERGE DE SEDONA

CARMEL, CA



CARMEL MISSION INN

HUNTINGTON BEACH, CA



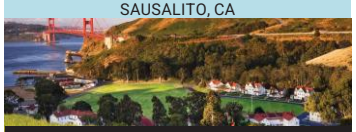
KIMPTON SHOREBREAK RESORT

LAKE TAHOE, CA



THE LANDING RESORT AND SPA

SAUSALITO, CA



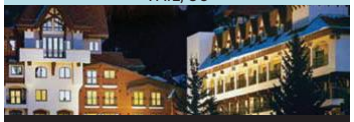
CAVALLO POINT

SONOMA, CA



THE LODGE AT SONOMA RESORT

VAIL, CO



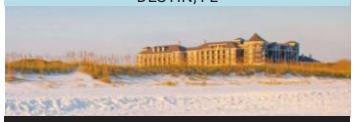
THE HYTHE, A LUXURY COLLECTION HOTEL

REHOBOTH BEACH, DE



BELLMOOR INN & SPA

DESTIN, FL



HENDERSON BEACH RESORT

DESTIN, FL



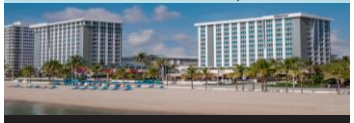
HENDERSON PARK INN

FORT LAUDERDALE, FL



KIMPTON SHOREBREAK FT. LAUDERDALE BEACH RESORT

FORT LAUDERDALE, FL



WESTIN FORT LAUDERDALE BEACH RESORT

KEY WEST, FL



HAVANA CABANA

KEY WEST, FL



MARGARITAVILLE BEACH HOUSE

MARATHON, FL



TRANQUILITY BAY RESORT

PRAY, MT



CHICO HOT SPRINGS

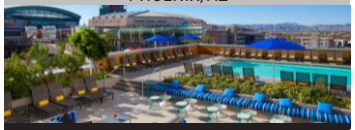
AUSTIN, TX



LAKE AUSTIN SPA RESORT

URBAN LIFESTYLE HOTELS

PHOENIX, AZ



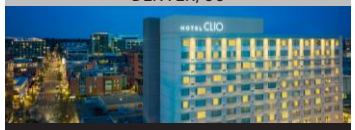
HOTEL PALOMAR PHOENIX

SAN FRANCISCO, CA



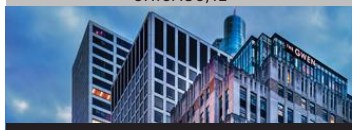
HOTEL EMBLEM

DENVER, CO



HOTEL CLIO, A LUXURY COLLECTION HOTEL

CHICAGO, IL



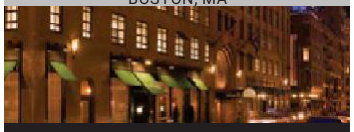
THE GWEN, A LUXURY COLLECTION HOTEL

NEW ORLEANS, LA



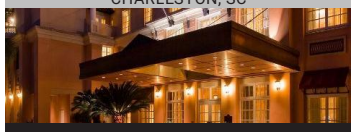
BOURBON ORLEANS HOTEL

BOSTON, MA



THE DAGNY

CHARLESTON, SC



THE LINDY CHARLESTON HISTORIC DISTRICT

BURLINGTON, VT



HOTEL CHAMPLAIN

Recent acquisitions expand DRH's presence in supply-constrained coastal leisure markets

