DIAMOND RESORTS
INTERNATIONAL®

Stay Vacationed.™

Investor Day

March 2015

Company Representatives

- **David Palmer**
  - President and Chief Executive Officer
- **Al Bentley**
  - Executive Vice President and Chief Financial Officer
- **Michael Flaskey**
  - Executive Vice President and Chief Sales and Marketing Officer
- **Brian Garavuso**
  - Executive Vice President and Chief Information Officer
- **Ronan O’Gorman**
  - Senior Vice President of Resort Operations
- **Frank Acito**
  - Senior Vice President of Investor Relations and Financial Planning

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Disclaimer

The statements in this presentation and those made by representatives of the Company during the course of this presentation that are not historical facts, including any statements regarding events or developments that the Company believes or anticipates will or may occur in the future, are forward-looking statements. Although the Company believes that the assumptions underlying these statements are reasonable, individuals considering such statements for any purpose are cautioned that these forward-looking statements are inherently uncertain and necessarily involve risks that may affect the Company's business prospects and performance, causing actual results to differ from those expressed in or implied by these forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements included in the Company's filings with the United States Securities and Exchange Commission ("SEC") including the Company's Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K ("SEC Filings"). Given the risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made only as of the date hereof. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information or future events.

The information in this presentation should be considered together with all information included in the Company's SEC Filings, including the risk factors.

Throughout this presentation, Adjusted EBITDA is used. Adjusted EBITDA is a non-GAAP measure that does not include all of the Company's cash costs of sales and should not be considered in isolation or as an alternative to any measure of liquidity or financial performance calculated in accordance with GAAP. See the Appendix for its definition and limitations.

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Diamond Resorts

International®

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David Palmer

President and Chief Executive Officer

Overview and Branding

At Diamond Resorts, we believe in the power and value of vacations to create life-long memories and nurture our humanity.

They are essential to well-being.

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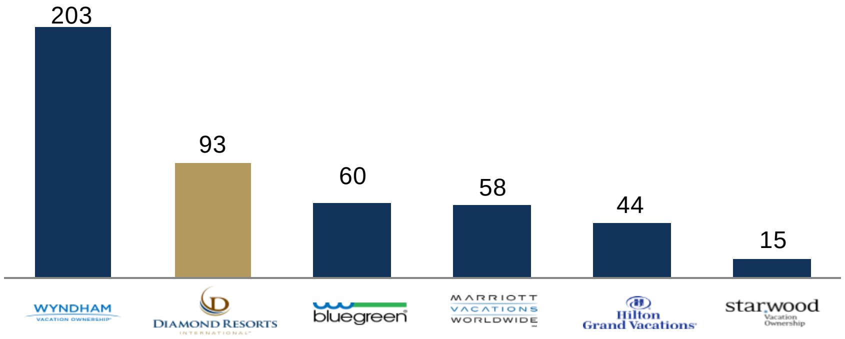
Leading Global Hospitality Company

- Manage 93 resorts worldwide
- Sell vacation ownership points providing access to our network of 333 vacation destinations
- Provide consumer financing for purchases of the points

Managed resorts / locations



Our resort network

<u>North America</u>
- 46 managed
- 87 affiliated
- **133 resorts**

<u>Europe and Africa</u>
- 45 managed
- 48 affiliated
- **93 resorts**

<u>Mexico, Caribbean, Central & South America</u>
- 2 managed
- 36 affiliated
- **38 resorts**

<u>Asia and Australia</u>
- 65 affiliated
- **65 resorts**

<u>4 cruise itineraries</u>

Source: Company websites and most recent filings.

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Substantial Improvement Across All Key Metrics

Strategic Initiatives

- Implemented innovative hospitality focused sales and marketing programs
- Completed integration of acquisitions and captured corporate efficiencies

Corporate Actions

- Consolidated our management company to provide greater transparency
- Initiated a $100 million share buyback program
- Refinanced 12% notes and reduced annual interest expense by $34 million

		IPO[1]	2014	Change since IPO
KPI's	Number of Tours	202,721	220,708	9%
	Avg. Transaction Size	$14,160	$18,988	34%
	VPG	$2,057	$2,732	33%
Financial Metrics ($ in millions)	HAMS Revenue	$160	$199	24%
	VOI Sales Revenue	$330	$532	61%
	Consumer Finance Revenue	$52	$67	29%
	Interest Expense [2]	$81	$42	(48%)
	Adj. EBITDA [2]	$145	$319	120%
	Net Leverage [2]	3.6x	0.6x	(3.0x)
	Cash [2]	$26	$242	$216
	Market Capitalization [3]	$1,056	$2,624	147%

(1) IPO figures represent LTM 6/30/2013 unless otherwise noted.
(2) IPO figures represent LTM as of 3/31/2013.
(3) IPO market capitalization calculated as $14 share price x 75.4 million shares outstanding as of 8/8/2013. 2014 market capitalization calculated as $34.65 x 75.7 million shares outstanding as of 2/27/2015.

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Where Did We Come From

2007	2009	2010 - 2013	2014
No focus on guest experience or brand	**Introduction of The Meaning of Yes®**	**Improved the core hospitality experience**	**Introduced "Stay Vacationed™" and "We Love to Say Yes™"**
◆ No hospitality standards or measurement ◆ Three different reservation systems ◆ Multiple points of customer service without a focus on hospitality and tracking ◆ "No" was the norm	◆ Focus on the guest experience ◆ Revamped the entire customer service infrastructure ◆ The promise needed to be delivered – Yes was the new norm	◆ Put in place scalable systems to expand the hospitality experience to our newly acquired resorts and members ◆ Introduced our Hospitality Sales process which included Events of a Lifetime™ and VIP Check-in	◆ "Stay Vacationed™" – Our North Star ◆ "Vacations For Life" – What we Sell ◆ Focus on bringing hospitality to every aspect of the guest experience.

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Where we are Now

At Diamond Resorts, we believe in the power and value of vacations
to create life-long memories and nurture our humanity.

They are essential to well-being.

- We are now an experience oriented hospitality company rooted in the power of vacations.
- We are a prepaid and recurring subscription based business that generates predictable recurring free cash flow.
- Our hospitality delivery is experience oriented – 26 annual global events and programming.
- Our Sales and Marketing process is experience oriented – over 1,300 Events of a Lifetime™ (“EOL”) in 2014

Seeding our Message

- Vacations Are Vital
  - Distributed August 15, 2014
  - Total Audience Reach: 101,111,000
- Stay Vacationed™ Announcement
  - Distributed Dec. 19, 2014
  - Total Audience Reach: 70,877,000
- New Year's Resolution
  - Distributed Dec. 29, 2014
  - Total Audience Reach: 72,968,000

Awareness – Taking a Leadership Position in Vacations

Dr. Leigh Vinocur
Diamond Resorts Vacation Doctor

- Emergency Room Physician
- National spokesperson for the American College of Emergency Physicians
- Frequent guest on nation television
  - The TODAY show
  - The Meredith Vieira Show
    - 1.6 million viewers watched as we embraced the wishes of special Americans
- Satellite Media Tour
  - 14,516,589 Impressions
  - 3 National Broadcast Syndicates
  - 15 Regional TV Placements
  - 3 Radio Placements

John de Graaf
Stay Vacationed.™ Advisor

- Founder of Take Your Time Back, an organization challenging time poverty, and overwork
- Co-Founder of The Happiness Initiative
- Satellite radio tour & social media promoting how vacations lead to a happier, healthier and more productive life

Vacation Commitment Initiative

VACATION COMMITMENT

TAKE BACK YOUR TIME.ORG

- Developed to raise awareness of the epidemic of overwork and the power of vacations
- Presented by TakeBackYourTime.org and sponsored by Diamond Resorts International
- Supported by targeted events throughout the year, especially at "vacation-relevant" times
- Promoted via radio tours, media presence and communication with the HR community

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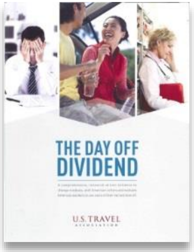
Vacation Commitment Launch

VACATION COMMITMENT

WorldatWork. Alliance for Work-Life Progress

2015 future of work forum



March 17th Program Launch Event

- John de Graaf presenting to 150 HR Professionals
- Vacation Commitment Launch Press Release
- Toolkit for Organizations to Implement Program
- USTA Research "The Day Off Dividend'
- Event Marketing Materials:
  DRI Journal, Toolkit Flash Drive, Banner

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Vacation Commitment Day

March 31, 2015

Events surrounding the day increase awareness and will include:

- Syndicated Radio Media Tour – John de Graaf
- Consumer and Travel Media –
- Dr. Leigh Vinocur
- Tribune Papers –Vacation Commitment Columns by John de Graaf

