



DIAMOND RESORTS
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Stay Vacationed.™

First Quarter 2016 Investor Presentation

May 2016



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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 and Free Cash Flow are used. Adjusted EBITDA is a non-GAAP measure that does not include all of the Company's cash costs of sales. Free Cash Flow is also a non-GAAP measure. Adjusted EBITDA and Free Cash Flow should not be considered in isolation or as alternatives to any measures of liquidity or financial performance calculated in accordance with GAAP. See the Company's SEC Filings for their definitions and limitations.

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Company Representatives



- ◆ **David Palmer**

- President and Chief Executive Officer

- ◆ **Al Bentley**

- Executive Vice President and Chief Financial Officer

- ◆ **Frank Acito**

- Senior Vice President of Investor Relations and Financial Planning

Investor Contact

- ◆ **Joshua Hochberg (Sloane and Company)**

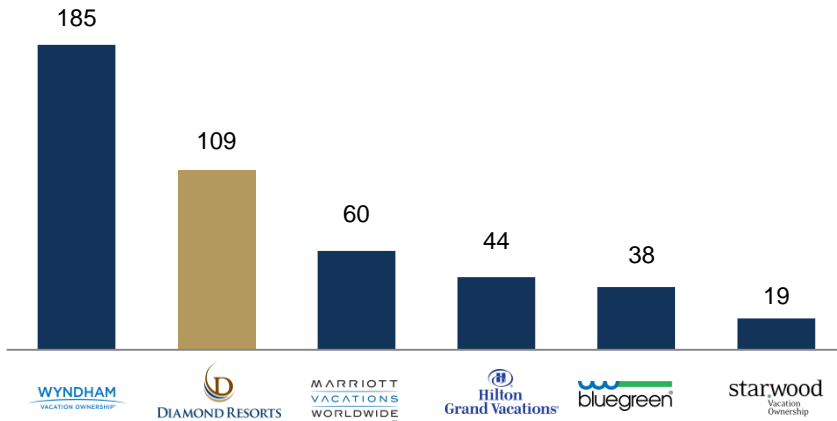
- Telephone: (212) 486-9500
- Email: jhochberg@sloanep.com

Leading Global Hospitality Company



- ◆ Manage 108 resorts worldwide
- ◆ Sell vacation ownership points providing access to our network of 426 vacation destinations
- ◆ Provide consumer financing for purchases of the points

Managed resorts / locations



Our resort network

North America

- ◆ 61¹ managed
- ◆ 154 affiliated
- ◆ **215 resorts**

Europe and Africa

- ◆ 44 managed
- ◆ 39 affiliated
- ◆ **83 resorts**

Mexico, Caribbean, Central & South America

- ◆ 3 managed
- ◆ 40 affiliated
- ◆ **43 resorts**

Asia and Australia

- ◆ 65 affiliated
- ◆ **65 resorts**

20 affiliated cruise itineraries

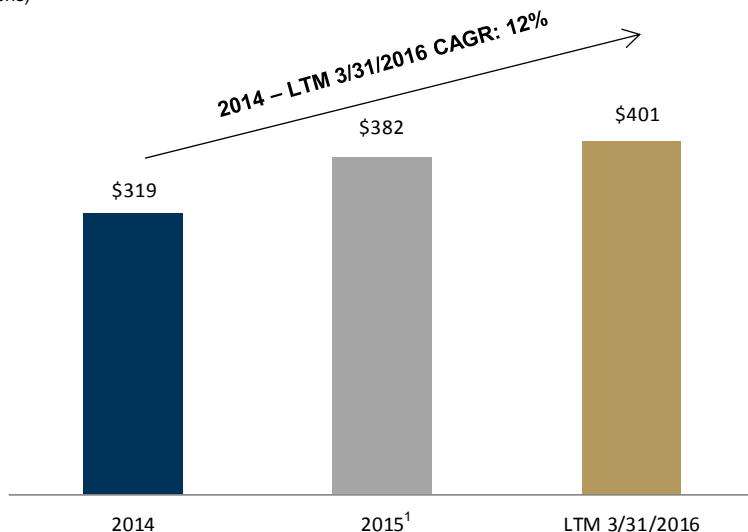
Diamond's Investment Highlights



- ◆ Capital efficient strategy generates substantial free cash flow
- ◆ Delevered capital structure increases free cash flow
- ◆ \$200 million share repurchase plan authorized by the Board of Directors
 - ◆ Since inception, through March 31, 2016, \$179.6 million was used to purchase 6.4 million shares of our common stock
 - ◆ As of March 31, 2016, there was approximately \$20.5 million available under the plan for additional share repurchases
- ◆ Proven ability to successfully complete strategic acquisitions
- ◆ Management alignment with stockholders and strong institutional ownership

Adjusted EBITDA

(\$ in millions)



- (1) Total Adjusted EBITDA for the year ended December 31, 2015 excluded the one-time cash charge relating to the termination of our service agreements with JHJM of \$7.8 million.
- (2) The business performance outlook is based on current information as of May 2, 2016.
- (3) Refer to Appendix page 29 for notes a, b and c.

Guidance^{2,3}

(\$ in Millions)

	Year Ending December 31, 2016	
	Low	High
Pre-tax Income	\$ 228	\$ 265
Corporate Interest Expense	\$ 42	\$ 40
Vacation Interest Cost of Sales	\$ 93	\$ 83
Depreciation and Amortization	\$ 36	\$ 34
Other Non-cash Items	\$ 31	\$ 28

- ◆ For the year ending December 31, 2016, we anticipate capital expenditures^(c) to be between \$35.0 million and \$40.0 million. In addition, we anticipate ordinary course cash expenditures for the acquisition of inventory to be between \$60.0 million and \$70.0 million, cash tax payments to be between \$20.0 million and \$30.0 million, and cash interest payments on corporate facilities to be between \$30.0 million and \$35.0 million.
- ◆ In addition, consistent with our capital allocation philosophy, we anticipate investing approximately \$29.0 million of our cash to build or acquire newly-constructed inventory to support future growth in our VOI sales and hospitality management businesses.

