

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

1. John Adamson – email 1 May 2019

a. Amendment to reservations - Why subject to availability being shown can't a member re-open their confirmed reservation and add on extra days either side/or delete days if outside of the cancellation penalty period if there is availability? Once a member has confirmed a reservation the core elements of that booking are set – property, arrival date, departure date and accommodation type. Any requested change to these core elements are a cancellation of the original confirmed booking, irrespective of whether a similar reservation is subsequently confirmed. The underlying governing documents of THE Club® exchange program don't contemplate nor set rules governing reservation alteration, amendment, modification or reinstatement and the reservation booking system on our website does not have the functionality to accept such changes. That said, our Member Services team are more than happy to assist with any amendments to your reservation subject to the dates requested being available.

b. DR do a lot for disabled people and should be congratulated. But one area is ignored - deafness. TVs in apartments are set up to prohibit putting on subtitles. I've found this in every resort I've stayed so it must be a Europe policy. I'm partially deaf and find it really difficult to watch TV without some help. I appreciate that DR don't want people to mess about with the TV settings, but surely it should be possible to allow an option for subtitles? If subtitles are enabled then precise instructions should be made available on how to enable them?

Thank you for your feedback. Our teams are working towards having instructions to add/remove subtitles available upon request however this does also depend on the TV model & capabilities. Please let our resort teams know if you need any assistance in this regard during your stay

c. Pending / priority accommodation requests - Why when a member requests these do DR never account for a member requesting a potential upgrade (if one such upgrade is available for the entire length of the vacation). So for example if a member wanted a two bed apartment at say Sunset Bay on such and such a date why can't they just tick a box stating (accommodation upgrade preferred) then if available DR could offer the one bed for upgrade to the member?

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

d. Member benefits detailed for the following year - Around 3/4 years ago DR were always proactive in announcing their changes in an accompanying letter which came with our annual demand for fee letters. Why now do we have to wait till around February/March in the following year. Even in April the European members directory is a year out of date despite the USA directory having been released a month prior, this again makes planning difficult as no week numbers are available for 2020 for EU members, surely we are all one club and this should be released universally.

We always endeavour to communicate any news as regularly as we can and as soon as possible following any new offerings and/or changes to current ones. We need to ensure that the information within the Member Benefit directory is correct and legally approved before publishing to members and that agreements/contracts with external vendors are in place prior to us publishing these benefits. For 2019 there were some last minute changes to some of the benefits on offer which delayed the directory going live on the website. We are committed to sending Club Newsletters by email and generally most updates are contained within that and then towards the end of the year we send out an annual update letter with the annual maintenance fee documentation. Our website contains the most up to date information and we publish articles on the Home page of the Member Area of the website under the “What’s New?” section.

e. If you have carried your 2019 points forward to the following year 2020 why cannot the system show them both individually in the 2020 year so you can be sure that 2019 points are used first.

There are no current plans to enhance the dashboard however your points usage (including save and borrow transactions) can be found under “My Account – Points Usage History”.

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

f. Why have DR not rolled out the simplified version of Transitions into Europe - In Europe we have a system called non-qualified redemption which can be used to relinquish part ownerships based on multiples of points certificates but the redemption qualifying dates are so complex and it costs a EU member two years membership fees @ charge/point rate so that is currently £88.30/1000 points. So for me as a EU member this to terminate/relinquish a 5000 point certificate would cost me £883 (2 years fees in return for no holidays) whereas in the USA it would only cost \$750 (£575 based on prevailing exchange rate as at 10th April 2019). This would afford a saving to EU members who wished to downsize their ownership. I thought DR were looking to simplify and make the club equal across all universal collections.

DRECL is a member collection of The Club® and the surrender and non –qualified relinquishment options are facilitated by an entirely different Founder Member (DREL). The relinquishment programme comes at a significant cost to DREL, not least because (when a surrender/relinquishment request is accepted), DREL takes back ownership of the points and assumes responsibility for paying the management fees on those points. DREL’s points’ ownership (and therefore its management fee liability) has therefore increased significantly as a direct result of this programme. The potential financial impact for DREL prior to introducing the non-qualified relinquishment programme was very carefully considered and it was determined that without the “buffer” of a relinquishment fee, DREL would not be in a financial position to offer the programme.

Additionally, unlike the Exceptional Circumstances and Non-Qualified relinquishment opportunities provided to EU members, the Transitions programme available to US membership types may be removed at any time. Furthermore, the Transitions fee available to US members (providing that the qualification criteria is met) has increased from \$250 per contract to \$1,000 per contract since the programme was launched. Overall the introduction of the EU relinquishment options has been well received by many of our members and DREL recognises the importance of the programme for its members.

g. Direct debits for payment of club management fees -The facility to pay management fees by monthly instalments has now been granted in the USA collections but over 12 equal interest free instalments and yet DR have stuck to their guns and insisted that EU members on the 12 monthly direct debit interest free option have to still pay 25% upfront in January which does not ease cash flow, especially when it hits members accounts immediately the month after Christmas - why?

Each Collection and the resorts in their respective portfolios have to assess their cash flow requirements and for DRECL, it also has the additional complication of having to consider the impact of exchange rates. The primary logic behind the need for a 25% deposit from members paying in 12 instalments is to give DRECL the financial flexibility to perform more refurbishment work in the winter months of January and February when demand is lower. As for the US Collection, 2019 was the first year that this programme was made available to its members. This being the case, changes to how their programme operates may be introduced for the 2020 billing cycle.

h. Why can't EU members sell points to non club members and or transfer our club membership to them (as in the US collections)?

