

Diamond Resorts European Collection Limited (“DRECL”)  
Annual General Meeting 2018  
Submitted Member Questions & Responses

1. John ADAMSON – email dated 15 April 2018

- a. **For 2018 DRI have imposed changes/price increases to member benefits like DRI Value and DRI Flexibility without any announcement in advance of the release of the benefits document. Can changes in offers & charges only be effective once formally announced by yourselves?**

Correct. Once notified on the website, any changes are implemented with immediate effect. We always endeavour to communicate any news as regularly as we can and as soon as possible following any new offerings and/or changes to current ones. However any changes made will not affect confirmed bookings. We are committed to sending Club Newsletters by email and generally most updates are contained within that; we also send out information with (and within) the Notice of the Annual General Meeting mid-year and then towards the end of the year we send out an annual update letter with the annual maintenance fee documentation. Our website contains the most up to date information and we publish articles on the Home page of the Member Area of the website under the “What’s New?” section.

- b. **With regards to the changes to the cancellation and points’ loss penalties that are being applied to members, rather than a full loss of points after 31 days could DR not have just enforced a 50% loss of points after 31 days and a full loss of points after 14 days for those who have taken out the Reservation Protection Plan (“RPP”)?**

Diamond Resorts™ conducted a review of accommodation within The Club® and the impact that cancellations of accommodation was having on the members as a whole. It was identified that a contributing factor to inventory within the portfolio going unused was because members were able to cancel at short notice in accordance with the cancellation windows and as a result, there was insufficient time for other members to then be able to utilise the accommodation. This was felt to be to the detriment of the members as accommodation was going to waste. In order to ensure that there was a sufficient booking window available to members to be able to utilise accommodation that may have been cancelled and was available on relatively short notice, the Operating Company (Diamond Resorts International, Inc.) proposed to the Board of the European Collection that the cancellation windows be altered. It was agreed that such a change would be in the best interests of the members.

To avoid any confusion to members, RPP is not considered nor referred to as travel insurance but a protection plan for points only.

- c. **With the changes to the membership’s cancellation policy, why have DR increased the cost of the RPP policy from £30 to £63 for a single trip Platinum policy?**

The RPP pricing had not been reviewed for a number of years. The new prices are considered to be reasonable and are based upon historic activity.

- d. **My understanding is that with proof (via a letter from a GP) stating that a member is unfit to travel is that DR will even without RPP insurance being in place will provide the member with a statement of the cost of that vacation based on the number of points used for that reservation.**

For DRECL the policy has always been that if a member has their own independently purchased travel insurance a letter can be provided to detail their cancellation loss of points. This can be requested by emailing [AssistanceEurope@DiamondResorts.com](mailto:AssistanceEurope@DiamondResorts.com) and will contain details of the said reservation, the number of points used along with a monetary value based upon £10 per 100 points used which is a generic value based on an average rental cost plus pro-rata maintenance fee charge.

- e. **With sales being removed from DRECL less than 6 months ago because of failing European sales and growth, why is there now a rumour of sales offices being regenerated? How do DR feel these new sales reps will be able to generate new sales when all around us all we read about are resort closures?**

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As advised in an email sent in 2017, we announced we were to restructure the previous operational activities of the European sales and marketing teams. This restructuring occurred, and the department was subsequently re-launched with active sales operations (albeit with a reduced number of personnel) in the UK, Canary Islands, Portugal and mainland Spain.

It was felt that a reduced sales presence was important if new members were to be introduced to the European Collection and that similarly, we needed a sales presence to enable existing members to purchase more points should they want to increase their points holding. Initial results have been promising.

The sales teams have undergone full Diamond Resorts training and compliance with a strict code of conduct is mandatory. The collateral and documentation is provided by Diamond Resorts and will of course be subject to statutory disclosure documents.

- f. **Each promotion DRI launch such as the one on 6 February 2018 headlined 75% off are misleading with regards to DRECL as only one week at one resort offered at that discount, most others are offered at as low as 15% discount and only in small sized studio apartments, unlike in the USA where there appears to be lots of discounted choices.**

As with most product promotions and offers, it is generally understood that the headline of any such communication details the best offer available with such wording being preceded by ‘from’. The discounts offered are a way of members being able to take maximum advantage of their membership, enjoying more choice and opportunities.

- g. **The two year exit plan (having to pay two years’ upfront fees) seem very out of kilt with the US Transitions offering surrender of memberships @ \$250 per contract. I understand that DRECL have other exit options but this particular clause enabling members to exit inside their contract term seems expensive and unfair?**

Although members of DRECL are able to participate in The Club™ exchange programme, DRECL nevertheless operates independently from the other Collections and had different governing documents and guidelines, and indeed different challenges. What has to be borne in mind in respect of all of the DRECL relinquishment options is that in the event that the Developer agrees to accept a return of a member's points, it assumes an ongoing liability for the discharge of the future management fees on those points. This liability has to be budgeted for in its future financial planning and (as you would expect) the Developer requires sufficient time to enable it to make appropriate adjustments.

- h. **Why can't DR instigate a change in their reservation programme which permits members to amend their existing reservations where say they wish to add a single day to an existing reservation which was not shown available at the time of making the reservation?**

As you know, currently single night bookings using points are not available. At this time therefore, the only way of processing a change as you detail is by cancelling the reservation and rebooking. However if a member wishes to add a day on to an existing booking, if there is such availability, our reservations team can and will assist.

- i. **Can DR could send an automated reminder to guests asking them to complete resort arrival times/flight numbers or planned resort arrival times and likewise planned flight departure time? The resorts having expected checking in times would help to plan housekeeping needs.**

This is already in progress as part of the resort's pre-arrival process. As part of this process, an email is sent to members 2-4 weeks prior to arrival.

- j. **We know and understand the concept of the club being split between member and DR developer inventory but it is so frustrating that on so many occasions members can see no availability for a vacation but it is there on the developer inventory and advertised for rent for**

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**cash only at up to three times the cost of your maintenance fees. What I would like to suggest is that DR consider switching/exchanging these full weeks held in developer stock on resort standard check in days at the standard points valuation as detailed in your Global accommodation guide plus a reasonable admin charge to cover DR costs to remove this week from developer to member stock and DR could withdraw an equal week from the portfolio of members inventory still available to their developer stock?**

We note your suggestion. However this availability, as you rightly point out, is owned by the Developer, Diamond Resorts (Europe) Limited (“DREL”) in its capacity as Founder Member. Some of this inventory includes points which DREL has agreed to take back from members who have surrendered their points ownership. DREL pays the maintenance fees on all of the inventory that it owns and (if DREL is to remain financially solvent and to continue to accept points relinquishments) it is imperative that DREL is in a position to offset this liability by generating rental income. There is no obligation on the Developer to release any of its own inventory to Ordinary points' members to supplement their allocated points availability.