DIFFERENTIATED EARNINGS GROWTH: EARNINGS RUNWAY FROM URBAN RECOVERY

5 Hotels
3,443 Keys

31% of Portfolio by Revenue

Strong Convention Markets

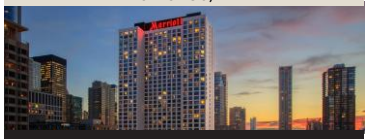
URBAN GROUP HOTELS

SAN DIEGO, CA



WESTIN SAN DIEGO BAYVIEW

CHICAGO, IL



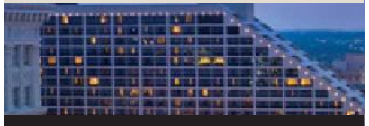
CHICAGO MARRIOTT MAGNIFICENT MILE

BOSTON, MA



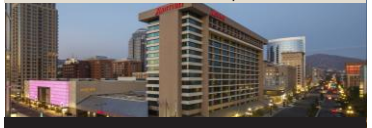
WESTIN BOSTON SEAPORT

FORT WORTH, TX



THE WORTHINGTON

SALT LAKE CITY, UT



SALT LAKE CITY MARRIOTT DOWNTOWN

4 Hotels
1,025 Keys

8% of Portfolio by Revenue

100% Unencumbered by Management

EBITDA Per Key Comparable to Urban Group Hotels

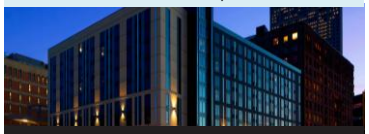
URBAN LIMITED-SERVICE HOTELS

DENVER, CO



COURTYARD DENVER DOWNTOWN

MINNEAPOLIS, MN



AC MINNEAPOLIS DOWNTOWN

NEW YORK, NY



COURTYARD MANHATTAN/MIDTOWN EAST

NEW YORK, NY



HILTON GARDEN INN TIMES SQUARE CENTRAL

2 Hotels, 590 Keys

3% of Portfolio by Revenue

100% Unencumbered by Management

SUBURBAN HOTELS

ATLANTA, GA



ATLANTA MARRIOTT ALPHARETTA

BETHESDA, MD

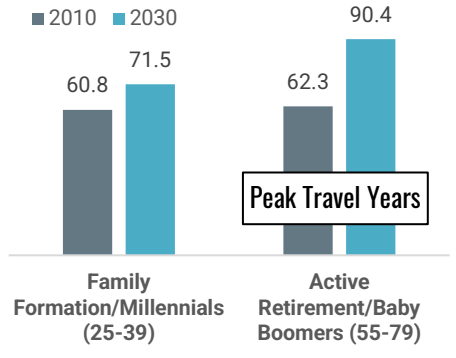


EMBASSY SUITES BETHESDA

DIFFERENTIATED EARNINGS GROWTH: SECULAR TAILWINDS SUPPORT PREMIUM LEISURE DEMAND

MORE PEOPLE

U.S. Population by Age Segment (in MM)



MORE FLEXIBILITY

Upside from Locational Flexibility

4.4 Days Per Week

2019 Days Per Week in Office of an Average U.S. Office Worker

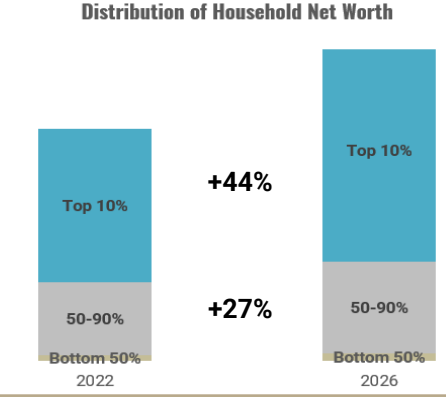
3.4 Days Per Week

Post-Pandemic Days Per Week in Office of an Average U.S. Office Worker

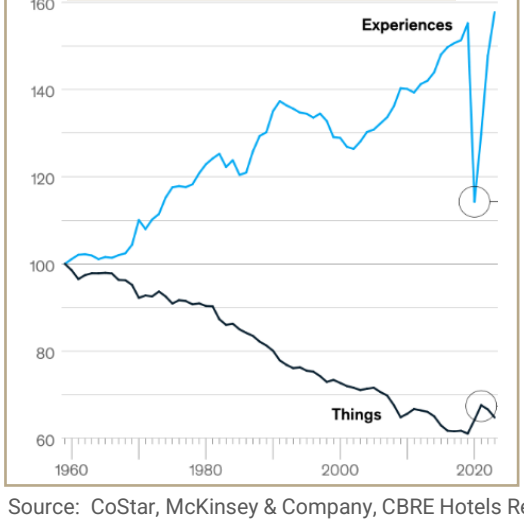
2.7B Incremental Days of Locational Flexibility

MORE WEALTH

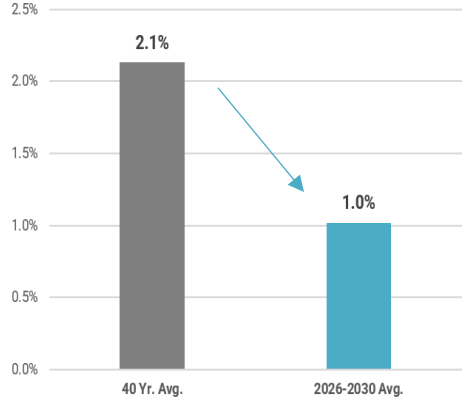
Affluent Household Wealth Outpacing



MORE EXPERIENCES



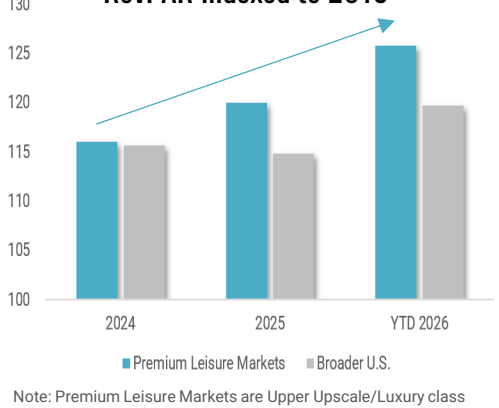
LESS SUPPLY



Note: Upper Upscale & Luxury Chain Scale U.S. Supply

STRONGER GROWTH

RevPAR Indexed to 2019



Note: Premium Leisure Markets are Upper Upscale/Luxury class hotels in leisure dependent destinations. TTM results