To be clear, it is open to DRECL members to sell their points to non-club members by utilising the services of Worldwide Timeshare Hypermarket Ltd and/or the Travel & Leisure Group, both of whom have been appointed by the Founder Member as an authorised (but independent) third party resale intermediary. The authorised resale intermediaries will be happy to assist you in selling your points and have authority to arrange sales on your behalf to either member or non-members. Should you wish to sell your points using their services you can (i) contact Worldwide Timeshare Hypermarket Ltd on +44 (0) 1202 544871 or submit an enquiry form through their website www.timeshare-hypermarket.com or (ii) contact Travel and Leisure Group on 0800 988 7168 or submit an enquiry form through their website www.travelandleisure.co.uk Both Worldwide Timeshare Hypermarket and Travel & Leisure Group are required to comply with strict

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

regulatory requirements regarding the disclosure of prescribed information to a potential purchaser about the DRECL points product. Those regulatory requirements have been bolstered even further by contractual disclosure requirements mandated by DREL. We feel that it is imperative that this disclosure is provided to ensure that new members (who are not familiar with the DRECL product) have a clear understanding of the rights and obligations that they are acquiring. It is for this reason that in order to protect the interests of all members and prospective members, you are not able to sell your points via a resale company or an intermediary other than through one of the aforementioned authorised resale intermediaries. We reserve the right to reject any transfer if we believe that the services of an unauthorised intermediary have been used (which will mean that the change of ownership will not proceed). Please be advised that should you decide to utilise the services of Worldwide Timeshare Hypermarket Ltd or Travel and Leisure, your management fee account must be paid in full prior to contacting them. They will be unable to assist in selling your points whilst there is an outstanding balance on your management fee account. Should you require confirmation of your current management fee balance, please contact the Owner Operations department on 0345 359 0007.

i. Transfer fees for resale point transactions - as from end of March 2019 transfer fees have increased for members looking to transfer their points from themselves to another single owner so whereas in the past if I was transferring say 6000 points with 3 X 2000 points certificates then I was charged on transfer - re-registration fee of £299. Now it appears that DR are charging the member 3 X £299 - why?

For a very short period of time, Diamond charged a transfer fee per contract. However the fee structure was reviewed and Diamond has already reverted back to one fee per transaction. This means that if points are being transferred by a member to one purchaser they will only pay one transaction fee. The transfer fee is currently:

£75.00 / €86.25	Per transfer to immediate family members
£299.00 / €343.85	Per transfer to non family members

Please see the answer to question 8 regarding the ability to convert resale points to full usage points.

j. Interval International membership -Why are EU members just classified as standard members whereas USA members qualify without cost for Gold II membership?

Interval International membership has in previous years included Interval Gold membership. Due to member feedback, this arrangement came to an end on the 31st December 2009. As you can appreciate, there is a cost to include the Gold Membership with your current Interval International membership. Instead of passing on those costs to members who do not utilise this benefit, those members who wish to enrol with Interval Gold can still do so individually.

k. Taking inventory from developer and moving it to member stock and vice versa - There is a total inconsistency how DR help members attain reservations they desire when no DRECL stock is available for members to book but developer stock is available on the same dates and is freely advertised on your hotels internet site. Now some members report some limited success in DR providing customer service and withdrawing developer stock for them to book on points but why can't DR be 100% consistent and offer this same customer service to all members if the request is made say 10 months in advance of arrival?

Inventory pay back for members booking developer inventory using their points can vary based on how far out the member books their reservation. Booking developer inventory that has been shared many months in advance requires a fair and equal pay back, whilst inventory booked very close to arrival does not. If developer owned inventory is utilised by a member, then there is always an equal and fair exchange back from DRECL.

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

l. Points for travel - Why have DR taken it upon themselves to reduce the ‘up to 100%’ cost redemption rates to only 30% (as from 2021)? I know it would appear that DR have extended the window till 31st December for all members but I wonder how many members actually redeem points for travel beyond 1st July when you have to pay 75% of the following years fees to make the redemption (as points are taken from the following years fees from that date for this benefit)? I would like to see the re-instatement of 100% redemption up to end of March, May and June for Gold and platinum members and thereafter these dates either 20% or 30% cap.

Last year, we announced a change to the Travel Services member benefit which now provides redemption for all members all year round and from 2021 will see a cap on the number of points which can be redeemed in one transaction. As members are aware, all points have a prescribed redemption value in terms of accommodation usage rights. As and when points are redeemed for a member benefit (such as a monetary credit/discount), the cost of that monetary credit/discount is born by the Developer of the Collection (which in the case of DRECL is DREL). In return for paying for the benefit, accommodation equivalent to the number of points redeemed for the member benefit is released back to DREL. That accommodation is then used by DREL with a view to covering (in full or in part) the cost incurred for the member benefit. Also by reducing the amount of points redeemed towards member benefits ultimately means fewer rental guests at various resorts which from time-to-time have been a source of irritation to members.

m. DR should be upfront with their extra charges that are added to membership tiers for late check out arrangements (always at resort managers discretion and logistics of availability). For example I understand Platinum members can extend check out time till noon without extra charges being incurred.

Check in time is 4pm and check out time is 10am. Loyalty members are afforded many different benefits according to their individual membership and a full list of these is included online in The Club® Member Directory booklet (found in Member Information section) and in the FAQ section. If a guest requests an early check in (from 2pm) or late check out (up to 12 noon) additional charges will apply at £10/€10 per hour if it is not included within their loyalty benefits. These are widely published in reservation information.

n. I have kept requesting the EU collection breakdown (to no avail whilst this information is freely provided in other collections) - Component Resort ownership details This details the resort, number of apartments on resort, number of apartments owned by DRECL, percentage of availability Can this information be provided?