- k. Why do DR remove developer stock so far in advance? Why cannot this be reduced to a rolling 9 month rolling allocation basis on a member first basis offering your valued members the choice of apartments heads up of those being released to the rental market?**

We would refer you to the above preceding response to question 1 (l).

- l. It has been reported that members of the general public do not need to book on sites like Booking.com and DR directly however are booking directly with the resorts at often greatly reduced rates and not always last minute reservations. How can this happen and why is DR not driving rentals through themselves at a profit?**

All Diamond managed resorts do indeed accept bookings directly. However the rates that they use are approved by the Developer’s yield inventory and revenue teams and are managed accordingly.

- m. When I message the DR Facebook page on behalf of a group of members, why am I often met with a response that this is the position for you as a Platinum member and if anyone else needs any clarification they should contact us directly?**

Our preference has always been to service members individually so that we can understand from them their concern and address it expeditiously and effectively. We also like to hear from members directly through our own official pages so that when responding, we can ensure that it is from an approved resource and is shared with our following.

- 2. Robert James & Elaine FREEMAN – email of 15 April 2018**

**With the current Platinum benefit of being able to “hold” specific apartment numbers (not just apartment types) it is becoming increasingly difficult to book more than 1 or 2 weeks concurrently at some resorts and the receptionists which manage bookings at resorts find it increasingly difficult to manipulate booking to best use of space. Is it not time a limit on the number of apartments that can be held per resort (taking into account the size of resort) was put in place?**

We note your concern and thank you for bringing it to our attention. Diamond Preference is only available at Diamond managed resorts. Please note that many of these resorts still have fixed week owners whose inventory is not available to DRECL members and that does place challenges on the resort teams when, say, selecting a specific unit which may not necessarily be available for the whole reservation duration. To improve satisfaction with the selection process, members should have more than one unit in mind to check for availability.

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**3. John ADAMSON – email of 16 April 2018**

**Why are resort layout plans under ‘Maps, Directions and GPS’ on the resort website? They would be better placed under Resort Summary or a separate tab Resort Layout Plan.**

We believe that having the resort layout is best placed in this section as it is referred to as a resort map. However we note your point and will forward to our creative services team for further consideration.

**4. John ADAMSON – email of 16 April 2018**

**On Booking.com a non-member can book at a cash rate which includes free cancellation up to 7 days before arrival. However, the non-member can choose to pay extra for the cancellation rights and gets the whole cost of booking refunded if cancelled up to 7 days before occupancy. This makes no sense to me at all and makes a mockery over DR increasing their RPP costs to members by over 100% and not giving them any points refund at all from 31 days before arrival. I can see members who hit the deadline of less than 31 days not bothering to cancel at all leaving even more empty apartments than before on resorts. What do DR do with these apartments cancelled at 7 days out?**

Diamond Resorts and Hotels manage all availability closely and advertise free cancellations during periods which do require a premium to be paid. Strategies for premium values are monitored within their respective locations/markets in order to ensure a competitive approach. Cash bookings cancelled up to 7 days before arrival are released back on sale to be rebooked as a cash rental. Also, as with any external service provider, their business model is unique to them with regards booking conditions and pricing structures. If inventory goes unused, it is the Developer that bears the loss from its points allocation. Most other timeshare clubs operate similarly to DRECL with regards to operating and cancellation provisions.

**5. John ADAMSON – email of 16 April 2018**

**In 2017 DRECL members were faced with 13% rise in fees on the back of sterling falling in value against the Euro exchange, however, during the previous year we know DR had landed significant gains when sterling strengthened against the Euro, however, DR decided to spend these gains on budget breaking spend on resort improvements rather than contribute towards 2017 budget which would have meant a much lower increase in 2017 fees for UK based members. Can DR assure members that now once budgets are set that with the exception of unforeseen exceptional circumstances they are stuck to and not broken on the back of any windfall gains in currency exchange?**

Both fees and expenditure for DRECL are agreed during Board meetings and take into account many factors including fee levels, resort priorities and the need to provide a reserve for risks such as movements in currency. During these meetings all Board members are fully apprised of the financial status including shortfalls and gains, with approval for ultimate use of any gains identified.

Please note. Any exchange rate gains are for the credit of DRECL, not Diamond.

**6. Paul DUNNING – email of 17 April 2018**

**a. I am aware that with reducing membership Diamond have to take on responsibility for the management fees of ‘unsold and returned’ accommodation, and this is done either through Diamond's own rental programme or third party agencies. What criteria do Diamond use to gauge the remaining membership’s desires, aspirations and requirements for availability at the various resorts? Do Diamond actually canvas opinions from members, and if so how? What would members prefer regarding resort availability, location, accommodation type and time of**

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**year, to enable Diamond to make informed decisions when planning for member availability at the respective resorts?**

In the main, decisions taken to sell resorts thus far have been based on either the popularity of the resort amongst our members based on usage (e.g. Alpen Club in Germany) or financial/ logistical reasons such as required expenditure/disproportionate running costs (e.g. Broome Park).

- b. With regards to points used for non-Diamond managed accommodation and other additional member benefits, products and services. I understand that to recoup the costs associated to providing these additional member benefits, products and services, Diamond will remove accommodation from DRECL to rent this accommodation out, therefore earning the cash required, and often well in excess of the actual costs involved, to provide the additional member benefits, products and services. Can you please explain the formula used to determine what (types of) accommodation, and at which resorts, are removed from the members accommodation portfolio to offset the costs of providing these additional member benefits, products and services? For example, the cost in points of a cruise or few days stay in a luxury apartment could well equate to 3 or 4 studio apartments in a Diamond managed resort. How do Diamond decide which (type of, where and when) accommodation to remove to cover costs?**

The cash value attached to member benefits (i.e. flights booked using points), is converted back in to a points value and recorded to ensure the ordinary members of DRECL receive their fair allocation of inventory. Trades completed (where inventory is moved from allocations made to ordinary members to allocations made to the Developer in order to enable the Developer to generate income to offset the cash value of member benefits), must keep within the recorded points value. Inventory is allocated throughout the seasons based on the original allocation of ownership.