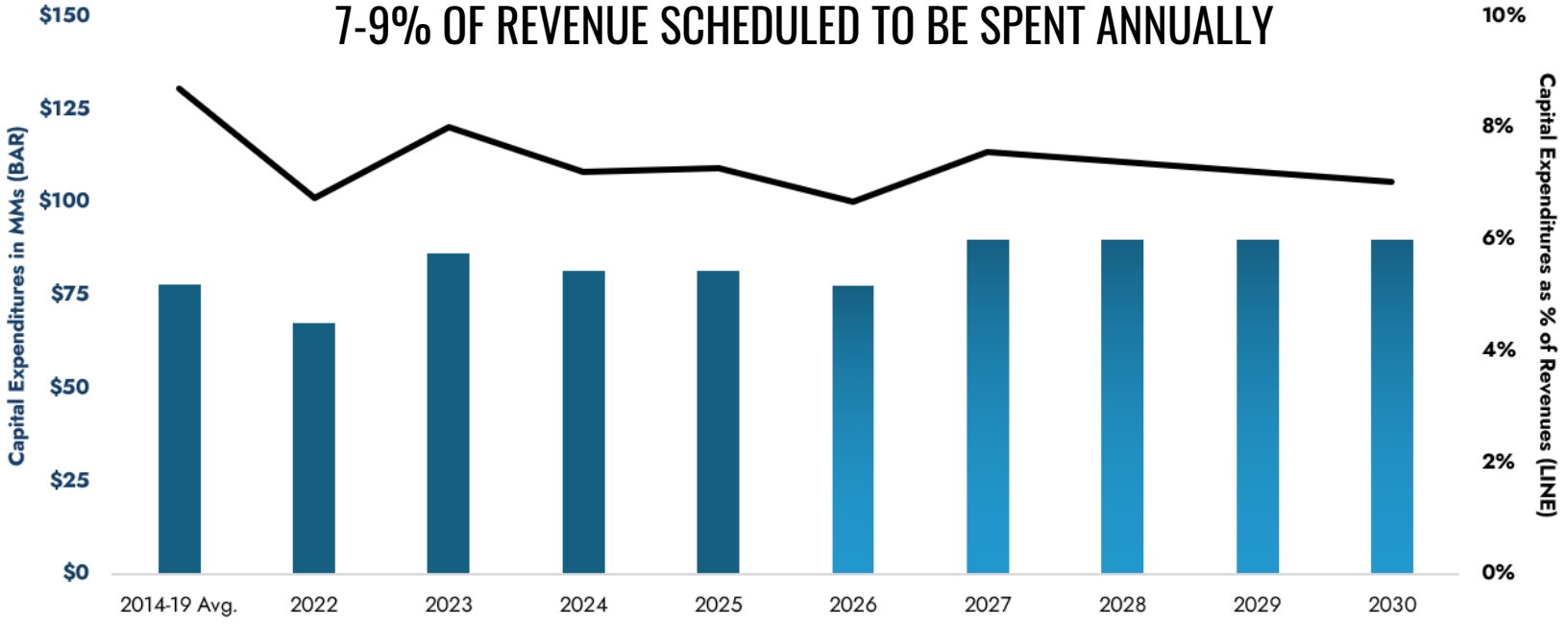
Source: CoStar, McKinsey & Company, CBRE Hotels Research, Federal Reserve.



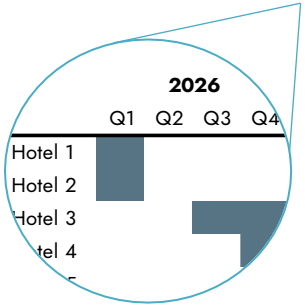
DISCIPLINED CAPITAL ALLOCATION

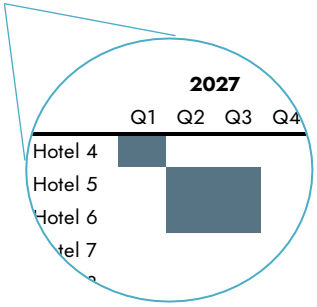
DISCIPLINED CAPITAL ALLOCATION: A VISIBLE CAP EX PLAN SUPPORTS PREDICTABLE CASH FLOW

7-9% OF REVENUE SCHEDULED TO BE SPENT ANNUALLY



- *3-5 Major Projects Annually*
- *450 Smaller Projects Annually on Average*
- *60% of 2022-2026 Spend was Stay-Enhancing*
- *Strategic Scheduling Minimizes Disruption*





