

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):
July 20, 2020

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.)

2 Bethesda Metro Center, Suite 1400

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))

Securities registered pursuant to Section 12(b) of the Securities Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value per share	DRH	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

This Current Report on Form 8-K (“Current Report”) 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,” “anticipate,” “position,” 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 impact of COVID-19 on occupancy rates at our hotels and the demand for hotel products and services, and those risks and uncertainties described from time to time in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K filed on February 28, 2020, our Quarterly Report on Form 10-Q filed on May 11, 2020 and our Current Report on Form 8-K filed on June 8, 2020. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this Current Report is as of the date of this Current Report, and we undertake no obligation to update any forward-looking statement to conform the statement to actual results or changes in our expectations.

Item 2.02. Results of Operations and Financial Condition.

On July 20, 2020, DiamondRock Hospitality Company (the “Company”) issued a slide presentation (the “Presentation”) intended to be used at investor meetings, and the Presentation is attached as Exhibit 99.1 to this Current Report on Form 8-K (“Current Report”). The Presentation includes preliminary financial information for the quarter ended June 30, 2020, including preliminary estimates of the Company’s liquidity as of June 30, 2020 and preliminary estimates of the Company’s cash burn rate for the quarter ended June 30, 2020 (the “Preliminary Information”).

The Preliminary Information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed “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, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, regardless of any general incorporation language in such filing.

Item 7.01 Regulation FD Disclosure.

A copy of the Presentation that the Company intends to use at investor meetings is attached to this Current Report as Exhibit 99.1 and is incorporated by reference herein. Additionally, the Company has posted the Presentation in the investor relations/presentations section of its website at www.drhc.com.

The information in this Item 7.01, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of such section. The information in this Current Report, including Exhibit 99.1, shall not be incorporated by reference into any filing under the Securities Act 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 Presentation – July 2020
----------------------	---------------------------------------------------

104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
-----	-----------------------------------------------------------------------------

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: July 20, 2020

By /s/ Briony R. Quinn

Briony R. Quinn

Senior Vice President and Treasurer



Investor Presentation | July 2020



Forward Looking Statements

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

Factors that could cause actual results to materially differ from those contained in the forward-looking statements include, without limitation, national and local economic and business conditions, including the impact of COVID-19 on occupancy rates at the Company's hotels and the demand for hotel products and services, and those risks and uncertainties discussed in the most recent Annual Report on Form 10-K, quarterly report on Form 10-Q and current reports on Form 8-K, which DiamondRock Hospitality Company (the "Company") has 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 the Company. Actual results could differ materially from the forward-looking statements made in this presentation. The forward-looking statements made in this presentation are subject to the safe harbor of the Private Securities Litigation Reform Act of 1995.

Any forward-looking statement speaks only as of the date on which it is made. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this presentation is as of the date of this presentation, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

This presentation contains statistics and other data that has been obtained or compiled from information made available by third-party service providers.

Key Takeaways



1

22 of 30 Hotels Open as of 6/30/2020

2

\$360MM of Liquidity available as of Q2

3

Q2 Burn Rate Beats Expectations by 15%

4

Bank Amendment and Loan Extension Complete

5

Exploring Accretive Growth Opportunities

Recent Events



March/April 2020

- Acquired leasehold interest in Shorebreak for 8%+ cap rate
- Named Top 5% Worldwide Real Estate platform by ISS-OEKOM
- Implemented COVID-19 Action Plan
- 20 Hotels suspended operations, leaving 10 hotels operating

May 2020

- Reopened Charleston Renaissance and Orchards Inn

June 2020

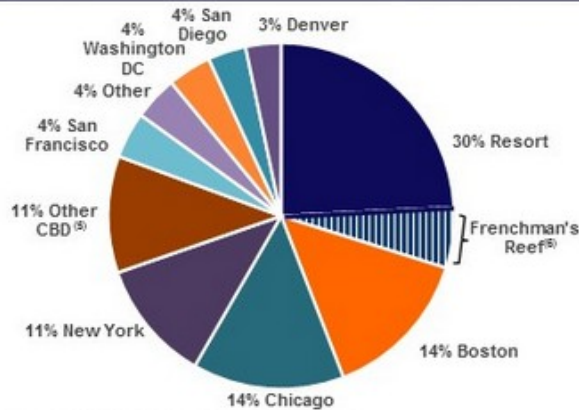
- Reopened 10 hotels. 22 hotels open as of 6/30/2020
- Sheraton Key West converted to Barbary Beach House Key West
- Executed Amendment to Credit Facility
- Closed on \$48MM mortgage, Salt Lake City Marriott

DiamondRock at a Glance

2019 FINANCIAL SUMMARY ⁽¹⁾	
Hotels (Rooms)	31 (>10K)
Total Revenue	\$932.1MM
Room Revenue	\$656.3MM
Hotel EBITDA Margin	29.6%
Outstanding Debt	\$1.09B
Net Debt/EBITDA	3.7x

CREDIT FACILITY COMPLIANCE ⁽²⁾		
Covenant	Limitation	DRH Q1'20
Maximum Leverage Ratio	< 60.0%	34.5%
Fixed Charge Coverage Ratio	> 1.50x	2.92x
Secured Indebtedness to Total Asset Value	< 45.0%	20.9%
Unencumbered Leverage Ratio	< 60.0%	50.3%
Unencumbered Debt Service Coverage Ratio	> 1.20x	1.49x
Total Liquidity ⁽³⁾		\$360MM

