DiamondRock Hospitality Co
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PROSPECTUS SUPPLEMENT
(To Prospectus dated October 3, 2005)

20,850,000 Shares

Common Stock

This prospectus supplement together with the accompanying prospectus relates to the offer and sale by the selling stockholders identified in the accompanying prospectus of 20,850,000 shares of common stock of DiamondRock Hospitality Company. This document is in two parts. This first part is this prospectus supplement, which includes certain financial information contained in our report on Form 10-Q for the fiscal quarter ended September 9, 2005, filed with the Securities and Exchange Commission on October 24, 2005 as updated for the acquisition of the Orlando Airport Marriott which was described in a current report on Form 8-K filed with the Securities Exchange Commission on February 8, 2006. This prospectus supplement adds to and updates the information contained in the accompanying prospectus. The accompanying prospectus comprises the second part of this document and contains detailed information about o ur company and our business, financial condition and management, as well as the specific terms of this offering and information about the selling stockholders. It is important for you to read and carefully consider all information contained in this prospectus supplement and the accompanying prospectus.

Our common stock is quoted on the New York Stock Exchange under the symbol DRH. On February 7, 2006, the last reported sale price of our common stock on the New York Stock Exchange was $12.70 per share.

Investing in our common stock involves risks. See Risk Factors page 18 of the accompanying prospectus before deciding to invest in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is February 8, 2006.

TABLE OF CONTENTS

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may be accurate only on the date of this document.

No dealer, sales representative or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this prospectus supplement and the accompanying prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by us or any other person.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock to which it relates or an offer to, or a solicitation of, any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this prospectus supplement and accompanying prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs or that information contained in this prospectus supplement and the accompanying prospectus is correct as of any time subsequent to the date stated or the date hereof.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. These forward-looking statements are generally identifiable by use of the words believe, expect, intend, anticipate, estimate, project or similar expressions, whether in the negative or affirmative. Forward-looking statements are based on our current expectations and assumptions and are not guarantees of future performance. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, the risk factors discussed in our prospectus dated October 3, 2005 which is attached hereto. Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this prospectus supplement to reflect events, circumstances or changes in expectations after the date of this prospectus supplement.

RECENT DEVELOPMENTS

In December of 2005, we acquired the Orlando Airport Marriott Hotel for a purchase price of $70 million. Lehman Brothers financed a portion of the purchase price with a $59 million limited recourse loan secured by a mortgage on the hotel. The loan bears interest at the fixed rate of 5.68%, has a term of 10 years, and is interest-only for the first 5 years. On February 8, 2006, we filed a Current Report on Form 8-K with the audited financial statements for the hotel.

On December 16, 2005, an affiliate of Marriott International, Inc. assumed the management of the hotel following the acquisition. Pursuant to the thirty year management agreement, our taxable REIT subsidiary (our Tenant) has agreed to pay Marriott a base management fee of 3% of gross revenues and an incentive management fee of 20% of hotel operating profits in excess of a priority return equal to 10.75% of the capital invested in the hotel by us. The incentive management fee increases to 25% during a ten year period starting in 2011. In addition, Marriott has agreed to pay our Tenant $1 million in key money and an additional $1 million in the event that our Tenant fails to receive an agreed upon financial return from the hotel in 2006.

The Orlando Airport Marriott has 486 guestrooms, including 14 suites, and approximately 26,000 square feet of total meeting space. The hotel has a resort-like setting yet is well-located in a successful commercial office park five minutes from the Orlando International Airport. The hotel serves predominantly business transient guests as well as small and mid-size groups that enjoy the hotel s amenities as well as its proximity to the highly efficient and well run airport. We believe that the long-term trends at this hotel are very favorable as new hotel construction in the Orlando airport sub-market is minimal while the airport is one of the fastest growing airports in the country.

The hotel was built in 1983. We have developed an extensive $10 million to $12 million renovation plan for this hotel, which we believe will help position the hotel to capture higher-rated corporate transient business. We have also begun to implement a complete re-segmentation of the customer base of the hotel by replacing the large, low rated airline crew segment with higher rated transient and group business.

We own a fee simple interest in the hotel.

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Condensed Consolidated Balance Sheets as of September 9, 2005 and December 31, 2004

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

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

DIAMONDROCK HOSPITALITY COMPANY

Condensed Consolidated Statements of Operations
For The Fiscal Quarter Ended September 9, 2005, The Period From January 1, 2005 To September 9, 2005, And The Fiscal Quarter Ended September 10, 2004 And Period From May 6, 2004 (Incorporation) To September 10, 2004

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

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

DIAMONDROCK HOSPITALITY COMPANY

Condensed Consolidated Statements of Cash Flows
For the Period from January 1, 2005 to September 9, 2005 and the Period from May 6, 2004 (Incorporation) to September 10, 2004

	Period from January 1, 2005 to September 9, 2005	Period from May 6, 2004 (Incorporation) to September 10, 2004
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	$ (8,889,598)	$ (720,273)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Real estate depreciation	16,072,526	9,167
Corporate asset depreciation as corporate expenses	75,166	
Non-cash straight line ground rent	4,839,677	
Non-cash financing costs as interest	1,100,820	
Market value adjustment to interest rate caps	(11,402)	
Amortization of favorable lease asset	70,601	
Amortization of debt premium and unfavorable lease liability	(209,835)	
Amortization of deferred income	(106,867)	
Stock-based compensation	5,582,077	645,000
Income tax benefit	(1,125,499)	(552,294)
Changes in assets and liabilities:		
Prepaid expenses and other assets	1,012,604	(204,170)
Due to/from hotel managers	(11,837,240)	
Accounts payable and accrued expenses	4,069,073	388,914
Net cash provided by (used in) operating activities	10,642,103	(433,656)
Cash flows from investing activities:		
Hotel acquisitions	(530,905,343)	(81,302)
Hotel capital expenditures	(9,646,244)	
Receipt of deferred key money	4,000,000	
Cash paid for restricted cash at acquisition, net	(17,740,652)	
Purchase deposits and pre-acquisition costs		(1,096,221)
Net cash used in investing activities	(554,292,239)	(1,177,523)
Cash flows from financing activities:		
Proceeds from mortgage debt	246,500,000	
Draws on senior secured credit facility	5,000,000	
Repayments of mortgage debt	(56,948,685)	
Scheduled mortgage debt principal payments	(2,146,538)	
Payment of financing costs	(2,682,201)	
Proceeds from sale of common stock	291,799,785	197,376,548
Payment of dividends	(1,680,656)	
Payment of costs related to sale of common stock	(3,206,639)	(1,028,588)
Net cash provided by financing activities	476,635,066	196,347,960
Net (decrease) increase in cash and cash equivalents	$ (67,015,070)	$ 194,736,781
Cash and cash equivalents, beginning of period	76,983,107	
Cash and cash equivalents, end of period	$ 9,968,037	$ 194,736,781
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 9,283,715	$

Cash paid for income taxes	$	1,114,363	$	
Non-Cash Investing and Financing Activities:				
Repayments of mortgage debt with restricted cash	$	7,051,315	$	

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

DIAMONDROCK HOSPITALITY COMPANY

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Organization

DiamondRock Hospitality Company (we or us) is a self-advised real estate company that owns, acquires and invests in upper upscale and upscale hotel properties located primarily in North America. To a lesser extent, we invest, on a selective basis, in premium limited-service and extended-stay hotel properties in urban locations. While we were legally formed during the second quarter of 2004, we did not begin operations until the third quarter of 2004 when we completed a private placement of our common stock. Accordingly, our statements of operations are identical for the fiscal quarter ended September 10, 2004 and the period from May 6, 2004 (Incorporation) to September 10, 2004.