PROJECTS ARE SCHEDULED THROUGH 2030

Minimizes Earnings Disruption, Reduces Costs, Supports Consistent Cash Flow Generation, Enhances Execution

DISCIPLINED CAPITAL ALLOCATION: L'AUBERGE DEMONSTRATES THE ROI PLAYBOOK



RENOVATION & INTEGRATION OF L'AUBERGE DE SEDONA

- **Total Cost:** $25MM
- **Estimated Stabilized Yield on Cost:** 20%+
- **Completed:** Q3 2025
- New cliffside pool, bar, and event space with some of the best views of Sedona's red rocks
- Significant rate opportunity







DISCIPLINED CAPITAL ALLOCATION: 2026 CAPITAL RECYCLING ACTIVITY

Harvesting value from lower growth assets into higher yielding investments

ACQUIRED | HIGHER RETURNS + STRONGER GROWTH PROFILE



THE BELLMOOR INN & SPA

REHOBOTH BEACH, DE

$31.0MM | $392K/key

INVESTMENT RATIONALE

- Compelling in-place yield
- Scarce, supply constrained coastal real estate
- Multiple levers to enhance earnings

~9.5% Stabilized Yield[1]



CARMEL MISSION INN

CARMEL, CA

$73.25MM | $444K/key

INVESTMENT RATIONALE

- Attractive & growing NOI profile
- Scarce, supply constrained coastal real estate
- Irreplaceable scale and amenities vs. local competitors

8.1% TTM Capitalization Rate

SOLD | EXIT LOWER FCF GROWTH PROFILE



COURTYARD MANHATTAN/FIFTH AVE.

NEW YORK, NY

$33.0MM | $175K/key

DISPOSITION RATIONALE

- NOI doubled from 2019 to 2025
- Forecasted declining FCF over the next several years
- Harvested value; greater return on acquisition opportunities

Estimated 7.8% Stabilized Cap Rate[1]

NET BENEFITS **Accelerating FFO/sh and FCF/sh Growth • Multiple Expansion • Capital Spend Aligned with Required Returns**

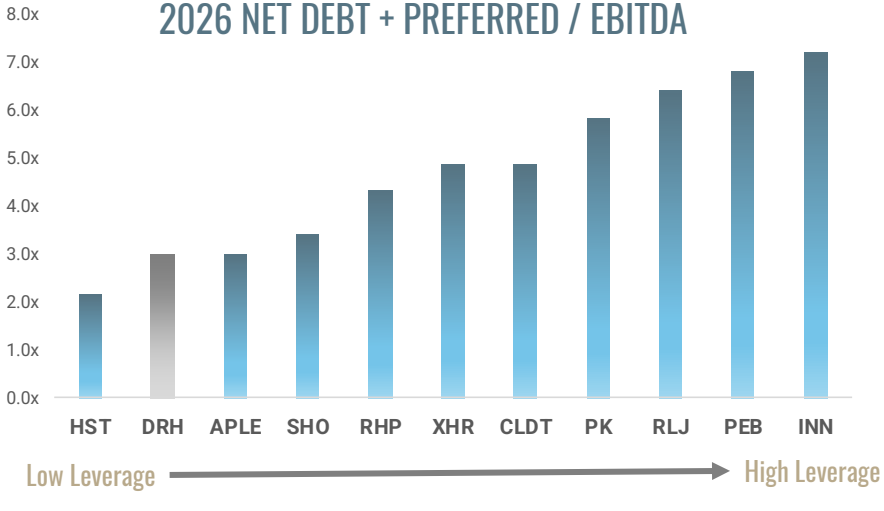
[1] Includes upcoming capital expenditures and forecasted NOI