Inventory allocations are dynamic and therefore we are unable to detail at which other resorts equivalent accommodation has been provided. We can however confirm that the ordinary members of DRECL have benefited from increases in year on year allocations across several European destinations as a direct outcome of the removal/sale of resorts in DRECL (with a consequential reduction in the amount of inventory available to the Founder member at those resorts). The total number of resorts and weeks in trust for DRECL is of course detailed in the inventory schedule which is provided to purchasers as part of our disclosure obligations and is updated on a monthly basis. This can easily be provided to you if this contains the information you are seeking.

o. When major resort refurbishment work is being undertaken such as the total refurbishment of the Santa Barbara swimming pool I believe that DR should have discounted all rooms by a minimum of 30%. Also because of the logistics/location of this resort I believe that DR could have arranged for "Club members and their guests only" to have been given access to use the outside leisure facilities at the "Royal Tenerife Country Club" which would have room to accommodate additional guests.

Ongoing improvements are underway at all resorts throughout the year. Notice in advance is always provided before a booking window opens. However points values will always remain as published and unchanged unless they are reduced within the Late Availability Space provision. Points values are not at the discretion of or determined by Diamond – they are fixed and governed by the legal documentation of the European Collection. Any additional reduction would be at the expense to the European Collection.

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

Facilities at any resort are limited to the occupancy of the accommodation provided at that destination and some resorts are within a ‘comunidad’ (community of owners) which have their own regulations. We always endeavour to secure alternative facilities and for members staying at Santa Barbara during the pool renovation these were made available at a neighbouring hotel.

p. Why is there not a balance in member promotional (Events Of A Lifetime) in Europe as there is in USA collections, all of these events must be sponsored by the global DR marketing budget, so why does the European collection not get a proportional proportion of money allocated to spend on these events?

As advised in an email sent in 2017, we announced that we were restructuring the previous operational activities of the European sales and marketing teams. For the avoidance of doubt, marketing activity throughout Europe had to be paid for by DREL. At this time we have no immediate plans to operate Events of a Lifetime within Europe but we will continue to review the potential for reintroducing these events back into the EU market.

q. So many things make us feel under valued as members of the EU collection and we pay proportionally the same monetary value in £/point in management fees as the US members pay in \$/point. All this and our choices of resorts are dwindling in remote locations and we are finding more and more we are gravitating to the same small centre of EU resorts (for example 3 resorts in Adeje and Golf Del Sur Tenerife, two in Benalmadena Spain, two within a stone’s throw of one another in Italy) this lack of diversity such as closure of a Majorca resort, etc results in frustration (it is no wonder you cannot promote more expansion of growth of EU members).

In the main, decisions taken to sell resorts thus far have been based on either the popularity of the resort amongst our members based on usage (e.g. AlpenClub in Germany, Le Manoir in Normandy) or financial/ logistical reasons such as required expenditure/disproportionate running costs (e.g. Broome Park). There are currently no plans to expand the resort portfolio other than affiliated properties. To do so would serve to increase the inventory owned by DREL and therefore increase DREL's management fee liability.

r. With the amount of rental guests why are DR not marketing to these guests showing them the potential savings and offering them a cash refund on their holiday purchase if they join the DR points scheme (payment to be made after completion of verified purchase)? DR must see that new membership blood is desperately needed in Europe for a sustained business with the average age of a member now probably being 60 years of age and the voluntary release age of 75 is forever getting nearer.

It is true to say that average rates paid by hotel guests (rental clients) have been increasing year on year. Along with the many non-financial benefits of a membership with Diamond Resorts there are now, more than ever, strong financial reasons for owning EU Collection Points.

We believe that we do now have a good opportunity to market to our hotel guests who have of course experienced our hospitality and resort standards. Conscious of this potential, we are developing a marketing strategy that will enable us to engage with these guests. The strategy needs to be developed with care, ensuring that the product on offer to potential members is appealing and represents an efficient return on the marketing effort required. It isn't possible at this time to give a definite date for the launch of our marketing strategy, but we are working towards introducing an initiative with a view to it being rolled out later this year.

s. Please would DR ensure that all bathrooms are completely private, affording guests the dignity and privacy expected? There are still bathrooms with glass walls that have a see through film, this mean the person in the bathroom is visible from the lounge.

This is the first time we have heard this. The product you are referring to is commercially manufactured and approved privacy glass. It is recommended and installed in many hospitality establishments without any

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

adverse feedback. It helps natural light to share within an area and to help smaller areas feeling less claustrophobic. We do however note this concern and will monitor feedback.

t. **Diamond has afforded us some lovely vacations but without a significant cost advantage or other benefits other than encouraging vacations. A buy back program after 10-15 yr ownership, valued at a fixed percentage of the original purchase price would be an incentive to entice new owners.**

Example: If one purchases a high end car and is aware that there will be a resale value in 15 years usually exceeding that of ordinary average car which will have deteriorated into nothingness...it's a win win for the seller and buyer....supports the quality of product, clientele attracted, and can be looked as a purchase with some potential return in the end.

Thank you for your suggestion. However this is not something we have plans in the immediate future to implement.

2. John Adamson – email 7 May 2019

Why has DR withdrawn the 10% discount offered to members by DR for reservations made via DR hotels which was agreed at the EU AGM a couple of years ago?

‘Bonus Time’ (which was a developer (DREL) run programme booking of accommodation for cash payment) was withdrawn following the introduction of two new member benefits - namely Diamond Flexibility and Diamond Value. These benefits afford members the opportunity to rent points in order to secure additional bookings over and above those to which their ordinary membership entitles them.

3. Oliver Turner – email 15 May 2019

Diamond Resorts appear very successful at filling apartments with hotel guests either booked through Diamond Resort Hotels or other booking agents. Unfortunately they do not seem to invite any of these guests to an update/sales type meeting to encourage them to join DRI and thus increase the EU membership, is there a reason for this?