- c. With the recent removal/sale of resorts in the DRECL, could you please detail at which other resorts, and the periods thereby, that equivalent occupancy based accommodation (apartment type and occupancy size) has been provided to ensure membership requirements for availability has been satisfied? If equivalent occupancy accommodation has not been available in the portfolio, could you please detail what alternate accommodation has been made available, where and when?**

Inventory allocations are dynamic and therefore we are unable to detail at which other resorts equivalent accommodation has been provided. We can however confirm that the ordinary members of DRECL have benefited from increases in year on year allocations across several European destinations as a direct outcome of the removal/sale of resorts in DRECL (with a consequential reduction in the amount of inventory available to the Founder member at those resorts).

- d. Over the past 4 or 5 years the resorts that have been disposed of/removed from DRECL have tended to be those that were low in the cost of points to access, whereas the portfolio has been ‘supplemented’ with additional affiliated resorts which not only guarantee the same level of member benefits, also require a higher number of points to access for the same periods, therefore effectively reducing the opportunity to members to holiday on the same frequency as previous (as not all wish to use their points for things other than accommodation) and the facilities and benefits therein. How is this a fair policy for members?**

DRECL accommodation is made available for members of the European Collection based on the points owned by all members, including the Founder member. The sale and removal of a resort does not impact an ordinary member’s points ownership. It is the Founder members’ points ownership which is reduced. This being the case, the quantity of accommodation available for ordinary members remains the same, it is simply spread differently across the resorts in the European Collection.

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- e. **At a previous AGM I asked a question regarding the distribution of accommodation across the resort collection portfolio between that required to be available to service the points owned by members and that which Diamond (the developer) is responsible for. The answer to this question was that it is ‘complex but fair’. I am aware of a recent situation where a member was seeking use their points to book into a UK resort for the popular Spring Bank Holiday period but was unable due to lack of availability but yet over 6 apartments were available through 3rd party booking agencies, and similarly my own experience, using my points and booking what appears to have been the one and only 2 bed apartment available to members at a popular Tenerife resort 13 months in advance for Easter 2019, but yet again at least 4 (the maximum allowed in one booking but most probably more) 2 bed apartments are available via Diamond’s own rental site for a cost well in excess of the equivalent value for the points that would be required to secure the accommodation for a member. Can you please explain how these examples can possibly be understood as a ‘fair’ distribution and allocation of accommodation between members and the developer?**

Inventory allocations in the European Collection are based initially on points ownership and corresponding usage rights. Of course the European Collection isn't the only inventory available to DREL in Europe. DREL also owns fixed and floating timeshare weeks together with the right to use any weeks that are in default in the payment of their management fees in circumstances where DREL discharges the management fees on those weeks. This can mean that (on initial allocation) more usage rights of a specific accommodation type or at a specific resort are allocated to DREL.

At Sunset Harbour for example (in Easter 2019) DREL had usage rights over almost half of all of the two bedroomed inventory.

Following initial allocation, DREL then goes about trading inventory in an attempt (amongst other things) to provide a more even distribution of accommodation types. DREL often targets the release of larger accommodation types to the ordinary members' allocation in return for smaller accommodation types, as it has been identified that ordinary members often travel with family and prefer larger accommodations. A prime example of this is the Thurnham Hall 2 bedroom elite accommodations in which a majority allocation is always allocated to the ordinary members. Nevertheless, this re-allocation relies on management intervention which is time consuming and requires resource and this can mean that from time to time, the distribution of accommodation types remains unchanged.

The distribution and subsequent inventory trades are complex but fair hence our previous answer.

With regards to the volume of apartments showing available for cash bookings, the markets in which we compete experience a very different set of booking windows compared to the booking windows of our members. Where peak season DRECL inventory is regularly booked 12 months in advance by ordinary members, the inventory owned by DREL (same resort, month, accommodation type) is booked closer to arrival by guests paying cash. In some destinations these cash bookings can come through well inside of 7 days before arrival, which explains why so many apartments can still be seen online for cash bookings, whilst there is no inventory showing for ordinary members to use. Where the Developer is able to forecast that its inventory will not be utilised, it is opened up to the ordinary members to book using their points rather than letting it go to waste.

- f. **The recent changes to how members are allowed to book accommodation has resulted in members no longer being able to book multiple accommodation units during the same and concurrent period in their own name. Members now have to utilise, where able, their free guest certificate allocation or pay for individual guest certificates, but yet on Diamond’s own rental site and 3rd party rental sites, paying guests (members included) may still continue to book multiple accommodation under one name for the current occupation period. This recent change is clearly discriminating against members. In my own situation, and I am aware for many other members, the ability to book multiple apartments during the concurrent occupation period would be due to the member also being in attendance at the respective resort. Can you please explain why this**

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**change has been introduced, what benefit to members you believe this change has brought and why it is still possible to book multiple apartments via the various rental sites? Also, these rental sites offer a much more favourable policy regarding cancellation than the recently changed cancellation terms and conditions for use of points. Why is this allowed? Is this not an example of discrimination towards DRECL members and favouring paying guests?**

In respect of all reservations, the provision of the details of the individual that will be checking in to each accommodation must be obtained. For members, this information is obtained at the time of booking and is subject to the issuance of a guest certificate in circumstances where the accommodation is not going to be used specifically by the guest. The requirement to obtain a guest certificate (which by definition carries with it an internal processing cost) is (we believe) essential in order to verify that the use is indeed authorised by the member.

The member booking process differs to the process used by the third party distribution channels. With regards to the terms and conditions of hotel bookings we would refer you to (4) above.

- g. The recent changes to the cancellation window, as I understand, has been made to ‘discourage’ the late cancellation of accommodation as this is causing accommodation to remain unbooked by members, and this change, it is calculated by Diamond, will create additional availability for members earlier in the calendar. Is this to reduce the possibility for members to avail themselves of accommodation at reduced points, therefore increasing the value of their membership? Could you please confirm that the data used to justify this change did not simply consider all current late availability, as a number of resorts always have late availability and the data only considers those bookings that were cancelled in the period that has now been impacted by the changes to the cancellation policy? Would it be possible to indicate how many additional units the types and locations, based on historic data, are estimated this will free up to members in the revised cancellation period?**

We would refer you to 1(b) above which clarifies why this change in the cancellation policy was implemented. The decision was based on assessment of cancelled bookings and not overall late availability. As part of a routine review of the reservation activity of the members of the European Collection, we reviewed reservation cancellation trends as pertains to the Reservation Protection Plan. The Reservation Protection Plan grew from covering 7.4% of EU Collection member arrivals in 2015, to 17.6% of Club arrivals in 2017. We targeted for further analysis where members exercised their right to cancel stays with less than 30 days' notice, as the opportunity for these accommodations to be occupied by an alternate member of the European Collection sharply reduces within 30 days. Upon review, cancellations made with less than 30 days' notice on stays protected with Reservation Protection Plan had more than quadrupled comparing 2015 to 2017 for members of the European Collection, far surpassing the comparable rate for stays not protected with the Reservation Protection Plan. For this reason, we deemed it no longer in the best interest of European Collection members to include in the Reservation Protection Plan coverage within 30 days, and at the same time concluded it is within the best interest of members of THE Club® to incur a full point penalty for any cancellation received with 30 days or less notice.

