

## Submitted Members' Questions to Diamond Resorts European Collection Ltd AGM 2013

Member	Question	Response
1. Bruce KILNER – email 23 May 13	When is a proper buy-back mechanism going to be put into place? If this is not acceptable to Diamond, please may I, and the rest of my fellow members, have a full and detailed explanation?	Diamond Resorts (Europe) Limited (“DREL”) is always considering alternative options to support members when they feel they have to dispose of their points. However the company currently owns a significant quantity of unsold points which it would need to reduce (by effecting sales) before this option can be viably considered by the business. Therefore unfortunately a buyback scheme is not something that is currently available.
2. Edward SCOTT – email 25 May 13	<p>1. Concern with regards availability due to resort removals during last few years and introduction of affiliate destinations with high points values.</p> <p>2. I would also suggest that these questions and answers should be circulated by e-mail so as to be seen by members unable to attend the AGM.</p> <p>3. Having read the reports for the AGM and the reference to White Sands Country Club giving lack of flights as one of the reasons for the sale, does this mean White Sands Beach Club is under threat?</p> <p>4. I would also make reference to the food and beverage report, we use facilities wherever possible but are often surprised how little support is given for the restaurants at reception.</p>	<p>1. To ensure Diamond Resorts European Collection Limited (“DRECL”) and THE Club® continue to operate successfully, we do regularly undertake full reviews of the financial obligations &amp; liabilities along other associated operating expenses with regards to our managed properties. We also discuss matters with FNTC, the Trustee of the DRECL.</p> <p>All points in DRECL are supported by inventory (weeks/nights of accommodation) which is in trust and then made available for members of DRECL to use. If inventory is removed from the trust, then a corresponding number of points are similarly removed, thereby reducing the total number of points in DRECL. The number of points owned by individual members of course remains unaltered. It is the points total owned by DREL that is reduced. Inventory levels are closely monitored and overseen by FNTC, and whilst a few resorts have been removed from the portfolio, this does not and will not affect the amount of inventory available to individual members of DRECL. We are sorry that you seem to be a little disappointed with the changes and varying holiday experiences that we have introduced. However the feedback we receive continues to be extremely positive and the majority of members enjoy the increased flexibility that their membership and holiday experiences using their points affords them.</p> <p>2. The questions and answers are published online and therefore available to all members.</p> <p>3. Whilst the reducing flight itineraries are of concern, this was not the primary factor in the decision to sell White Sands Country Club. At this time there is no plan to review the ownership of White Sands Beach Club and this resort will remain available to members.</p> <p>4. As mentioned in the Managing Director Report within the Notice, we recently facilitated a resort operations management meeting and invited all our appointed food &amp; beverage operators. This was a meeting that focused entirely on the facilities that are provided at our managed properties. Be absolutely assured that we actively encourage our guests to support the onsite facilities. However we believe it is a fundamental part of our hospitality pledge to provide guests with other options if requested. Having said</p>

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		that, we thank you for your feedback – our resort operation teams have noted your concern.
3. Debbie WEST – email 28 May 13	Would it be possible for members and their guests to have use of the safety deposit boxes free of charge in future?	Some resorts have contracted with an outside company on a long term contract for the maintenance and hiring of the unit safes/deposit boxes. The costs charged for the rental of safety deposit boxes are to cover those rental costs. It is not a charge that we like to make but is required for the reason stated. We have however negotiated new rates with effect from 2014.
4. Alan and Rosalind EDRIK – email 29 May 13	At the moment we are happy with our membership & the quality holidays we have. We are concerned that if we get to a stage in life when we can't use our points we would like to know that we can sell or give back our points.	<p>We are delighted you are continuing to enjoy your holiday experiences. Members are able to sell their membership and points in a number of ways. Below gives you the various options open to you to sell or transfer your points in accordance with Article 8 of the Articles of Association of DRECL.</p> <ul style="list-style-type: none"> <li>• Points can be directly transferred by you to an immediate family member, i.e. Spouse, Sibling, Child or Parent.</li> <li>• You can sell your points privately on the open market to an existing DRECL member provided that no resale company has been involved. Should you choose to sell your points to an existing member, you can advertise them in newspapers, shop windows, magazines, internet, etc. Some members have advised us that the internet has proved to be very successful. Often members already know of other members who want to increase their points holding.</li> <li>• You can utilise the services of The Travel &amp; Leisure Group which has been appointed by the Founder Member as an authorised third party resale company. The Travel &amp; Leisure Group will be happy to assist you in selling your points and to arrange sales on your behalf to either members or non members. Should you wish to sell your points using their services, you can contact them on 0800 988 7168 or you can submit an enquiry form through their website <a href="http://www.travelandleisure.co.uk">www.travelandleisure.co.uk</a>. Please note, in order to protect the interests of all members and prospective members, at no time are you able to sell your points via a resale company or intermediary other than The Travel &amp; Leisure Group. This restriction is there to ensure that potential purchasers are given full and accurate information about the product that they are buying. Travel &amp; Leisure has committed that it will provide this information. We reserve the right to reject any transfer so requested if we believe that the services of an unauthorised resale company have been used (which will mean that the change in membership will not proceed).</li> <li>• Should you prefer to utilise the services of a resale company other than The Travel &amp; Leisure Group or wish to sell to a person other than an immediate family member or an existing DRECL member, you must first convert your points into a week or weeks of equivalent points value (Article 8(h)(i) refers). The week(s) can then be</li> </ul>