Please see answer to question (1 r) above

4. John Adamson – email 21 May 2019

I have flagged this to the DR Facebook team but we have evidence that as at 20th May 2019 the DR booking system is showing various points values for 7 day stays (on the same dates and resorts) for different members even on the same loyalty tier level. Also within the point saver period it is displaying half point values for club qualifying points but full points values against resale points. Also on some searches it is showing availability for club qualifying points but no availability for resale points. DR are investigating but we need an assurance/statement from DR that owners of resale points are not going to be further devalued/disadvantaged.

Thank you for raising any discrepancies found as this enables us to resolve these issues straight away. We have thousands of reservation functions that control steps of the booking process including any applicable charges.

5. John Adamson – email 26 May 2019

When DR declared they were pulling out of resorts such as Normandy and Majorca that all weeks of inventory removed from those resorts would be back filled with weeks available across other EU Collection resorts, however, looking at the 2017 to 2018 weeks inventory figures both seem to have declined in parallel to one another.

Why did DR not be honest and declare that this would be the case?

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

Over the last few years, DRECL has seen a reduction in membership numbers as a result of surrenders as well as a decline in the level of sales across Europe (which we communicated to the membership at the end of 2017). Both of these factors result in DRECL owning more inventory than it requires for its sales operations. The sale of a resort does not impact the availability to members. Rather, it merely serves to reduce the amount of inventory that DRECL owns. The quantity of availability made available to its members remains the same as before, it is just spread differently across the resorts within DRECL.

6. Olly Turner – email 26 May 2019

Having booked several breaks etc using my membership I find that only those in my name appear on the App. Any I have booked for my associate members are not shown - can you explain as they all show on the DRI website?

This has been raised with our development team for investigation.

7. David Pike – email 27 May 2019

Given the peculiar laws applicable in Tenerife that allow golf courses and golfers to avoid liability for any damage and/or injuries caused to third parties - can the Board reassure members that any damage or injuries sustained by members, owners and guests at the RTCC by wayward golf balls will be fully covered by insurance policies held by DRI?

The golf course is liable for any personal injuries or damage sustained in such circumstances and is obliged to have insurance in place for its golfers. Neither the ‘comunidad’ (community of owners) or Diamond are liable or responsible in any way for such injuries.

8. Paul Murphy – email 30 May 2019

Regarding 'Resale Points' to members, commonly referred to as 'Dirty Points'. Has anyone at DR ever considered or discussed the legality of the restrictions placed on these points in view of the Consumer Rights Act 2015 which updated the law on the use of unfair contract terms in consumer contracts. Members who bought the points originally had all the rights regarding the use of the points, but DR now imposes, mainly without consultation with members the apparently unfair restrictions regarding their use. Surely the terms are considered fair to DR but very unfair to members who acquire such points from existing members.

The question is straightforward and at first blush appears infinitely logical. However the commercial reality is far more complex for two reasons.

1. BRAND NEW –V- SECOND HAND POINTS

The concept of second hand goods being “inferior” and therefore “cheaper to purchase” as compared with brand new goods is a concept with which most of us are familiar.

By analogy, one would not expect to buy a brand new car and sell it 6 months later on the second hand market for more than was originally paid for it. Nor would one expect to receive all of the additional benefits afforded by a retailer when purchasing a new car (such as free servicing for 3 years).

The reality of course is that in respect of most goods (such as cars), the product itself usually deteriorates such that at some stage it has no value and must be discarded. For most retailers therefore, the nature of the product itself ensures the future success and longevity of their retail operations.

European Collection points are unusual in as much as they do not deteriorate per se with the passage of time. However many of the member benefits that are offered to consumers who buy points from Diamond have to be paid for by Diamond. In simple terms, Diamond accepts points redemptions in return for the benefit provided (the majority of which are non-contractual) and then seeks to monetise the cost incurred by it for that benefit by renting out the corresponding amount of (points backed) inventory. Diamond assumes all of

Submitted Member Questions & Responses – Annual General Meeting 2019

Diamond Resorts European Collection Limited (“DRECL”)

the risk in offering member benefits (and sometimes the cost of the member benefit is not fully recouped by Diamond). It is hardly surprising therefore that Diamond is reluctant to offer the same usage/redemption rights for points acquired by a consumer on the second hand market.

2. COMPETING MEMBER INTERESTS

Diamond recognises that some members may ultimately seek to sell their points on the second hand market, and Diamond has no issue with this. In order to assist members in this regard, Diamond has proactively tried to facilitate resales, firstly by permitting Travel and Leisure Ltd and more recently Worldwide Timeshare Hypermarket Ltd to sell points on the resale market (to both members and non-members), and secondly by charging a very reasonable transfer fee (which fee covers time spent by Diamond in effecting the transfer with no profit element).

Nevertheless it is essential that an equilibrium is maintained. This equilibrium exists as between the need to protect the interests of members who wish to sell their points, as compared with the interests of members who want to surrender/relinquish their points, as compared with the interests of members who want to maintain their membership and enjoy a healthy and financially sound timeshare club. Not unsurprisingly, Diamond also hopes to make some level of profit from its endeavours (as indeed do all businesses).

To protect members who wish to surrender their points and those who wish to continue enjoying their European Collection membership, Diamond MUST be in a position whereby it is able to continue making sales of points direct to consumers on a retail basis. Amongst other things, this is the only way that Diamond is in a position to offer the exceptional circumstances surrender and non-qualified relinquishment options to its members.

In this regard (as you will no doubt be aware), when Diamond accepts a surrender or relinquishment of points, Diamond assumes responsibility for paying the future maintenance fees on those points. Whilst the rental income (if a rental is secured) goes some way to offset the cost of the maintenance fees paid by Diamond, it does not cover all of the costs.

This being the case, if Diamond was not placed to sell those points on the retail market, the only alternative would be to place the burden of the maintenance fee shortfall on the fee paying members.

Diamond is firmly of the opinion that this would be both an unpalatable and unfair burden to place on the fee paying members.