As of the end of the fiscal quarter, we owned fourteen hotels, comprising 5,633 rooms, located in the following markets: Atlanta, Georgia (2), Fort Worth, Texas, Lexington, Kentucky, Los Angeles (2 hotels), New York City (2 hotels), Northern California, Oak Brook, Illinois, Salt Lake City, Washington D.C., St. Thomas, U.S. Virgin Islands and Vail, Colorado and for purchase prices aggregating approximately $847.7 million (including working capital and pre-funded capital improvement restricted cash).

We completed our initial public offering on June 1, 2005, issuing an additional 29,785,764 shares of common stock (including the underwriters purchase of the over-allotment option for 3,698,764 shares) at a price of $10.50 per share, resulting in net proceeds, before deducting offering expenses, of approximately $291.8 million.

We conduct our business through a traditional umbrella partnership REIT, or UPREIT, in which our hotel properties are owned by our operating partnership, DiamondRock Hospitality Limited Partnership, limited partnerships, limited liability companies or other subsidiaries of our operating partnership. We are the sole general partner of our operating partnership and currently own, either directly or indirectly, all of the limited partnership units of our operating partnership. In order for the income from our hotel property investments to constitute rents from real properties for purposes of the gross income test required for REIT qualification, the income we earn cannot be derived from the operation of any of our hotels. Therefore, we lease each of our hotel properties to a wholly-owned subsidiary of Bloodstone TRS, Inc., our existing taxable REIT subsidiary, or TRS, except for the Frenchman s Reef & Morning Star Marriott Beach Resort, which is owned by a Virgin Islands corporation, which we have elected to be treated as a TRS.

2. Summary of Significant Accounting Policies

Basis of Presentation

We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with U.S. generally accepted accounting principles, or GAAP, in the accompanying unaudited condensed consolidated financial statements. We believe the disclosures made are adequate to prevent the information presented from being misleading. However, the unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of December 31, 2004 and the period from May 6, 2004 (Inception) to December 31, 2004 included in our Registration Statement on Form S-11 (Registration No. 333-123809) dated May 25, 2005.

In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of September 9, 2005 and the results of our operations for the fiscal quarter and year-to-date periods ended September 9, 2005 and the fiscal quarter ended September 10, 2004 and period from May 6, 2004 (Incorporation) to September 10, 2004, respectively and cash flows for the period from January 1, 2005 to September 9, 2005 and the period from May 6, 2004 (Incorporation) to September 10, 2004. Interim results are not necessarily indicative of full-year performance because of the impact of seasonal and short-term variations.

Reporting Periods

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

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

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

Our financial statements include all of the accounts of the Company and its subsidiaries in accordance with U.S. generally accepted accounting principles. All intercompany accounts and transactions have been eliminated in consolidation.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss), adjusted for dividends on unvested stock grants, by the weighted-average common shares outstanding during the period. Diluted earnings per share is calculated by dividing net income (loss), adjusted for dividends on unvested stock grants, by the weighted-average common shares outstanding during the period plus other potentially dilutive securities such as stock grants or shares issuable in the event of conversion of operating partnership units. No adjustment is made for shares that are anti-dilutive during a period.

Stock-based Compensation

We account for stock-based employee compensation using the fair value based method of accounting described in Statement of Financial Accounting Standards No. 123, *Accounting for Stock-based Compensation*. For share grants, total compensation expense is based on the price of our stock at the grant date. Compensation expense is recorded ratable over the vesting period, if any.

Key Money

Key money received in conjunction with entering into hotel management agreements is deferred and amortized over the term of the hotel management agreement. Deferred key money is classified as deferred income in the accompanying condensed consolidated balance sheet and amortized against management fees on the accompanying condensed consolidated statement of operations.

Straight-Line Rent

We record rent expense on leases that provide for minimum rental payments that increase in pre-established amounts over the remaining term of the lease on a straight-line basis as required by U.S. generally accepted accounting principles.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

S-8

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123 (revised 2004), *Share-Based Payment*. SFAS No. 123(R) established standards for companies in the recognition of compensation cost relating to share based payment transactions in the financial statements. The impact of adopting this statement is not expected to be significant.

3. Property and Equipment

Property and equipment as of September 9, 2005 (unaudited) and December 31, 2004 consists of the following:

	September 9, 2005	December 31, 2004
Land	$ 112,097,000	$ 28,320,000
Land improvements	5,593,922	5,593,922
Buildings	634,507,567	231,300,990
Furniture, fixtures and equipment	57,672,749	21,287,175
Corporate office equipment and CIP	1,212,779	225,219
	811,084,017	286,727,306
Less: accumulated depreciation	(17,300,783)	(1,084,867)
	$ 793,783,234	$ 285,642,439

4. Capital Stock

Common Shares

We are authorized to issue up to 100,000,000 shares of common stock, $.01 par value per share. Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders. Holders of our common stock are entitled to receive dividends out of assets legally available for the payment of dividends when authorized by our Board of Directors.

On June 1, 2005, we consummated our initial public offering of common stock, selling 29,785,764 shares (including the underwriters subsequent purchase of the over-allotment option of 3,698,764 shares) at a price of $10.50 per share. We received net proceeds (after deducting offering expenses) of approximately $288.6 million.

5. Stock Incentive Plan

As of September 9, 2005, we have issued or committed to issue 1,155,608 shares of our common stock under our 2004 Stock Option and Incentive Plan, including 738,000 shares of restricted common stock and a commitment to issue 383,608 shares of deferred common stock. The commitment represents our promise to issue a number of shares of our common stock upon the earlier of (i) a sale event or (ii) five years after the date of grant.

As of September 9, 2005, our officers and employees have been awarded 738,000 shares of restricted common stock. None of the recipients were required to pay for such shares of common stock. As of September 9, 2005, our Directors have been awarded 34,000 shares of common stock. Shares issued to our directors were fully vested upon issuance and compensation expense of $151,800 was recognized upon grant during the period from January 1, 2005 to September 9, 2005. Shares issued to our officers and employees vest over a three-year period from the date of the grant. We recorded compensation expense related to the restricted common stock of officers and employees equal to approximately $1.7 million during the period from January 1, 2005 to September 9, 2005.

In addition, at the time of our initial public offering, we committed to issue 382,500 shares of deferred common stock to our senior executive officers. These deferred stock awards are fully vested and represent our promise to issue a number of shares of our common stock to each senior executive officer upon the earlier of (i) a sale event or (ii) five years after the date of grant, which was the initial public offering completion date (the Deferral Period). However, if an executive s service with us is terminated for cause prior to the expiration of the Deferral Period, all deferred stock unit awards will be forfeited. The executive officers are restricted from transferring the shares until the fifth anniversary of the initial public offering completion date. During the second quarter we recorded $3,736,250, of stock-based compensation expense related to this deferred common stock award, which is included in corporate expenses in the accompanying statements of operations. As of September 9, 2005, we have committed to issue 383,608 shares under this plan. The share commitment increased from 382,500 to 383,608 during the quarter because all dividends are reinvested at the dividend payment date closing price of our common stock.

In total, for the period from January 1, 2005 to September 9, 2005, the fiscal quarter ended September 9, 2005, and the period from May 6, 2004 (Incorporation) to September 10, 2004, we recorded $5,582,077, $612,567 and $645,000, respectively, of stock-based compensation expense related to these awards which is included in corporate expenses in the accompanying statements of operations.

6. Earnings Per Share

Basic earnings per share is calculated by dividing net income available to common shareholders by the weighted-average number of common shares outstanding. Diluted earnings per share is calculated by dividing net income available to common shareholders, that has been adjusted for dilutive securities, by the weighted-average number of common shares outstanding including dilutive securities. No effect is shown for securities that are anti-dilutive.