DISCIPLINED CAPITAL ALLOCATION: BALANCE SHEET CAPACITY CREATES OPPORTUNITY

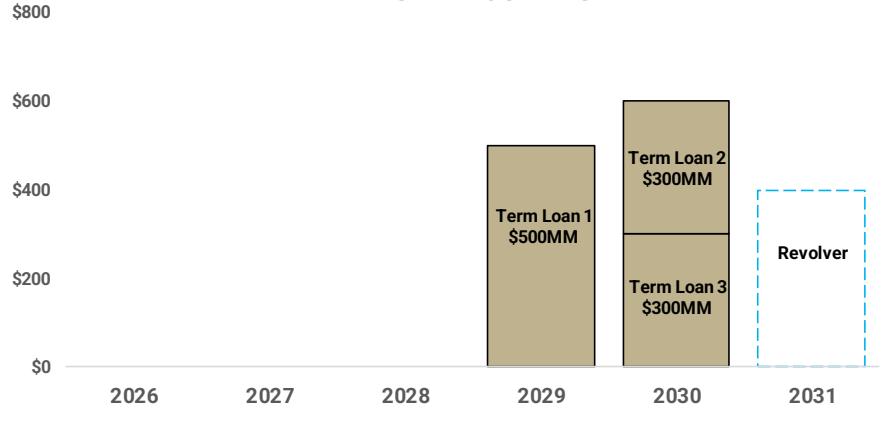
RELATIVELY LOW LEVERAGE & NO NEAR-TERM MATURITIES

- Amended revolving credit facility in July 2025
  - **Upsized** to $1.5B, from $1.2B
  - Earliest debt maturity, inclusive of extensions, is January **2029**
- All DRH debt is **unsecured and prepayable** at any time without a prepayment penalty
- **48%/52%** fixed to floating rates, inclusive of swaps
- Weighted average interest rate of 5.1% as of Q3 2026
- **1.0x increase in leverage = $500MM of incremental investment capacity**

2026 NET DEBT + PREFERRED / EBITDA



DEBT MATURITY SCHEDULE



Source: Company documents, FactSet

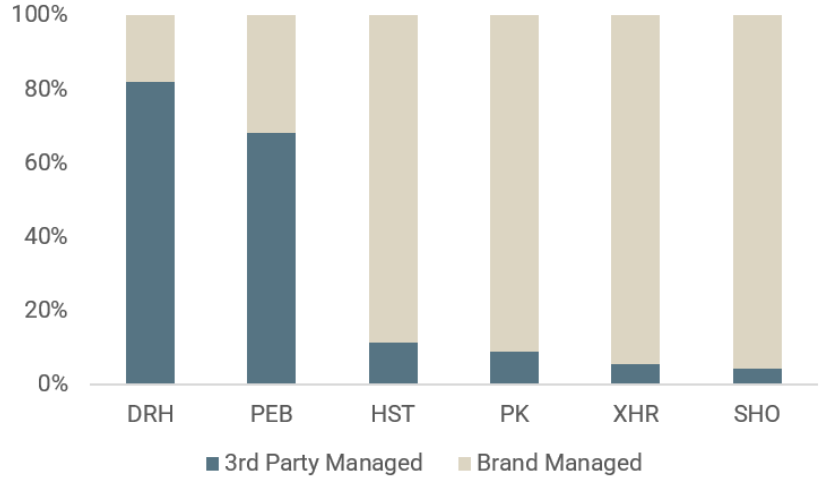
Note: Units in millions. Reflects one year extension options on Term Loans 1 & 3 and Revolver



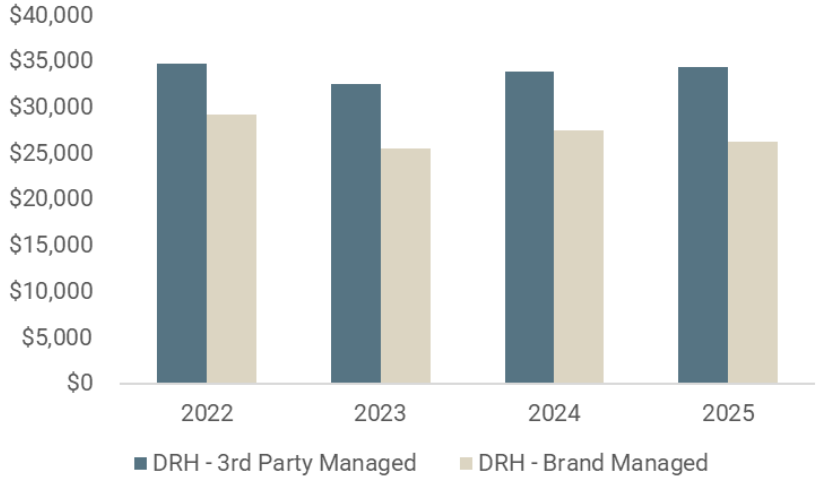
LEVERAGING PORTFOLIO OPTIONALITY

LEVERAGING PORTFOLIO OPTIONALITY: THIRD-PARTY MANAGEMENT CREATES VALUE

% OF THIRD-PARTY MANAGED ROOMS



EBITDA PER KEY DIFFERENTIAL



Source: Company documents, CoStar

- ✓ Greater Control Over Cash Flow and Capital Improvements
- ✓ Contracts Are Short Term, Generally Terminable at Will
- ✓ Faster Property-Level Decision Making
- ✓ Ability to Quickly Test and Implement Customer-Acquisition and Profit-Enhancing Technologies

VALUATION PREMIUM:
UNENCUMBERED VS. ENCUMBERED HOTELS

15% TO 20%

LEVERAGING PORTFOLIO OPTIONALITY: DEEP PIPELINE OF VALUE CREATION OPPORTUNITIES

Contract Expirations May Lead to Lower Fees, Brand Conversions, Flag Removals, Key Money – Avenues of Value Creation