For obvious reasons, Diamond has to set the price per point at a sustainable level. The price has to cover the cost of the initial inventory (as and when new resorts are introduced) and cover the marketing costs and sales personnel commissions together with corporate overheads.

In order to encourage consumers to buy points from Diamond therefore, the points sold must be superior to second hand points.

It is for that reason too that Diamond restricts the usage rights that attach to second hand points.

Notwithstanding the above, Diamond has gone one step further to protect the interests of members who sell their points by giving purchasers of second hand points the opportunity to upgrade those points to full usage points. Second hand points can be upgraded by purchasing points from Diamond equivalent in number to half of the second hand points they wish to upgrade.

Diamond feels that this balanced approach protects the interests of all members and is the only feasible and sustainable business model.

9. Roland Roberts – email 30 May 2019

We have today received the updated membership cards (this error must have been costly we would not expect to see the membership pay for this mistake), unfortunately both cards are made out to

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

the same person and the number in the bottom right hand corner on the back of the cards are different. Can you please issue a card for both members?.

The mailing house and procurement firm that we use made an error when mailing out the membership cards. Unfortunately, the cards were duplicated with one members name as opposed to both members where applicable.

The mailing company corrected the error by mailing out (at their expense) the replacement card for the secondary cardholder together with a written apology.

On another matter we were on holiday recently in Tenerife and meeting other long standing members and we are very concerned that the club now under its present ownership (asset managers) is no longer what we joined many years ago, and that members no longer count.

The concerns were the cut back on Concierge staff and there is lack of bookings due to the fact that the venues are now offered to non members without member knowledge (all being share holders), and if this is now policy when is the cut off point for the venues to go on general sale and when was this approved.

Diamond Resorts now sponsors a major golf competition in America – why? Is the members money used to fund this?

Certain resorts have been sold off without members consent, where has the income from these sales gone?

There were other issues raised in our discussions with long established members and the view been taken that we will all at the earliest possible time cease to become members in line with our contacts.

We are sorry that you feel this way. However there doesn't appear to be a specific question. We will reach out following the AGM to assist you further. Suffice to say, we can assure you that our members are very important to us. The need (and right) for DREL to rent out inventory is explained in the answer to question 5. Finally, we can assure you that Members' management fees are not used to sponsor the US golf tournaments. Rather, all the funding is provided by the US corporate entities.

10. Douglas Sherriff – email 30 May 2019

In October 2018 I contacted Citrus House as I was concerned that I had found instances where the Diamond members website was overcharging on points for certain reservations. The reason for starting this investigation was in response to another member on the DRI-Members forum stating that the points charges for additional nights over the weekend were greater than expected (see more later). What I found was a 35 night stay at Pine Lakes was showing at **19250** points for a 2 bed lodge when it should really be only **17500** (3500 points per week). I made the following checks to ensure there could be no other reason for the error.

- I entered the reservation in 7 day blocks to ensure that if booked as single weeks the charge would be 3,500 points x 5 = 17,500.
- I checked the 2019 Members Directory to ensure all the weeks fell into the same charging period (all LOW season)
- I was starting the booking on a Saturday which for Pine Lakes is the standard check in day.

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

- I took into consideration the club rules that additional nights can be charged at 10% of the full week value Sun – Thurs and 30% of the weekly value on a Fri and Sat. However the percentages actually being charged per night were definitely not that and the booking duration was for full not a partial week. Example 2 provided later in this question will fully illustrate this point

Incidentally the points tally for a Studio at Pine Lakes looks incorrect too, however to keep matters simple I just focused on the calculation for a 2 bed lodge.

Following a lengthy discussion with Customer Services they stated that the website wasn’t really designed to make booking of this length. I wasn’t really satisfied however with the response as I found that there were issues with the calculation from week 3 onwards (and many members like myself do regularly book stays of that length). It was also explained that points values over and above a week can be charged at higher rates, however taking this into consideration it was still wrong.

As this example was in January 2019 it’s no longer on the system I therefore provide two more recent examples below to illustrate my point with screen prints taken from the system.

Example 1 - Royal Tenerife Country Club – 21 Nights in a 2 bed unit. Overcharge by 10200 points

The first example is of a recent booking I made for a 21 night stay at the Royal Tenerife Country Club commencing on the 17th May 2019 in a 2 Bed standard unit. I use this example first as it’s the easiest to see the error.

Although this reservation was made under the 59 day rule that has no bearing as I was able to save screen prints which clearly show that for a 1 bed unit using exactly the same start date and duration, the system is calculating as expected. As you can see the 2 bed unit should have calculated the booking as **8500** points (full price therefore was 17,000), however as you can see below was being quoted as **18700!!**.

The booking is for a Friday which is the standard check-in day for the RTCC.

Figure 1 – booking shown with a 21 night duration starting on the 17th May 2019

Arrival Date between and
 Nights ?
 Accommodation Type Club Affiliate Managed Hotel Affiliate Cruise
 Occupancy
 Point Range
 Offer Code ?
 SEARCH

WE WILL DO THE SEARCH FOR YOU.
 PENDING REQUEST

Show entries Filter Records: ?
 View Prices In: ?
 Points BPS £ Points + BPS £

Location	Resort	Room Type (Occupancy)	Check-in	Check-out	Points	Book it
Europe, Spain	Royal Tenerife Country Club ?	2 Bedroom(6)	17-MAY-2019	07-JUN-2019	18700	BOOK IT!
Europe, Spain	Royal Tenerife Country Club ?	1 Bedroom(4)	17-MAY-2019	07-JUN-2019	7000	BOOK IT!

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

Figure 2 – booking shown with a 14 night duration starting on the 17th May 2019

My Arrival Date is flexible Click on the checkbox to search a range of arrival dates

Arrival Date between and

Nights ?