The following is a reconciliation of the calculation of basic and diluted earnings per share:

Basic Earnings per Share Calculation:	**Fiscal Quarter Ended September 9, 2005**	**Period from January 1, 2005 to September 9, 2005**	**Fiscal Quarter Ended September 10, 2004 and Period from May 6, 2004 (Incorporation) to September 10, 2004**
	(unaudited)	**(unaudited)**	**(unaudited)**
Numerator:			
Net income (loss)	$ 2,196,468	$ (8,889,598)	$ (720,273)
Dividends on unvested restricted common stock	(127,305)	(151,364)	
Net income (loss) after dividends on unvested restricted common stock	$ 2,069,163	$ (9,040,962)	$ (720,273)
Weighted-average number of common shares outstanding basic	51,199,375	33,736,812	14,883,079
Basic earnings (loss) per share	$ 0.04	$ (0.27)	$ (0.05)

Diluted Earnings per Share Calculation:	**Fiscal Quarter Ended September 9, 2005**	**Period from January 1, 2005 to September 9, 2005**	**Fiscal Quarter Ended September 10, 2004 and Period from May 6, 2004 (Incorporation) to September 10, 2004**
	(unaudited)	**(unaudited)**	**(unaudited)**
Numerator:			
Net income (loss)	$ 2,196,468	$ (8,889,598)	$ (720,273)
Dividends on unvested restricted common stock	(127,305)	(151,364)	
Net income (loss) after dividends on unvested restricted common stock	$ 2,069,163	$ (9,040,962)	$ (720,273)
Weighted-average number of common shares outstanding basic	51,199,375	33,736,812	14,883,079
Unvested restricted common stock	361,819		
Weighted-average number of common shares outstanding diluted	51,561,194	33,736,812	14,883,079
Diluted earnings (loss) per share	$ 0.04	$ (0.27)	$ (0.05)

7. Debt

We have incurred property specific mortgage debt in conjunction with the acquisition of certain of our hotels. The mortgage debt is recourse solely to specific assets, except for fraud, misapplication of funds and other customary recourse provisions. As of September 9, 2005, eight of our fourteen hotel properties were secured by mortgage debt. Our mortgage debt contains certain property specific covenants and restrictions, including minimum debt service coverage ratios as well as restrictions to incur additional debt without lender consent.

The following table sets forth information regarding our debt as of September 9, 2005 (unaudited):

Property	**Principal Balance**	**Interest Rate**
Courtyard Manhattan / Midtown East	$ 44,354,032	5.195%
Marriott Salt Lake City Downtown	38,289,945	5.50%
Courtyard Manhattan / Fifth Avenue	23,000,000	LIBOR + 2.70 (6.325% as of September 9, 2005)
Marriott Griffin Gate Resort	30,597,338	5.11%
Bethesda Marriott Suites	19,439,720	7.69%
Renaissance Worthington	57,400,000	5.40%
Frenchman s Reef & Morning Star Marriott Beach Resort	62,500,000	5.44%
Marriott Los Angeles Airport	82,600,000	5.30%
Senior secured credit facility	5,000,000	LIBOR + 1.45 (5.12% as of September 9, 2005)
Total	$ 363,181,035	

We repaid the $20 million mortgage debt on The Lodge at Sonoma, a Renaissance Resort and Spa on June 16, 2005. We recorded a loss of approximately $179,000 related to the repayment. The loss consisted of the write off of the unamortized deferred financing costs and the early termination penalty and is classified within interest expense on the accompanying statements of operations.

We repaid the $44 million mortgage debt on the Torrance Marriott on June 2, 2005 with approximately $37 million of cash and the application of $7 million restricted cash held in escrow. We recorded a loss of approximately $526,000 related to the repayment which consisted of the write off of the unamortized deferred financing costs. The loss is classified within interest expense on the accompanying statements of operations.

On July 8, 2005, we entered into a three-year, $75.0 million senior secured revolving credit facility from Wachovia Bank, National Association, as administrative agent under the credit facility, and Citicorp North America, Inc. and Bank of America, N.A., as co-syndication agents under the credit facility. On July 29, 2005, we drew $5 million under this credit facility. Subsequent to September 9, 2005, we made an additional $4 million draw on the senior secured credit facility and subsequently repaid $2 million on this credit facility. Interest is paid on the periodic advances under the credit facility at varying rates, based upon either LIBOR or the applicable prime rate, plus an agreed upon additional margin amount. The interest rate depends upon our level of outstanding indebtedness in relation to the value of our assets from time to time, as follows:

	Leverage Ratio		
	70% or greater	**65% to 70%**	**less than 65%**
Prime rate margin	1.25%	1.00%	0.75%
LIBOR margin	2.00%	1.75%	1.45%

In addition to the interest payable on amounts outstanding under the credit facility, we are required to pay an annual amount equal to 0.35% of the unused portion of the credit facility. We incurred interest and unused credit facility fees of $58,767 during the fiscal quarter ended September 9, 2005.

On June 23, 2005, in connection with our acquisition of the Marriott Los Angeles Airport and the Renaissance Worthington (Fort Worth), we entered into mortgages that aggregate $140.0 million. These borrowings consist of a $82.6 million mortgage on the Marriott Los Angeles Airport and a $57.4 million mortgage on the Renaissance Worthington. Each loan is secured by a first mortgage lien on the applicable hotel. Interest on each of the mortgages is fixed at a rate equal to 5.30%, in the case of the Marriott Los Angeles Airport mortgage debt, and at 5.40%, in the case of the Renaissance Worthington mortgage debt. Until August 11, 2009 with respect to the Renaissance Worthington loan, we will only pay interest. From and after August 11, 2009 with respect to the Renaissance Worthington loan, we will pay interest and principal, with the amount of principal being determined based upon a 30-year amortization schedule. The Marriott Los Angeles Airport loan is interest only for the full term. For each loan, we will be obligated to repay all unpaid principal on July 11, 2015.

S-11

On July 29, 2005, we incurred mortgage debt in connection with the Marriott Frenchman s Reef & Morning Star Resort. The mortgage debt has a principal balance of $62.5 million, a term of 10 years, bears interest at 5.44 percent, and is interest only for the first three years and then amortizes on a 30-year schedule. In conjunction with the closing of the mortgage debt, the lender escrowed $2.9 million of the loan proceeds to pre-fund certain capital improvements of the Marriott Frenchman s Reef & Morning Star Resort required under the mortgage debt. Subsequent to September 9, 2005, the lender reduced the escrow requirement to $1.2 million.

8. Acquisitions

On January 5, 2005, we acquired the Torrance Marriott, a 487-room hotel located in Torrance, California, for total consideration of approximately $72 million (including working capital and $10 million pre-funded for future capital expenditures). Transaction costs of $353,000 were incurred and capitalized in conjunction with the acquisition. The hotel will continue to be managed by a subsidiary of Marriott under a new management agreement. In early 2005, Marriott paid our taxable REIT subsidiary $3.0 million of key money in exchange for the right to manage the hotel pursuant to the management agreement. The key money is being deferred and recognized over the term of the management agreement. We entered into $44 million of mortgage debt on the Torrance Marriott which was repaid on June 2, 2005. We are planning to complete a $13 million renovation of the hotel during 2005 and 2006.