URBAN AND RESORT HOTELS IN TOP MARKETS⁽⁴⁾



HIGH QUALITY BRANDS⁽⁴⁾



(1) As of and for the year ended 12/31/2019. Reconciliations provided in appendix.
 (2) This section presents ratios as of March 31, 2020 in accordance with the terms of our credit facility, which has been filed with the SEC. We are not presenting these ratios and the related calculations for any other purpose, or for any other period, and are not intending for these measures to otherwise provide information about our financial condition or results of operations. These measures should not be relied upon other than for purposes of testing our compliance with the revolving credit facility.
 (3) Approximate balance as of 6/30/2020.
 (4) Weighted by 2019 Actual EBITDA.
 (5) Other CBD includes Burlington Hilton, Salt Lake City Marriott, and Worthington Renaissance.
 (6) Based on 2016 actual EBITDA.

DiamondRock Balance Sheet Profile

FUTURE DEBT MATURITIES (IN \$MM)⁽¹⁾

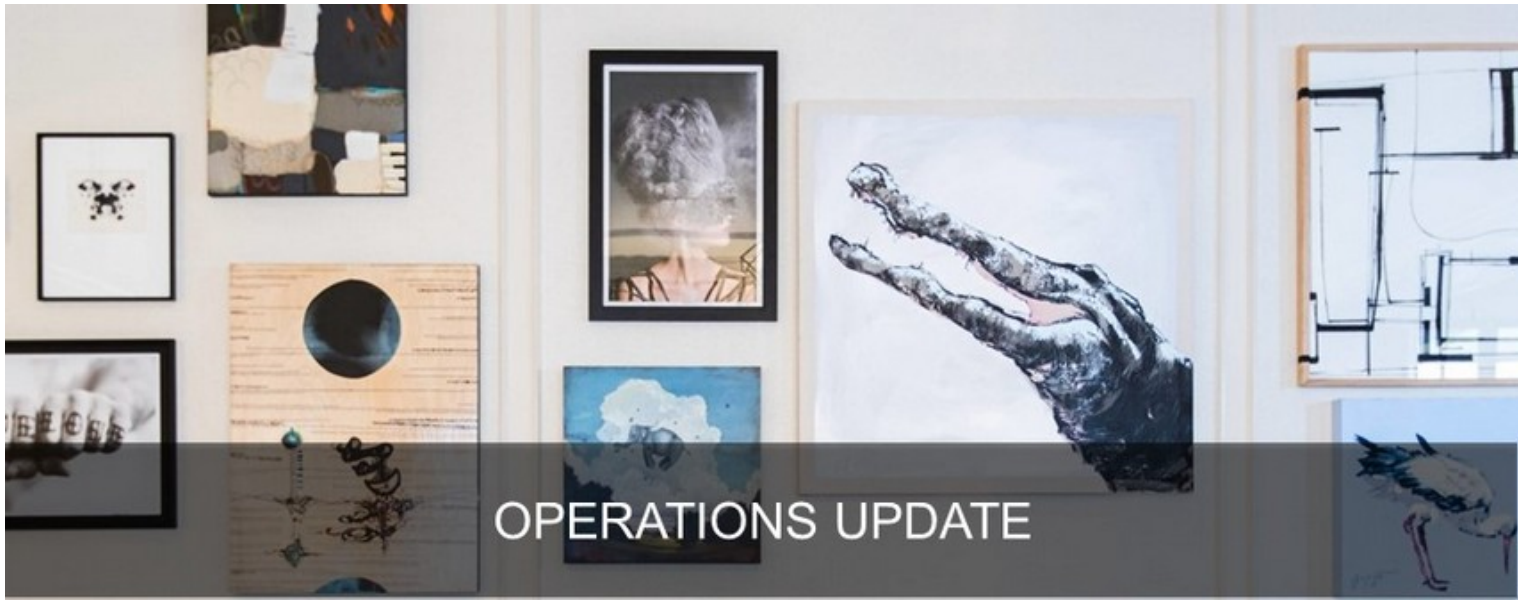


\$360MM
Total liquidity available in cash and revolver capacity⁽²⁾

LEVERAGE BELOW PEER AVERAGE⁽³⁾



(1) Does not reflect extension options; revolving credit facility based on \$149MM balance as of 6/30/2020
 (2) Approximate balance as of 6/30/2020
 (3) Source: S&P; Net Debt plus preferred / 2019 Consensus EBITDA
 Note: Leverage calculation is not adjusted for estimated EBITDA contribution from Frenchman's Reef



OPERATIONS UPDATE



Renaissance Charleston Historic District

Resuming Hotel Operations

DiamondRock has over 70% of hotels operating at the end of Q2 2020



Cash Burn Better Than Expected



Hotel Level Cash Burn

- Cash burn was originally forecasted to be **\$11-13MM** per month
- Q2 2020 expected to average **\$10.2MM** per month

15% Better than Expectation

Corporate Level Cash Burn

- Cash burn was originally forecasted to be **\$13-15MM** per month
- Q2 2020 expected to average **\$12.2MM** per month