Accommodation Type Club Affiliate Managed Hotel Affiliate Cruise

Occupancy

Point Range

Offer Code ?

SEARCH

Show entries Filter Records: ?

View Prices In: ?
 Points BPS £ Points + BPS £

As a Club member you can set up an automated search for a date range and WE WILL DO THE SEARCH FOR YOU.

PENDING REQUEST

Location	Resort	Room Type (Occupancy)	Check-in	Check-out	Points	Book it
Europe, Spain	Royal Tenerife Country Club ?	2 Bedroom(6)	17-MAY-2019	31-MAY-2019	5500	BOOK IT!
Europe, Spain	Royal Tenerife Country Club ?	1 Bedroom(4)	17-MAY-2019	31-MAY-2019	4500	BOOK IT!

Figure 3 – booking the final week separately commencing on the 31st May 2019

Arrival Date between and

Nights ?

Accommodation Type Club Affiliate Managed Hotel Affiliate Cruise

Occupancy

Point Range

Offer Code ?

SEARCH

Show entries Filter Records: ?

View Prices In: ?
 Points BPS £ Points + BPS £

WE WILL DO THE SEARCH FOR YOU.

PENDING REQUEST

Location	Resort	Room Type (Occupancy)	Check-in	Check-out	Points	Book it
Europe, Spain	Royal Tenerife Country Club ?	2 Bedroom(6)	31-MAY-2019	07-JUN-2019	3000	BOOK IT!
Europe, Spain	Royal Tenerife Country Club ?	1 Bedroom(4)	31-MAY-2019	07-JUN-2019	2500	BOOK IT!

Fortunately I was able to complete the booking using two reservations however this did mean that I could only use my Diamond Preference for the first period. Luckily the RTCC reception confirmed I could stay in my chosen unit for the whole duration.

The key points from this I feel are as follows:-

The screen-prints were all taken at the same time as all the reservation had fallen into the 59 day window. This eliminates any explanation such as the timings.

The calculation of a 1 bed unit for 21 nights starting on the 17th May 2019 is showing correctly. Only the 2 bed standard is quoted incorrectly

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

Also as the full points price for this reservation would be 17,000 (week 20 = 5,000 points, week 21 and 22 = 6,000 points each) there’s no simple explanation why this should be displayed as 18,700. Standard check in day reservations at RTCC only inflate or deflate in multiples of 1,000 (or 500 points under a 59 day rule) depending on the season for this unit type. So it should be impossible for the final total to have 700 in it under any circumstances if starting on a Friday..

I show here the points charges quoted on the Flexible Search option however the Simple Search had the same error

Example 2 - Pine Lakes. 35 night duration in 2020 (2 bed lodge) commencing on the 4th January 2020. Overcharge by 2500 points

The second example is of Pine Lakes which is overcharging *yet again* in 2020. I’m using a 35 night duration and the system is quoting **19250** points for a 2 bed lodge. This unit size is 3500 per week in LOW season which therefore should total 17500 points.

This is a good example as being in January it’s still showing on the website.

Figure 4 – 35 night stay Pine Lakes commencing Saturday 4 Jan 2020

Destination: Pine Lake Resort - Carnforth
 Experience: Select by Experience
 Arrival Date between: 04-Jan-2020 and 11-Jan-2020
 Nights: 35
 Offer Code:
 SEARCH

LOYALTY BENEFITS AND ADVANTAGES
 Not interested in the choice(s) present below? As a Gold Member you can set up an automated search for a date range and WE WILL DO THE SEARCH FOR YOU.
 PENDING REQUEST

Show 100 entries Filter Records:

Location	Resort	Room Type (Occupancy)	Check-in	Check-out	Points	Book it
United Kingdom	Pine Lake Resort	2 Bedroom(6)	04-JAN-2020	08-FEB-2020	19250	BOOK IT!
United Kingdom	Pine Lake Resort	Studio(2)	04-JAN-2020	08-FEB-2020	16500	BOOK IT!

Figure 5 – Showing as a 28 night stay commencing Saturday 4 Jan 2020

Destination: Pine Lake Resort - Carnforth
 Experience: Select by Experience
 Arrival Date between: 04-Jan-2020 and 11-Jan-2020
 Nights: 28
 Offer Code:
 SEARCH

LOYALTY BENEFITS AND ADVANTAGES
 Not interested in the choice(s) present below? As a Gold Member you can set up an automated search for a date range and WE WILL DO THE SEARCH FOR YOU.
 PENDING REQUEST

Show 100 entries Filter Records:

Location	Resort	Room Type (Occupancy)	Check-in	Check-out	Points	Book it
United Kingdom	Pine Lake Resort	2 Bedroom(6)	04-JAN-2020	01-FEB-2020	14000	BOOK IT!
United Kingdom	Pine Lake Resort	Studio(2)	04-JAN-2020	01-FEB-2020	12000	BOOK IT!

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

Figure 6 – Showing points cost for an additional 7 nights starting from Saturday 1st Feb 2020

Destination: Pine Lake Resort - Carnforth
 Experience: Select by Experience
 Arrival Date between 01-Feb-2020 and 08-Feb-2020
 Nights: 7
 Offer Code:
 SEARCH

LOYALTY BENEFITS AND ADVANTAGES
 Not interested in the choice(s) present below? As a Gold Member you can set up an automated search for a date range and WE WILL DO THE SEARCH FOR YOU.
 PENDING REQUEST

Show 100 entries Filter Records:

Location	Resort	Room Type (Occupancy)	Check-in	Check-out	Points	Book it
United Kingdom	Pine Lake Resort	2 Bedroom(6)	01-FEB-2020	08-FEB-2020	3500	BOOK IT!
United Kingdom	Pine Lake Resort	Studio(2)	01-FEB-2020	08-FEB-2020	3000	BOOK IT!