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The Vacation Summit

June 15th New York City Event

- Thought leaders & media to create national dialogue to discuss overwork & vacation famine in the U.S.
- USTA to Present Vacation Research Findings
- Keynote Speakers
- Travel and Business Media

Doctor's orders:
Stay healthy.
Stay happy.
Stay Vacationed.™

Business Traveler
Wed 11th March 2015

U.S. TRAVEL
ASSOCIATION

Condé Nast Traveler

HR Magazine

BusinessWeek

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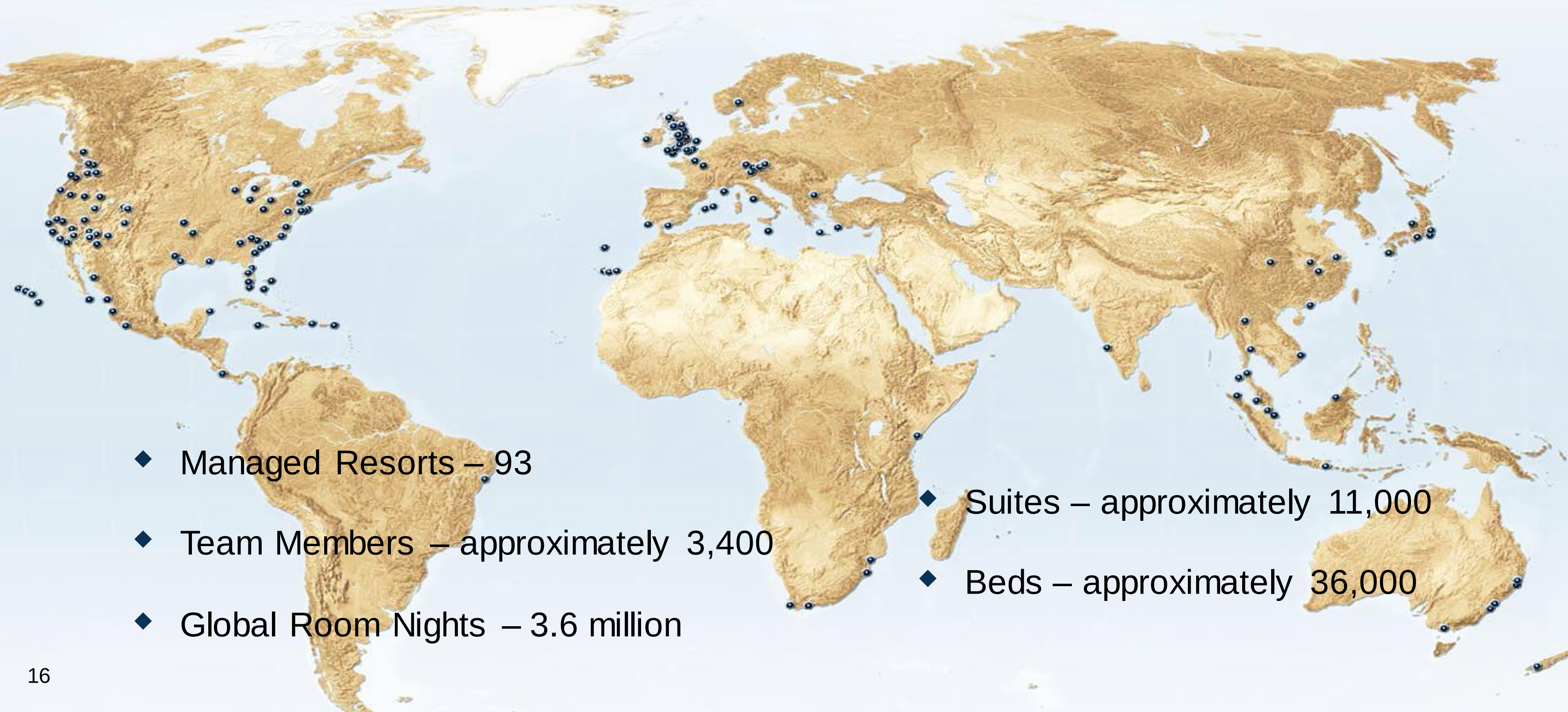
Ronan O’Gorman
Senior Vice President of Resort Operations
Resort Operations

Scope of Operations
(As of December 31st, 2014)



- Managed Resorts – 93
- Team Members – approximately 3,400
- Global Room Nights – 3.6 million
- Suites – approximately 11,000
- Beds – approximately 36,000

Fundamentals

- Providing world class service from resort arrival to departure
- Establishing financially healthy HOA's
- Well maintained and continually refurbished resorts
- Strong partnerships across the organization
- Employer of choice

Providing World Class Service

Arrival

- Clarity used to enhance journey management

Stay

- Global Food Days and Holidays
    - 26 days/events/celebrations
- Monscierge®
    - Technology to serve and inform our members, owners and guests
    - Mobile application and interactive lobby devices
- DRIven® to Fun
    - Six weeks of Olympic-style activities for adults and children across the Globe
    - Approximately 84,500 global participants in 2014

Departure

- Measurement driven feedback

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Providing World Class Service (Continued)

<u>Post Departure Survey (PDS)</u>

- Measures six vital components of guest experience
- Approximately 565,000 surveys deployed globally in 2014
- Response rate of 30.5%

<u>Quality Assurance</u>

- Two audits per year per resort
- Partner with a third party that specializes in hospitality audits

Balanced scorecard linked to General Manager's compensation

Establishing Financially Healthy HOA's

- Global Assessments
- Limiting Bad Debts
- Collecting Maintenance Fees

Well Maintained and Continually Refurbished Resorts

Employer of Choice

- Global guest experience training for team members
- Continuing education for General Managers
- Team member succession plans
- Global team member survey
- Management trainee and college recruiting programs

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Developing Strong Partnerships

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Benefits of Delivering Our Fundamentals

- Delivering on the vacation experience commitment made by sales
- Multiple purchases from our existing members
- Additional purchases from our traditional owners
- Timely and predictable pattern of maintenance fees

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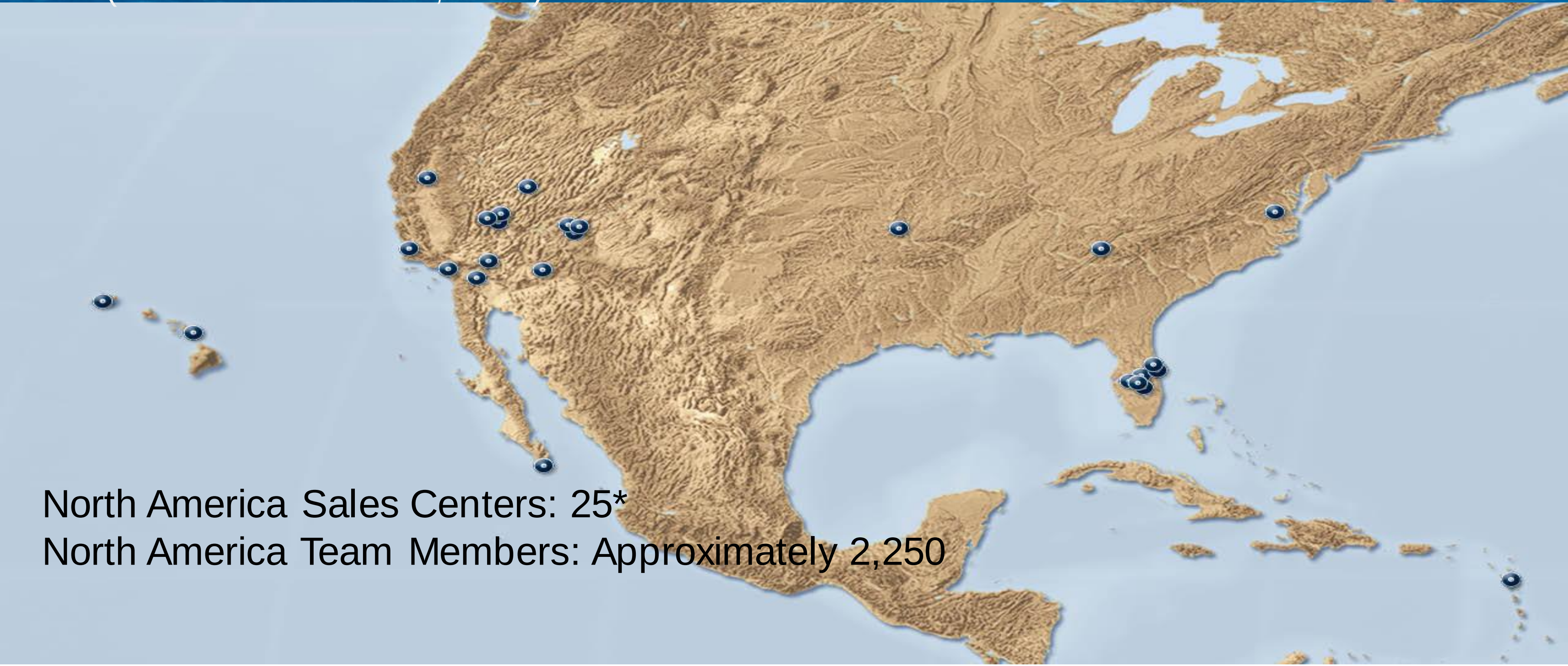
Michael Flaskey
Executive Vice President
Chief Sales and Marketing Officer

North America
(As of December 31st, 2014)



North America Sales Centers: 25*
North America Team Members: Approximately 2,250

*Does not include call centers, telesales and operations departments and Diamond Dinners offices.

