

DiamondRock Hospitality Co
Form 424B3
February 09, 2006

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-123809

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 our 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.

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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)
	<u>793,783,234</u>	<u>285,642,439</u>
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
	<u>890,935,504</u>	<u>391,691,179</u>
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
	<u>366,013,177</u>	<u>180,771,810</u>
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
	<u>54,623,672</u>	<u>15,331,951</u>
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)
	<u>470,298,655</u>	<u>195,587,418</u>
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)