- h. The current policy for booking accommodation with points is that a minimum of 2 nights has to be booked, unless the accommodation is for one of the affiliated hotels (or resorts in Greece) where it is possible to book 1 night, so the facility to do this does exist within the on line booking system. Following on from my own experience of the need to extend an existing booking by an extra night to convert a 6 night booking into a 7 night booking (in this instance for the same number of points) I have become aware of the actuality of accommodation not being available to members under certain situations. In my situation I was able to ‘extend’ my booking when a 2 night block of accommodation, of the same apartment type, became available and I was able, with the help of the reservation team, to cancel my original booking and rebook with the**

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extended dates, however this resulted in 1 night's accommodation then becoming 'lost' in the system. Where a member makes a booking for 1 night less than the concurrent block of accommodation available, e.g. 7 nights available but only 6 nights booked and no contiguous accommodation following on from the 7 night availability, this creates an 'orphan' 1 night availability that effectively becomes 'invisible' to members on the on line system, although I understand this 'orphan' accommodation can be seen by the reservation agents. The result of this is that any member wishing, as in my case, to extend an existing booking may have to resort to renting accommodation from 3rd party suppliers to fulfil their requirements. Can a change to the online booking system be made to enable 1 night reservations for all resorts and accommodation types? I believe this will release further accommodation possibilities to members who currently have to resort to swapping apartment types, or even resorts, to fulfil their requirements. [added as addendum 18 April 2018] The ability to book just 1 night's accommodation is allowed via Diamond's own rental site and the 3rd party rental sites, it seems only just and fair therefore that this ability should now be allowed when members use points. See (1)(h) above.

Members will recall that at one time, bookings could only be made in intervals of 3, 4 or 7 nights. To improve flexibility, short stays of 2 nights were introduced (although it is fair to say that this flexibility increased the number of unused "orphan" nights). It is anticipated that to offer one night stays to ordinary members would perpetuate the risk of wastage. Furthermore, the requirements for additional housekeeping for one night stays significantly increases costs. In respect of Developer inventory made available through rental channels, the additional housekeeping costs are borne by the Developer, not DRECL. A team of Diamond analysts that trade space between the Developer and the ordinary members already endeavour to minimise the risk to ordinary members of wasted accommodation arising due to fragmentation. This is done by removing isolated one night stays into Developer space and returning equal inventory to the ordinary members that can be better utilised.

- i. **Can the online system indicate how many of the different type of accommodation is available to be booked at the respective resorts in the same way the 3rd party booking sites indicate eg 'There are 3 apartments available' at the point of booking?**

The number of apartments showing available on 3rd party booking sites is part of the individual sites marketing strategy and does not necessarily match the availability the Developer has. Instead it shows the availability they were individually sent. For this reason it would not be relevant with regards to allocations as it is not an accurate display. However we regularly consider ways in which we can enhance our members' booking options and we will review this with the IT development team. With any technology changes and enhancements of course, any development comes at a cost and it may be that the cost outstrips the benefit.

- j. **Can you please confirm whether the availability which continually shows at the affiliated hotels are included in the portfolio of availability in the points members 'pot' or is this availability in addition to the accommodation which comprises the members 'pot'? If this accommodation is indeed part of the member's pot can you please confirm what proportion of the member's pot (percentage of point total) is comprised of this type of accommodation? These affiliated hotels also continually display availability up to today of booking and therefore in all probability this availability is 'wasted'. Can you please provide details of how much (points expensive) affiliated hotel accommodation is actually never booked and what proportion of the members pot is consumed in this way?**

The availability which continually shows at the affiliated hotels varies as we have both hotel affiliates that are classed as a member benefit due to the cash cost that must be paid for every booking, and trading partners whereby we trade DRECL inventory with affiliated hotels allowing both companies members to travel in to each other's resorts. The overall value is approximately 4 million points which is based on



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DRECL consumption at affiliate hotels. This accounts to roughly 7% of overall global points at affiliate hotels. The majority of inventory that goes unutilised is within the hotel affiliates rather than the trading partners, which does not impact DRECL points as no cash value has been paid for inventory.

**7. Brenda HARRISON – email of 8 May 2018**

**As a member of 43,000 points paying maintenance fees each year why is it that our daughter & son will not have the benefits which we are paying for?**

For DRECL members staying at a European managed resort, the onsite resort benefits are provided to both the member AND the named Associates and guests occupying a member’s reservation booked using points with the exception of PressReader and upgraded toiletries (these are exclusive to members only).

**8. John ADAMSON – email of 24 May 2018**

**Why can't DRI introduce an online procedure for members by placing a no marketing flag on their account and once installed a red flag is shown on their account?**

We have a flagging system already in place on membership accounts that is activated should a member provide express instructions that they do not want to be contacted for marketing purposes.

With the recent introduction of the General Data Protection Regulation (GDPR) however, we have taken extensive steps to contact our members with a view to seeking their preferences. Coupled with enhanced IT processes, we are confident that our marketing will now be tailored to those members who wish to receive it. For those members who have received an email requesting details of their preferences but who have not yet responded, we would be obliged if you would do so.

**9. Linda CURTIS – email of 24 May 2018**

**We have been members since 1999 – on the whole being a member of this holiday club has been beneficial. You can literally book any DRI resort as a non-member and get the dates you require, whereas as members we are rarely able to book exactly what we want. When is Europe in particular England going to have new resorts?**

There are currently no plans to purchase any new resorts although we have continued to increase the inventory available to our members at Burnside Park in the Lake District.

**10. Paul MURPHY – email of 31 May 2018**

**DRECL members are saddened by all the new resorts added to the USA collection when European resorts keep being removed and sold. We don't want affiliates or celebrity events. We just want proper new resorts. Will this ever happen?**

As mentioned in the response to question (9) above, there are currently no plans to expand the resort portfolio other than affiliated properties. To do so would serve to increase the inventory owned by the Developer and therefore increase the Developer's management fee liability.