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Europe

(As of December 31st, 2014)

European Sales Centers: 28*

European Team Members: Approximately 280

*Does not include call centers, telesales and operations departments and Diamond Dinners offices.

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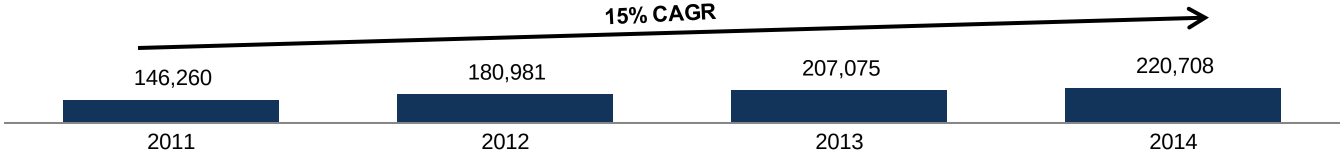
Marketing and Sales of Vacation Interests

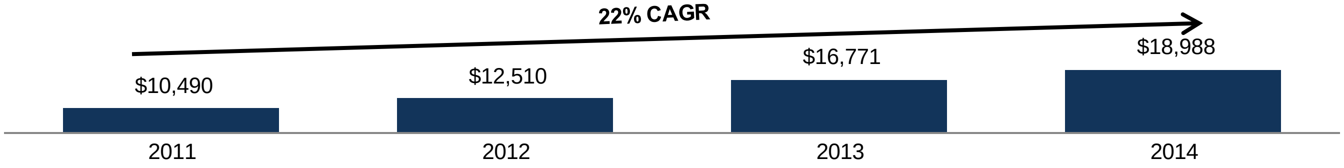
Three Primary Inputs with Multiple Drivers

1 **Number of tours**



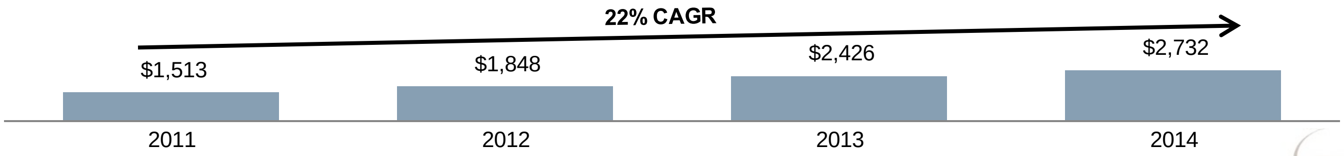
2 **Closing percentage**

3 **Average transaction size**



Volume per guest (VPG)

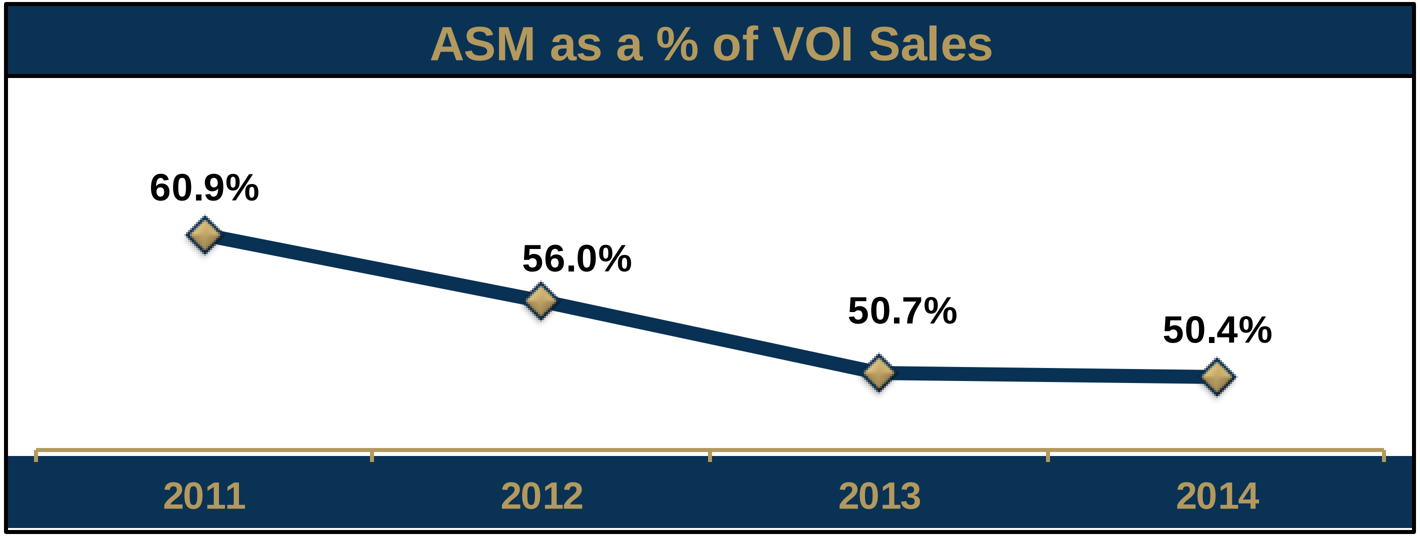
2 × 3



Advertising, Sales & Marketing Expense

Historical Trend as a % of VOI Sales

- Historically, advertising, sales and marketing expense has shown significant improvement. This improvement is due primarily to the leveraging of fixed costs through increased sales efficiencies and continued innovation.



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Infusing Hospitality into Every Aspect of Sales and Marketing

- Transforming the sales and marketing process into an integrated part of the vacation experience
- Infusing hospitality into our Sales and Marketing efforts lead to:
  - Higher VPGs
  - Increased revenue
  - Increased profitability
  - Differentiation with the rest of the industry

Hospitality Driven Sales Process

Customer Engagement

- Pre-tour engagement: more than 30 separate touch points prior to arrival
- VIP check-in: high touch interaction with guest

Hospitality Driven Sales Process

- Events of a Lifetime™ (EOL): immersion in hospitality through special events with our Brand Ambassadors
- Diamond Dinners: immersion in hospitality that we take to the member in their neighborhood
- New Member Orientation: treating our new members to hospitality and owner education
- Diamond Dream Holiday (DDH) Award Travelers: exclusive travel options delivered with best in class service

Post Tour Survey

- Elicit customer feedback after each sales presentation

Events of a Lifetime™ (EOL) Franchise

In 2014 we conducted approximately 1,300 Events of a Lifetime™

<u>Traditional EOL</u>

- A special, three-day event built around concerts, sporting events or other high-profile themes which include:
  - Arrival reception with ownership stories / meeting the sales team
  - First day - dinner with event coordinator at an upscale restaurant
  - Second day – the main event unfolds, often co-hosted by one of our Brand Ambassadors
  - Third day – Owner Update: the member is informed on everything new with Diamond and their membership
  - Member pays an additional amount depending on event venue

<u>Club EOL</u>

- Nearly identical to the tradition EOL but part of an already booked holiday stay at a resort with the member’s points

<u>Diamond Dinner Club EOL</u>

- A short stay Club EOL which allows us to introduce this hospitality concept to two and three nights stays

<u>Diamond Dinners</u>

- One-night dinner and presentation for Owners in out-of-market locations

Building the Experience

- An impressive, growing list of Diamond Brand Celebrity Ambassadors
  - Brian Gay
  - Reggie Jackson
  - Mark Rypien
  - Bud Norris
  - Joe Don Rooney
  - John Cook
  - Gaylord Perry
  - Colt Ford
  - Chad Pfeifer
  - Kell Brook

- Diamond is one of the most recognized timeshare brands*







* Measured by unaided household brand awareness scores

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Brian Gay Charity Tournament

Annual Brian Gay Celebrity Invitational to benefit Florida Hospital for Children has enjoyed vast success and great media exposure

