

Dear Members,

Seeing the fee being requested for 2020 may have come to you as somewhat of a shock however I am sure that it was not a complete surprise based on these changing times and financial climate.

I feel it appropriate to again explain the budgeting position which contributes to the levels of fees charged so you can better understand how fees are calculated.

As a member you will of course know that the majority of resorts within the Diamond Resorts European Collection portfolio are in European countries with the Euro as their national currency. (I have to say that these resorts remain the most popular with you so I know our British members will know of the exchange rate and value of the £1 every time they travel!)

As majority of fees are collected/paid in GBP (Sterling) this needs to be exchanged to Euros and transferred across to each respective resort to cover their ongoing operating expenses in accordance with their approved budget. We will never know for certain what the exchange rate will be at any given time next year so this process is subjective however a set rate had to be agreed in order for budgets to be forecast and fees defined. Predicting what the exchange rate should be has been subject to intense debate as we all have our own personal views! However the Board has agreed to accept the budget at an exchange rate of €1.10:£1 as opposed to the current year's €1.15:£1, which, whilst we understand the impact on all of us including Diamond, was considered to be the most reasonable during these uncertain times. This difference in itself represents an approximate 3% increase in 2020 fees.

Compared with last year, taking into account the exchange rate situation detailed above and ongoing resort operating costs, 2020 fees have increased as follows:

- For members paying in GBP (English Pound) the increase is on average 6.5%
- For members paying in EUR (Euro) the increase is on average 1.8%

If the budgeted exchange rate is exceeded and a surplus gain is achieved, this will be returned to members in the form of a credit within the calculation of 2021 fees. If the exchange rate budgeted is not able to be achieved we have provisions for shortfalls within existing reserve funds.

In light of this increase the resort operating expenses and proposed improvement projects have been reviewed line by line and savings made as much as possible. Certain projects have been purposefully scheduled for later in 2020 so that the exchange rate status can be monitored and only if we are confident that the budget will not be exceeded will these projects commence.

There have been some increases necessary in some resort operating expenses, mainly due to living wages and union agreements as well as utility charges. Other resorts have remained at an increase in line with inflation.

Direct debit remains the most cost efficient way of paying – and probably the most convenient for most! As explained last year credit card charges cannot be charged individually per customer – however this does not mean it is free! There is still the same cost attached to card payments however it now has to be absorbed within the operating expenses and therefore included in the management fees.

Our restaurants and bars are seeing some changes – we have been excited to welcome some great new operators bringing with them new menus and dining opportunities. Il Vero at Vilar do Golf has seen impressive feedback, cleverly combining a new adult dining environment coupled with family friendly atmosphere. I encourage you to support the onsite facilities during your stays – they can only continue with your support. We continue to source restaurant operators at a number of resorts such as Woodford Bridge Country Club, Alpine Club and Pueblo Quinta and we appreciate your patience and understanding whilst we undergo these changes.

I am relieved to advise that a new consumer association has been formed exclusively for timeshare owners: 'EUROC' standing for European Resort Owners' Coalition - www.euroc.eu. This has been driven forward by a working group of industry professionals and timeshare owners and will be funded by timeshare members and owners as it was important this was an organisation representing and protecting the consumer. You as members of Diamond are also now a member of EUROC should you have any queries regarding calls and offers you might receive from third parties. This leads me on to again reminding you to be careful with your details and do not be pressured to hand over money to anyone contacting you relating to timeshare ownership. You can check company credentials out via links available to you on the EUROC website.

Please watch out for our latest resort update newsletter which should be with you (by email) shortly. This will detail everything that has been happening at Diamond resorts in Europe along with news and further details of our ongoing efforts to make your holidays as fulfilled and comfortable as possible. It is always wise to check all Spam/Junk folders on a regular basis for emails that may not have been delivered to your Inbox.

Wishing you all a peaceful close to 2019 and our teams look forward to being of service to you when planning and delivering upon your next #StayVacationed holiday experience, whatever and wherever that may be!

Suzana Gomercic Bajtek
Chairman, Diamond Resorts European Collection Limited