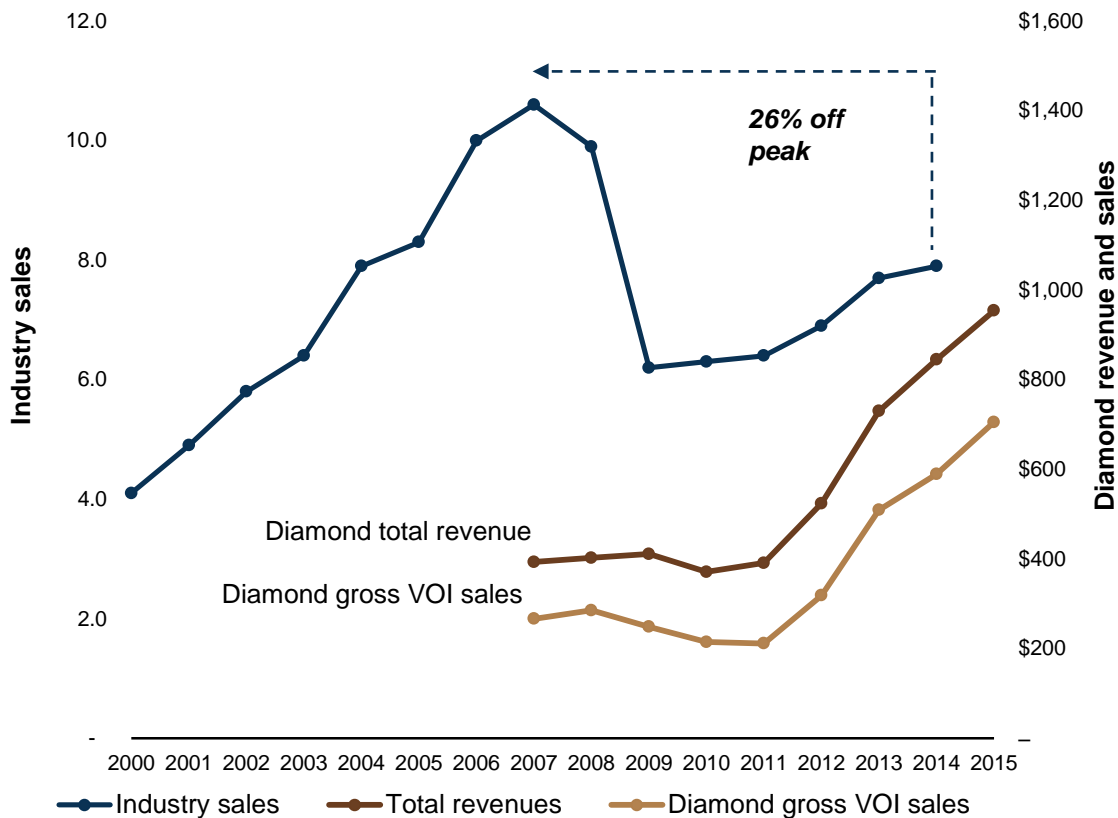
Positioned for Continued Growth



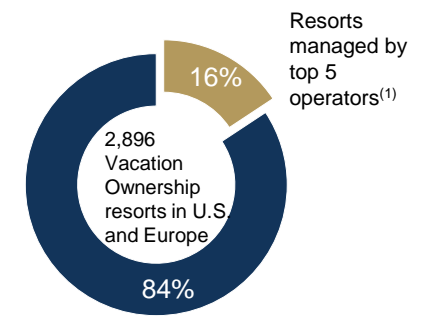
Vacation ownership sales volume has recovered, but still at 2004 levels

(Industry sales in billions)

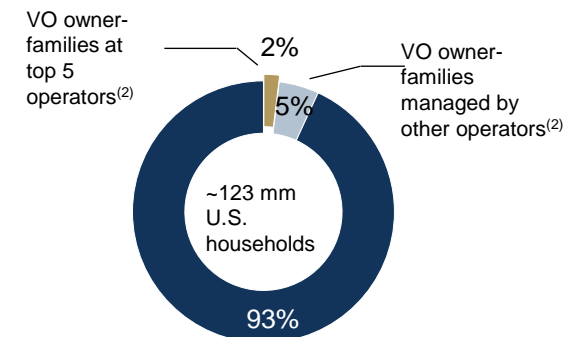
(Diamond revenue and sales in millions)



Fragmented resort management industry



Substantial addressable market



Highly fragmented and under-penetrated industry, which has not yet recovered to 2007 peak sales levels, provides significant opportunity for growth

Note: Top 5 operators include Diamond Resorts International, Wyndham Vacation Ownership, Marriot Vacations Worldwide, Hilton Grand Vacations and Bluegreen Vacation Club.
 (1) Represents the percentage of total global resorts of the top 5 operators out of the total vacation ownership resorts in the U.S. and Europe.
 (2) Represents the percentage of total global owner-families in the top 5 operators and the total number of U.S. weekly intervals owned divided by the total number of U.S. households as of 12/31/14.



Stay Vacated.

Our Value Proposition to Consumers



Why our customers choose Diamond Resorts

Value

- ◆ Compelling value proposition for consumers who:
 - Plan to vacation for 10 or more years
 - Vacation at least one week annually
 - Require two or more hotel rooms
- ◆ Larger, family-friendly accommodations with kitchens
- ◆ Annual cost known and predictable



Variety

- ◆ Access to global network of 406 resorts and 20 cruise itineraries
- ◆ Beach, sun, ski, golf and escorted tour options
- ◆ Points can also be used for goods and services



Service

- ◆ Benefit of long term membership – customer knowledge
 - Enables creation of tailored experience
- ◆ Vacations for Life[®]
- ◆ Unique reservation system responsive to customer preferences



High customer satisfaction: 50%+ of VOI sales are incremental purchases by existing owners

Our Value Proposition to HOAs

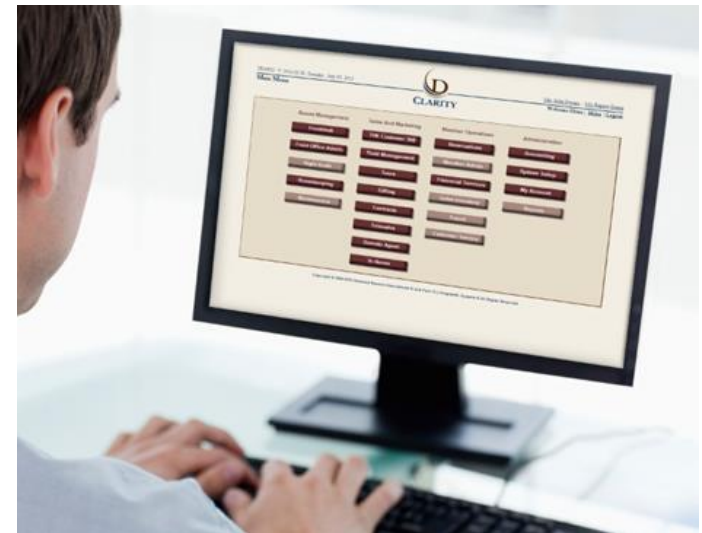


Systems and Personnel

- ◆ Sophisticated HOA management reservations and personnel
 - ◆ Front Desk
 - ◆ Housekeeping
 - ◆ Concierge
 - ◆ Landscaping
 - ◆ Reservations
 - ◆ Maintenance Fee Billing
 - ◆ Payment Processing
 - ◆ Property Management Information Systems
 - ◆ Accounting, Treasury & Budgeting
 - ◆ Legal
 - ◆ Property Maintenance
 - ◆ Security

Inventory Management

- ◆ Diamond enters into agreements with most of the HOAs that it manages to purchase their defaulted maintenance fees
 - ◆ Minimizes HOA bad debt expense
 - ◆ HOA funds can be spent on the resorts and guest experience
 - ◆ Keeps maintenance fee costs down
 - ◆ Keeps HOAs healthy



Scale

- ◆ Economies of scale and purchasing power
- ◆ Goods
 - ◆ Furniture
 - ◆ Appliances
 - ◆ Televisions
 - ◆ Linens
- ◆ Services
 - ◆ Property Insurance
 - ◆ Landscaping
 - ◆ Health Benefits
 - ◆ Housekeeping

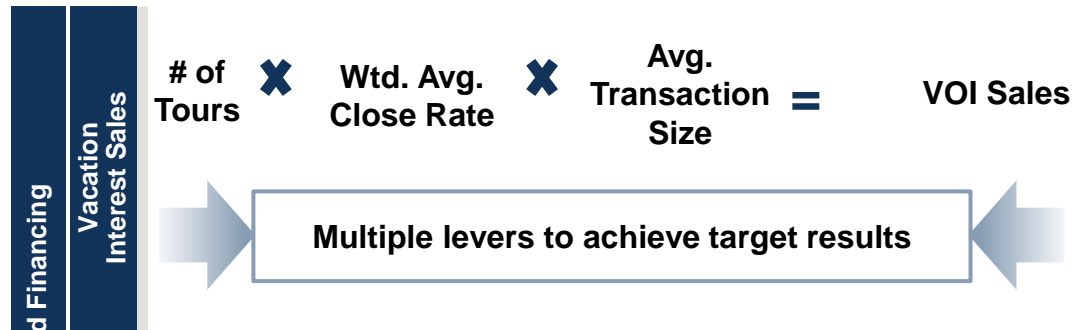
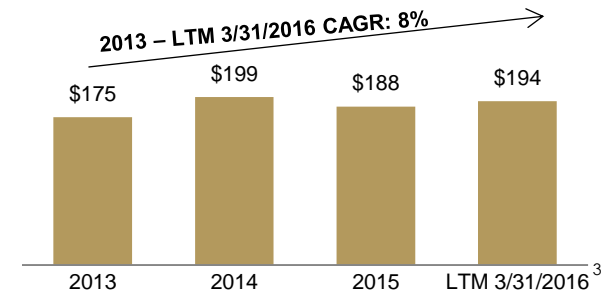
Our Business Segments – Multiple Formulas for Growth