Note that this time my screen prints are taken from the Simple Search, however the Flexible Search option quotes the same figures. Also as you can see in this instance the points charged for the Studio is incorrect too

This also raises again the original issue that was being discussed on the DRI Members website that the points per night charges were being levied on the website in a very strange manner. The spreadsheet below will clearly illustrate the point.

I show the percentage of the weekly charge of 3500 points the system is allocating for each night throughout that 5 week period. These percentages are exactly the same as were charged in 2019 for this resort. Of course there could be lots of similar examples on the system.

The starting day 4th January 2020, is a Saturday which is the Standard Check-in Day for Pine Lakes so no complications there.

As you can see the Friday to Sunday charge is increasing week on week. Whilst I realise that weekend rates can be charged at a higher rate, the points charged for a Saturday night look simply wrong.

- Saturday Night Week 2 = 40%
- Saturday Night Week 3 = 50%
- Saturday Night Week 4 = 60%
- Saturday Night Week 5 = 70%

Whilst the example shows that a 35 night stay is being overcharged, weeks 3 and 4 are only correct on the system when booked as a full week due to some very strange point allocations.

- The nightly rate for day **21** is **NIL**
- The charge for night **28** is **Minus 350** points!! Therefore if a member booked a 27 night stay they would be charged 350 points more than a stay of 28 nights.

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

Pine Lakes 2 Bed Weekly Cost			3500 Per week		17500 for 35 Nights			
Day	Date	Day	Points Cost*	Points	Percentage	Total	Week	
Saturday	04/01/20	1			20.00%		40.00%	Guess as can't book 1 night
Sunday	05/01/20	2	1400	1400	20.00%			
Monday	06/01/20	3	1750	350	10.00%		Week 1	
Tuesday	07/01/20	4	2100	350	10.00%			
Wednesday	08/01/20	5	2450	350	10.00%			
Thursday	09/01/20	6	2800	350	10.00%			
Friday	10/01/20	7	3500	700	20.00%			
Saturday	11/01/20	8	4900	1400	40.00%	50.00%		
Sunday	12/01/20	9	5250	350	10.00%			
Monday	13/01/20	10	5600	350	10.00%		Week 2	
Tuesday	14/01/20	11	5950	350	10.00%			
Wednesday	15/01/20	12	6300	350	10.00%			
Thursday	16/01/20	13	6650	350	10.00%			
Friday	17/01/20	14	7000	350	10.00%			
Saturday	18/01/20	15	8750	1750	50.00%	60.00%		
Sunday	19/01/20	16	9100	350	10.00%			
Monday	20/01/20	17	9450	350	10.00%		Week 3	
Tuesday	21/01/20	18	9800	350	10.00%			
Wednesday	22/01/20	19	10150	350	10.00%			
Thursday	23/01/20	20	10500	350	10.00%			
Friday	24/01/20	21	10500	0	0.00%			
Saturday	25/01/20	22	12600	2100	60.00%	70.00%		
Sunday	26/01/20	23	12950	350	10.00%			
Monday	27/01/20	24	13300	350	10.00%		Week 4	
Tuesday	28/01/20	25	13650	350	10.00%			
Wednesday	29/01/20	26	14000	350	10.00%			
Thursday	30/01/20	27	14350	350	10.00%			
Friday	31/01/20	28	14000	-350	-10.00%			
Saturday	01/02/20	29	16450	2450	70.00%	80.00%		
Sunday	02/02/20	30	16800	350	10.00%			
Monday	03/02/20	31	17150	350	10.00%		Week 5	
Tuesday	04/02/20	32	17500	350	10.00%			
Wednesday	05/02/20	33	17850	350	10.00%			
Thursday	06/02/20	34	18200	350	10.00%	Additional 50%!!!		
Friday	07/02/20	35	19250	1050	30.00%			

Summary

Therefore I hope have illustrated the system is making mistakes which highly likely could cost members dearly. My question to the AGM is what steps will be taken to correct and ensure that members are not overcharged as am sure there are many more instances on the website.

Points differ depending on the arrival date and length of stay. Weekly pricing is usually a discounted rate should the stay fall on the correctly allocated check-in day of the property and follow the weekly blocks of 7nights, however the weekly rate is generally not set up for stays longer than 21 or 28 nights +. Where this happens, a nightly rate will be applied.

The pricing setup is applied at every single property globally and is not automated, hence naturally we have to expect an error margin when pricing is loaded each year. Any errors highlighted are dealt with diligently and measures put in place to avoid similar discrepancies going forward.

11. John Adamson – email 2nd June 2019

When DR removed weeks at Garden Lago and Normandy resorts in 1997 they gave a verbal commitment to backfill these lost weeks at those resorts against other resorts in the DR portfolio and yet all that has happened is that these weeks have been written off in 1998 why?

We presume you are referring to 2017 and 2018 and not 1997 and 1998 as you reference in your question. Please see answer to question (5) above.

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

12. Stephen Barratt – email 2nd June 2019

Can someone please explain the relationship between the Club and the use of serviced apartment/hotel availability that seems to be on the rise. We are constantly offered discounts on bookings at resorts with availability that we cannot book using our points. Friends have booked nights at great prices with bottles of wine waiting for them when they arrive, I have to say this doesn't sit well with us when we are told about it.

It seems that the club is moving away from what it was when we joined, if this is the case then you need to be honest with us the members who have paid a lot of money for points and continue to pay our fees.

As the amount of inventory owned by DREL increases (due to the surrender of points and the implementation of the Non - Qualified Relinquishment option) DREL has had to become more and more creative in its strategies with a view to offsetting its management fee liabilities for that additional inventory. The provision of wine is an additional expense for DREL, but rental and hotel booking promotions are used from time to time to generate additional demand (particularly at certain times of the year when demand is lower).