Franchise Expired in 2025



Franchise Expiring in 2027
Potential Upbranding & Expansion

COURTYARD BY MARRIOTT

Courtyard Denver Downtown



Contract Expirations Over the Next Decade Represent More Than 25% of EBITDA

Kimpton Hotel Palomar Phoenix · The Lindy Charleston · Hotel Champlain · Hilton Garden Inn · The Westin Fort Lauderdale Beach Resort · The Gwen Hotel Michigan Avenue Chicago, Autograph Collection · The Lodge at Sonoma · Hotel Clio

ROI Opportunities, Underwritten to Double Digit Returns

Exploring Adding New Cabins

Est. 1900 CHICO HOT SPRINGS RESORT & DAY SPA



Entitled to Add 11 Keys

THE LANDING LAKE TAHOE



Exploring Spa and Meeting Space Expansion, Adding Guest Rooms

cavallopoint the lodge at the golden gate



Exploring Adding More Waterfront Guest Rooms

LAKE AUSTIN SPA RESORT



Currently 37 Rooms Entitled for 135 Ocean-Front Units

Henderson Park Inn



Assessing Highest and Best Use of Westin Fort Lauderdale

WESTIN HOTELS & RESORTS

The Westin Fort Lauderdale Beach Resort



TOP RANKING FOR GRESB PUBLIC DISCLOSURE

ISS ESG RANKINGS

ENVIRONMENTAL **2**

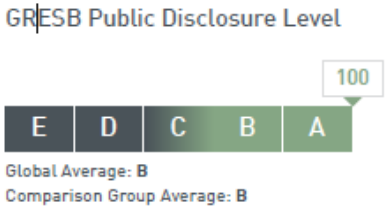
SOCIAL **3**

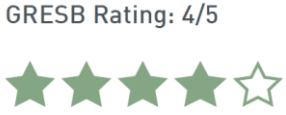
GOVERNANCE **1**

As of November 2026

2026 DRH GRESB SCORE & RECOGNITION







GRESB REAL ESTATE ASSESSMENT

- Ranked 2nd in Americas and 4th Worldwide for GRESB Score within Hotels/Listed
- Top 20% GRESB Score among 76 Americas Listed Companies

NAREIT AWARDS

- Received Nareit's 2026 Leader in the Light Award
- Received Nareit's 2024 Leader in the Light Award

GRESB PUBLIC DISCLOSURE

- Perfect score – 100 – 1st of 10 companies
- Ranked 1st within the U.S. Hotels with a score of "A" compared to the Peer Group Average of "B" and the GRESB Global Average of "B"

GRESB ANNUAL RESULTS VS PEER GROUP

GRESB	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
DRH GRESB Score	**53**	**75**	**81**	**84**	**86**	**82**	**85**	**86**	**86**	**87**
Peer Score Average	57	58	69	69	72	65	77	80	75	77
Index to Peer Score Average	93%	129%	117%	122%	119%	126%	110%	108%	115%	114%

FORWARD LOOKING STATEMENTS

This presentation 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 "believe," "expect," "intend," "project," "forecast," "plan" 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: the adverse impact of any future pandemic, epidemic or outbreak of any highly infectious disease on the U.S., regional and global economies, travel, the hospitality industry, and the financial condition and results of operations of the Company and its hotels; negative developments or volatility in the economy, including, but not limited to elevated inflation and interest rates, job loss or growth trends, the imposition of trade sanctions or tariffs and any potential retaliatory responses thereto, an increase in unemployment or a decrease in corporate earnings and investment; risks associated with the lodging industry overall, including, without limitation, decreases in the frequency of travel, decreases in the demand for, or frequency of, international travel as a result of evolving global trade dynamics or otherwise, and increases in operating costs; relationships with property managers; the ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures; changes in taxes and government regulations which influence or determine wages, prices, construction procedures and costs; and other risk factors contained in the Company's filings with the Securities and Exchange Commission.

Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material.

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

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

NON-GAAP FINANCIAL MEASURES

Included in this presentation are certain "non-GAAP financial measures," which are measures of our historical or future financial performance that are not calculated and presented in accordance with U.S. GAAP, within the meaning of applicable SEC rules. They are as follows: (i) EBITDA, EBITDAre, and Adjusted EBITDA, both at the hotel and company level, (ii) FFO, Adjusted FFO, and Adjusted FFO Per Share, (iii) Free Cash Flow and Free Cash Flow Per Share, (iv) Comparable Hotel Operating Statistics and Results, and (v) measures derived from Hotel Adjusted EBITDA and Hotel NOI such as EBITDA multiples and capitalization rates.