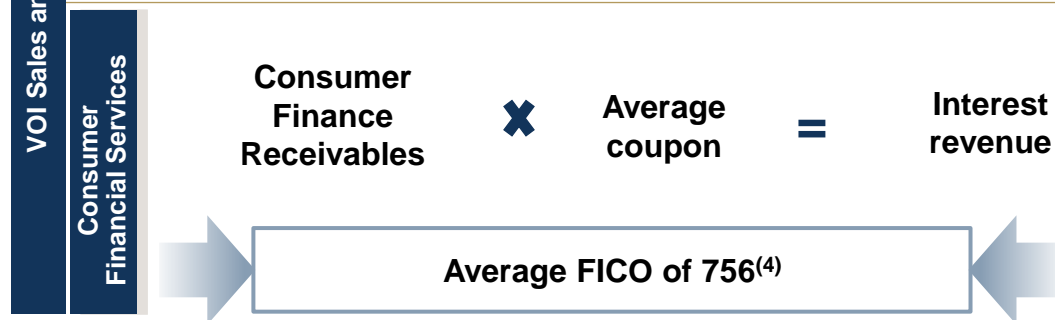
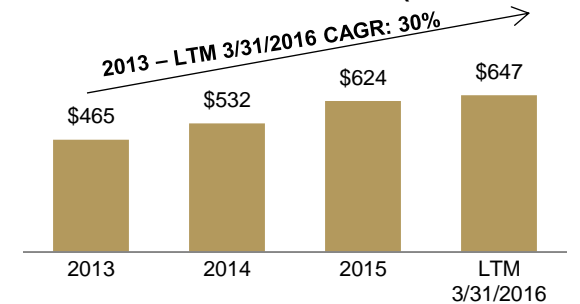
(\$ in millions)



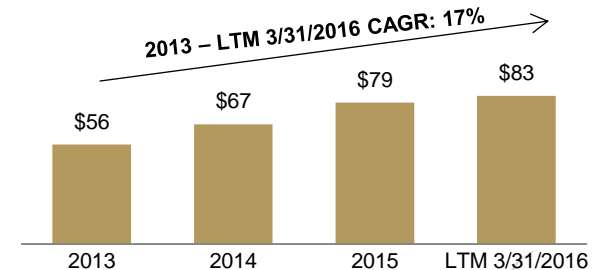
Hospitality and Management Services Revenue⁽¹⁾⁽²⁾



Vacation Interest Sales Revenue (Net of Provision)⁽²⁾



Consumer Financial Services Interest Revenue⁽²⁾



(1) Includes management and member services, consolidated resort operations, and other revenue.

(2) 2012 adds PMR and Aegean Blue acquisitions, 2013 adds PMR Services Companies and Island One and 2015 adds Gold Key Acquisition and IntraWest Resort Club Acquisition.

(3) The decrease in Hospitality and Management Services Revenue for the year ended December 31, 2015 is due to the deconsolidation of St. Marteen.

(4) Weighted average FICO score of our borrowers on loans originated since January 2011.

Hospitality and Management Services

Recurring, contractual cash flow with predictable annual growth



◆ Manage 109 resort properties under evergreen contracts that yield highly predictable cash flow

- Same arrangements used by the other major participants in our industry
- Generally cost plus 10% - 15% (average 13.9%)
- Automatic renewals
- No Diamond contract terminated in the last 5 years
- Superior to hotel management agreements (no RevPAR risk)
- Management fee budgeted before beginning of year

◆ Operate the clubs, Diamond's internal exchange and membership services platforms

- Provides members with access to 407 resorts and 20 cruise itineraries
- Club fees in our tiered program range from \$225 - \$280
- All new owners are automatically enrolled in THE Club¹

Marketing and Sales of Vacation Interests

Three primary inputs with multiple drivers



Low-Cost Inventory Maximizes Profitability

Hypothetical example



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Traditional vacation ownership development model

Assumed foreclosure costs per week equivalent: \$750

+

1 year of assumed HOA dues: \$1,500

-

Assumed rental income: (\$750)

Cost: \$1,500 per week equivalent

Sales price: \$26,000 per week equivalent

\$400,000 / unit

÷

52 weeks

Cost: \$7,700 per week equivalent

Sales price: \$26,000 per week equivalent

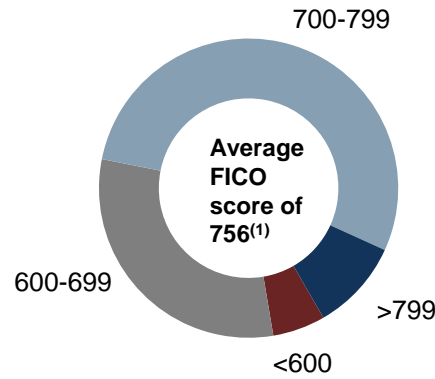
Diamond model

- ◆ Capital efficient
- ◆ Higher return on invested capital
- ◆ Minimal project-level risk



Consumer Financial Services

Disciplined and profitable consumer financing



High underwriting standards

Weighted avg. interest rate earned by Diamond⁽²⁾

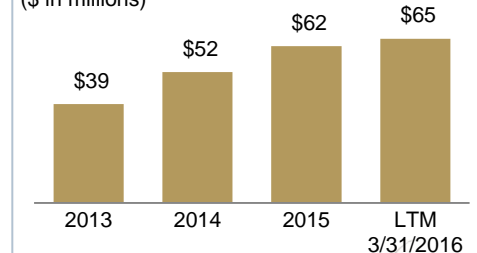
14.5%
average
interest rate

Weighted avg. interest rate paid by Diamond⁽²⁾

2.9%
average
interest rate

Net interest income⁽³⁾

(\$ in millions)



(1) Weighted average FICO score of our borrowers on loans originated since January 2011.

(2) As of 3/31/2016.

(3) This amount is derived from deducting Vacation Interest Sales and Financing Interest expense from Vacation Interest Sales and Financing Interest revenue as presented in our Consolidated Statement of Operations by Business Segment.



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 \$300.0 million funding facilities
 - ◆ The rating agencies have consistently rated Diamond's securitizations among the highest in the industry
 - ◆ Significant statistics for our 2011-2015 securitizations (those that currently have an outstanding balance) include:

	DROT 2011-1	DROT 2013-1	DROT ¹ 2013-2	DROT ² 2014-1	DROT ³ 2015-1	DROT ⁴ 2015-2
(\$ in millions)						
Rating Agency	S&P	S&P	S&P	S&P/KRBA	S&P/KRBA	S&P/KRBA
Size by Class:						
AA	\$ -	\$ -	\$ 213	\$ -	\$ -	\$ -
AA-	-	-	-	236	158	159
A+	-	89	12	-	-	-
A	65	5	-	24	12	-
A-	-	-	-	-	-	21
Total	\$ 65	\$ 94	\$ 225	\$ 260	\$ 170	\$ 180
Balance as of March 31, 2016	\$ 11	\$ 28	\$ 77	\$ 124	\$ 105	\$ 144
Interest Rate:						
AA			2.27%			
AA-				2.54%	2.73%	2.99%
A+		1.95%	2.62%			
A	4.00%	2.89%		2.98%	3.17%	
A-						3.54%
Weighted Average Cost of Debt	4.00%	2.00%	2.29%	2.58%	2.76%	3.05%
Cumulative Advance Rates	95.0%	95.0%	95.0%	96.0%	96.0%	96.0%
Average FICO Score in Pool	726	720	727	725	735	731

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, which closed on November 20, 2014, 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 2015-1, closed on July 29, 2015, received two ratings from KRBA and S&P. S&P and KRBA issued ratings of AA- for the \$158 million and A for the \$12 million.