On June 23, 2005, we acquired a portfolio of four hotels (Renaissance Worthington Hotel, Marriott Atlanta Alpharetta, Frenchman s Reef & Morning Star Marriott Beach Resort and Marriott Los Angeles Airport) from affiliates of Capital Hotel Investments, LLC (CHI) for approximately $314.9 million (including working capital). In connection with the purchase, we assumed the existing Marriott management agreements, which all expire in 2031 and provide for two 10-year extensions at Marriott s option. These agreements provide for a base management fee of 3% of the applicable hotel s gross revenues, and an incentive management fee of 25% of available cash flow (after payment of a 10.75% priority return on the prior owner s investment), which is not subordinated to debt service. In conjunction with this acquisition, we entered into an $82.6 million mortgage loan on the Marriott Los Angeles Airport and a $57.4 million mortgage loan on the Renaissance Worthington Hotel. These ten year mortgages bear annual fixed interest rates of 5.30% and 5.40% on the Marriott Los Angeles Airport and the Renaissance Worthington Hotel, respectively.

On June 24, 2005, we acquired the Vail Marriott Mountain Resort & Spa from Vail Resorts, Inc. for approximately $64.9 million. A subsidiary of Vail Resorts, Inc. will continue to manage the hotel. The management agreement expires in 2020. The agreement provides for a base management fee of 3% of the hotel s gross revenues, and an incentive management fee of (i) 20%, if the hotel achieves operating profits above an 11% return on our invested capital or (ii) 25%, if the hotel achieves operating profits above a 15% return of invested capital, as defined.

On July 22, 2005, we acquired the SpringHill Suites Buckhead for approximately $34.1 million (including working capital). A subsidiary of Marriott International, Inc. will manage the hotel. Subsequent to September 9, 2005, Marriott paid our taxable REIT subsidiary $0.5 million of key money as an incentive to enter into the management agreement. The key money will be deferred and recognized over the term of the management agreement. The management agreement expires in 2035 and has two 10 year renewal options. The agreement provides for a base management fee that will range between 5% 6.5% of the hotel s gross revenues, and an incentive management fee of 25% of hotel operating profits above a 12% return on our invested capital. In addition, Marriott provided us with a cash flow guaranty for the fiscal years 2006 and 2007 operating cash flow. The guarantee provides that Marriott will reduce its base management fee should the actual hotel operating income be less than a prescribed amount during fiscal years 2006 and 2007. The annual guarantee obligation of Marriott is capped at $0.1 million for each of 2006 and 2007, respectively.

On July 29, 2005, we acquired the Oak Brook Hills Resort & Conference Center for approximately $65.7 million (including working capital). The hotel was converted to the Oak Brook Hills Marriott Resort on July 29, 2005 and is managed by a subsidiary of Marriott International, Inc. We lease the land underlying the golf course adjacent to the Oak Brook Hills Marriott Resort pursuant to a ground lease that provides for ground lease payments of $1 per year through the date of the first extension option in 2025, at which time, if extended, the lease payments will be adjusted to market. We reviewed the terms of the ground lease in conjunction with the hotel purchase accounting and concluded that the terms of the ground lease are below current market and recorded a $12.3 million favorable lease asset at the acquisition date. Subsequent to September 9, 2005, Marriott paid our taxable REIT subsidiary $2.5 million of key money in exchange for the right to manage the hotel pursuant to the management agreement. The key money will be deferred and recognized over the term of the management agreement. The management agreement expires in 2035. The agreement provides for a base management fee of 3% of the hotel s gross revenues, and an incentive management fee of 20% of hotel operating profits above a 10.75% return on our invested capital. In addition, Marriott provided us with a cash flow guaranty for the fiscal years 2006 and 2007 operating cash flow. The guarantee provides that Marriott will fund the deficit of actual hotel operating income from a prescribed amount during each of fiscal years 2006 and 2007. The total guarantee obligation of Marriott is capped at $2.5 million.

The preliminary purchase price allocations, including transaction costs, of the hotels to the acquired assets and liabilities, which may be adjusted if any of the assumptions underlying the purchase accounting change, are as follows (in thousands):

	CHI Portfolio	Vail	Torrance	Buckhead	Oak Brook
Land	$ 60,936	$ 5,800	$ 7,241	$ 3,900	$ 5,900
Building	230,705	53,037	51,517	28,182	41,273
Furniture, fixtures and equipment	11,113	5,000	3,409	2,310	4,800
Total fixed assets	302,754	63,837	62,167	34,392	51,973
Favorable lease asset					12,285
FF&E escrow and restricted cash	11,456		10,000		
Hotel working capital accrued liabilities and other assets, net	656	1,093	(152)	(306)	1,489
Purchase Price	$ 314,866	$ 64,930	$ 72,015	$ 34,086	$ 65,747

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

	Fiscal Quarter Ended September 9, 2005	Fiscal Quarter Ended September 10, 2004	Three Fiscal Quarters Ended September 9, 2005	Three Fiscal Quarters Ended September 10, 2004
Revenues	$ 72,515,200	$ 68,265,825	$ 226,125,395	$ 210,289,146
Net income (loss)	2,300,906	(523,878)	9,183,686	5,746,694
Earnings per share Basic	$ 0.04	$ (0.04)	$ 0.27	$ 0.39
Earnings per share Diluted	$ 0.04	$ (0.04)	$ 0.27	$ 0.39

9. Dividends

During the second fiscal quarter our Board of Directors declared a cash dividend of $0.0326 per share of our common stock. The dividend was paid on June 28, 2005 to stockholders of record as of June 17, 2005. During the third fiscal quarter our Board of Directors declared a cash dividend of $0.1725 per share of our common stock. The dividend was paid on September 27, 2005 to stockholders of record as of September 9, 2005.

10. Commitments and Contingencies

Litigation

We our not involved in any material litigation nor, to our knowledge, is any material litigation threatened against us other than routine litigation arising out of the ordinary course of business or which is expected to be covered by insurance and not expected to harm our business, financial condition or results of operations.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Company s historical financial information for the period from May 6, 2004 (inception) to December 31, 2004 has been derived from our audited historical financial statements. The Company s historical financial information as of and for the period ended September 9, 2005 has been derived from our unaudited historical financial statements. The following unaudited pro forma financial information gives effect to the following:

The acquisitions of our initial seven hotels;

Our acquisitions of the Vail Marriott Mountain Resort & Spa, a portfolio of hotels consisting of the Marriott Los Angeles Airport, Marriott s Frenchman s Reef and Morning Star Beach Resort, Renaissance Worthington Hotel and Marriott Atlanta Alpharetta (the Capital Hotel Investment Portfolio), the SpringHill Suites Atlanta Buckhead, the Oak Brook Hills Marriott Resort and the Orlando Airport Marriott;

Our borrowings under (i) the $62.5 million mortgage debt on the Frenchman s Reef & Morning Star Marriott Beach Resort, (ii) the $82.6 million mortgage debt on the Marriott Los Angeles Airport, (iii) the $57.4 million mortgage debt on the Renaissance Worthington Hotel and (iv) the $59 million mortgage debt on the Orlando Airport Marriott; and

$12.0 million of draws under our $75 million senior secured credit facility.

The pro forma statements of operations for the period from January 1, 2005 to September 9, 2005 and the year ended December 31, 2004 exclude the acquisition of the SpringHill Suites Atlanta Buckhead since it was opened on July 1, 2005 and has no historical operating results. The accompanying pro forma financial information reflects the preliminary application of purchase accounting to the acquisitions of the Vail Marriott, the Capital Hotel Investment Portfolio, the Oak Brook Hills Marriott Resort and the Orlando Airport Marriott. The preliminary purchase accounting may be adjusted if any of the assumptions underlying the purchase accounting change. The unaudited pro forma consolidated statements of operations and other data for the period from January 1, 2005 to September 9, 2005 and the year ended December 31, 2004 are presented as if these transactions had occurred on the first day of the periods presented.

The unaudited pro forma financial information and related notes are presented for informational purposes only and do not purport to represent what our results of operations would actually have been if the transactions had in fact occurred on the dates discussed above. They also do not project or forecast our results of operations for any future date or period.