13% Better than Expectation



Group Cancellations Slowing



% Share of Weekly Cancellations

<u>% Share of Bi-Weekly Cancellations</u>	<u>3/23/2020</u>	<u>4/3/2020</u>	<u>4/17/2020</u>	<u>5/1/2020</u>	<u>5/15/2020</u>	<u>5/29/2020</u>	<u>6/12/2020</u>	<u>6/26/2020</u>	<u>Totals To Date</u>
Feb-20	0%	0%	0%	0%	0%	0%	0%	0%	0%
Mar-20	37%	6%	0%	0%	0%	0%	0%	0%	15%
Apr-20	37%	12%	1%	4%	2%	0%	0%	0%	17%
May-20	14%	44%	10%	16%	8%	6%	0%	0%	17%
Jun-20	11%	13%	38%	23%	20%	5%	11%	1%	16%
Jul-20	0%	24%	15%	18%	21%	16%	13%	15%	11%
Aug-20	0%	0%	14%	20%	7%	51%	24%	14%	10%
Sep-20	0%	0%	14%	9%	19%	11%	32%	31%	8%
Oct-20	0%	1%	8%	1%	20%	6%	9%	24%	4%
Nov-20	0%	0%	0%	8%	1%	2%	11%	17%	3%
Dec-20	0%	0%	0%	0%	1%	3%	0%	-1%	0%
Jan-21	0%	0%	0%	0%	0%	0%	0%	0%	0%
Feb-21	0%	0%	0%	0%	0%	0%	1%	-1%	0%
Mar-21	0%	0%	0%	0%	0%	0%	0%	0%	0%
Apr-21	0%	0%	0%	0%	0%	0%	0%	0%	0%
May-21	0%	0%	0%	0%	0%	0%	0%	0%	0%
Jun-21	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Bi-Weekly Increment In Cancellations	\$45,113,797	\$19,416,269	\$13,339,692	\$14,519,380	\$5,631,655	\$6,783,742	\$6,979,442	\$5,425,264	
Cumulative Group Revenue Cancelled	\$45,113,797	\$64,530,066	\$77,869,758	\$92,389,138	\$98,020,793	\$104,804,535	\$111,783,977	\$117,209,241	\$117,209,241

Group Business Lead Generation



Chicago Marriott

% Share of Group Business Leads⁽¹⁾

	April ⁽²⁾	May ⁽³⁾	June ⁽⁴⁾
Q2 2020	14.7%	3.2%	2.8%
Q3 2020	13.7%	12.6%	6.9%
Q4 2020	9.8%	7.2%	6.5%
Q1 2021	15.0%	26.1%	22.1%
Q2 2021	12.1%	8.8%	16.3%
Q3 2021	6.3%	7.0%	9.9%
Q4 2021	5.8%	6.4%	5.9%
2022 & Thereafter	22.8%	28.6%	29.7%
Total	100.0%	100.0%	100.0%
Total Room Nights	355,108	350,258	264,471

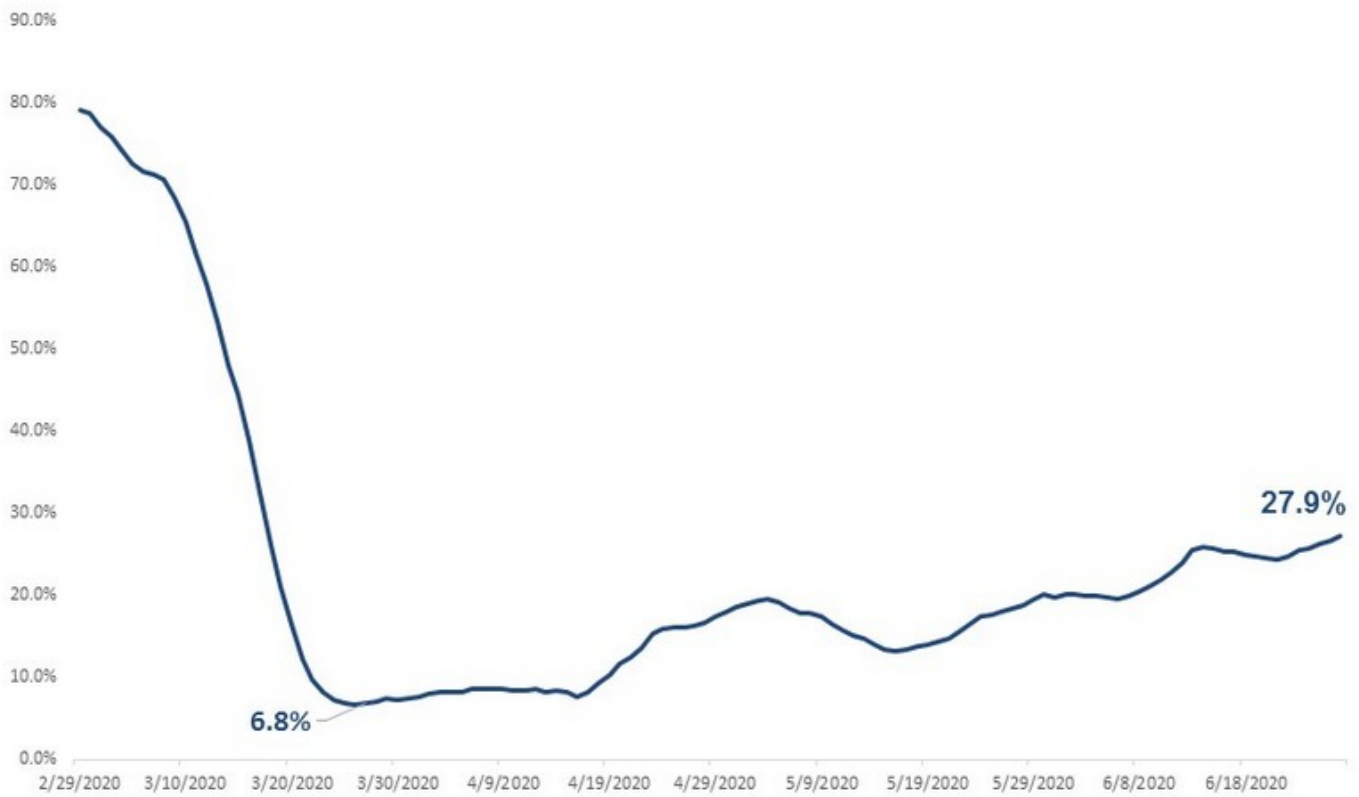
In Q2, DiamondRock generated **250K – 350K** room nights of new business leads per month