(4) DROT 2015-2, closed on November 17, 2015, received two ratings from KRBA and S&P. S&P and KRBA issued ratings of AA- for the \$159 million and A- for the \$21 million.

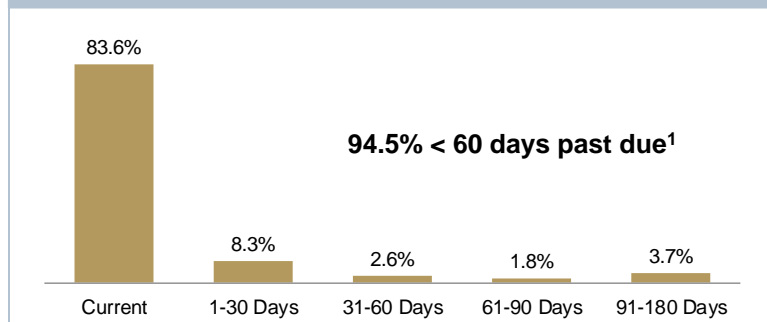


Financial Services



- ◆ 81.9%¹ of our VOI Sales in Q1 2016 include a financing component and each customer made an average down payment of 20.3%
- ◆ Every loan is subject to our credit underwriting policy, and has been for more than a decade
 - ◆ Since 2011 Diamond's originated loans have an average FICO score of 756
 - ◆ 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 83.0% 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 March 31, 2016



Mortgages and Contracts Receivable Breakdown at March 31, 2016²

(\$ in millions)

Mortgage and Contracts Receivables, Gross	\$	808
Allowance		(169)
Other		19
Vacation Interest Receivables, Net	\$	657

Approximately 46,000 active loans and contracts receivable³

(1) Due to the timing of boarding loans, this percentage is derived using the trailing three month data as of February 29, 2016.

(2) Based on the outstanding loan balance reflected on the Company's balance sheet.

(3) As of March 31, 2016, there were approximately 18,000 written-off loans where the underlying inventory had not yet been recovered and were continuing to be serviced by Diamond. Approximately 13,000 of these loans that are currently in default were already in default at the time we acquired them, and an additional approximately 2,000 loans were not yet in default at the time of acquisition. Approximately 3,000 loans were originated by us.

(4) Represents mortgages and contracts receivable that are on the Company's balance sheet.

Recent Acquisitions Provide a Platform for Further Growth

Eight acquisitions have added 49 resorts and ~222,000 owner-families



- ◆ Acquisitions yield significant additional and predictable cash flow
 - Additional management fees
 - Incremental sales volume
 - Cost reductions achieved from acquired company
 - Additional Club members
- ◆ Additional resort locations (i) increase our sales distribution (new sales centers) and (ii) provide a continued source of low-cost inventory (inventory recapture)

Additional Growth Opportunities



◆ Initiatives to expand hospitality business

- Provide management services to third-party resorts on a "white-label" basis
- Grow Club revenue by getting legacy owners to join the Club and new tiered Club fee structures

◆ Pursue strategic initiatives consistent with our capital-light business model

- Asian joint venture
- Other geographic expansion
- Opportunistic acquisitions
- Sales and Marketing Innovation (Diamond Dream Holidays and Diamond Dinners)

Veteran Leadership Team with Significant Ownership Stake



Name	Title	Age	Industry experience	Diamond tenure	Experience
David Palmer	President, Chief Executive Officer and Director	54	25+	9	<ul style="list-style-type: none"> ■ CFO of Diamond ■ Co-founder and Managing Director of Trivergance ■ VP Corporate Development, Fruit of the Loom (NYSE: FTL)
Al Bentley	EVP and Chief Financial Officer	55	30+	12 ⁽¹⁾	<ul style="list-style-type: none"> ■ Mackinac Partners ■ CFO of Swifty Serve Corporation ■ CFO of National Merchandise Co. / Pic N' Save
Howard Lanznar	EVP and Chief Administrative Officer	60	30+	3	<ul style="list-style-type: none"> ■ Prior outside counsel to Diamond ■ Chair of National Corporate Practice, Katten Muchin Rosenman ■ General Counsel, Fruit of the Loom (NYSE: FTL)
Michael Flaskey	EVP, Sales & Marketing	48	20+	5	<ul style="list-style-type: none"> ■ Starwood Resorts & Hotels ■ Wyndham Vacation Ownership ■ Starwood Vacation Ownership
Steve Bell	EVP, Global HR	65	30+	9	<ul style="list-style-type: none"> ■ Global HR of Caesars Entertainment ■ Teligent
Ronan O’Gorman	SVP, Resort Operations	59	30+	4	<ul style="list-style-type: none"> ■ Four Seasons Hotels ■ Bally’s & Paris Casino & Hotels ■ Station Casino’s & Hotels
Sarah Hulme	SVP, Global Club Operations	47	15+	12 ⁽¹⁾	<ul style="list-style-type: none"> ■ Member of Chairman’s League - ARDA ■ Thomas Cook ■ MFI Homeworks

(1) Includes time working for Sunterra, which was acquired by Diamond in April 2007.



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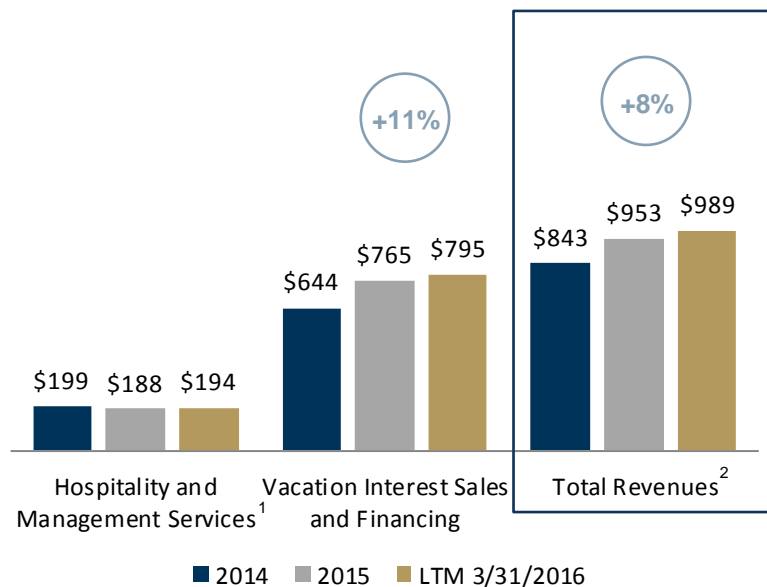


Revenue Overview



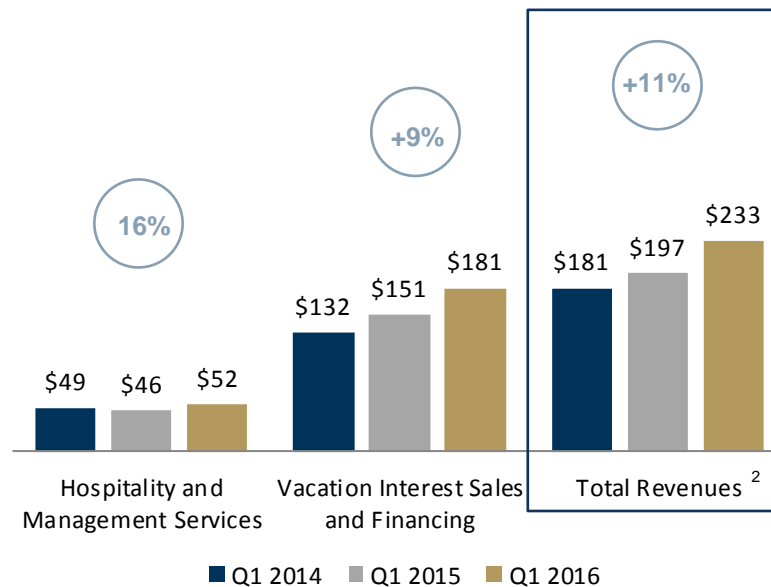
2015 operating summary

(\$ in millions, % is CAGR)



Q1 operating summary

(\$ in millions, % is CAGR)



1) In April 2014, we renegotiated our contract with Interval International, Inc. ("Interval International"), an exchange company, which relieved us from our obligation to repay the unearned portion of a marketing allowance to Interval International under the original contract, which resulted in the one-time release of this deferred revenue to the statement of operations and comprehensive income (loss) as a reduction of exchange company costs for the second quarter of 2014.