- $410,000 raised at 2013 Invitational
- $805,000 raised at 2014 Invitational

Product Merchandising and Enhancement

Diamond Resorts Loyalty Levels

SILVER	GOLD	PLATINUM
15,000 – 29,999	30,000 – 49,999	50,000+ Points

Product Merchandising aimed at driving increased loyalty levels

- Diamond Luxury Selection
- Diamond Club Combinations
- Diamond Credit Card, Cruise and Hotel programs

Culture and Alignment

- Employer of choice
  - Creating a culture that top talent wants to call home
- Compensation Plans
- Rewards and Recognition
  - Chairman's Club
  - Diamond Dream Experiences
  - Taste of Luxury/DDH Contest
- Seamless Internal Partnerships with:
  - Resort Operations
  - Club Operations
  - Finance
  - Support Services (Information Technology, Human Resources, Sales Training and QA)

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2015 Technology Strategy

- Technology is at its best when it disappears seamlessly into the guest experience
  - Understand what our members want
  - Move direct mobile based dialogues
  - Better upstream engagement
  - More usable profiles
  - Improved mobile team members tools

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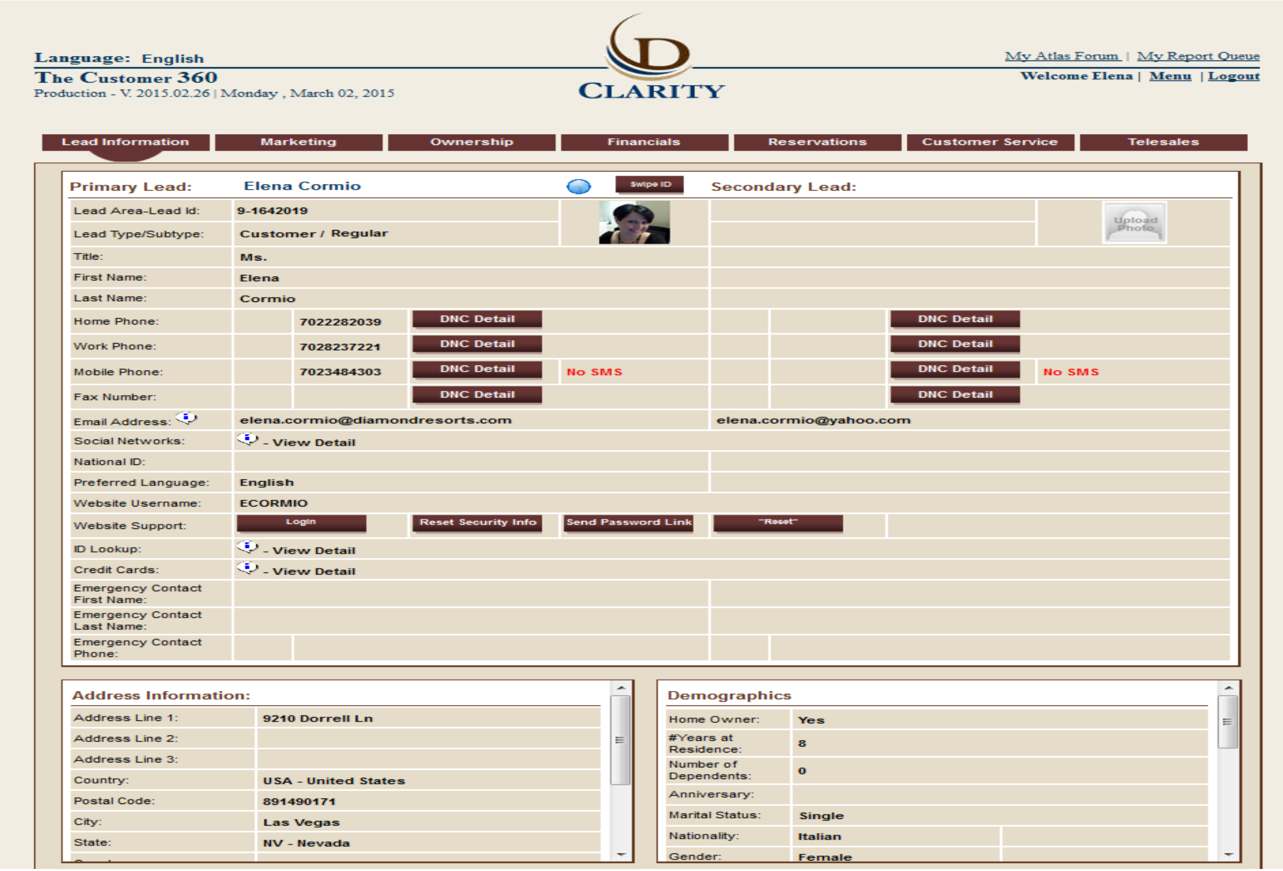
Technology Systems Overview

- Clarity
  - Best in Industry
  - Scalable
  - Redundant and Secure
  - Single Member Profile – CRM
  - All operations – Marketing, Tours, Sales, Reservations, Front Desk, Billing
  - Fully Integrated Website
- Oracle eBusiness Suite
- Interactive Intelligence
- Harland Loan Servicing

Clarity – Customer 360



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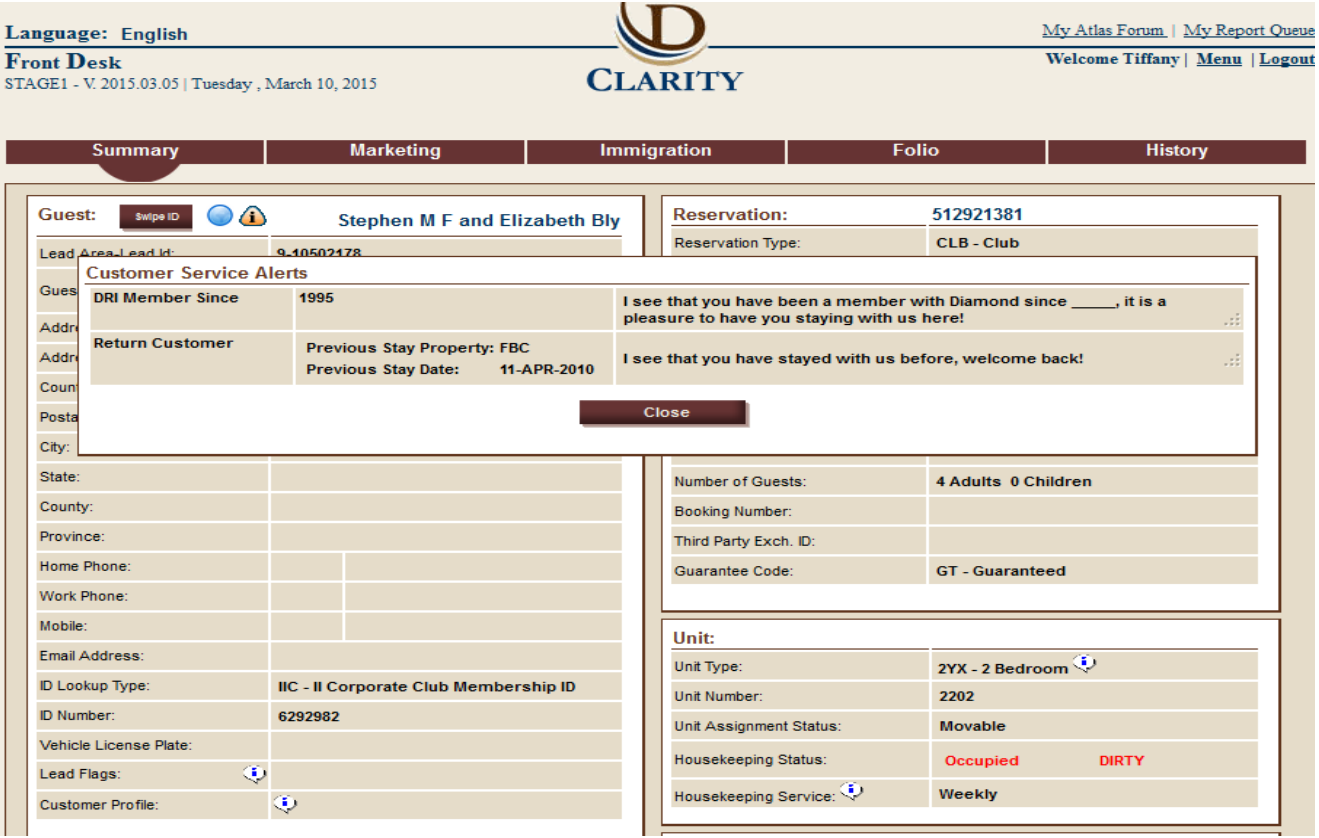
Technology Systems Overview