**11. Raffaele PIZZOLORUSSO – email of 1 June 2018**

**Is it possible to reduce the cost of the surrender program and provide the possibility to pay partially?**

Please see the response to question 1(g).

There are currently no plans to change the terms of the Non-Qualified Relinquishment programme and the fee remains equivalent to two years' maintenance fees.

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**12. Gareth PHILLIPS – email of 1 June 2018**

- a. **I note that despite the sizable reduction (almost 4%) in the number of weeks available, the total cost has increased by almost 5%. How will this affect the maintenance fees, my calculations suggest that the unit cost has increased by approximately 10%, are we to look forward to this size increase in fees?**

The financial results presented at the AGM show the evolution of costs from 2016 to 2017. For 2018 there was not such an increase hence the fees were able to be stabilised. Diamond Resorts™ will do its utmost to mitigate future increases although there are factors outside of its control such as GBP/Euro exchange rates and minimum/union wage negotiations.

- b. **We have booked a week in Burnside Park, purely because they will allow us to take our dog with us, when will Diamond realise that allowing dogs, even in limited numbers and possibly in pre-determined quiet times, would increase bookings by members, which is surely the whole aim of the business?**

Allowing dogs at the resorts is not a decision made by the DRECL Board or the management company. Each timeshare club resort has a constitution and a set of rules and regulations which generally states that pets are not permitted.

**13. John ADAMSON – email of 2 June 2018**

**Why is it not possible to request upgrades on pending requests? Should be easily dealt with by a programmer just placing a parallel search and asking question. "if available would you like to upgrade this apartment if an upgrade is available (Tick box - yes) ignore (no)"**

Thank you for your suggestion. It has been forwarded for consideration.

**14. Oliver TURNER – email of 3 June 2018**

- a. **Why does the first screen when we go to Diamond Resorts web page always show a sweepstake that European members are not allowed to enter? Could you not provide a different screen for those who are not in the US Collection?**

We are aware that European members are not eligible to enter any sweepstake opportunity that applies specifically to the US. However your feedback is noted and we have forwarded it to our web development team for consideration.

- b. **Why do questions on the Diamond Facebook page get answers much faster than the Forum as it appears that the same people are answering the queries on both sites?**

The team monitor all social communication channels and are continuously reviewing posts and comments live between teams based in Lancaster UK and Las Vegas US. We have improved is our processing of this and have recently introduced a new software system which allows us to consolidate posts and comments from Facebook, Twitter and Instagram in one area rather than jumping from site to site. Unfortunately the member forum cannot be linked to that system and this is individually monitored. We are sorry for your experience in response time and this has been forwarded to the service team manager for attention.

**15. Marian ORME – email of 2 June 2018**

- a. **With the tighter cancellation terms would it not be possible to track the cancelled holidays and reimburse the member if any of those days are resold - less perhaps a small administration fee?**

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See 1(b) above.

The Governing documents of DRECL have been changed and at this time there are no plans to resource such a process. However thank you for your suggestion.

- b. Tiers are apparently loyalty benefits, but would it not be possible to reward true loyalty - say by increasing a tier, or a monetary discount off management fees, for so many years' membership for those who really do not need more points but obviously still enjoy being members?**

Thank you for your suggestion. This will be forwarded to our Club Operations team for review.

**16. John MACLEOD – email of 2 June 2018**

**Perpetuity contracts we understand to now be illegal. What is Diamond’s stance on this?**

Although some of the claims companies would have members believe this to be the case, the legal position is by no means this definitive.

As a matter of note, DRECL is not a Spanish timeshare scheme (it is an English product).

Nor is it in perpetuity. DRECL and all memberships in it will be terminated on 31 December 2054.

**17. Colin & Wendy WESLEY – email of 2 June 2018**

**We recently upgraded to Gold Level principally on the understanding that we would be able to utilise our points towards villa beach holidays. Initially there was a selection on the website but they were impossible to book as never available and then disappeared. I now understand that Diamond is working with a new partner on this venture but there is very limited availability (i.e. currently only one in Europe). Whilst there have been some additional resorts affiliated recently they are all US centric and do nothing for the European community who do not wish (or are not able) to fly across the Atlantic. Can you please advise what the future short term plans are with this arrangement such that we can get some benefit from Gold membership or should we discuss reverting back to Silver?**

The product to which you refer is part of the Diamond Luxury benefit programme and entitled Diamond Luxury Selection® exclusive to Gold and Platinum members. All Club benefits are reviewed on a regular basis and there are times when they are withdrawn and/or changed without notice which can be for a number of different reasons such as a change in supplier, a change in the supplier’s inventory, etc.

As a Gold member you are also able to purchase travel services and redeem points in order to either receive a discount off a booking or indeed cash reimbursement for a booking made outside of the Diamond network. This would include you being able to book a beach villa using an external provider and redeem points to offset the cost of that booking using the points’ redemption process applicable.

**18. Paul DUNNING – email of 4 June 2018**

**There have been a number of comments on various forums from members that last year’s responses to questions relating to lack of availability failed to yield the transparency needed to provide the assurance that everything is being treated fairly regarding the annual allocation of accommodation to the points members pot across the resorts in the European (EU) Collection.**

**For over the past month I have been monitoring availability in the EU Collection for 7 night availability over an 11 day window for each day since 8th May prompted by members recently noticing last minute availability appearing. Excluding the affiliated hotels (which I view as inappropriate and inaccessible for the average EU Collection to on member due to the quantity of points required to access this accommodation), I have seen a significant ‘spike’ in availability at +3 days from the day checked, (e.g. date checked = 11th May, +3 days = 14th May) and significant reduction in availability at +4 days over the period I have been monitoring the availability. The**

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difference between these 2 days (days +3 & +4) is on average 21.96 apartment types (greatest 29, least 13). As I am unable to ascertain the actual quantity of the different type of apartments available (see separate AGM question I raised requesting this functionality be included in the booking system), I can only summarise by apartment type and not the actual number of individual apartments, so the actual number of individual apartments becoming available may be greater than this. On average over the 11 day window the number of apartment types that ‘suddenly’ become available is 34.39 (greatest 62, least 15)

The analysis process I have applied has been to simply to check each day from the current date at all the resorts and record the availability for each day. Checking and recording in an Excel spreadsheet commenced on 8th May and this gave a base line for each day forward for the first 11 day period (8th May to 18th May). 7 night availability was then again checked on the 9th May and 11 days forward for the EU Collection and availability at each resort and recorded. The availability found on 9th was then compared the accommodation found on the 8th (simply using vlookup against the date+resort+apartment\_type [the KEY]). If the KEY was not found in the previous day’s records this must indicate a new item of inventory on the respective day, e.g. when checked on the 8th there was no availability for Pine Lake for the 12th but when checked on the 9th a studio was found at Pine Lake for the 12th, therefore this must be new accommodation added to the pot. On each day availability was checked, any accommodation found on day 11 was not regarded as new inventory/availability on the basis this may have already been available for several days prior, but it was still recorded in the spreadsheet, but if the following day (day 10) any availability that was previously found on day 11 did not appear in the new day 11 inventory, it must then be regarded as new in day 10. Checking, recording, compiling and comparing data has continued each day from the 8th until the present day.