Use and Limitations of Non-GAAP Financial Measures

Our management and Board of Directors use these non-GAAP measures to evaluate the performance of our hotels and to facilitate comparisons between us and other lodging REITs, hotel owners who are not REITs and other capital-intensive companies. The use of these non-GAAP financial measures has certain limitations. These non-GAAP financial measures as presented by us may not be comparable to non-GAAP financial measures as calculated by other real estate companies. These measures do not reflect certain expenses or expenditures that we incurred and will incur, such as depreciation, interest and capital expenditures. We compensate for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance. Our reconciliations to the most comparable U.S. GAAP financial measures, and our consolidated statements of operations and comprehensive income and consolidated statements of cash flows, include interest expense, capital expenditures, and other excluded items, all of which should be considered when evaluating our performance, as well as the usefulness of our non-GAAP financial measures.

These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with U.S. GAAP. They should not be considered as alternatives to operating profit, cash flow from operations, or any other operating performance measure prescribed by U.S. GAAP. These non-GAAP financial measures reflect additional ways of viewing our operations that we believe, when viewed with our U.S. GAAP results and the reconciliations to the corresponding U.S. GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. We strongly encourage investors to review our financial information in its entirety and not to rely on a single financial measure.

A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with U.S. GAAP can be found in the Company's third quarter 2026 earnings press release dated November 3, 2026.

EBITDA and EBITDAre

EBITDA represents net income (calculated in accordance with U.S. GAAP) excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; and (3) depreciation and amortization. The Company computes EBITDAre in accordance with the National Association of Real Estate Investment Trusts ("Nareit") guidelines, as defined in its September 2017 white paper "Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate." EBITDAre represents net income (calculated in accordance with U.S. GAAP) adjusted for: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; (3) depreciation and amortization; (4) gains or losses on the disposition of depreciated property including gains or losses on change of control; (5) impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate; and (6) adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates. We believe EBITDA and EBITDAre are useful to an investor in evaluating our operating performance because they help 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, and in the case of EBITDAre, impairment and gains or losses on dispositions of depreciated property) from our operating results. In addition, covenants included in our debt agreements use EBITDA as a measure of financial compliance. We also use EBITDA and EBITDAre as measures in determining the value of hotel acquisitions and dispositions.

FFO

The Company computes FFO in accordance with standards established by Nareit, which defines FFO as net income (calculated in accordance with U.S. GAAP) excluding gains or losses from sales of properties and impairment losses, plus real estate related depreciation and amortization. The Company believes that the presentation of FFO provides useful information to investors regarding its operating performance because it is a measure of the Company's operations without regard to specified non-cash items, such as real estate related depreciation and amortization and gains or losses on the sale of assets. The Company also uses FFO as one measure in assessing its operating results.

Adjustments to EBITDAre and FFO

We adjust EBITDAre and FFO when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted EBITDA and Adjusted FFO when combined with U.S. GAAP net income, EBITDAre and FFO, is beneficial to an investor's complete understanding of our consolidated and property-level operating performance. We adjust EBITDAre and FFO for the following items:

- Non-Cash Lease Expense and Other Amortization: We exclude the non-cash expense incurred from the straight line recognition of expense from our ground leases and other contractual obligations and the non-cash amortization of our favorable and unfavorable contracts, originally recorded in conjunction with certain hotel acquisitions. We exclude these non-cash items because they do not reflect the actual cash amounts due to the respective lessors in the current period and they are of lesser significance in evaluating our actual performance for that period.
- Cumulative Effect of a Change in Accounting Principle: The Financial Accounting Standards Board promulgates new accounting standards that require or permit the consolidated statement of operations and comprehensive income to reflect the cumulative effect of a change in accounting principle. We exclude the effect of these adjustments, which include the accounting impact from prior periods, because they do not reflect the Company’s actual underlying performance for the current period.
- Gains or Losses from Debt Extinguishment: We exclude the effect of gains or losses recorded on debt extinguishment because these gains or losses result from transaction activity related to the Company’s capital structure that we believe are not indicative of the ongoing operating performance of the Company or our hotels.
- Hotel Acquisition Costs: We exclude hotel acquisition costs expensed during the period because we believe these transaction costs are not reflective of the ongoing performance of the Company or our hotels.
- Severance Costs: We exclude corporate severance costs, or reversals thereof, incurred with the termination of corporate-level employees and severance costs incurred at our hotels related to lease terminations or structured severance programs because we believe these costs do not reflect the ongoing performance of the Company or our hotels.
- Hotel Manager Transition and Hotel Pre-Opening Costs: We exclude the transition costs associated with a change in hotel manager and the pre-opening costs associated with the redevelopment or rebranding of a hotel because we believe these items do not reflect the ongoing performance of the Company or our hotels.
- Share-Based Compensation Expense: We exclude share-based compensation expense as it is a non-cash item. This adjustment aligns with the calculation of Adjusted EBITDA for our financial covenant ratios under our credit facility, supporting consistency in our financial reporting and covenant compliance, as well as comparability with our peers.
- Other Items: From time to time we incur costs or realize gains that we consider outside the ordinary course of business and that we do not believe reflect the ongoing performance of the Company or our hotels. Such items may include, but are not limited to, the following: non-cash realized gains or losses on our deferred compensation plan assets; management or franchise contract termination fees; terminated transaction costs; gains or losses from legal settlements; costs incurred related to natural disasters; and gains on property insurance claim settlements, other than income related to business interruption insurance.