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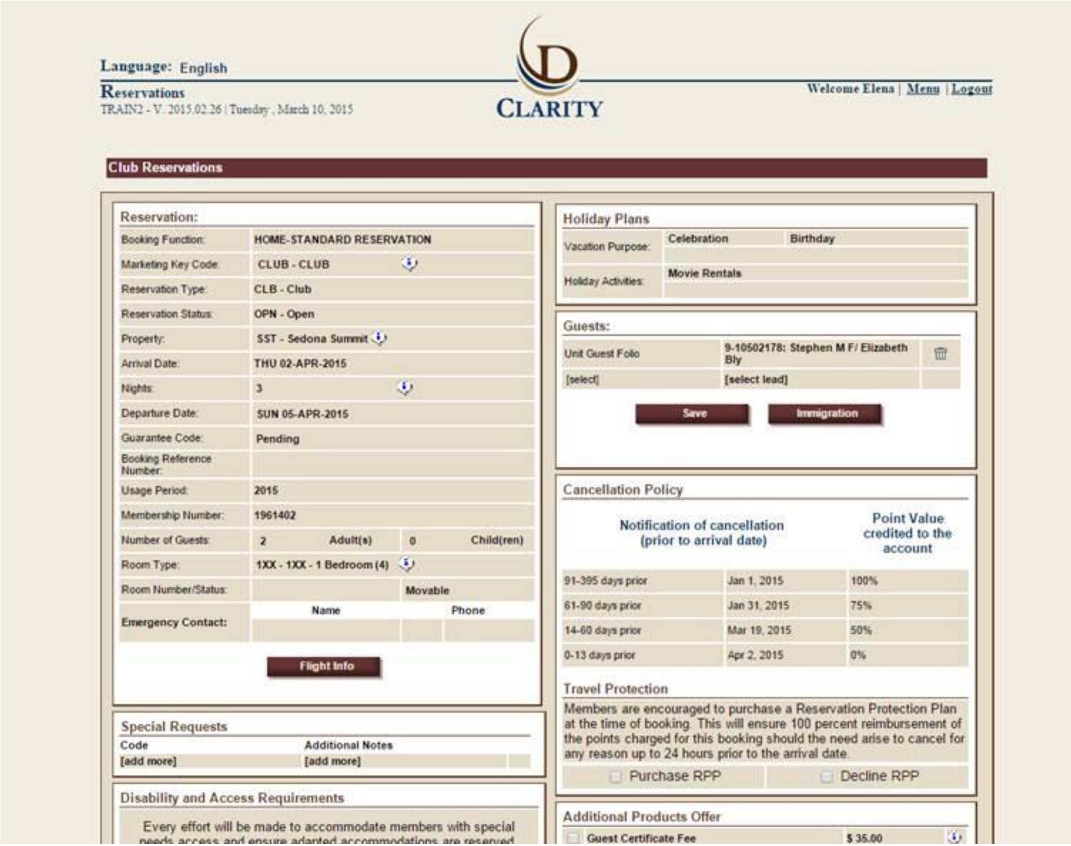
Technology Systems Overview


Language: English
Reservations
TRAIN2 - V. 2015.02.26 | Tuesday , March 10, 2015

CLARITY

Welcome Elena | Menu | Logout

Club Reservations

Reservation:

Booking Function:	HOME-STANDARD RESERVATION		
Marketing Key Code:	CLUB - CLUB		
Reservation Type:	CLB - Club		
Reservation Status:	OPN - Open		
Property:	SST - Sedona Summit		
Arrival Date:	THU 02-APR-2015		
Nights:	3		
Departure Date:	SUN 05-APR-2015		
Guarantee Code:	Pending		
Booking Reference Number:			
Usage Period:	2015		
Membership Number:	1961402		
Number of Guests:	2 Adult(s)	0 Child(ren)	
Room Type:	1XX - 1XX - 1 Bedroom (4)		
Room Number/Status:		Movable	
Emergency Contact:	Name		Phone

Flight Info

Special Requests

Code	Additional Notes
[add more]	[add more]

Disability and Access Requirements

Every effort will be made to accommodate members with special needs access and ensure adapted accommodations are reserved

Holiday Plans

Vacation Purpose:	Celebration	Birthday
Holiday Activities:	Movie Rentals	

Guests:

Unit Guest Folio	9-10502178: Stephen M F/ Elizabeth Bly
[select]	[select lead]

Save Immigration

Cancellation Policy

Notification of cancellation (prior to arrival date)		Point Value credited to the account
91-395 days prior	Jan 1, 2015	100%
61-90 days prior	Jan 31, 2015	75%
14-60 days prior	Mar 19, 2015	50%
0-13 days prior	Apr 2, 2015	0%

Travel Protection

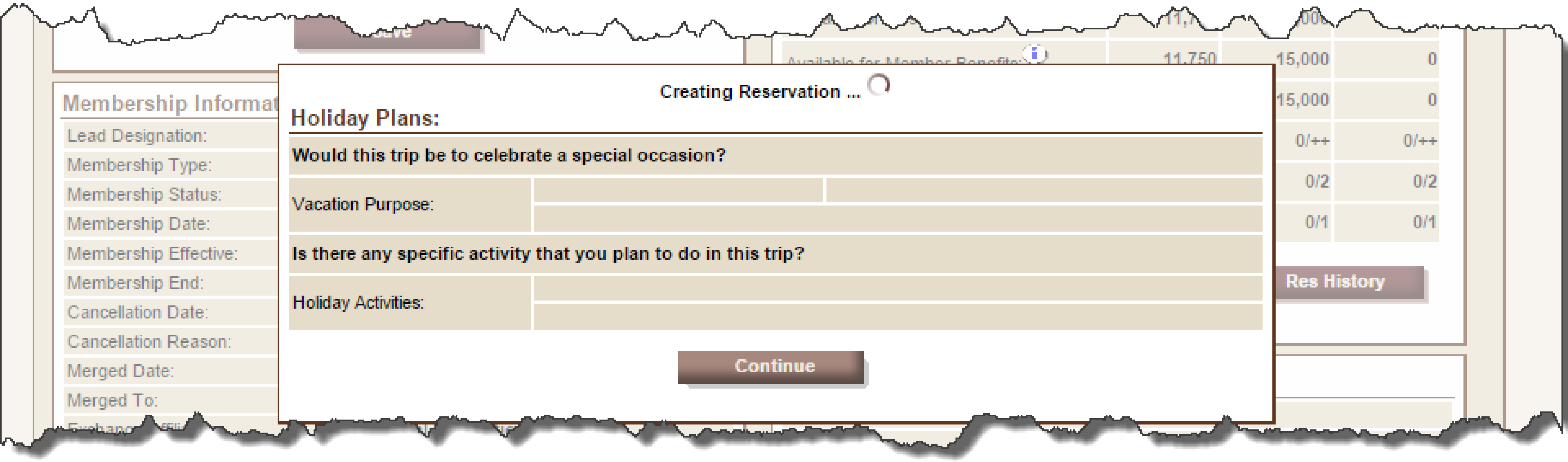
Members are encouraged to purchase a Reservation Protection Plan at the time of booking. This will ensure 100 percent reimbursement of the points charged for this booking should the need arise to cancel for any reason up to 24 hours prior to the arrival date.

Purchase RPP Decline RPP

Additional Products Offer

Guest Certificate Fee $ 35.00

Technology Systems Overview



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Information Security

Sarbanes-Oxley
Financial and Accounting Disclosure Information

U.S. SECURITIES AND EXCHANGE COMMISSION
MCMXXXIV

ISACA
COBIT 5

PCI COMPLIANT
Pci
PCI COMPLIANT

SAS 70
CERTIFIED

SSAE 16
SOC I TYPE II
CERTIFIED

Compliant with EUDPD
EU Data Protection Directive

U.S. • EU
SAFEHARBOR
U.S. DEPARTMENT OF COMMERCE

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Scale and Growth

- Highly Scalable
- Full Assimilation
- No additional licensing costs
- Leverage Existing Investment
- Eliminate 90% of Existing IT Costs
- Full Data Conversion
- Meet the Customer Needs

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Al Bentley
Executive Vice President and Chief Financial Officer
Financial Overview

Revenue Overview

2013 operating summary

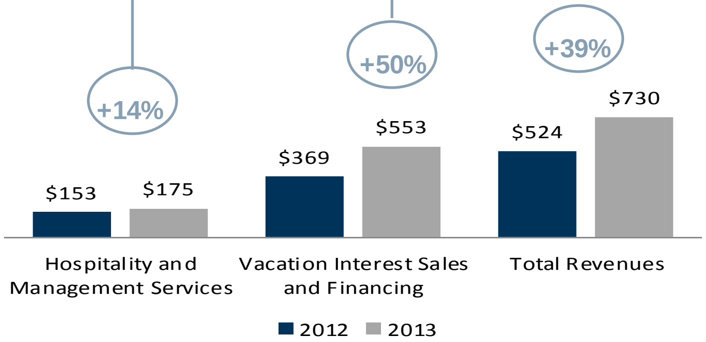
($ in millions)