I've also done a similar exercise to find out what accommodation is being booked, by checking the KEY on one date against previous dates, e.g. is accommodation that was available on 12th still available on 13th, 14th, 15th & 16th. If the KEY still exists then the apartment has not been booked, if it's not there then it has been booked (or possibly removed by Diamond, but assume booked by a member). My analysis of this late availability accommodation being booked indicates around only 40% of this accommodation is booked within this respective 4 day availability window, during which period the majority of the influx of the new accommodation is being made available.

As the booking system doesn't show how many apartments of a specific type are available at any resort then the numbers I quote are the minimum quantities of availability and only by apartment type.

**Observations I have noted**

\*That some of resorts regularly have the full quota of apartment types available every day (e.g. Balkan Jewel), an indication perhaps of how ‘unpopular’ the resorts are. Also, for days +4 through 11 there is no availability at some resorts, but then on day +3 accommodation consistently appears at resorts, e.g. Cala Blanca, Grand Leoniki, Royal Tenerife Country Club. This is a clear indication of the specific placement of availability into the EU Collection at those resorts.

\*Tracing the historic concurrent availability at certain resorts over the monitoring period, including those mentioned, demonstrates that potentially accommodation could have been available for more than 7 nights, or could have simply booked the required number of nights’ accommodation sufficiently in advance, even though each day beyond day 5 there was no availability at said resorts at the time. Had this availability been in the system weeks before, or even from the start of the period I have monitored to date (1 month), it is likely many members could have utilised this more

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readily and enjoyed the holidays required rather than the accommodation going to waste due to not being booked.

\*For the Friday through to Monday of the May Spring Bank Holiday period, a period of significant interest to members and concerns already expressed regarding the lack of availability over this period, 71 apartments worth of new accommodation across 21 resorts in the UK, Ireland, Mainland Spain, Canary Isles and Crete were added, but 46% of this accommodation was not able to be booked by members in the time available from the release of the accommodation to the Monday of the Bank holiday. Had this accommodation been made available earlier in the year this would have given the opportunity for members to access this accommodation.

I understand that as new members join the club it will be necessary to release additional availability, but understood this would only occur in the year the new membership is activated therefore this sudden influx of availability cannot be attributed to this. I also understand that the overall membership is reducing, to which a lack of (appropriate periods of) availability and the general devaluation of membership attributes (e.g. changes to reservation cancellation terms and conditions) have been cited by members as the cause of their relinquishment of membership, which would in all likelihood offset any increases to overall availability.

I am aware that legally Diamond need to ensure the total quantity of accommodation that is specifically made available to members equates to the total number of points ‘owned’ by members each year and especially the need to ensure the member’s availability is maintained despite the removal of resorts from the EU Collection portfolio, but am concerned that manipulation of this availability could result in members not being given ‘fair’ access to the accommodation at periods (and resorts/accommodation types) that can be reasonably be accessed. I am interested to understand how this approach of providing such a volume of accommodation at such short notice would be viewed by the FNTC trustees and intend to pursue this at a later date.

I wish therefore, to ask the following questions at the AGM and in doing so request that the accompanying narrative above and attached charts are also included in the AGM documentation for questions from members, to ensure the actual questions are understood in the correct context –

1. Where does this sudden influx of availability come from? Is it ‘genuine’ availability released into the members pot or is this, as has been suggested, unsold rental inventory ‘owned’ by the developer being released to points members, or ‘surplus’ marketing inventory currently not being used by the developer? The latter I doubt as many of the resorts identified have not previously been used for marketing purposes to my knowledge.
2. If this is unsold rental inventory, why are only these accommodation types and the quantities thereof being released, as a cursory review of the various rental sites continue to show a mixture of rental availability and no rental availability at the respective resorts for the apartment types for the specific 7 night periods? There seems to be no correlation here.
3. Is this influx of accommodation the additional accommodation being released to members to make up for (over time) the recent removal of accommodation at resorts from the EU Collection portfolio, e.g. Broom Park or the 2 French resorts of La Residence Normande and Le Manior Des Deux Amants? If this is the situation I submit this is an unfair and even unethical practice.
4. What determines which accommodation is ‘removed’ from the rental market, assuming this is the inventory in question?
5. What determines which resorts are to have additional accommodation ‘added’ with such short timescale booking opportunities?
6. Do the points values attributed to the respective available apartment types augment the total quantity of points accommodation available to points members, i.e. this is extra accommodation