(1) Data for the total portfolio except the following hotels without significant group business demand: Courtyard Midtown Fifth Avenue, Courtyard Midtown East, Hilton Garden Inn Times Square, Key West Havana, Cabana, Barbary Beach House Key West, and Orchards Inn
 (2) Trailing four weeks ending 5/1/2020
 (3) Trailing four weeks ending 5/29/2020
 (4) Trailing four weeks ending 6/26/2020

Hotel Occupancy Gradually Rebuilding



Trailing 7 Day Average Portfolio Occupancy



* Occupancy based on operating hotels

Operating Trends Improving



Week Ending	Open Properties	Open Resorts	Full Week						Weekend Only					
			Total Portfolio			Resort Portfolio			Total Portfolio			Resort Portfolio		
			2020 Occ	2020 ADR	2019 ADR	2020 Occ	2020 ADR	2019 ADR	2020 Occ	2020 ADR	2019 ADR	2020 Occ	2020 ADR	2019 ADR
5/2/2020	11	4	20.0%	165	227	8.1%	232	270	21.4%	175	204	11.4%	272	300
5/9/2020	11	4	18.9%	168	221	9.6%	251	265	20.2%	180	231	15.4%	299	269
5/16/2020	11	4	14.5%	176	225	12.7%	294	259	17.8%	201	220	19.3%	330	303
5/23/2020	12	5	18.3%	186	227	20.5%	293	270	23.0%	216	215	31.4%	340	321
5/30/2020	13	6	20.3%	190	198	26.1%	269	255	25.7%	200	187	40.0%	275	275
6/6/2020	14	6	20.3%	182	214	26.9%	238	238	25.5%	187	198	38.9%	236	277
6/13/2020	18	8	26.5%	190	231	39.9%	244	230	34.5%	206	199	50.1%	275	252
6/20/2020	19	9	25.7%	201	222	38.2%	257	220	34.2%	216	209	56.4%	287	257
6/27/2020	22	10	27.9%	198	218	42.0%	254	238	36.7%	208	196	55.8%	284	262

Resorts Showing Steady Year/Year Gains In ADR

* Based on operating hotels

Covenant Waiver and Mortgage Extension



Covenant Waivers

- Successfully finalized an amendment on \$400MM credit facility and \$400MM in unsecured term loans:
 - Waiver of existing financial covenants Q2 2020 through Q1 2021
 - Modified quarterly-tested covenants Q2 2021 through Q4 2021
 - Acquisitions permitted during relief period with certain restrictions

Salt Lake City Mortgage

- Secured \$48MM secured mortgage to repay existing \$52.5MM mortgage
 - Bears interest at LIBOR + 325bps over a 100bps LIBOR floor
 - Matures in January 2022 with a one-year extension option

A photograph of a modern lounge or bar interior. The room features a central grey sofa with a blue and red patterned pillow. In front of the sofa is a low wooden coffee table with a black dome lamp. To the left and right are round glass tables with wooden bases and modern chairs. The background has dark wood paneling, built-in shelves with books, and two large framed art pieces. The text "GROWTH OPPORTUNITIES" is overlaid in white on a dark semi-transparent background.

GROWTH OPPORTUNITIES

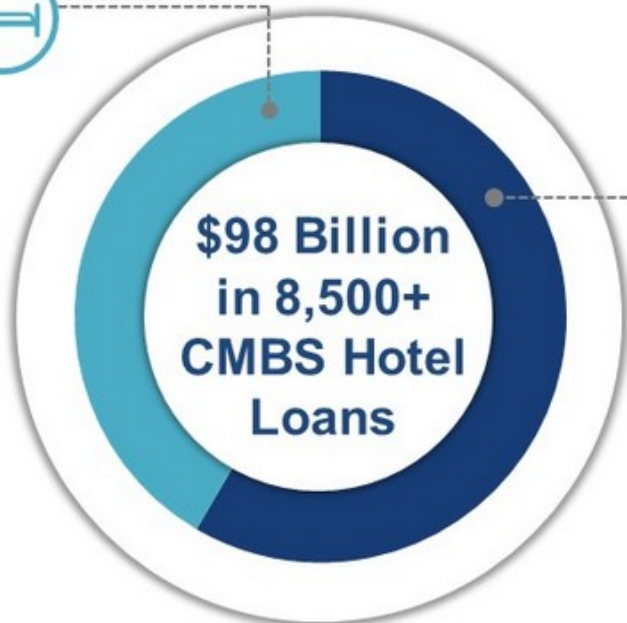
Hotel Emblem



Positioned To Capitalize Upon Distress On The Horizon



Select Service



Full Service
and Resorts



Percent of Loans By Original Loan-to-Value

	65-70%	>70%
Full Service	17%	13%
Resorts	54%	15%

2020-2023 Maturities:
\$24 Billion
(over 2,000 loans)