Hospitality and Management Services

- Added Tempus, PMR, Aegean Blue and two other management contracts
- Organic growth in cost-plus contracts

VOI Sales and Financing

- Tours: +14%
- Close rate: -30 bps
- Average transaction size: +34%



2014 operating summary

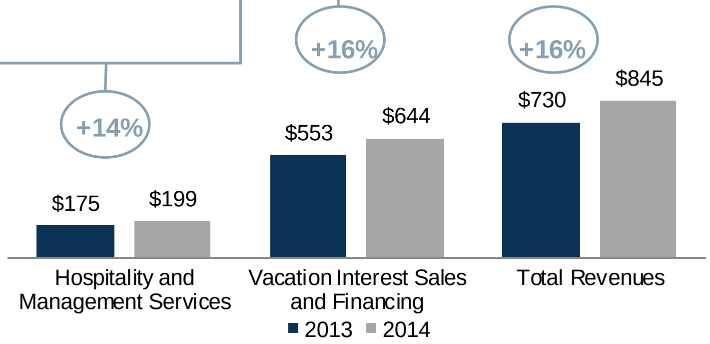
($ in millions)

Hospitality and Management Services

- Added managed resorts from PMR Service Companies and Island One acquisitions on July 24, 2013
- Organic growth in cost-plus contracts

VOI Sales and Financing

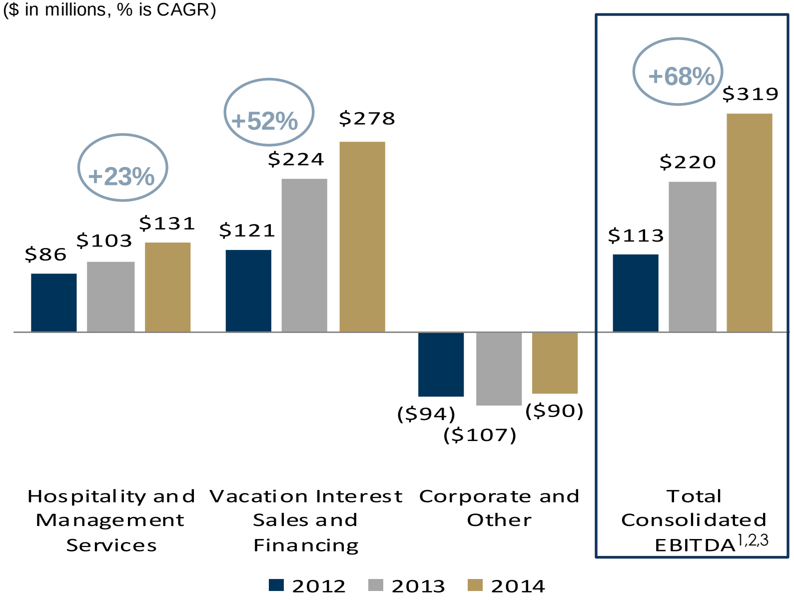
- Tours: +7%
- Close rate: -10 bps
- Average transaction size: +13%



Adjusted EBITDA by Business Segment

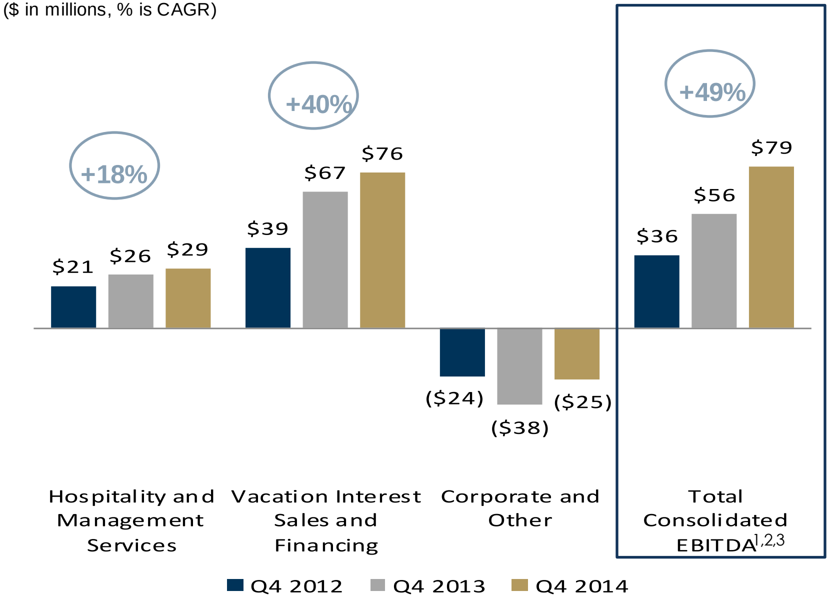
Adjusted EBITDA

($ in millions, % is CAGR)



Q4 Adjusted EBITDA

($ in millions, % is CAGR)



1) Adjusted EBITDA for the Company and its Restricted Subsidiaries in 2012 was $123 million.
2) Adjusted EBITDA for the Company and its Restricted Subsidiaries in 2013 was $220 million.
3) Adjusted EBITDA for the Company and its Restricted Subsidiaries in 2014 was $319 million.

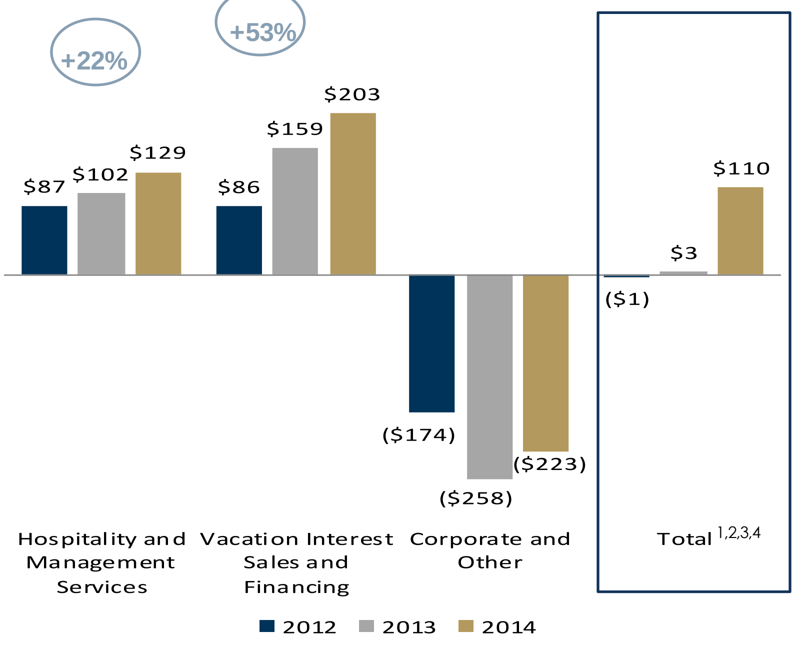
1) Adjusted EBITDA for the Company and its Restricted Subsidiaries in Q4 2012 was $36 million.
2) Adjusted EBITDA for the Company and its Restricted Subsidiaries in Q4 2013 was $56 million.
3) Adjusted EBITDA for the Company and its Restricted Subsidiaries in Q4 2014 was $79 million.

Note: Adjusted EBITDA is a Non-GAAP measure (which does not include all of our cash costs of sales) used by management for compliance with its term loans, business planning and strategy purposes and compensation.

Pre-Tax Income (Loss) by Business Segment

Annual Pre-tax Income (Loss)

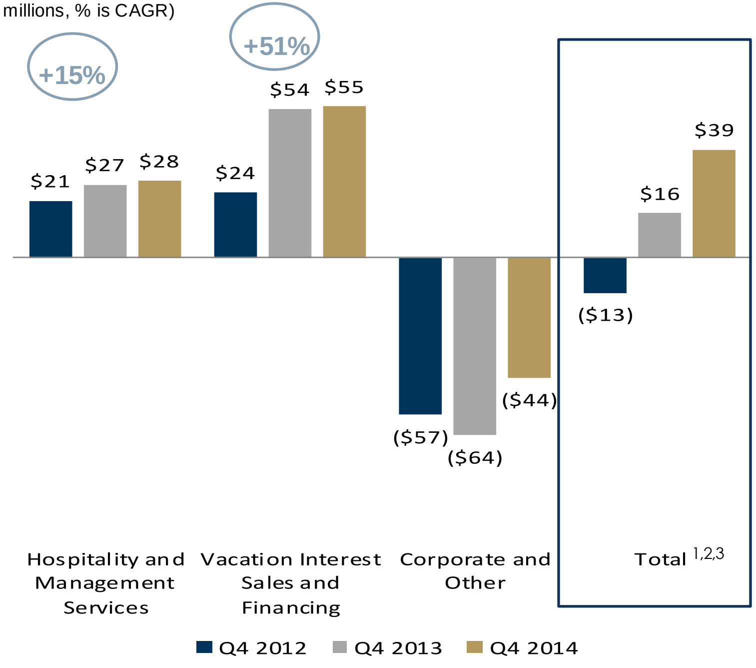
($ in millions, % is CAGR)



1) Pre-tax loss in 2012 included corporate interest expense of $77 million.
2) Pre-tax income in 2013 included corporate interest expense of $72 million.
3) Pre-tax income in 2014 included corporate interest expense of $42 million.
4) Pre-tax income in 2014 included loss on extinguishment of debt of $47 million.