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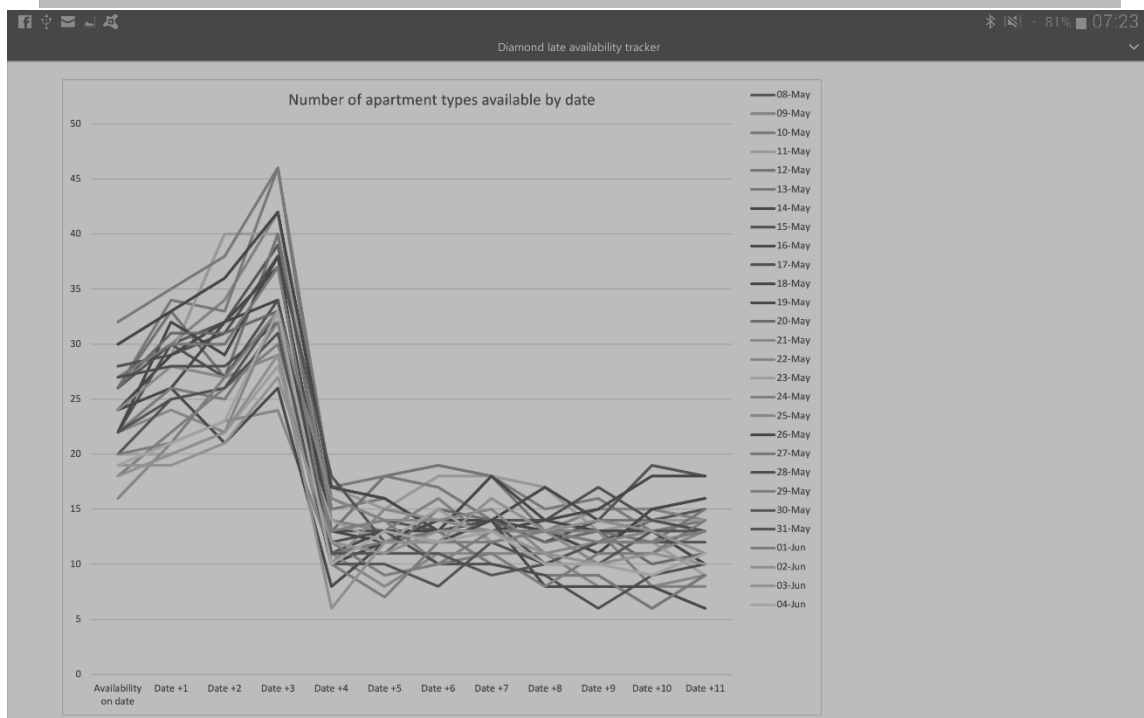
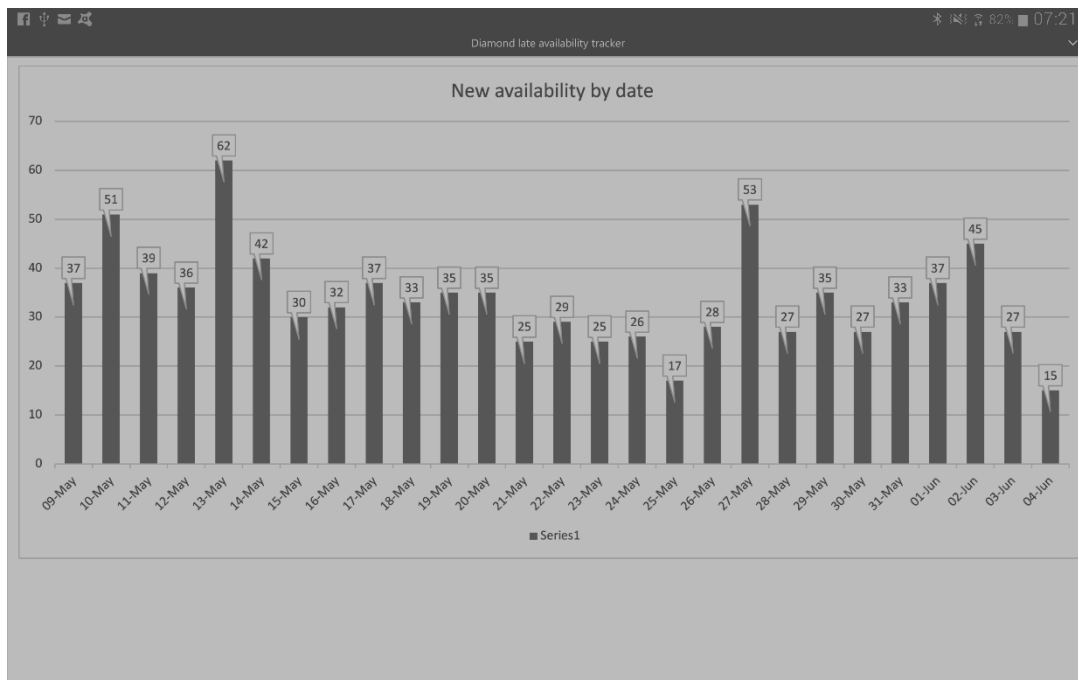
and not count towards the total of points owned by members, or does this accommodation equate to part of the sum total of points that exist in the points members accommodation allocation?

7. Can you confirm that by making this accommodation available at such short notice it does not reduce the availability later in the calendar, i.e. this accommodation is not being ‘swapped’ for accommodation that could be made available to members later in the year or at more favourable periods in the calendar in order that developer rental opportunities can be provided instead, i.e. is the late availability accommodation actually developer ‘owned’ accommodation that is being ‘flexed’ with (unreleased?) accommodation assigned for points member use, therefore swapping later available member accommodation with unused developer accommodation?
8. How can there consistently be no availability up to and including day +4 at resorts (e.g. Cala Blanca, Grand Leoniki, Royal Tenerife Country Club) but then on day +3 availability appear?
9. Why was the Bank holiday accommodation released so late?
10. How long has this practice of releasing availability so close to the ‘book by date’ been in occurring?
11. Is it regarded by Diamond that to make this accommodation available so late, when the likelihood of its use is extremely limited, as a ‘fair and advantageous’ opportunity to points members?
12. What happens to the points ‘associated’ to accommodation that is never booked in the availability window the accommodation is available?
13. Can you confirm that Diamond have not used this late influx and late booking take up of this artificially provided availability, as grounds for changes to the cancellation policy, where late cancellations have been quoted as representing 17% of all cancellations?
14. Can Diamond confirm whether any of this influx of late availability is genuinely as a result of members actually cancelling accommodation bookings and if so what evidence can be provided to substantiate this?
15. Regarding any answers given by Diamond at the AGM, what evidence are they prepared to make available to provide the transparency for the availability issues in general and substantiate any answers given, in order that members concerns are appropriately addressed?

I have attached from my data, charts showing the representation of the ‘spike’ in late availability and of the quantity of late availability accommodation added into the EU Collection over the monitored period to date. I am still gathering and compiling data going forward. The data currently available covers an availability period of greater than one calendar month. I am able to drill down to specific dates, resorts and accommodation types if necessary. I can supply all the data I have compiled if required but am confident that this could equally (and more easily) be obtained from the booking system database, using SQL, by Diamond themselves to validate my findings, and no doubt obtain additional data attributes from the database as necessary should they chose, and would be my preference going forward.

I await the response to my questions, and the wider issue of accommodation transparency, via the AGM, which will be of benefit to all EU Collection points members, but am equally happy to discuss my data and analysis with appropriate representatives should the opportunity be offered.

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The Developer inventory for which the maintenance fees are paid for by DREL (which is advertised via several 3rd party travel agents and wholesalers), has (dependant on season and location), a naturally later booking window than we see with our ordinary members who book into European Collection and Club inventory. Due to this, we have rules within the system that will automatically make the Developer space available to other guest types, (for example our Club members) close to the arrival date in order to reduce the chances of DREL inventory going un-utilised (and therefore going to waste). The main rule currently stands at 0-3 days which explains why last minute availability appears to be released. These rules can change depending on demand, in order to ensure the Developer is generating the highest possible revenue from its own inventory, to offset the associated maintenance fees.