The unaudited pro forma financial information should be read together with our historical financial statements and related notes and with the information set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations included in the Prospectus Supplement to the DiamondRock Registration Statement on Form S-11/A (File No. 333-123809) filed on September 2, 2005. The pro forma adjustments are based on available information and upon assumptions that we believe are reasonable. However, we cannot assure you that actual results will not differ from the pro forma information and perhaps in material and adverse ways.

DIAMONDROCK HOSPITALITY COMPANY

Pro Forma Consolidated Balance Sheet
September 9, 2005

	Historical	A Orlando Airport Marriott	Pro Forma
ASSETS			
Property and equipment, net	$ 793,783,234	$ 70,487,865	$ 864,271,099
Deferred financing costs, net	2,925,759	130,717	3,056,476
Restricted cash	33,035,939		33,035,939
Favorable lease asset	12,214,838		12,214,838
Due from hotel managers	34,543,143	1,091,393	35,634,536
Prepaids and other assets	4,464,554		4,464,554
Cash and cash equivalents	9,968,037	(4,709,975)	5,258,062
Total assets	$ 890,935,504	$ 67,000,000	$ 957,935,504
LIABILITIES AND SHAREHOLDERS EQUITY			
Liabilities:			
Mortgage debt, at face amount	$ 358,181,035	$ 59,000,000	$ 417,181,035
Senior secured credit facility	5,000,000	7,000,000	12,000,000
Debt premium	2,832,142		2,832,142
Total debt	366,013,177	66,000,000	432,013,177
Deferred income related to key money	6,383,518	1,000,000	7,383,518
Unfavorable lease liability	5,426,955		5,426,955
Due to hotel managers	21,649,144		21,649,144
Dividends declared and unpaid	8,893,732		8,893,732
Accounts payable and accrued liabilities	12,270,323		12,270,323
Total other liabilities	54,623,672	1,000,000	55,623,672
Shareholders Equity:			
Common stock	508,199		508,199
Additional paid-in capital	491,450,709		491,450,709
Accumulated deficit	(21,660,253)		(21,660,253)
Total shareholders equity	470,298,655		470,298,655
Total liabilities and shareholders equity	$ 890,935,504	$ 67,000,000	$ 957,935,504

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
As of September 9, 2005

The accompanying unaudited Pro Forma Consolidated Balance Sheet as of September 9, 2005 is based on the Historical Consolidated Balance Sheet as of September 9, 2005, as adjusted to assume that the following occurred on September 9, 2005:

The acquisition of the Orlando Airport Marriott.

Proceeds from $59 million mortgage debt related to the Orlando Airport Marriott.

A $7 million draw on the Company s $75 million senior secured credit facility.

In the opinion of the Company s management, all material adjustments to reflect the effects of the preceding transactions have been made. The accompanying unaudited Pro Forma Consolidated Balance Sheet as of September 9, 2005 is presented for illustrative purposes only and is not necessarily indicative of what the actual financial position would have been had the transactions described above occurred as of September 9, 2005 nor does it purport to represent the future financial position of the Company.

Notes and Management Assumptions:

A Represents the adjustment to record the acquisition accounting and mortgage financing obtained by the Company in conjunction with the acquisition of the Orlando Airport Marriott as follows:

Record property and equipment at fair value of $70,487,865

Record due from hotel managers of $1,091,393

Record deferred financing costs incurred of $130,717

Record deferred income related to key money of $1,000,000

Reduce cash paid for the acquisition of $4,709,975

Record mortgage debt on the Orlando Airport Marriott of $59,000,000

Record a $7,000,000 draw on the Company s $75 million senior secured credit facility

DIAMONDROCK HOSPITALITY COMPANY

Pro Forma Consolidated Statement of Operations
For the Three Fiscal Quarters Ended September 9, 2005

	Historical	B Torrance	B Vail Marriott	B Capital Hotel Investment Portfolio	B Oak Brook	B Orlando Airport	C Depreciation Adjustment	D TRS Income Taxes	E Interest Adjustment	F Repaid Mortgage Debt Interest Expense	
	$ 85,509,567	$ 164,260	$ 8,598,220	$ 44,861,450	$ 4,979,713	$ 10,797,180	$	$	$	$	$
e	31,812,477	79,212	2,826,256	24,759,444	6,778,277	5,576,187					
	7,949,454	6,092	1,314,107	4,535,714	1,951,152	500,638					
	125,271,498	249,564	12,738,583	74,156,608	13,709,142	16,874,005					
XPENSES											
	21,439,976	41,899	1,688,374	10,003,296	1,428,403	2,544,745					
e	24,420,522	54,368	2,260,744	17,308,279	3,561,517	3,457,322					
and other	53,527,985	90,156	4,252,765	25,446,651	6,510,083	5,888,218					
	16,072,526						10,981,929				
s	10,399,626										
xpenses	125,860,635	186,423	8,201,883	52,758,226	11,500,003	11,890,285	10,981,929				
OSS)	(589,137)	63,141	4,536,700	21,398,382	2,209,139	4,983,720	(10,981,929)				
SES											
	(1,215,028)										
	10,640,988								8,345,090	(2,286,027)	
nses	9,425,960								8,345,090	(2,286,027)	
) **ME TAX**	(10,015,097)	63,141	4,536,700	21,398,382	2,209,139	4,983,720	(10,981,929)		(8,345,090)	2,286,027	
t	(1,125,499)							303,925			
LOSS)	$ (8,889,598)	$ 63,141	$ 4,536,700	$ 21,398,382	$ 2,209,139	$ 4,983,720	$ (10,981,929)	$ (303,925)	$ (8,345,090)	$ 2,286,027	$

Calculation of Basic and Diluted EPS (G)	
Net Income	$
Weighted Average Number of Shares	
Basic and Diluted Earnings per Share	$

Notes to Pro Forma Consolidated Statement of Operations
for the Three Fiscal Quarters Ended September 9, 2005

The accompanying unaudited Pro Forma Consolidated Statement of Operations for the three fiscal quarters ended September 9, 2005 is based on our Historical Consolidated Statement of Operations for the three fiscal quarters ended September 9, 2005, adjusted to assume that the following occurred on January 1, 2005:

Initial public offering of 29,785,764 shares of our common stock at the initial public offering price of $10.50 per share including the exercise of the underwriters over-allotment of 3,698,764 shares with approximately $288.6 million of net proceeds to us.

The acquisition of the following hotels for total consideration of:

Hotel	
Torrance Marriott	$ 72,015,000
Vail Marriott	64,930,000
Capital Hotel Investment Portfolio	314,866,000
Oak Brook Hills Marriott Resort	65,747,000
Orlando Airport Marriott	71,604,000
Total	$ 589,162,000

Repayment of approximately $44 million of mortgage debt related to the Torrance Marriott and $20 million of mortgage debt relating to the Lodge at Sonoma, a Renaissance Resort & Spa.

Interest on the $62.5 million mortgage debt related to the Frenchman s Reef & Morning Star Marriott Beach Resort.

Interest on the $82.6 million mortgage debt related to the Marriott Los Angeles Airport and $57.4 million mortgage debt on the Renaissance Worthington Hotel.

Interest on the $59 million mortgage debt on the Orlando Airport Marriott.

$12 million of draws on our $75 million senior secured credit facility.

We elected REIT status.

In the opinion of our management, all material adjustments to reflect the effects of the preceding transactions have been made. The accompanying unaudited Pro Forma Consolidated Statement of Operations for the three fiscal quarters ended September 9, 2005 is presented for illustrative purposes only and is not necessarily indicative of what the actual results of operations would have been had the transactions described above occurred on January 1, 2005, nor does it purport to represent our future results of operations. The accompanying pro forma statement of operations for the period from January 1, 2005 to September 9, 2005 excludes the acquisition of the SpringHill Suites Atlanta Buckhead since it was opened on July 1, 2005 and has no historical operating results.