In addition, to derive Adjusted FFO (or AFFO), we exclude any unrealized fair value adjustments to interest rate swaps and the portion of our non-cash ground lease expense recognized as interest expense. We exclude these non-cash amounts because they do not reflect the underlying performance of the Company. AFFO margins are calculated as Adjusted FFO divided by total revenues.

Adjusted FFO Per Share

The Company calculates Adjusted FFO Per Share as our Adjusted FFO (defined as set forth above) divided by the weighted-average number of fully diluted shares of common stock and operating partnership units outstanding during the applicable period. The Company believes Adjusted FFO Per Share provides useful supplemental information to investors regarding our ongoing operating performance on a per-share basis and that presentation of Adjusted FFO Per Share should be considered together with, and not as a substitute for, diluted earnings per share calculated in accordance with U.S. GAAP.

Free Cash Flow and Free Cash Flow Per Share

The Company calculates Free Cash Flow (or FCF) as Adjusted FFO (defined as set forth above) less capital expenditures as reported in the Company's consolidated statement of cash flows. Free Cash Flow Per Share is calculated as Free Cash Flow divided by the weighted-average number of fully diluted shares of common stock and operating partnership units outstanding during the applicable period. The Company believes the presentation of these metrics provides useful information to investors regarding profitability as they reflect operating performance after capital expenditures required to maintain and enhance our portfolio. FCF margins are calculated as FCF divided by total revenues.

Comparable Hotel Operating Statistics and Results

We believe that presenting comparable hotel operating statistics (such as ADR, occupancy, RevPAR, Total RevPAR and Available Rooms) and results (such as Room Revenues, Total Revenues, Total Expenses, Hotel Adjusted EBITDA, and Hotel Adjusted EBITDA Margin) is useful to investors because these measures help facilitate year-over-year comparisons of the performance of hotels owned by us as of the reporting date. Our comparable portfolio includes hotels (i) owned and in operation by us for the entirety of the periods presented and (ii) acquired by us during the period as though the acquisition happened at the beginning of the period presented. We make adjustments for recently acquired hotels to include operating statistics and results for periods prior to our ownership. As a result, changes as compared to periods prior to our ownership will not necessarily correspond to changes in our actual results. In addition, comparable metrics exclude results and operating statistics for hotels that were sold during the reporting period or held for sale at the end of the period. We believe these comparable measures provide more consistent metrics for comparing the performance of our hotels. Our comparable portfolio for the nine months ended September 30, 2026 includes all of our hotels owned as of September 30, 2026 and excludes the Courtyard New York Manhattan/Fifth Avenue sold on May 1, 2026 and the Westin Washington D.C. City Center sold on February 19, 2025.

Hotel Adjusted EBITDA, Hotel NOI and Associated Metrics

We believe that Hotel Adjusted EBITDA provides our investors a useful financial measure to evaluate our hotel operating performance, excluding the impact of our capital structure (primarily interest), our asset base (primarily depreciation and amortization), and our corporate-level expenses. With respect to Hotel Adjusted EBITDA, we believe that excluding the effect of corporate-level expenses provides a more complete understanding of the operating results over which individual hotels and third-party management companies have direct control. We believe property-level results provide investors with supplemental information on the ongoing operational performance of our hotels and effectiveness of the third-party management companies operating our business on a property-level basis. Hotel Adjusted EBITDA margins are calculated as Hotel Adjusted EBITDA divided by total hotel revenues. We also use Hotel Adjusted EBITDA when calculating EBITDA multiples to evaluate acquisitions and dispositions. EBITDA multiples are calculated as the sales price divided by Hotel Adjusted EBITDA. We believe using EBITDA multiples allows for a consistent valuation method in comparing the purchase or sale value of properties. Hotel NOI is calculated as Hotel Adjusted EBITDA less the annual contractual capital reserve for renewal and replacement. We use Hotel NOI when calculating capitalization rates, or cap rates, to evaluate acquisitions and dispositions. Cap rates are calculated as Hotel NOI divided by sales price. As with EBITDA multiples, we believe using cap rates allows for a consistent valuation method in comparing the purchase or sale value of properties.



DIAMONDROCK

HOSPITALITY