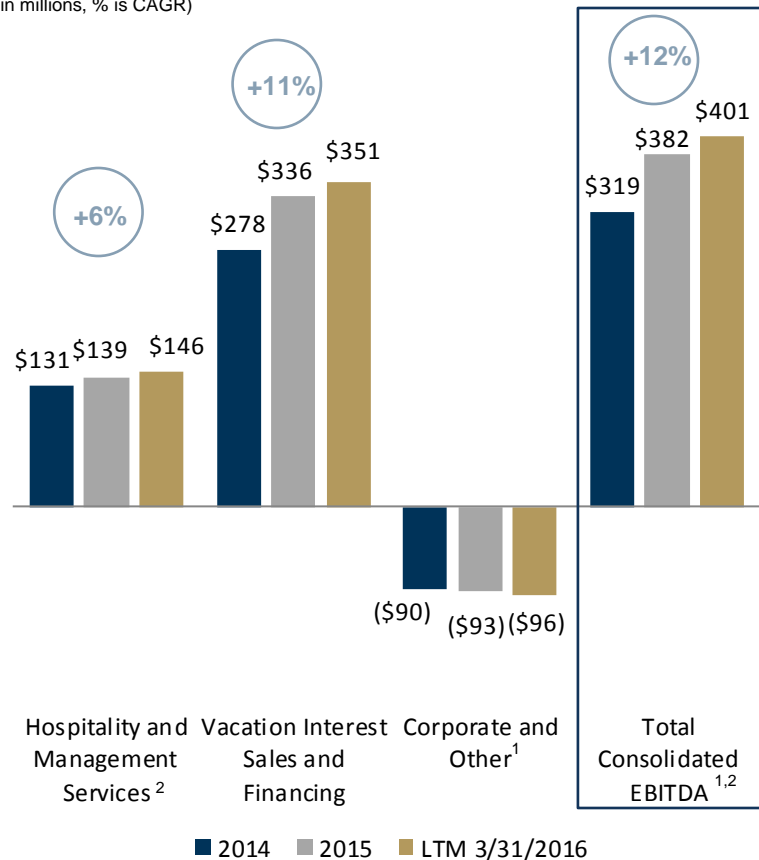
2) Excluding Corporate and Other Revenue.

Adjusted EBITDA by Business Segment



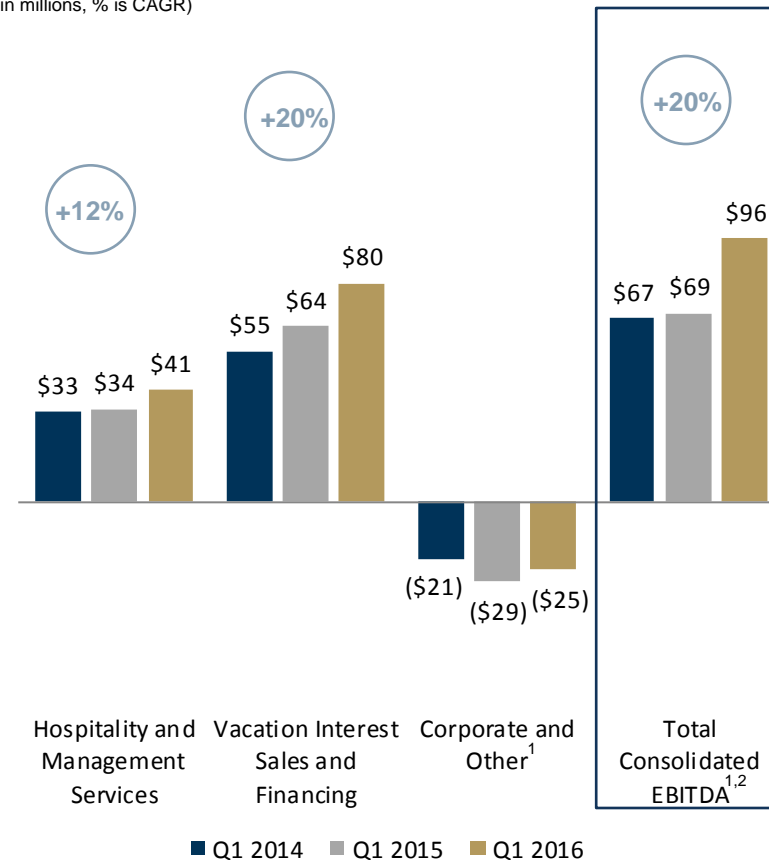
Adjusted EBITDA

(\$ in millions, % is CAGR)



Q1 Adjusted EBITDA

(\$ in millions, % is CAGR)



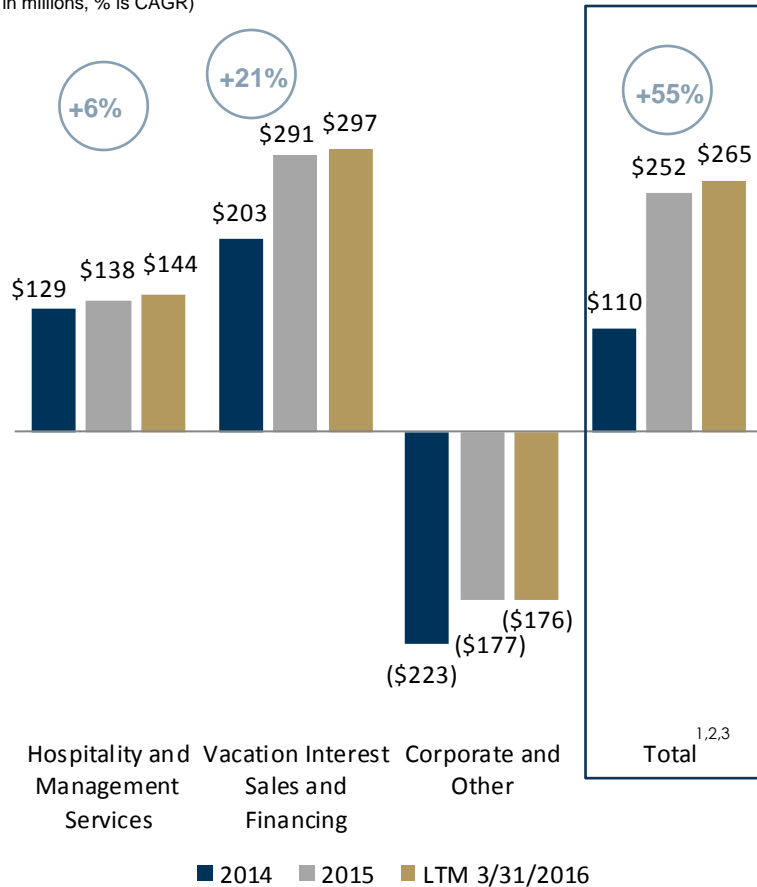
- Adjusted EBITDA for the year ended December 31, 2015 excluded the one-time cash charge related to the contract termination.
- In April 2014, we renegotiated our contract with Interval International, Inc. ("Interval International"), an exchange company, which relieved us from our obligation to repay the unearned portion of a marketing allowance to Interval International under the original contract, which resulted in the one-time release of this deferred revenue to the statement of operations and comprehensive income (loss) as a reduction of exchange company costs for the second quarter of 2014.