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		<p>placed with a resale company for sale. The transfer of points into a week is carried out free of charge. However, upon receipt of a request to transfer a week to a third party, a transfer fee is payable. This cost should be confirmed at the commencement of the transfer process. Please note, if you wish, you can convert your points into a week/s and use the resale services of The Travel &amp; Leisure Group.</p> <p>The management company may also allow a member to surrender their membership and points in exceptional circumstances. Each case will be considered on its merits and the management company exercises its discretion in a fair and even handed way.</p> <p>Exceptional circumstances that are currently considered are:</p> <ul style="list-style-type: none"> <li>• The death of either member with no possibility of transferring to family members. In such circumstances a copy of the death certificate will be required.</li> <li>• The bankruptcy of a member or the involvement of the Citizens Advice Bureau or a solicitor to resolve serious debt issues. In such circumstances, specific documentary evidence detailing income, outgoings, assets and liabilities will be required.</li> <li>• Where the member is over 75 years old and family members do not want the membership transferring to them. In such circumstances, a copy of the member's birth certificate will be required.</li> <li>• Medical problems/terminal illness of the member necessitating reduced travel and/or decrease in financial resources to maintain the membership. In such circumstances, medical evidence will be required.</li> </ul>
<p>5. Debbie WEST – email 30 May 13</p>	<p>Could representatives and sales staff be sent identical information sheets with regard to the Club they are representing containing information they should be giving/details they are passing onto current or prospective members, on a regular basis. These should also be given to Member Directors should we, as members misunderstand a representative whilst attending a presentation and need further explanation of anything said.</p>	<p>This is a very good suggestion – thank you.</p> <p>We communicate regularly with the Non Executive Member Directors and they are generally very well versed on our sales and marketing strategies and initiatives. Our Customer Service Team are always on hand to lend advice or provide further assistance if you wanted any clarification on information provided – 0845 359 0010 <a href="mailto:euhsmd@diamondresorts.com">euhsmd@diamondresorts.com</a>.</p>
<p>6. Alan TANSLEY – email 30 May 13</p>	<p>I have been a member of Diamond since 2005 and have always been a fan of the operation until lately.</p> <p>I am simply fed up with paying our membership fees each year to supposedly belong to an exclusive club only to see non members securing the same holidays at the same resorts for far less than the fees we are paying by using other agencies such as Groupon. This obviously also affects the availability of resorts too.</p>	<p>DREL (often referred to as 'the developer') owns weeks in its own right at many of the resorts and also owns points in DRECL, and subsequently pays the management charges on those weeks and points. The points which DREL owns can be redeemed for weeks of accommodation in DRECL just like any other member. As a result, DREL is entitled to use that accommodation as it chooses, and may use some of it for marketing purposes.</p> <p>If used for marketing purposes, potential new members are introduced to our resorts and if they decide to join DRECL and THE Club®, this helps to maintain the</p>

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		<p>membership base of DRECL, thereby helping to keep it financially healthy for the benefit of all members.</p> <p>Various marketing campaigns are operated which may include offering accommodation to third parties who advertise our resorts, thereby introducing their clients to Diamond Resorts International® by independent &amp; individual resources. Often these guests' bookings are subject to restrictive terms &amp; conditions. These guests are also contacted by our onsite sales teams during their stay in order to promote DRECL. It therefore means that in addition to offering hotel reservations to existing members, accommodation could very well be rented via external suppliers as well.</p> <p>In addition to this, THE Club® allows members the opportunity to redeem their points for various associated benefits such as management fee credit, flights &amp; travel discounts, etc. As explained in (2) above, all points are supported by inventory in DRECL, so as and when points are redeemed for a member benefit (such as a monetary credit/discount) that relevant inventory is then released to DREL to use to offset the cost of the benefit that has been paid for by DREL.</p> <p>All inventory is withdrawn on a fair basis across resorts and seasons. We can categorically assure you that this does not affect availability for members within DRECL in any way.</p> <p>We would mention that the monies collected from reservations for hotel guests also contributes towards DREL's significant management charge liability for their owned weeks and points.</p> <p>That said, as with any hotel reservation booking opportunities, there may be from time to time 'lead offers' and the prices of these are generally very competitive. These stays are restricted in dates, booking periods, duration of stay, size of accommodation and are often at times when an excessive amount of unused and unreserved accommodation has been identified.</p>
7. D DAINTON – letter 31 May 13	I would love to go on holiday and be given an update without having to come up with reasons why I do not want to spend more money.	Noted. We have forwarded your feedback to our Sales & Marketing Director.
8. Mary LINTHWAITE – email 1 June 13	I go on holiday with friends, each wanting a separate bed if not bedroom. The descriptions of "some units have a double bed" and "twin/single beds" are not helpful to me.	<p>Wherever possible, we have replaced the previous beds with branded Serta 'zip &amp; link' beds that allow them to be separated if so required. However, unfortunately some of the accommodation bedrooms are too small to allow for this bed arrangement and the only option for those is to have double beds in main bedrooms. Generally in two bedroom accommodation the second bedroom always has twin beds.</p> <p>We would always recommend you mention any accommodation requests at the time of booking so that our resort teams are aware of your preferred requirements and will do</p>