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**19. Peter & Susan NORBURY – emails (2) of 4 June 2018**

- a) **Over the last twelve months we have again been promised that new UK and European resorts will be coming available soon. So far we have seen or heard nothing. When will we receive a truthful account of these new resorts?**

We are not aware of who, when or where you were advised of this proposal so are unable to respond to this question. At this time, there are no plans to expand the DRECL portfolio other than with affiliated destinations if appropriate.

- b) **There seems to be more and more offers for escorted tours, experience weeks, etc. These can be booked cheaper online or from travel agents. There seems to be a lot of time in planning these activities. Would it be better to spend this time wisely by offering more resorts in areas that members want?**

The escorted tours and journeys advertised and available to members are extremely popular and are sold out year after year, with many tours having dates added to accommodate demand. These allow members, who may not necessarily visit such destinations or undertake such an experience on their own, the opportunity to take part in the company of fellow members and generate new friendships. All Club Experience Events are accompanied by a personal guide and are exclusive to Club members. In response to your suggestion, these tours are in high demand by members which is further evidenced by the ongoing support and feedback we receive from participants.

**20. John INGHAM – email of 5 June 2018**

**Why have our recently issued membership cards, which are supposed to be permanent cards & not an annual replacement, are now redundant as the contact number on the reverse of the card bears the old 0845 phone number? If such cards have to be replaced in due course I would like an assurance that the costs involved will not be coming from our annual maintenance fees.**

The Club very much regrets that the telephone number printed was incorrect and apologises for any inconvenience caused. New cards are to be issued and this will be at no cost to members.

**21. Douglas SHERRIFF – email of 5 June 2018**

**Many members and I have noticed that from 2 January 2019 onwards there is no availability showing up on the Diamond website for the Diamond Suites on Malta. Can you confirm the status of this resort from January 2019 onwards and when we as members can expect to be able to book via the Diamond Resorts members’ website for next year? This of course is on top of the affiliated resort in Rhodes recently disappearing from the EU collection too.**

Early in May 2017, our team were alerted to a potential building plan for the construction of a car park in close proximity to the Intercontinental Hotel which houses the Diamond Resorts on Malta. Such was the impact suggested, immediate action was taken to prevent further bookings. At the time of writing, the extent of the work and the dates affected is still unknown and has not been confirmed. However we believe there is a significant chance that the demolition and rebuilding project will commence at the end of 2018 and will continue for the next few years.

We hope to have an update on the position soon and will advise members accordingly.

In respect of the affiliated resort in Rhodes, we have experienced some difficulties with the current developer in servicing Club members. We are working hard to resolve the issues before we release further inventory.



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**22. John ADAMSON – email 5 June 2018**

- a. **Today I was looking for availability of a 5 day holiday commencing on Sunday within 6 days of arrival at a particular resort. The booking system was showing 50% discounted 7 day vacation commencing on Friday and 5 day 50% discounted vacation commencing on Friday but no 5 day discounted availability commencing on Sunday. The agent gave me lots of waffle about this being last minute developer stock that had been dumped into the member area which could only be booked on the Friday onwards. I feel this is against the membership rules and when a discounted holiday is offered (or any holiday indeed) it should be offered on the terms agreed with members and as sold to them by DRI's sales persons. If it is as we believe developer stock then why is it that I can book this same developer stock at the same resort for a 5 night stay commencing on the Sunday on DRI hotels or Booking.com?**

In order to minimise the amount of Developer inventory that goes unutilised, we set dynamic processes within the system that will, depending on location, date and accommodation type, automatically become available to our members. These rules are based on the number of days before the selected arrival date which explains why the Friday was available for 5 or 7 nights but the Sunday was not. The Sunday would have been outside of the automatic release period. As this is Developer inventory, it is at the Developer's discretion as to what automatic release periods are set.

- b. **Your representative stated that this last minute developer stock was offered as a goodwill gesture to members from unbooked developer stock which members do not pay for. If a member does book this week and DR do not remove a point's week from member inventory then in theory that leaves members with surplus inventory to book - is this correct?**

Inventory pay back for members booking Developer inventory using their points can vary based on how far out the member books their reservation. Booking Developer inventory that has been shared many months in advance requires a fair and equal reconciliation, whilst inventory booked very close to arrival does not. To answer your question therefore, if a member books a week close to arrival that doesn't require any reconciliation from member inventory, then it does leave members with a surplus of inventory to book.

**23. Paul DUNNING – email of 6 June 2018**

- a. **Could I please ask for details of what percentage of the points available for member's availability in the EU Collection are associated/designated/assigned for availability at the Affiliated Hotels?**

Approximately 4 million points which are based on DRECL's consumption at affiliate hotels only.

- b. **Could I also ask of the availability at the affiliated hotels in the EU Collection what percentage quantity of the whole availability for said hotels is 'consumed' by EU points members as opposed to members from other collections?#**

4 million points as stated in (a) above. DRECL represents approximately 7% on average of the overall global usage at affiliate hotels only.

- c. **Could I please ask for details of what percentage of the points available for member's availability in the EU Collection are associated/designated/assigned for availability at the affiliated resort in Bulgaria?**

Member reservations at Balkan Jewel amount to under 0.2% of the DRECL points' total.

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- d. **Could I please have details of what percentage of the points 'consumed' by members in the EU Collection have been used so by using specific developer inventory that has been made available to points members.**

Through the implementation of technological reservation systems, the Developer is able to segregate Developer inventory usage rights and make them available for bookings by ordinary members, upon receipt of a member's online booking search. This system was established with a view to supplementing availability for members in the event that a specific date or unit type is not available for booking by an ordinary member in circumstances where the Developer has such availability. Those bookings total approximately 22 million points a year.

**24. Helen & Kevin GARSIDE – email of 8 June 2018**

**With reference to the changes in the cancellation policy and increase in RPP charges, we wish to ask why anyone would want to pay this increased charge if they are not covered for the last 30 days if they have an accident or sudden illness. All leading travel insurers will cover you if you produce a medical certificate, why was not this included in the new clause to cover the last 30 days. It is very difficult to claim back the value of points from other policies, are Diamond Resorts willing to supply an invoice which covers the cost of the accommodation?**

Please see response to 1(d) above.