Source: Trepp and Wells Fargo Securities, LLC



Recent Deals Evaluated at DiamondRock

WEST LOS ANGELES BOUTIQUE HOTEL

Seller proposed DRH assume existing loan & give OP units for equity at implied stock price of \$10/share for this boutique.

SOUTHEASTERN INDEPENDENT LIFESTYLE BOUTIQUE

Seller offered 10%+ cap rate on 2019A financial performance which implies 25% off pre-COVID offering price. Opportunity to consolidate operations with existing DRH hotel.

ARIZONA BOUTIQUE RESORT

Seller recently came down \$20M on sale price for this completely unencumbered, successful desert resort.

SMALL SONOMA INDEPENDENT RESORT

The lender (insurance company) has initiated foreclosure on the small luxury boutique. The "price talk" on the note is approximately 50% of the owner's basis in the hotel. Potential to consolidate operations with an existing DRH property.

Growth Oriented ROI Projects



Vail Resort Upgrade

Existing Marriott franchise agreement expires next year. With capital, opportunity to **up-brand to luxury brand** and **capture significant rate gap (\$130+/-)** to luxury set



Vail ROI Projects

ROI projects for creation of **premium rooms**, new **outdoor F&B venue** with major **outside pool enhancements**



Landing New Rooms

Ability to build **15 new rooms** at the Landing in Lake Tahoe with entitlements that came with original acquisition



Hilton Boston New Rooms

Opportunity to create **28 new rooms for less than \$100K/key** as compared recent transactions at **~\$400K/key**



The Lodge at Sonoma Upgrade

Opportunity to enhance overall resort by **up-branding from Renaissance to Autograph Collection** to capture rate with upgraded product & cottages. Complete new Michael Mina restaurant to capture **high-end Sonoma restaurant customers**

ROI Projects Drive Shareholder Value




UPCOMING ROI PROJECTS					
Property	Project	Estimated Capital Spend ⁽¹⁾	Estimated Incremental EBITDA ⁽¹⁾	Estimated Incremental Value ⁽²⁾	Estimated IRR ⁽³⁾
Boston Hilton Downtown	29 Additional Guestrooms	\$6.7	\$1.0	\$10.0	28%
Hilton Burlington	F&B Renovation	\$1.5	\$0.4	\$4.0	59%
Chicago Gwen	Rooftop Event Space	\$1.0	\$0.2	\$2.0	41%
Barbary Beach House Key West	Beach Restaurant and Event Space	\$1.6	\$0.6	\$6.0	82%
The Landing Resort & Spa	Additional 17 Keys and Resort Enhancements	\$7.8	\$1.2	\$12.0	29%
Sedona - Orchards Inn	Reposition as Cliffs at L'Auberge	\$20.0	\$2.6	\$26.0	21%
Total		\$38.6	\$6.0	\$60.0	30%

DRH has identified ~\$25-\$30MM of additional potential ROI projects



SHADOW PIPELINE		
Property	Project	Timing
Vail Marriott	Brand Conversion and Rooftop Deck	2021
Courtyard Midtown East	Property Repositioning and Rooftop Bar	2022
Palomar Phoenix	Lustre Rooftop Bar Re-concept	2022
Sam Diego Westin	Restaurant and Lobby Upgrade	2022
Cavallo Point	Convert disused Jail Building to F&B Outlet	2022
Sedona - L'Auberge	Laundry Facility and Spa Upgrade	2022
Sedona - Orchards Inn	89Agave Additions	2022

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



CORPORATE CITIZENSHIP

Cavallo Point, the Lodge at Golden Gate Bridge



GRESB Annual Results

	2016	2017	2018	2019
DRH GRESB Score	50	53	75	81
Peer Score Average ⁽¹⁾	51	57	58	69
Index to Peer Score Average	98%	93%	129%	117%



ISS ESG Rankings⁽²⁾

Environmental

4



Social

3



Governance

1



ISS-ESG Corporate Ranking

Currently Ranked

#2

of 174 US Real Estate Companies

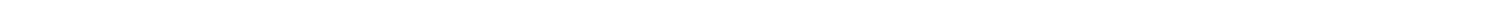
DiamondRock ranks in the **top 5%** of the Worldwide Real Estate Sector, earning an **ISS ESG Prime** designation

(1) Lodging Peer Average is based on 17 Lodging Companies including 10 REITs
 (2) ISS will not provide Quality Ranking of peer set to DRH without enrolling in their advisory services, however score is relative to peer set