Q4 Pre-tax Income (Loss)

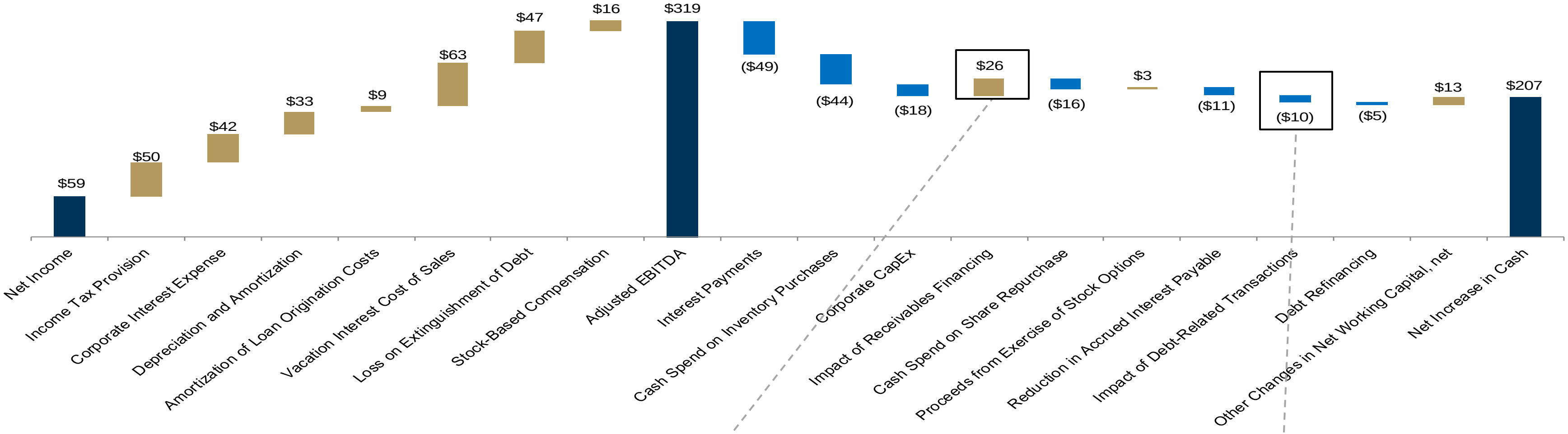
($ in millions, % is CAGR)



1) Pre-tax loss in Q4 2012 included corporate interest expense of $22 million.
2) Pre-tax loss in Q4 2013 included corporate interest expense of $14 million.
3) Pre-tax income in Q4 2014 included corporate interest expense of $7 million.

Cash Flow Bridge – Year Ended December 31, 2014

($ in millions)



Impact of Receivables Financing	
Release of Receivables Reserve Cash	$ 10
Net Increase in Receivables	(159)
Provision of Uncollectibles	57
Net Proceeds From Securitizations / Conduits	118
Impact of Receivables Financing	$ 26

Impact of Debt-Related Transactions	
Debt Repayments	$ (11)
Proceeds From Issuance of Notes Payable	1
Impact of Debt Related Transactions	$ (10)

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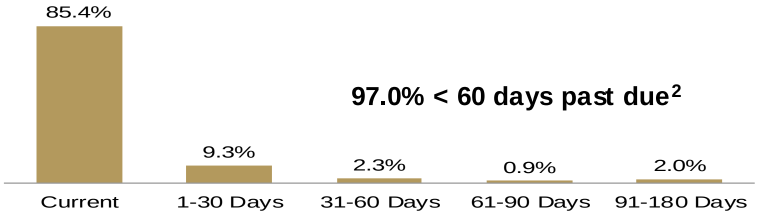
Financial Services

- 75.7% of our VOI Sales in 2014 include a financing component and each customer made an average down payment of 20.0%
- Every loan is subject to our credit underwriting policy, and has been for more than a decade
  - Since 2008 Diamond's originated loans have an average FICO score of 757
  - All loans over 180 days past due are written off for GAAP purposes
  - We service both active loans and loans that have been written off
    - More than 85.0% of the loans that have been written off were originated prior to us acquiring the loans through one of our acquisitions

Aging of Portfolio at December 31, 2014



Mortgages and Contracts Receivable Breakdown at December 31, 2014[3]

($ in millions)		
Mortgage and Contracts Receivables, Gross	$	609
Allowance		(131)
Other		21
Mortgage and Contracts Receivables, Net	$	499

45,145 active loans and contracts receivable[1]

(1) As of December 31, 2014, there were approximately 29,000 written-off loans where the underlying inventory had not yet been recovered and were continuing to be serviced by Diamond. Approximately 25,000 loans were acquired through one of our acquisitions and approximately 4,000 loans were originated by us.
(2) Based on the outstanding loan balance reflected on the Company's balance sheet.
(3) Represents loans and contracts receivable that are on the Company's balance sheet.

Securitizations

- Diamond monetizes the loans it originates through borrowings under its funding facilities. When the loan pool reaches a marketable scale, Diamond monetizes them on a long-term basis through a securitization.
  - Diamond has sufficient capacity under its $280.0 million funding facilities.
  - The rating agencies have consistently rated Diamond's securitizations among the highest in the industry.
  - Significant statistics for our 2011-2014 securitizations (those that currently have an outstanding balance) include:

	DROT 2011-1	DROT 2013-1	DROT [1] 2013-2	DROT [2,3] 2014-1
($ in millions)				
Rating Agency	**S&P**	**S&P**	**S&P**	**KRBA**
Size by Class:				
AA	$ -	$ -	$ 213	$ -
AA-	-	-	-	236
A+	-	89	12	-
A	65	5	-	24
Total	**$ 65**	**$ 94**	**$ 225**	**$ 260**
Balance as of December 31, 2014	**$ 17**	**$ 43**	**$ 132**	**$ 248**
Interest Rate:				
AA			2.3%	
AA-				2.5%
A+		2.0%	2.6%	
A	4.0%	2.9%		3.0%
Weighted Average Cost of Debt	**4.0%**	**2.0%**	**2.3%**	**2.6%**
Cumulative Advance Rates	**95.0%**	**95.0%**	**95.0%**	**96.0%**
Average FICO Score in Pool	**726**	**720**	**727**	**723**

Diamond's GAAP cash flow statement classifies the cash flow impact related to the generation of the mortgages and contracts receivable as operating activities, while the cash flow generated from borrowings under the securitizations and funding facilities are classified as financing activities.

(1) Included loans from a previously called securitization which were more seasoned than loans included in our other transactions.
(2) DROT 2014-1 received two ratings from KRBA and S&P. KRBA issued a rating of AA- for the $236 million and A for the $24 million. S&P issued a rating of A+ for the $236 million and A- for the $24 million.
(3) DROT 2014-1 closed on November 20, 2014.

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Improving Free Cash Flow Drives Growth and Profitability

- Continuing profitability growth by leveraging fixed costs and through our low-cost inventory recapture model.
- The new bank facility saved approximately $22 million in interest in 2014 with an expected further savings of $12 million in 2015.
- NOLs and positive tax attributes relating to revenue recognition on financed sales are expected to reduce cash tax payments for the next 8 – 10 years.

Substantial acceleration of free cash flow

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Capital Allocation

- Generated $224.0 million in cash in 2014 (prior to share repurchase).
- Will generate substantial free cash flow in 2015.
- Pursuant to the terms of our credit agreement, debt amortization of $18.1 million was paid on March 4, 2015.
- The purchase of the remaining term of our Chairman Stephen Cloobeck's services agreement with HM&C and certain marketing rights he held for the property adjacent to Polo Towers in Las Vegas for $16.5 million.
- Anticipated cash uses in 2015 include:
    - Investing approximately $27.0 million in projects expected to generate superior returns, including the build-out of inventory at our Cabo Azul resort and other strategic investments.
    - In October of 2014, the Board authorized $100.0 million share repurchase program. As of March 5, 2015, the share repurchase program had approximately $25.0 million remaining, which includes $50.0 million in repurchases that were in connection with the recent secondary offering.
    - Pursuing other opportunities to maximize returns to our shareholders.