Pre-Tax Income (Loss) by Business Segment



Annual Pre-tax Income (Loss)

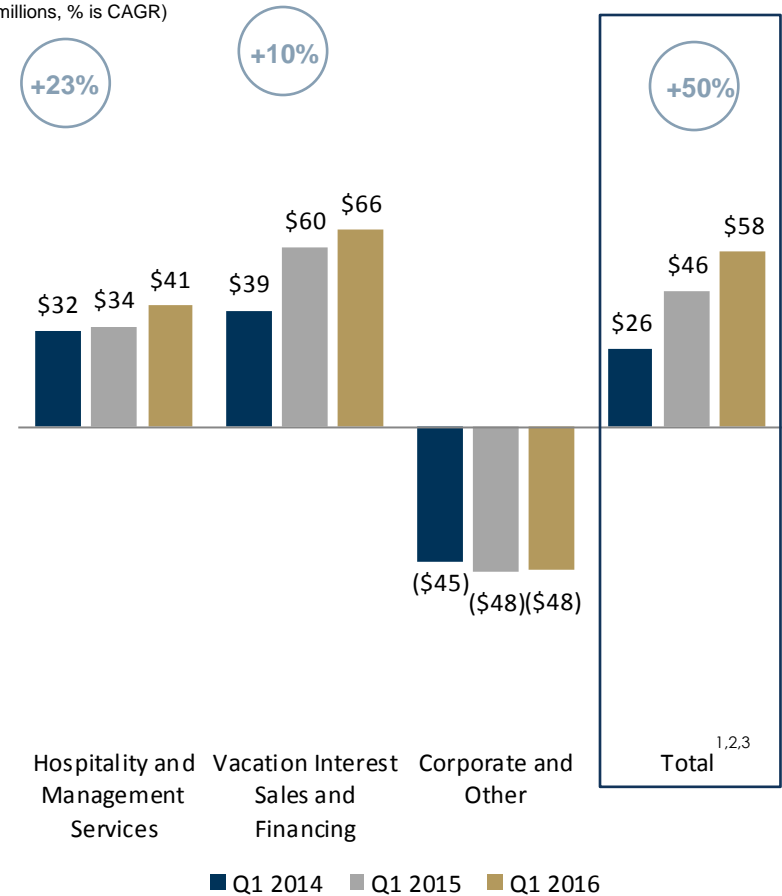
(\$ in millions, % is CAGR)



- 1) Pre-tax income in 2014 included corporate interest expense of \$42 million.
- 2) Pre-tax income in 2015 included corporate interest expense of \$32 million.
- 3) Pre-tax income in LTM 3/31/2016 included corporate interest expense of \$34 million.

Q1 Pre-tax Income (Loss)

(\$ in millions, % is CAGR)



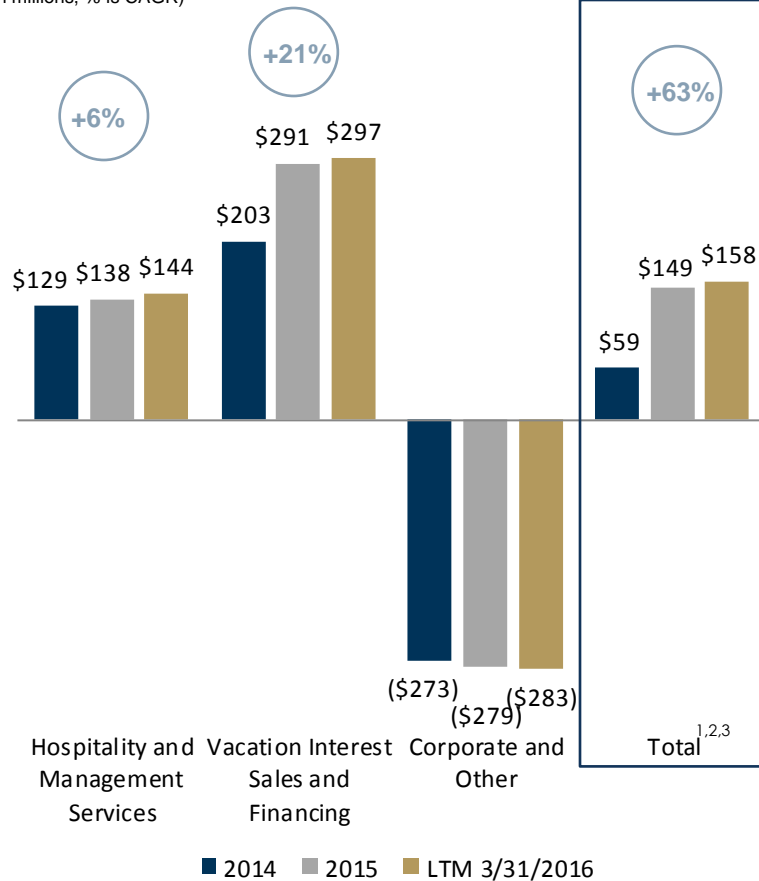
- 1) Pre-tax income in Q1 2014 included corporate interest expense of \$13 million.
- 2) Pre-tax income in Q1 2015 included corporate interest expense of \$8 million.
- 3) Pre-tax income in Q1 2016 included corporate interest expense of \$10 million.

Net Income (Loss) by Business Segment



Annual Net Income (Loss)

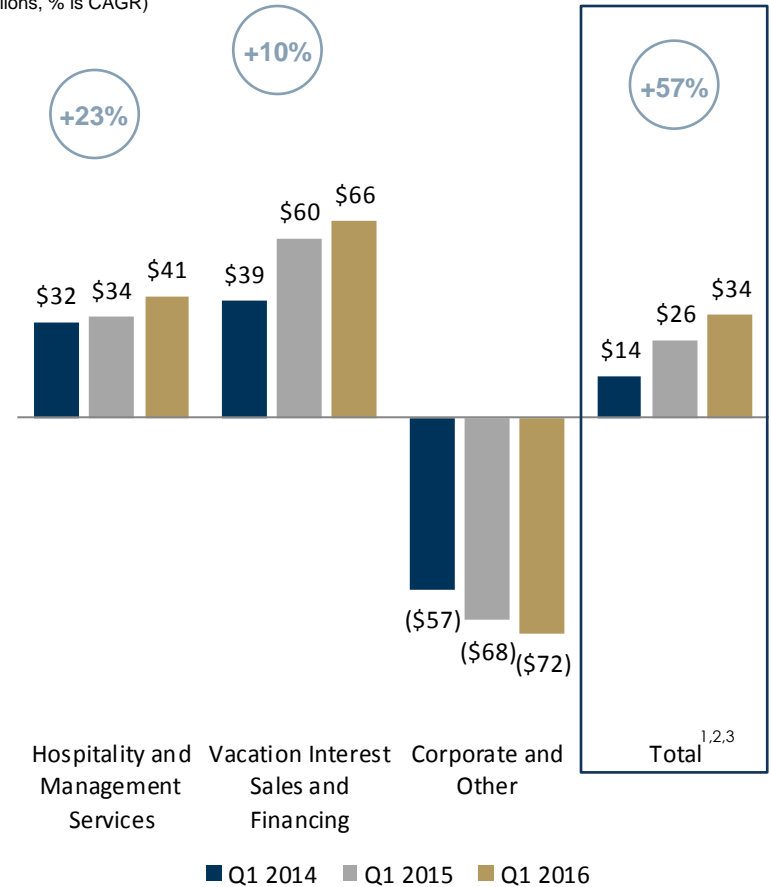
(\$ in millions, % is CAGR)



- 1) Net loss in 2014 included corporate interest expense of \$42 million.
- 2) Net income in 2015 included corporate interest expense of \$32 million.
- 3) Net income in LTM 3/31/2016 included corporate interest expense of \$34 million.