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		whatever they can to fulfil them prior to your arrival.
9. Oliver TURNER – email 1 June 13	With the exchange rate below the level of 1.20 euro to the pound, which was used for the budget, what steps have Diamond taken to address the problem?	This is a variable that we monitor very closely. Our finance team work tirelessly to ensure that budgeted costs are realistically balanced against actual costs and predicted expenses are controlled within the funds available. We are happy to advise that it is our expectation that the 2013 operations will be sufficiently funded to meet operational costs budgeted.
10. Tony and Julia PIERCE – email 2 June 13	All members' points up for sale have an asset value that could be sold bringing in a new source of income for Diamond Resorts as well increasing sales for The Travel and Leisure Group. Would it therefore be worth Diamond Resorts making a positive step forward by working more closely with The Travel and Leisure Group to develop an aftermarket for selling owners points?	We note your suggestion and will consider this. We would refer you to the answers to questions (1) & (4) above for current policies relating to resale.
11. Jim HALUCH – email 2 June 13	While accepting the need to maximise income from unsold inventory, would the Board describe how they intend to deal with the (probably unintended) consequences of cheap online deals which have alienated loyal members through these being made available to the public at prices far below that which members are paying and which often advertise additional free inclusive incentives (such as free welcome packs) which are not available to members. Additionally, how do the Board intend to deal with issues also arising from this policy such as the denial of requested apartments which are then allocated to renters, full access to renters of all resort facilities which are up-kept by member maintenance fees and the lowering in standard of the holiday experience for loyal members by the intrusive attitude of some renters?	See answer to question (6) above. We are working on introducing additional charges payable at the resort by those who make a reservation via a third party. Such charges will be applicable for certain resort services and facilities such as use of the gym and spa, hire of pool towels, provision of extra linen. Our policy is and will remain that priority is given to our owners and members, and resort teams do allocate accommodation accordingly. However on occasion, depending on what occupancy is showing as available, it may be that a hotel guest has accommodation allocated to them that may have been wanted by an owner or member. There are times when our rooms are offered at lower rates, either in low season or when a resort is experiencing lower occupancy. This is common industry practice. However it is equally the case that the hotel rates may exceed the management charges that have been paid by DREL for that inventory. With the passage of time, we have been able to increase our average nightly rate due to the awareness of both consumers and suppliers. Indeed, demand and therefore the rates levied have increased over the last 3 years as compared with general decrease in room rates in the hotel industry.

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### **PLEASE DON'T FALL VICTIM TO THE OPERATIONS OF DISREPUTABLE RESALE/CLAIMS COMPANIES**

We would like to take this opportunity to remind all of our Members to be cautious when dealing with resale companies, particularly if cold called and/or offered services such as compensation claims, resales, disposals or participation in a class action.

As some of you may already be aware, various tactics are being used to manipulate timeshare owners into parting with cash. For instance, some operators are asserting that a member's timeshare will continue in perpetuity and will automatically transfer to their children upon their death. For Diamond Members, this information is incorrect. Whilst you may pass your membership on to a loved one, if the beneficiary does not wish to inherit the membership, they can simply disclaim it.

Members that have been persuaded are then being asked to pay an up-front fee. Very often, no service is provided.

For a list of companies that we have been warned about (either by Members/owners or by Mindtimeshare) please check the link on the Members forum of our website or visit Mindtimeshare's website directly (<http://www.mindtimeshare.com/Cold-Caller-List.htm>) before you pay any cash or sign up to anything. May we also warn you against paying any upfront fees to companies (particularly where the company does not accept payment by credit card).

Should you require further information about any company that contacts you, please do not hesitate to call our Customer Service team on 0845 359 0010 or send us an email : [euhsmd@DiamondResorts.com](mailto:euhsmd@DiamondResorts.com). Alternatively contact RDO, Mindtimeshare or TATOC.

Thank you.

Questions above are confirmed to have been received by fully paid up Diamond Resorts European Collection members as at 3 June 2013.