21



DIAMONDROCK
HOSPITALITY



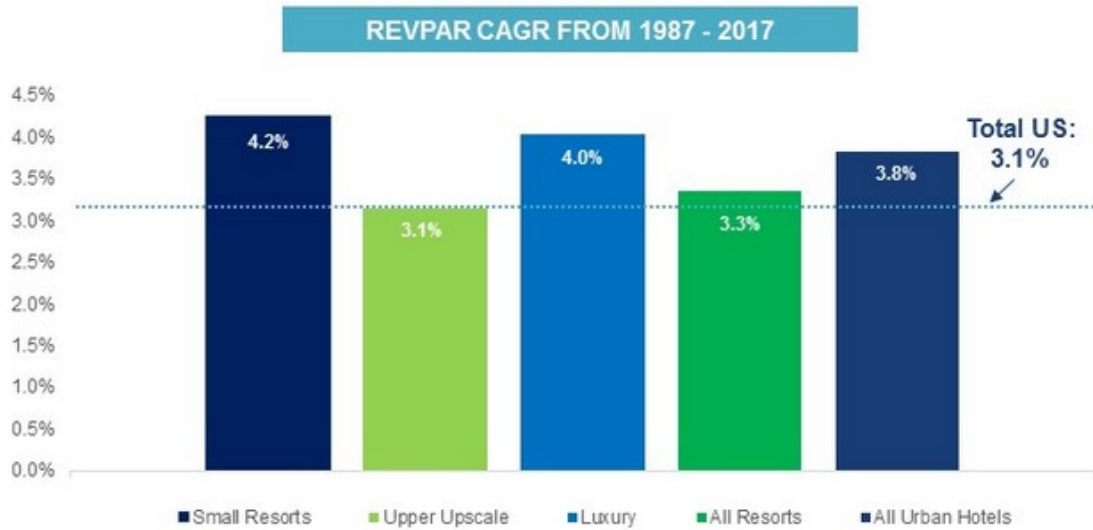


Havana Cabana Key West

Research Demonstrates Small Resorts Outperform



- According to CBRE/PKF research study, small resorts⁽¹⁾ have:
 - Less downside risk due to larger stream of reliable non-rooms revenue
 - Preserved the most ADR through the recession of the early 2000s
 - Achieved superior levels of ADR growth since 2009 to all other market classes



Source: CBRE Hotels Research.
(1) Collection of non-golf resorts with less than 200 rooms

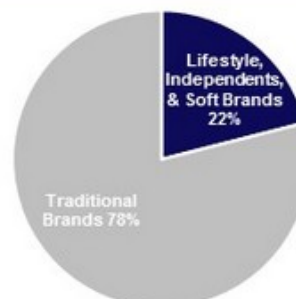


DRH Lifestyle & Independent Strategy

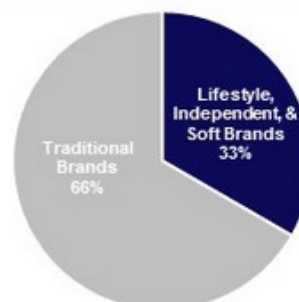
RATIONALE FOR TARGETING LIFESTYLE HOTELS, INDEPENDENTS, & SOFT BRANDS

- To grow with shift towards experiential travel
- Reduces reliance on traditional brands
- Balances portfolio
- Greater opportunity for smaller deals
- Target allocation will be achieved through acquisitions of lifestyle hotels, independents and soft brands and dispositions of traditional boxes

CURRENT ALLOCATION⁽¹⁾



LONG-TERM TARGET ALLOCATION

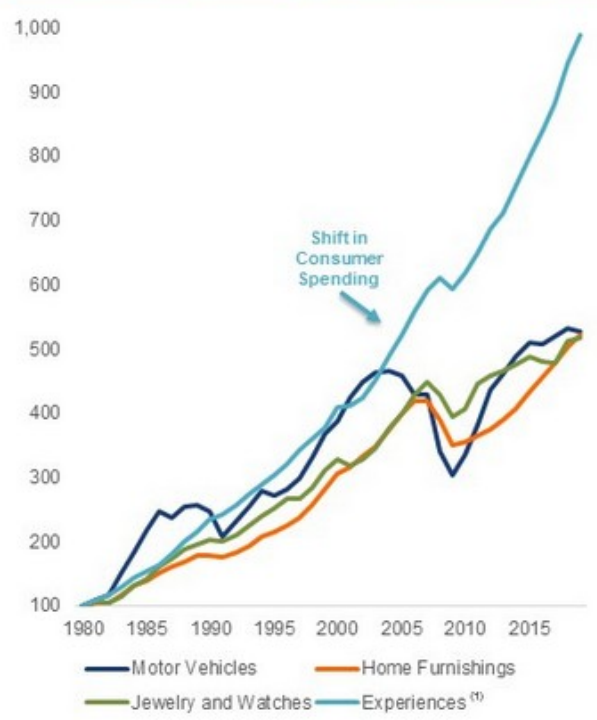


(1) Independent, lifestyle and soft brand hotels include the Havana Cabana, Cavallo Point, Hotel Emblem, L'Auberge de Sedona, Orchards Inn, The Landing, Palomar Phoenix, Shorebreak Hotel, the Lexington and The Gwen. Soft brands, including Autograph and Luxury Collection, are included as lifestyle/boutique. Based on 2019A EBITDA for all properties except Frenchman's Reef and Havana Cabana where 2016A used due to closure. Pro forma for full year for acquisitions.