Q1 Net Income (Loss)

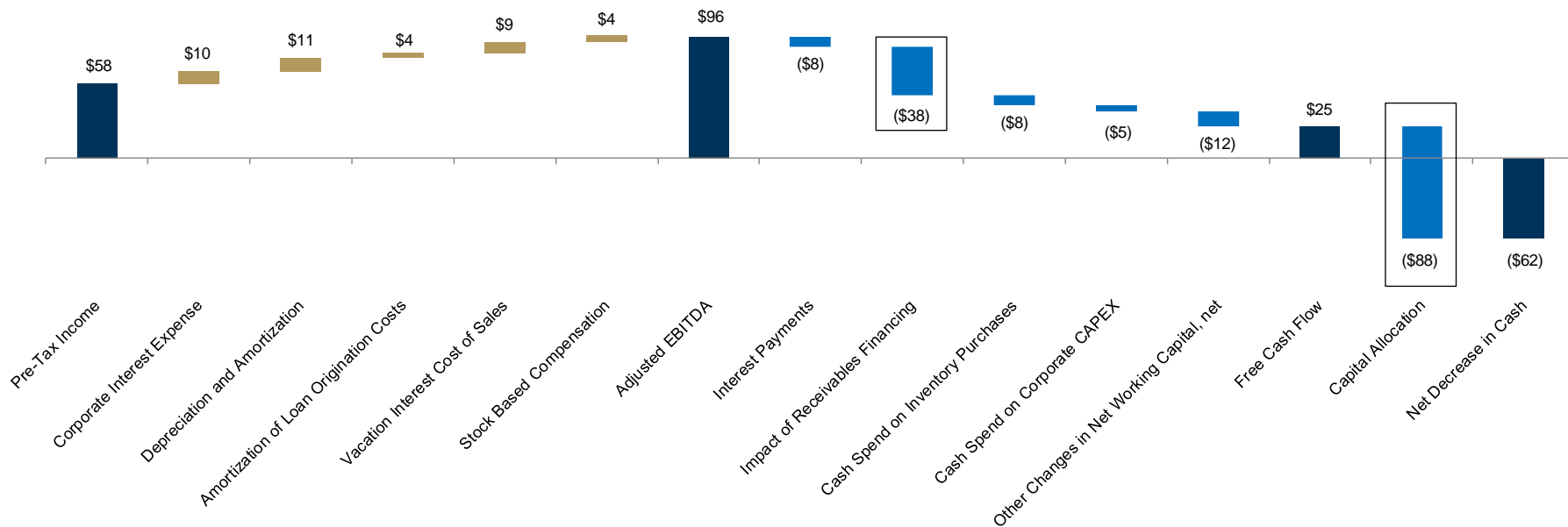
(\$ in millions, % is CAGR)



- 1) Net income in Q1 2014 included corporate interest expense of \$13 million.
- 2) Net income in Q1 2015 included corporate interest expense of \$8 million.
- 3) Net income in Q1 2016 included corporate interest expense of \$10 million.

Cash Flow Bridge – QTD for the Period Ended March 31, 2016

(\$ in millions)



Impact of Receivables Financing	
Release of Receivables Reserve Cash	\$ 8
Net Increase in Receivables	(38)
Provision for Uncollectibles	22
Net Proceeds From Securitizations / Conduits	(30)
Impact of Receivables Financing	\$ (38)

Capital Allocation	
Net Cash Spend on Intrawest	\$ (85)
Debt Repayments	(2)
Cash Spend on CIP	(1)
Impact of Capital Allocation	\$ (88)



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Reconciliation of Operating Cash Flow to Adjusted EBITDA



(\$ in thousand)	Twelve Months Ended		Three Months Ended March 31,		LTM 3/31/16
	December 31, 2015		2015	2016	
Net cash provided by operating activities	\$ 175,894		\$ 45,060	\$ 42,019	\$ 172,853
Non-cash items					
Income tax expense ⁽¹⁾	102,170		19,525	23,947	106,592
Provision for uncollectible Vacation Interests revenue ⁽¹⁾	(80,772)		(14,096)	(21,559)	(88,235)
Excess tax benefits from stock-based compensation	922.00		375	-	547
Amortization of capitalized financing costs and OID ⁽¹⁾	(6,233)		(1,402)	(2,027)	(6,858)
Deferred income taxes ⁽¹⁾⁽²⁾	(46,146)		(10,822)	(8,940)	(44,264)
Loss on foreign currency ⁽¹⁾⁽³⁾	(1,210)		(98)	(349)	(1,461)
Gain on mortgage repurchase ⁽¹⁾	515		96	107	526
Unrealized loss on derivative instruments ⁽¹⁾⁽⁴⁾	(462)		(258)	(131)	(335)
Unrealized (loss)/gain on post-retirement benefit plan ⁽⁵⁾	-		(43)	-	43
Loss on investment in joint venture ⁽¹⁾	(122)		-	(123)	(245)
Vacation Interests cost of sales ⁽⁶⁾	28,721		1,138	9,242	36,825
Cash items					
Corporate interest expense ⁽⁷⁾	31,581		7,686	10,218	34,113
Change in operating assets and liabilities excluding acquisitions ⁽⁸⁾	169,278		22,122	43,770	190,926
Adjusted EBITDA	\$ 374,136		\$ 69,283	\$ 96,174	\$ 401,027
One-time charge related to the contract termination ⁽⁹⁾	7,830		7,830	-	-
Adjusted EBITDA excluding the one-time charge related to the contract termination	\$ 381,966		\$ 77,113	\$ 96,174	\$ 401,027

(1) Represents predominately non-cash item.

(2) Represents the deferred income tax liability as a result of the provision for income taxes recorded for the respective periods presented..

(3) Represents net realized losses on foreign exchange transactions settled at unfavorable exchange rates and unrealized net losses resulting from the devaluation of foreign currency-denominated assets and liabilities.

(4) Represents the effects of the changes in mark-to-market valuations of derivative liabilities.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) Represents a one-time cash charge related to the termination of certain contracted relationship with our chairman, Stephen J. Clooback.

Reconciliation of Net Income to Adjusted EBITDA



(\$ in thousands)	Twelve Months Ended		Three Months Ended March 31,		LTM 3/31/16
	December 31, 2015	2015	2015	2016	
Net income	\$ 149,478	\$ 25,975	\$ 34,433	\$ 157,936	
Plus: Corporate interest expense ⁽¹⁾	31,581	7,686	10,218	34,113	
Provision for income taxes	102,170	19,525	23,947	106,592	
Depreciation and amortization ⁽³⁾	34,521	8,640	10,560	36,441	
Vacation Interests cost of sales ⁽²⁾	28,721	1,138	9,242	36,825	
Impairments and other non-cash write-offs ⁽³⁾	12	5	-	7	
Gain on disposal of assets ⁽³⁾	(8)	(34)	(318)	(292)	
Amortization of loan origination costs ⁽³⁾	12,635	3,042	3,923	13,516	
Amortization of net portfolio premium ⁽³⁾	78	11	20	87	
Stock-based compensation ⁽⁴⁾	14,948	3,295	4,149	15,802	
Adjusted EBITDA	\$ 374,136	\$ 69,283	\$ 96,174	\$ 401,027	
One-time charge related to the contract termination ⁽⁵⁾	7,830	7,830	-	-	
Adjusted EBITDA excluding the one-time charge related to the contract termination	\$ 381,966	\$ 77,113	\$ 96,174	\$ 401,027	

- (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 non-cash charge related to stock based compensation due to the stock options issued in connection with and since the consummation of the IPO.
- (5) Represents one-time cash charge related to the termination of certain contracted relationship with our chairman, Stephen J. Clooback

Adjusted EBITDA and Free Cash Flow 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
- Free Cash Flow is Adjusted EBITDA, less: (i) cash interest paid on corporate indebtedness; (ii) impact of receivables financing; (iii) cash spent for acquisitions of VOI inventory pursuant to inventory recovery agreements and in open market and bulk VOI inventory purchases, for capitalized legal and title and trust fees; (iv) cash spent for corporate capital expenditures; and (v) other changes in net working capital. Additionally, Free Cash Flow is also adjusted for certain net changes in working capital.