Notes and Management Assumptions:

B Represents the adjustment to record historical revenues and operating expenses associated with the 2005 acquisitions of the following hotels:

Torrance Marriott

Vail Marriott

Capital Hotel Investment Portfolio

Oak Brook Hills Marriott Resort

Orlando Airport Marriott

C Reflects the adjustment to include the depreciation and amortization resulting from the 2005 hotel acquisitions as follows:

Hotel	
Torrance Marriott	$ 51,663
Vail Marriott	1,108,399
Capital Hotel Investment Portfolio	4,979,981
Oak Brook Hills Marriott Resort	1,934,359
Orlando Airport Marriott	2,907,527
Total	$ 10,981,929

D Reflects the adjustment to our historical income tax provision to reflect the pro forma tax provision of our Taxable REIT Subsidiary assuming we had elected REIT status and the TRS leases were in place as of January 1, 2005. Our Taxable REIT Subsidiary s pro forma pre-tax loss was $5.4 million for the three fiscal quarters ended September 9, 2005. The pro forma income tax provision was calculated using our Taxable REIT Subsidiary s historical effective income tax rate. The pro forma income tax provision includes the $1.4 million income tax charge as a result of our REIT election in 2005 that is reflected in the historical financial statements.

E Reflects the adjustment to include interest expense incurred for mortgage debt relating to the Capital Hotel Investment Portfolio, the Frenchman s Reef & Morning Star Marriott Beach Resort, and the Orlando Airport Marriott and $12 million of draws under the $75 million senior secured credit facility.

F Reflects the adjustment to reduce interest expense by $1,594,190 for interest and deferred financing cost amortization of the mortgage debt related to the Torrance Marriott and by $691,837 for interest and deferred financing cost amortization of the mortgage debt related to the Lodge at Sonoma, a Renaissance Resort & Spa, all of which were repaid with the proceeds of our initial public offering.

G The shares used in the basic and diluted earning per share calculation include the following:

Common shares outstanding at September 9, 2005	50,819,864
Unvested restricted shares held by management and employees	738,000
IPO share grants held by corporate officers	383,608
Total basic and diluted	51,941,472

DIAMONDROCK HOSPITALITY COMPANY

Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2004

	Historical	H Sonoma	H Griffin Gate	H Courtyard Midtown East	H Bethesda Suites	H Torrance	H Salt Lake City	H Courtyard Fifth Avenue	H Vail Marriott
REVENUES									
Rooms	$ 5,137,370	$ 7,002,446	$ 10,995,570	$ 17,051,490	$ 11,055,446	$ 13,678,423	$ 14,151,990	$ 8,412,355	$ 14,417,906
Food and beverage	1,507,960	3,921,515	9,264,203	669,226	3,576,812	6,142,449	5,650,249		5,236,147
Other	428,534	1,473,537	2,027,388	242,799	318,588	743,153	1,559,659	340,167	1,701,595
Total revenues	7,073,864	12,397,498	22,287,161	17,963,515	14,950,846	20,564,025	21,361,898	8,752,522	21,355,648
OPERATING EXPENSES									
Rooms	1,455,380	1,764,656	2,519,911	4,419,874	2,634,710	3,410,247	3,503,969	2,968,908	3,646,912
Food and beverage	1,266,827	3,005,615	6,279,240	632,860	3,015,225	4,611,542	3,953,922		4,345,144
Management fees and other hotel expenses	3,444,683	5,410,693	8,001,819	6,749,526	11,007,168	7,998,376	9,136,926	4,537,577	8,142,622
Depreciation and amortization	1,053,283								
Corporate expenses	4,114,165								
Total operating expenses	11,334,338	10,180,964	16,800,970	11,802,260	16,657,103	16,020,165	16,594,817	7,506,485	16,134,678
OPERATING PROFIT	(4,260,474)	2,216,534	5,486,191	6,161,255	(1,706,257)	4,543,860	4,767,081	1,246,037	5,220,970
OTHER EXPENSES (INCOME)									
Interest income	(1,333,837)								
Interest expense	773,101								
Total other expenses (income)	(560,736)								
INCOME (LOSS) BEFORE INCOME TAXES	(3,699,738)	2,216,534	5,486,191	6,161,255	(1,706,257)	4,543,860	4,767,081	1,246,037	5,220,970
Income tax benefit	(1,582,113)								
NET INCOME (LOSS)	$ (2,117,625)	$ 2,216,534	$ 5,486,191	$ 6,161,255	$ (1,706,257)	$ 4,543,860	$ 4,767,081	$ 1,246,037	$ 5,220,970

DIAMONDROCK HOSPITALITY COMPANY

Pro Forma Consolidated Statement of Operations (Continued)
For the Year Ended December 31, 2004

	H	H	H	I	J	K	L	M	
	Capital Hotel Investment Portfolio	**Oak Brook**	**Orlando Airport**	**Depreciation Adjustment**	**Corporate Expenses**	**TRS Income Taxes**	**Debt Interest Expense**	**Repaid Mortgage Debt Interest Expense**	**Pro Forma**
REVENUES									
Rooms	$ 79,884,085	$ 8,422,313	$ 13,119,260	$	$	$	$	$	$ 203,328,654
Food and beverage	46,645,976	8,842,548	7,036,178						98,493,263
Other	8,608,180	6,128,322	546,041						24,117,963
Total revenues	135,138,241	23,393,183	20,701,479						325,939,880
OPERATING EXPENSES									
Rooms.	19,213,727	2,304,240	3,278,179						51,120,713
Food and beverage	34,560,051	6,316,540	4,348,923						72,335,889
Management fees and other hotel expenses	51,601,134	11,100,244	7,372,289						134,503,057
Depreciation and amortization				37,157,807					38,211,090
Corporate expenses					4,270,292				8,384,457
Total operating expenses	105,374,912	19,721,024	14,999,391	37,157,807	4,270,292				304,555,206
OPERATING PROFIT	29,763,329	3,672,159	5,702,088	(37,157,807)	(4,270,292)				21,384,674
OTHER EXPENSES (INCOME)									
Interest income									(1,333,837)
Interest expense							27,382,839	(3,772,887)	24,383,053
Total other expenses (income)							27,382,839	(3,772,887)	23,049,216
INCOME (LOSS) BEFORE INCOME TAXES	29,763,329	3,672,159	5,702,088	(37,157,807)	(4,270,292)		(27,382,839)	3,772,887	(1,664,542)
Income tax benefit						(6,223,551)			(7,805,664)
NET INCOME (LOSS)	$ 29,763,329	$ 3,672,159	$ 5,702,088	$ (37,157,807)	$ (4,270,292)	$ 6,223,551	$ (27,382,839)	$ 3,772,887	$ 6,141,122

Calculation of Basic and Diluted EPS (N)	
Net Income	$ 6,141,122
Weighted Average Number of Shares	51,941,472
Basic and Diluted Earnings per Share	$ 0.12

Notes to Unaudited Pro Forma Consolidated Statement of Operations
For The Year Ended December 31, 2004

The accompanying unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2004 is based on our Historical Consolidated Statement of Operations for the period from May 6, 2004 (inception) to December 31, 2004, adjusted to assume that the following occurred on January 1, 2004:

The July 2004 private placement of 21,000,000 shares of common stock with approximately $196.3 million of net proceeds to us.

Initial public offering of 29,785,764 shares of our common stock at the initial public offering price of $10.50 per share including the exercise of the underwriters over-allotment of 3,698,764 shares with approximately $288.6 million of net proceeds to us.