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2015 Guidance
As of February 18, 2015

($ in Thousands)	Year Ending December 31, 2015 Low		High	
Pre-tax Income	$	159,000	$	191,000
Corporate Interest Expense	$	28,000	$	26,000
Vacation Interest Cost of Sales [(a)]	$	73,000	$	63,000
Depreciation and Amortization	$	38,000	$	36,000
Other Non-cash Items [(b)]	$	47,000	$	44,000

For the year ending December 31, 2015, the Company anticipates capital expenditures(c) to be between $25.0 million and $30.0 million. In addition, the Company anticipates its ordinary course cash expenditures for the acquisition of inventory to be between $50.0 million and $55.0 million, and its cash tax payments to be between $17.0 million and $23.0 million.

Consistent with our capital allocation philosophy, we also anticipate investing approximately $27.0 million in projects expected to generate superior returns, including the build-out of inventory at our Cabo Azul resort and other strategic investments, continuing our share repurchase program (of which approximately $75.0 million remains available after giving effect to repurchases as of February 18, 2015), and pursuing other opportunities to maximize returns to our shareholders.

(a) In accordance with ASC 978, the Company records Vacation Interest Cost of Sales using the relative sales value method (See Note 2 - Summary of Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2013). This method requires the Company to make a number of projections and estimates, which are subject to significant uncertainty and retroactive adjustment in the future periods. These "true-up" adjustments may result, and for the Company have resulted in prior periods, in major swings (both positive and negative) in the Company's pre-tax income computed in accordance with US GAAP that do not have a direct correlation to the operating performance for the periods in which the "true-ups" are made. It is difficult to predict with any degree of precision what the projections and estimates used in connection with the relative sales value method will be and what impact those projections and estimates will have on the amount recorded in future periods as Vacation Interest Cost of Sales. As a result, guidance for Vacation Interest Cost of Sales (and as a result, pre-tax income) covers a wide range of outcomes.

(b) Other non-cash items include: stock based compensation, amortization of loan origination costs, and amortization of net portfolio discounts and premiums.

(c) Principally for IT infrastructure and sales center expansion/refurbishment. This does not include expenditures for the acquisition of inventory, or resort-level capital improvements which are paid by the homeowners associations.

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Appendix

Reconciliation of Operating Cash Flow to Adjusted EBITDA

($ in thousand)	Twelve Months Ended December 31, 2012	2013	2014
Net cash provided by operating activities	$ 24,600	$ 2,693	$ 118,058
Non-cash items			
Income tax expense(1)	(14,310)	5,777	50,234
Provision for uncollectible Vacation Interest revenue(1)	(25,457)	(44,670)	(57,202)
Non-cash expense related to Alter Ego Suit(1)	-	(5,508)	-
Amortization of capitalized financing costs and OID(1)	(6,293)	(7,079)	(5,337)
Deferred income taxes(1)(2)	13,010	(3,264)	(24,424)
Loss on foreign currency(1)(3)	(113)	(245)	(362)
Gain on mortgage purchase(1)	27	111	621
Unrealized loss on defined benefit plan(4)		(887)	(171)
Vacation interests cost of sales(5)	32,150	56,695	63,499
Cash items			
Corporate interest expense(6)	77,422	72,215	41,871
Change in operating assets and liabilities excluding acquisitions(7)	12,183	144,327	132,705
Adjusted EBITDA	$ 113,219	$ 220,165	$ 319,492

(1) Represents predominately non-cash item.
(2) Represents the deferred income tax liability arising from the difference between the treatment for financial reporting purposes as compared to income tax return purposes for business combinations. In addition, each number presented includes quarterly income tax provisions recorded for that period.
(3) Represents net realized losses on foreign exchange transactions settled at (unfavorable) favorable exchange rates and unrealized losses resulting from the (devaluation) appreciation of foreign currency-denominated assets.
(4) Represents unrealized loss on our post retirement benefit plan related to a collective labor agreement entered into with the employees of our two resorts in St. Maarten.
(5) Diamond records Vacation Interest cost of sales using the relative sales value method in accordance with ASC 978, which requires Diamond to make significant estimates which are subject to significant uncertainty. In determining the appropriate amount of costs using the relative sales value method, Diamond relies on complex, multi-year financial models that incorporate a variety of estimated inputs. These models are reviewed on a regular basis, and the relevant estimates used in the models are revised based upon historical results and management's new estimates.
(6) Represents corporate interest expense; does not include interest expense related to non-recourse indebtedness incurred by our special-purpose subsidiaries that is secured by our VOI consumer loans.
(7) Represents the net change in operating assets and liabilities excluding acquisitions, as computed directly from the statements of cash flows. Vacation interest cost of sales is included in the net changes in unsold Vacation Interests, net as presented in the statements of cash flows.

Reconciliation of Net Income to Adjusted EBITDA

($ in thousands)	Twelve Months Ended December 31, 2012		2013		2014	
Net income (loss)	$	13,643	$	(2,525)	$	59,457
Plus: Corporate interest expense[1]		77,422		72,215		41,871
(Benefit) provision for income taxes		(14,310)		5,777		50,234
Depreciation and amortization		18,857		28,185		32,529
Vacation Interest cost of sales[2]		32,150		56,695		63,499
Loss on extinguishment of debt[3]		-		15,604		46,807
Impairments and other non-cash write-offs[3]		1,009		1,587		240
Gain on the disposal of assets[3]		(605)		(982)		(265)
Gain on bargain purchase from business combinations[4]		(20,610)		(2,879)		-
Amortization of loan origination costs[3]		3,295		5,419		8,929
Amortization of net portfolio (discounts) premium[3]		(953)		536		(11)
Stock-based compensation[5]		3,321		40,533		16,202
Adjusted EBITDA	$	113,219	$	220,165	$	319,492

(1) Corporate interest expense does not include interest expense related to non-recourse indebtedness incurred by Diamond's special purpose vehicles that is secured by Diamond's VOI consumer loans.
(2) Diamond records Vacation Interest cost of sales using the relative sales value method in accordance with ASC 978, which requires Diamond to make significant estimates which are subject to significant uncertainty. In determining the appropriate amount of costs using the relative sales value method, Diamond relies on complex, multi-year financial models that incorporate a variety of estimated inputs. These models are reviewed on a regular basis, and the relevant estimates used in the models are revised based upon historical results and management's new estimates.
(3) These items represent both cash and non-cash charges or gains.
(4) Represents the amount by which the fair value of the assets acquired net of the liabilities assumed in the Aegean Blue Acquisition, PMR Acquisition, and the PMR Service Companies Acquisitions exceeded the respective purchase prices.
(5) Represents the non-cash charge related to stock based compensation due to the stock options issued in connection with and since the consummation of the IPO.

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Adjusted EBITDA Disclosure

Calculation of Adjusted EBITDA

- **Net income (loss)**
- **Plus:**
    - i. corporate interest expense;
    - ii. provision (benefit) for income taxes;
    - iii. depreciation and amortization;
    - iv. Vacation Interest cost of sales;
    - v. loss on extinguishment of debt;
    - vi. impairments and other non-cash write-offs;
    - vii. loss on the disposal of assets;
    - viii. amortization of loan origination costs; and
    - ix. amortization of net portfolio premiums;
    - x. share-based compensation
- **Less:**
    - i. deferred revenue recognized outside the ordinary course of business;
    - ii. gain on the disposal of assets;
    - iii. gain on bargain purchase from business combination; and
    - iv. amortization of net portfolio discounts

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Adjusted EBITDA Disclosure

- In addition to compliance with our debt covenants, Diamond uses Adjusted EBITDA for planning purposes, allocation of resources, evaluation of effectiveness of our business strategies and compensation
- Adjusted EBITDA is a non-GAAP financial measure and should not be considered in isolation, or as an alternative to net cash provided by (used in) operating activities or any other measure of liquidity, or as an alternative to net income (loss), operating income (loss) or any other measure of financial performance

Limitations of Adjusted EBITDA

Adjusted EBITDA has limitations as an analytical tool because, among other things:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect cash requirements for income taxes;
- Adjusted EBITDA does not reflect interest expense for our corporate indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced, and Adjusted EBITDA does not reflect any cash requirements for these replacements;
- we make expenditures to replenish VOI inventory (principally pursuant to our inventory recovery agreements and in connection with our strategic acquisitions), and <u>Adjusted EBITDA does not reflect our cash requirements for these expenditures or certain costs of carrying such inventory (which are capitalized)</u>; and
- other companies in our industry calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

We encourage investors and securities analysts to review our U.S. GAAP consolidated financial statements included elsewhere in the registration statement, and investors and securities analysts should not rely solely or primarily on Adjusted EBITDA or any other single financial measure to evaluate our liquidity or financial performance.