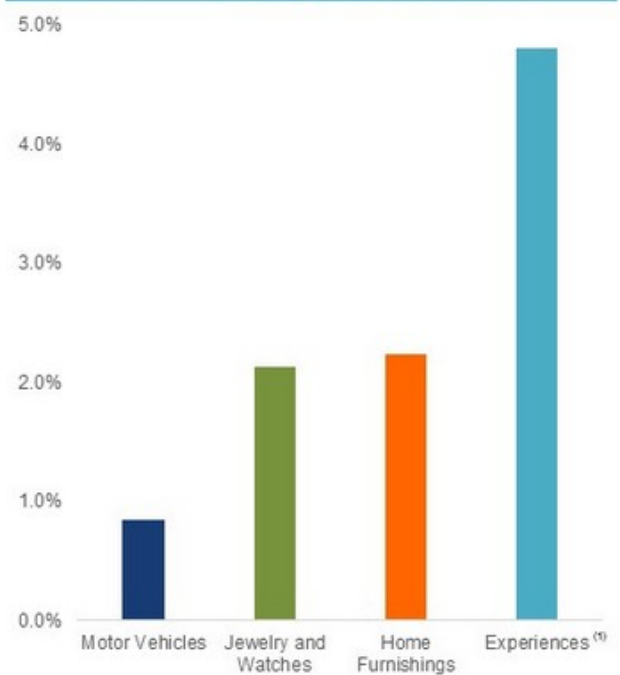


Consumers Spending More on Experiences Than Material Goods

Indexed Spending Growth (1980-2019)



15-Year Spending CAGR (2004-2019)



Source: Bureau of Economic Analysis.
Note: Represents personal consumption expenditures by category indexed to 100 for the year 1980.
(1) Experiences include the following Bureau of Economic Analysis categories: accommodations, air travel, foreign travel by US residents, membership clubs, sports centers, parks, theaters, museums, casino gambling, and food services.