The acquisition of the following hotels for total consideration of:

Hotel		
The Lodge at Sonoma, a Renaissance Resort & Spa	$	32,345,000
Courtyard Midtown Manhattan East		78,857,000
Marriott Bethesda Suites		41,892,000
Salt Lake City Marriott Downtown		53,345,000
Courtyard Manhattan Fifth Avenue		39,740,000
Marriott Griffin Gate Resort		49,842,000
Torrance Marriott		72,015,000
Vail Marriott		64,930,000
Capital Hotel Investment Portfolio		314,866,000
Oak Brook Hills Marriott Resort		65,747,000
Orlando Airport Marriott		71,604,000
Total	$	885,183,000

Repayment of approximately $44 million of mortgage debt related to the Torrance Marriott and $20 million of mortgage debt related to the Lodge at Sonoma, a Renaissance Resort & Spa.

Interest on the $62.5 million mortgage debt related to the Frenchman s Reef & Morning Star Marriott Beach Resort.

Interest on the $82.6 million mortgage debt related to the Marriott Los Angeles Airport and $57.4 million mortgage debt on the Renaissance Worthington Hotel.

Interest on the $59 million mortgage debt on the Orlando Airport Marriott.

$12 million of draws on our $75 million senior secured credit facility.

We elected REIT status.

The accompanying unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2004 includes our budgeted corporate expenses of $13.1 million with the exception of the $3.7 million income statement charge related to the deferred share grants that were awarded to the executive officers at the completion of our initial public offering due to the one time impact of these awards and $0.3 million of other budgeted corporate expenses that do not meet the pro forma criteria under Article 11 of Regulation S-X.

In the opinion of our management, all material adjustments to reflect the effects of the preceding transactions have been made. The accompanying unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2004 is presented for illustrative purposes only and is not necessarily indicative of what the actual results of operations would have been had the transactions described above occurred on January 1, 2004, nor does it purport to represent the future results of our operations. The accompanying pro forma statement of operations for the year ended December 31, 2004 excludes the Spring Hill Atlanta Buckhead because it was opened on July 1, 2005 and had no historical operating results.

Notes and Management Assumptions:

H Represents the adjustment to record historical revenues and operating expenses associated with the 2004 and 2005 acquisitions of the following hotels:

The Lodge at Sonoma, a Renaissance Resort and Spa

Marriott Griffin Gate Resort

Courtyard Midtown / Manhattan East

Bethesda Marriott Suites

Torrance Marriott

Marriott Salt Lake City Downtown

Courtyard Manhattan / Fifth Avenue

Vail Marriott

Capital Hotel Investment Portfolio

Oak Brook Hills Marriott Resort

Orlando Airport Marriott

I Reflects the adjustment to include the depreciation and amortization resulting from the 2004 and 2005 acquisitions as follows:

Hotel	
The Lodge at Sonoma, a Renaissance Resort & Spa	$ 1,454,218
Courtyard Midtown / Manhattan East	2,478,511
Bethesda Marriott Suites	2,198,006
Salt Lake City Marriott Downtown	2,302,107
Courtyard Manhattan / Fifth Avenue	1,790,038
Marriott Griffin Gate Resort	1,740,698
Torrance Marriott	4,696,600
Vail Marriott	2,311,573
Capital Hotel Investment Portfolio	10,446,783
Oak Brook Hills Marriott Resort	3,378,202
Orlando Airport Marriott	4,361,071
Total	$ 37,157,807

J Reflects the adjustment to include the budgeted corporate expenses with the exception of the impact of share grants that were awarded to the executive officers at the completion of our initial public offering due to the one time impact of these awards and certain budgeted corporate expenses that do not meet the pro forma criteria under Article 11 of Regulation S-X. The pro forma corporate expenses consist of $3,693,000 of employee payroll, bonus and other compensation, $2,440,000 of restricted stock expense, $753,000 of professional fees, $378,000 of directors fees, $367,000 of office and equipment rent, $313,000 of insurance costs, $251,000 of shareholder fees and $190,000 of other corporate expenses.

K Reflects the adjustment to our historical income tax benefit to reflect the pro forma tax benefit of our Taxable REIT Subsidiary assuming we had elected REIT status and the TRS leases were in place as of January 1, 2004. The pro forma income tax benefit consists of the pro forma income tax benefit of Bloodstone TRS, Inc. for the fiscal year ended December 31, 2004 calculated based on the actual 2004 operating results of following:

The initial hotel portfolio

The acquisition of the Capital Hotel Investment Portfolio

The acquisition of the Vail Marriott Mountain Resort & Spa

The acquisition of the Oak Brook Hills Marriott Resort

The acquisition of the Orlando Airport Marriott

The income tax benefit resulted from the application of our TRS historical effective income tax rate to Bloodstone TRS, Inc. s $18.3 million pro forma pre-tax loss for the fiscal year ended December 31, 2004. The pro forma pre-tax loss of Bloodstone TRS, Inc. was calculated by applying the actual individual hotel TRS lease terms to actual fiscal year 2004 operating results of the initial seven hotels, the Capital Hotel Investment Portfolio, the Vail Marriott Mountain Resort & Spa and the Oak Brook Hills Marriott Resort. Our TRS leases are required to be market leases as if entered between unrelated third parties. The TRS lease rental terms are established based on anticipated, rather than historical, future operating performance of the hotels. We believe that the TRS leases will provide the TRS adequate cash flow to sustain future operations.

In addition, the pro forma income tax benefit includes the impact of a $178,799 pro forma income tax provision related to USVI income taxes relating to the income of the Frenchman s Reef & Morning Star Marriott Beach Resort.

We concluded that it is more likely than not that the pro forma deferred tax asset will be realizable based on Bloodstone TRS, Inc. projected future earnings. Accordingly, no valuation allowance has been applied in determining the pro forma income tax benefit for 2004.

L Reflects the adjustment to reflect interest expense incurred for mortgage debt related to the initial seven hotels, the Capital Hotel Investment Portfolio, the Frenchman s Reef & Morning Star Marriott Beach Resort, and the Orlando Airport Marriott and $12 million of draws under the $75 million senior secured credit facility. The debt relating to the acquisition of the Bethesda Marriott Suites was assumed at above market terms. We recorded a debt premium to adjust this debt to market terms at the acquisition date. The amortization of the debt premium reduces interest expense.

M Reflects the adjustment to reduce interest expense for $2,659,336 of interest and deferred financing cost amortization of the mortgage debt related to the Torrance Marriott and $1,113,551 of interest and deferred financing costs amortization of the mortgage debt related to the Lodge at Sonoma, a Renaissance Resort & Spa, all of which was repaid with the proceeds of the offering.

N The shares used in the basic and diluted earning per share calculation include the following:

Common shares outstanding at September 9, 2005	50,819,864
Unvested restricted shares held by management and employees	738,000
IPO share grants held by corporate officers	383,608
Total basic and diluted	51,941,472

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a real estate hospitality company that owns and acquires upper upscale and upscale hotel properties located primarily in North America. To a lesser extent, we may invest in limited service and extended stay hotel properties in urban locations. We began operations in July 2004 when we completed a private placement of our common stock. We completed our initial public offering on June 1, 2005.

We conduct substantially all of our operations through DiamondRock Hospitality Limited Partnership, our operating partnership. We are the sole general partner of our operating partnership and as a result we control the operating partnership. At present, we own 100% of the partnership units either directly or through our wholly owned subsidiary, DiamondRock Hospitality, LLC.