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

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 Adjusted EBITDA does not reflect our cash requirements for these expenditures or certain costs of carrying such inventory (which are capitalized); 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.

2016 Guidance

As of May 4, 2016



(\$ in Thousands)	Year Ending December 31, 2016	
	Low	High
Pre-tax Income	\$ 228,000	\$ 265,000
Corporate Interest Expense	\$ 42,000	\$ 40,000
Vacation Interest Cost of Sales	\$ 93,000	\$ 83,000
Depreciation and Amortization	\$ 36,000	\$ 34,000
Other Non-cash Items	\$ 31,000	\$ 28,000

For the year ending December 31, 2016, we anticipate capital expenditures(c) to be between \$35.0 million and \$40.0 million. In addition, we anticipate ordinary course cash expenditures for the acquisition of inventory to be between \$60.0 million and \$70.0 million, cash tax payments to be between \$20.0 million and \$30.0 million, and cash interest payments on corporate facilities to be between \$30.0 million and \$35.0 million.

In addition, consistent with our capital allocation philosophy, we anticipate investing approximately \$29.0 million of our cash to build or acquire newly-constructed inventory to support future growth in our VOI sales and hospitality management businesses.

- (a) In accordance with ASC 978, the Company records Vacation Interests 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, 2015). This method requires the Company to make a number of projections and estimates, which are subject to significant uncertainty and retroactive adjustment in 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 U.S. 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 Interests cost of sales. As a result, guidance for Vacation Interests cost of sales (and as a result, pre-tax income) covers a wide range of outcomes and does not impact Adjusted EBITDA.
- (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 expansion/refurbishment of our sales centers. This does not include expenditures for the acquisition of inventory, or resort-level capital improvements which are paid by the homeowners associations.

Respected and Sophisticated Board Representation

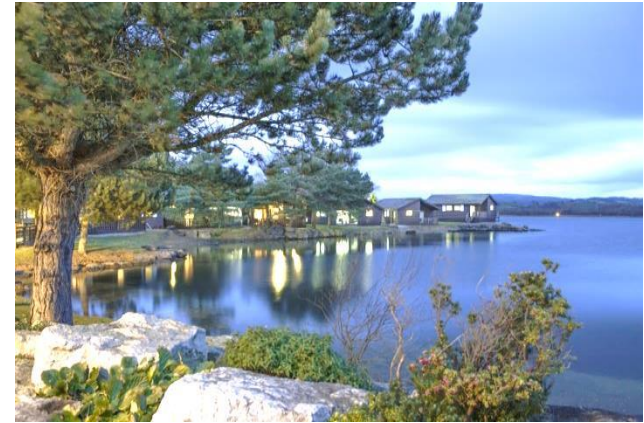


Name	Experience
Stephen J. Clooback <i>(Chairman)</i>	<ul style="list-style-type: none"> • Founder of Diamond Resorts International; previously CEO • Former Chairman of the Corporation for Travel Promotion for the United States, also known as Brand USA
Lowell D. Kraff <i>(Vice Chairman)</i>	<ul style="list-style-type: none"> • Private equity, merchant banking and investment banking professional • Co-founder and managing member of Trivergance, LLC • Member of the Board of Tranzact, a company focused on ways to sell insurance direct to consumers in scale
David Palmer <i>(Director)</i>	<ul style="list-style-type: none"> • President and CEO of Diamond Resorts International • Co-founder and former Managing Director of Trivergance, LLC • Former VP Corporate Development of Farley Industries, Inc., a diversified holding company with interests in the automotive, industrial and apparel industries
David J. Berkman <i>(Director)</i>	<ul style="list-style-type: none"> • Managing Partner of Associated Partners, LP, a private equity firm engaged in the telecommunications, media and internet market segments which primarily operates and is invested in the wireless infrastructure business • Director of Entercom Communications Corp Inc. (NYSE: ETM) and, Actua Corporation (formerly ICG Group, Inc. Corp). (NASDAQ: ACTAICGE) • Member of Board of Managers of Franklin Square Holdings, LP • Member of the Board of Trustees of The Franklin Institute • Member of Board of Overseers of University of Pennsylvania School of Engineering and Applied Science
Hope S. Taitz <i>(Director)</i>	<ul style="list-style-type: none"> • Managing partner of ELY Advisors • Currently sits on the boards of MidCap FinCo Holdings Limited, MidCap FinCo Limited and MCFeeder Limited, Apollo Residential Mortgage, Inc., Athene USA Corporation, Athene Annuity and Life Company, Athene Life Insurance Company of New York, Athene Annuity and Life Assurance Company of New York, Athene Annuity & Life Assurance Company, Athene Life Re Ltd. and Athene • Director and member of the Audit Committee of Lumenis Ltd. • Prior served as a Vice President at The Argosy Group and as a Managing Director at Crystal Asset Management
Jeffrey W. Jones <i>(Director)</i>	<ul style="list-style-type: none"> • Member of the board and chair of the audit committee of Noodles & Company, a publicly held fast-casual restaurant chain • Member of the board and chair of the audit and finance committees of Hershey Entertainment and Resorts, a privately held entertainment and hospitality company • Member of the board, chair of the audit committee and member of the nominating and corporate governance committee and the compensation committee of Summit Hotel Properties, a publicly held real estate investment trust • Former Member of the board and CFO of Vail Resorts, Inc., a publicly held resort management company
Richard M. Daley <i>(Director)</i>	<ul style="list-style-type: none"> • Longest-serving mayor in Chicago's history with a 22-year tenure as mayor • Director of the Board of The Coca-Cola Company • Of Counsel to Katten Muchin Rosenman LLP • Executive Chairman to Tur Partners LLC • Member of the International Advisory Board for the Russian Direct Investment Fund • Senior advisor to JP Morgan Chase
Robert Wolf <i>(Director)</i>	<ul style="list-style-type: none"> • Founder and CEO of 32 Advisors, LLC • In June 2013, appointed to President Obama's Export Council. Has previously served as a member of the President's Council on Jobs and Competitiveness (2011-2013) and Homeland Security Advisory Council's Border Infrastructure Task Force (2012) • Prior served as Chairman of UBS Americas and President of UBS Investment Bank
Zachary D. Warren <i>(Director)</i>	<ul style="list-style-type: none"> • Board member since June 2010 • Joined Guggenheim Partners, LLC in April 2004 and currently serves as a senior managing director • Over 15 years of experience in the equity and corporate debt markets with a focus on making direct debt investments in middle-market companies

Representative Properties



White Sands Beach Club – Menorca, Spain



Pine Lake Resort – Lancashire, United Kingdom



Ka'anapali Beach Club – Maui, Hawaii



The Historic Powhatan Resort – Williamsburg, Virginia

Representative Properties



Santa Barbara Golf and Ocean Club – Tenerife Spain



Sedona Summit Resort – Sedona, Arizona



Palazzo Catalani – Soriano, Italy



Lake Tahoe Vacation Resort – South Lake Tahoe, California