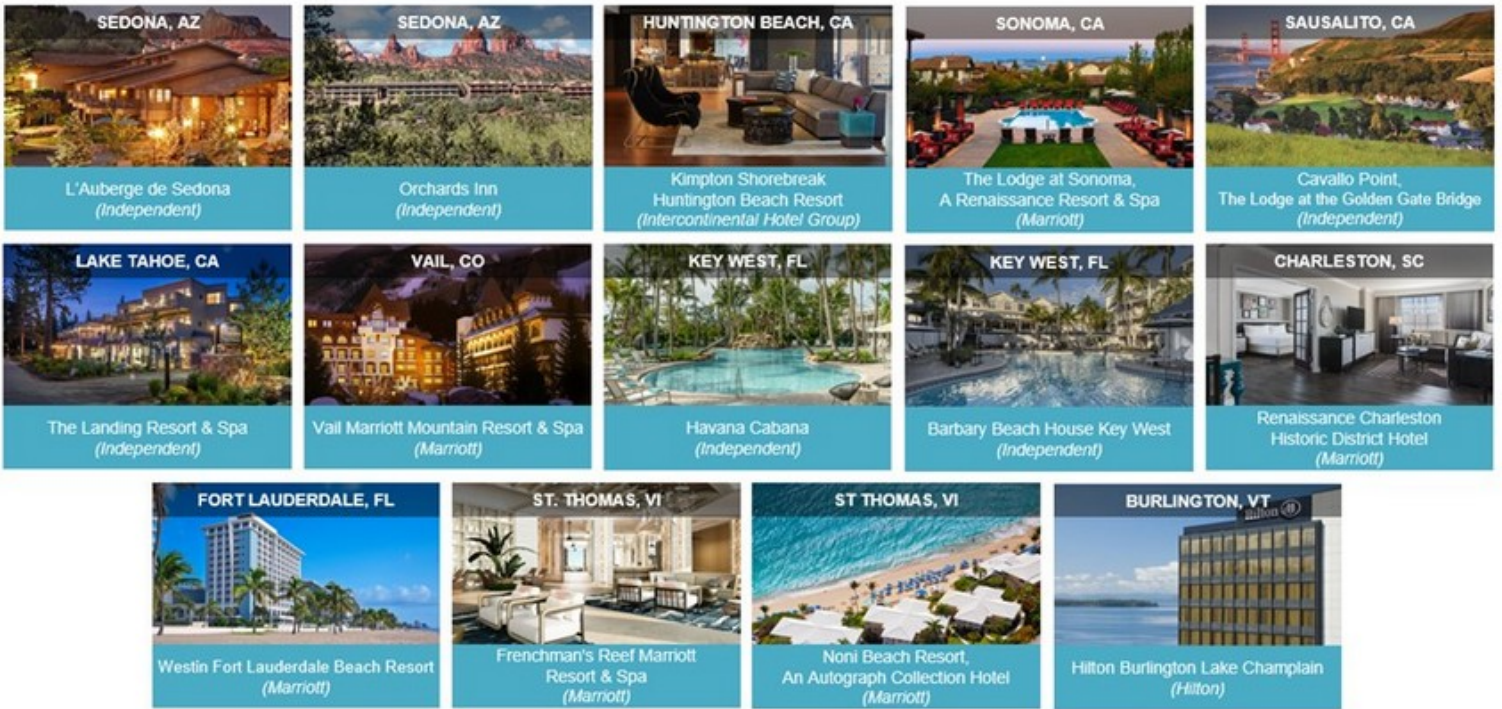
Resort Thesis Already Proven Successful



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

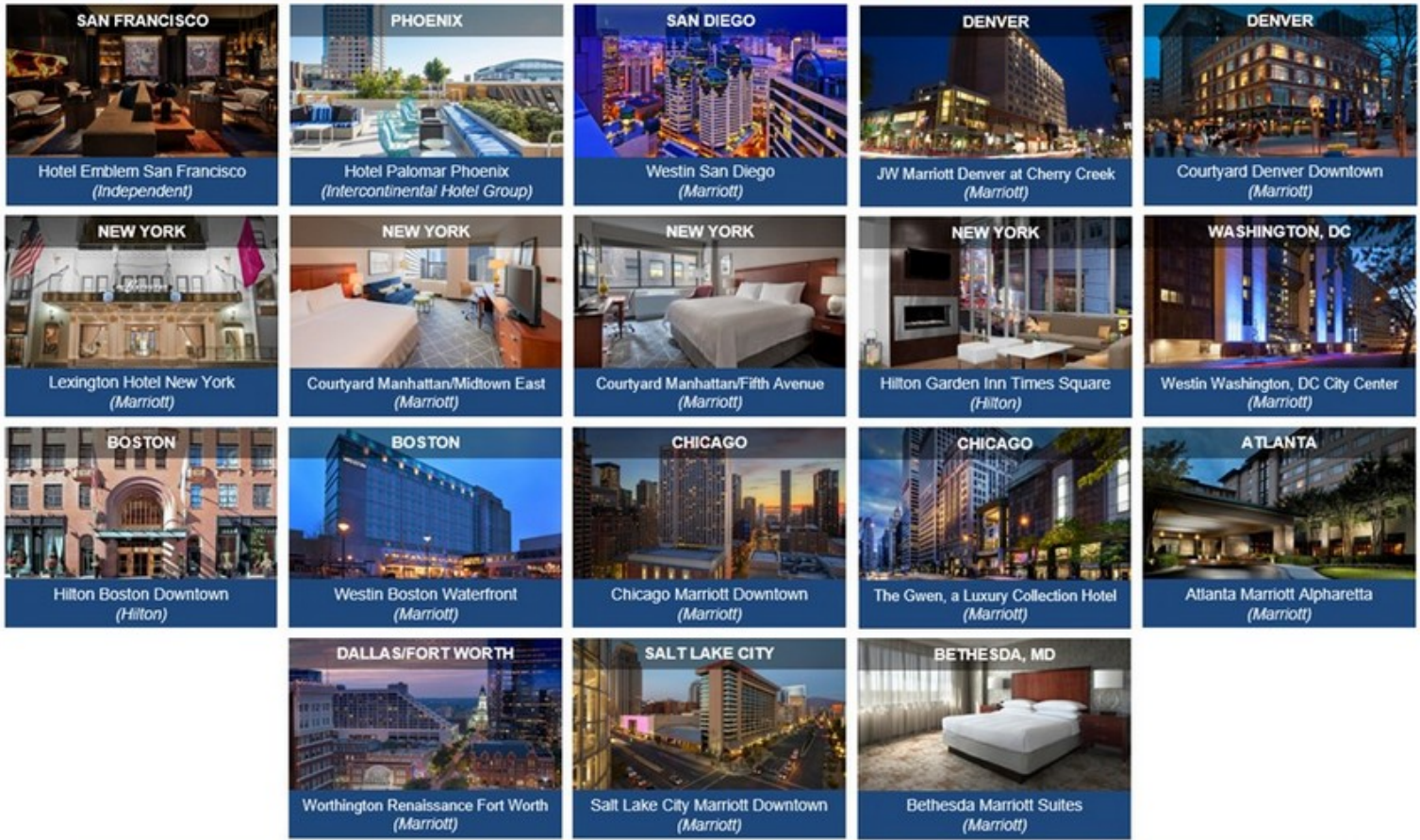
Note: Figures exclude Frenchman's Reef, Cavallo Point and Barbary Beach House as these assets are either repositioned or currently under construction.

Strong Resort Market Presence



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

High Quality Portfolio in Key Gateway Markets



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



Non GAAP Measures

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

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

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

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

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

Pro Forma Net Debt / 2019 EBITDA Reconciliation



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

Note: \$ in thousands.

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

EBITDA and Hotel Adjusted EBITDA Reconciliation



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

Note: \$ in thousands.

(1) Represents legal and professional fees and other costs incurred at Frenchman's Reef as a result of Hurricane Irma that are not covered by insurance.

(2) Represents payments made to unionized employees under a voluntary buyout program at the Lexington Hotel New York, which are classified within other hotel expenses on the consolidated statement of operations.

(3) Consists of (a) manager transition costs of \$0.8 million related to the L'Auséjour de Sedona, Grandis Inn Sedona and The Landing Resort and Spa, (b) pre-opening costs of \$0.5 million related to the reopening of the Hotel Emblem, (c) pre-opening costs of \$2.7 million related to the reopening of Frenchman's Reef and (d) \$2.5 million related to the pending termination of the franchise agreement for Sheraton Suites Key West.

(4) Amounts represent the operating results of Frenchman's Reef for all periods presented, Havana Cabana Key West for January 1 to March 31, 2019 and the comparable period of 2018 and Hotel Emblem from September 1, 2019 to December 31, 2019 and the comparable period of 2018.