We elected to be treated as a self-advised REIT, effective January 1, 2005. For us to qualify as a REIT, we cannot operate our hotel properties. Therefore, our operating partnership and its subsidiaries lease our hotel properties to our TRS lessees, who in turn must engage one or more eligible independent contractors to manage our hotel properties. The leases generally provide for a fixed annual base rent plus percentage rent and certain other additional charges. We have entered into hotel management agreements with Marriott for all of our current hotel properties, except for the hotel management agreement relating to the Vail Marriott Mountain Resort & Spa, which is subject to a franchise agreement with Marriott and managed by Vail Resorts. Our TRS lessees are consolidated into our financial statements for accounting purposes. However, because both our operating partnership and our TRS lessees are controlled by us, our principal source of funds on a consolidated basis come from the operations of our hotels properties. The earnings of our TRS lessees are subject to federal and state income tax similar to the tax assessed on other C corporations; such tax reduces our funds from operations and the cash available for distribution to our stockholders.

Industry Trends and Outlook

We believe the hotel industry, as a whole, is continuing to recover from a pronounced downturn that occurred over the three-year period from 2001-2003. This recovery has been, and we expect it to continue to be, primarily driven by increased demand for hotel rooms as compared to increases in hotel room supply. According to Smith Travel Research, Inc., demand for hotel rooms, measured by total rooms sold, increased by 0.3% in 2002, 1.5% in 2003 and 4.7% in 2004 and is projected to increase by 4.0% in 2005. By comparison, hotel room supply grew by 1.6% in 2002, 1.2% in 2003 and 1.0% in 2004 and is projected to increase by 1.2% in 2005 as compared to its past 15-year historical annual average of 2.1%. As a result, we expect that sustained growth in demand and lower growth in supply will result in continued improvement of hotel industry fundamentals. Specifically, according to Smith Travel Research, Inc.:

- Occupancy increased 3.7% in 2004 and is projected to increase by 2.8% in 2005;
- Average daily rate, or ADR, increased by 4% in 2004 and is projected to increase by 4.2% in 2005; and
- RevPAR increased by 7.8% in 2004 and is projected to increase by 7.1% in 2005.

While we believe the trends in room demand and growth supply will result in continued improvement in hotel industry fundamentals, we cannot assure you that these trends will continue. The trends discussed above may not continue for any number of reasons, including an economic slowdown and world events outside of our control, such as terrorism. In the past, these events have adversely affected the hotel industry and if these events reoccur, they may adversely affect the industry in the future.

Key Indicators of Financial Condition and Operating Performance

We use a variety of operating and other information to evaluate the financial condition and operating performance of our business. These key indicators include financial information that is prepared in accordance with GAAP, as well as other financial information that is not prepared in accordance with GAAP. In addition, we use other information that may not be financial in nature, including statistical information and comparative data. We use this information to measure the performance of individual hotel properties, groups of hotel properties and/or our business as a whole. We periodically compare historical information to our internal budgets as well as industry-wide information. These key indicators include:

Occupancy percentage;

ADR;

RevPAR;

Adjusted Hotel EBITDA Margin;

EBITDA; and

FFO.

Occupancy, ADR and RevPAR are commonly used measures within the hotel industry to evaluate operating performance. ADR and RevPAR include only room revenue. Room revenue comprised approximately 68% of our total revenues for the period from January 1, 2005 to September 9, 2005, and is dictated by demand, as measured by occupancy percentage, pricing, as measured by ADR, and our available supply of hotel rooms. RevPAR, which is calculated as the product of ADR and occupancy percentage, is another important statistic for monitoring operating performance at the individual hotel level and across our business as a whole. We evaluate individual hotel RevPAR performance on an absolute basis with comparisons to budget and prior periods, as well as on a company-wide and regional basis.

Our ADR, occupancy percentage and RevPAR performance may be impacted by macroeconomic factors such as regional and local employment growth, personal income and corporate earnings, office vacancy rates and business relocation decisions, airport and other business and leisure travel, new hotel construction and the pricing strategies of competitors. In addition, our ADR, occupancy percentage and RevPAR performance is dependent on the continued success of Marriott and its brands.

We also use EBITDA, Adjusted Hotel EBITDA Margin and FFO as measures of the financial performance of our business. See Non-GAAP Financial Matters.

As of September 9, 2005 we owned the following fourteen hotel properties:

Property	**Location**	**Number of Rooms**
Courtyard Manhattan/ Midtown East	New York, New York	307
Torrance Marriott	Los Angeles County, California	487
Salt Lake City Marriott Downtown	Salt Lake City, Utah	510
Marriott Griffin Gate Resort	Lexington, Kentucky	408
Bethesda Marriott Suites	Bethesda, Maryland	274
Courtyard Manhattan/ Fifth Avenue	New York, New York	185
The Lodge at Sonoma, a Renaissance Resort & Spa	Sonoma, California	182
Renaissance Worthington	Fort Worth, Texas	504
Marriott Atlanta Alpharetta	Atlanta, Georgia	318
Frenchman s Reef & Morning Star Marriott Beach Resort	St. Thomas, U.S. Virgin Islands	504
Marriott Los Angeles Airport	Los Angeles, California	1,004
Vail Marriott Mountain Resort & Spa	Vail, Colorado	346
SpringHill Suites Buckhead	Buckhead, Georgia	220
Oak Brook Hills Marriott Resort	Oak Brook, Illinois	384
TOTAL		5,633

Significant highlights for the Fiscal Quarter ended September 9, 2005 and subsequent period are as follows:

Completed the acquisition of the Vail Marriott on June 24, 2005.

Paid shareholders of record on June 17, 2005 a cash dividend of $0.0326 per share on June 28, 2005.

Completed the acquisition of a portfolio of four hotels (Renaissance Worthington Hotel, Marriott Atlanta Alpharetta, Frenchman s Reef & Morning Star Marriott Beach Resort and Marriott Los Angeles Airport) from affiliates of Capital Hotel Investments, LLC on June 23, 2005.

Closed on mortgage debt of $82.6 million and $57.4 million, respectively, on the Marriott Los Angeles Airport and Renaissance Worthington Hotel, respectively, on June 23, 2005.

Closed on a $75 million senior secured revolving credit facility on July 8, 2005, which may be increased to $250 million subject to lender approval.

Completed the acquisition of the SpringHill Suites Buckhead on July 22, 2005.

Completed the acquisition of the Oak Brook Hills Resort & Conference Center on July 29, 2005.

Drew $5 million under the senior secured credit facility on July 29, 2005.

Closed on $62.5 million mortgage debt on the Frenchman s Reef & Morning Star Marriott Beach Resort on July 29, 2005.

Paid shareholders of record on September 9, 2005 a cash dividend of $0.1725 per share on September 27, 2005.

Results of Operations

Fiscal Quarter Ended September 9, 2005

As of September 9, 2005, we owned fourteen hotel properties. Our total assets were $890.9 million as of September 9, 2005. Total liabilities were $420.6 million as of September 9, 2005, including $366.0 million of debt. Shareholders equity was approximately $470.3 million as of September 9, 2005. Our net income for the fiscal quarter ended September 9, 2005 was $2.2 million. We acquired eight of our fourteen hotel properties during the period from January 1, 2005 to September 9, 2005. Accordingly, the current period results are not comparable to the results for the corresponding period in 2004. Furthermore, the results of operations for the fiscal quarter ended September 9, 2005 were negatively impacted by the renovation of the Courtyard Manhattan Fifth Avenue as compared to the pro forma fiscal quarter ended September 10, 2004.

Revenue. Our revenues totaled $65.4 million for the fiscal quarter ended September 9, 2005. Revenue consists primarily of the room, food and beverage and other revenues from our hotel properties. Revenues for the fiscal quarter ended September 9, 2005 consists of the following:

Rooms	$ 43,007,699
Food and beverage	17,607,225
Other	4,792,077
Total revenues	$ 65,407,001