DREL is actively reviewing its strategies for increasing the number of club members and hopes to be able to encourage more guests that have enjoyed a rental promotion to become members.

13. John Adamson – email 2nd June 2019

What assurances can DR give European members that no further DR managed resorts will be removed from the EU collection resorts in the next 5 years?

We remain proud of the extensive number of resorts in our portfolio. Longstanding members who joined DRECL back in 1999 will recall that, at that time, there were 9 resorts in the portfolio and there was no exchange facility with THE Club®.

As the member base of DRECL and the other Collections have grown, so too did the number of resorts in the portfolio and members now have access to over 420 worldwide destinations.

14. Peter O'Sullivan – email 7th June 2019

- 1. What number of unsold points equates to the income of £9.2M for Diamond Resorts (Europe) Limited?**
- 2. What are the total number of points within Diamond Resorts (Europe) Limited?**
- 3. How many of points can be sold within Diamond Resorts (Europe) Limited?**
- 4. Why was the income from Points Club Owners down from 2017 to 2018?**
- 5. Has there been an increase in the number of points returned/relinquished between 2017 and 2018?**
- 6. How many Diamond Resorts (Europe) Limited club members are in default of paying management fees?**
- 7. What is the longest timescale club members are allowed to default on management fees before action is taken?**
- 8. What is the reason for the increase in Bank Charges from £31k in 2017 to £213k in 2018?**
- 9. What % of points/weeks are guaranteed to the likes of Late Rooms/lastminute from within the Clubs inventory?**

(1) and (3) The fee of £9.2million equates to approximately 87 million points which Diamond Resorts (Europe) Limited pays in its own name to DRECL by way of its management fee liability on unsold points. In addition to this, it pays the fees owed by defaulting members.

Submitted Member Questions & Responses – Annual General Meeting 2019 Diamond Resorts European Collection Limited (“DRECL”)

- (2) Within DRECL, there are approximately 354 million points in total (of which approximately 267 million members are owned by the “Ordinary Members” as defined by the Articles of DRECL). As a side note, DREL owns additional inventory outside of DRECL.
- (4) This is due to lower “Ordinary Member” numbers in DRECL and the points owned by them.
- (5) The number of points returned/relinquished fell slightly in 2018.
- (6) At the end of 2018 there were 1,346 members in default of 2018 fees.
- (7) Due to the upsurge in the activities of the claims companies, there is no longer any fixed period of time after which a member’s membership will be repossessed. Having said that, DREL pays all of outstanding management fees and as such DRECL does not suffer from any delays.
- (8) The regulations regarding fees chargeable for payments made by credit card changed and consequently, members can no longer be charged individually for credit card payments. These fees now have to be borne by DRECL.
- (9) No fixed percentage is made available. The amount made available depends on the amount of inventory (upon which DREL pays the management fees together with the inventory it owns outside of DRECL) that DREL elects to place with these distribution channels.

15. Nick Sargent – email 7th June 2019

Like many members I'm increasingly finding it difficult to book using my points when there is availability at the resorts for the general public through an increasing variety of easily bookable options. Please respond to my questions below.

a) AGM email notices can easily be diverted to Spam. Why is this information not flagged on the Diamond Resorts website in the same level of detail provided on legal advice on people approaching us on how to claim back all our membership costs? Why is no check made that people have received them? (Note today(7th June) is the first time I have noticed the online AGM voting notice but I was unable to find further information on the site, which coincides with the final date for asking questions at the AGM. Is this lack of ensuring people receive notices deliberately designed to avoid scrutiny?)

Our reports indicate that 98% of the emails were delivered successfully (however the open rate is only approximately 50%). Furthermore, the AGM Notices are always published online in the Member Information section. The reason that we noted the “legal advice” notices differently was because there were some links to the notices and a number of members contacted us as they were nervous about clicking on the links. Your point is duly noted and we will consider highlighting this and where to locate it in future.

b) Availability of Accommodation. This issue is regularly raised at the AGM as members get frustrated by the difficulty in booking when their appears to be lots of accommodation available to book online, through a variety of sources. These questions are always answered by explaining there are 2 lots of inventory, those available to the members and those that have not been sold that diamond resorts need to manage profitably. Property in recent years has been sold off in Europe with no significant replacements yet we are assured the availability has not been reduced. However there are never any statistics or data provided to prove this. The addition of the Bulgaria resort certainly added lots of availability (generally always space there) but is not comparable to properties being lost:

Submitted Member Questions & Responses – Annual General Meeting 2019
Diamond Resorts European Collection Limited (“DRECL”)

- i. **Why is it possible to book 2 nights' accommodation in many of the Diamond European resorts on sites like Buy-A-Gift for £99 (frequently discounted by a further 25% with offer codes) when this is less than I pay in maintenance fees? (Note maintenance fees are the sum of both the fixed and variable fees as there is clearly no benefit from being a member of this 'non-exclusive' club.)**

This availability, as you rightly point out, does not belong to DRECL or the Club. It is owned by the developer, Diamond Resorts (Europe) Limited (“DREL”), and there is no obligation for the developer to release any of its own inventory to points members to supplement the allocated points availability. DREL is entitled to use that accommodation and the weeks it owns as it chooses, such as for marketing purposes and for generating rental income which goes towards the cost of the management charges paid by DREL. The rates used are approved by DREL's yield inventory and revenue teams and managed accordingly.

- ii. **Please provide data for all of the resorts for the last 10 years showing accommodation owned by members, owned by diamond and owned by others to understand how this has changed over the years to prove your statement that availability hasn't reduced. Please also provide this with 'occupancy rates' for each category. (Note hotels rarely operate at full occupancy rates but I suspect for many resorts members occupancy is close to 100%, particularly for peak periods. What occupancy do you budget for members? Please see answer to question (1 n) above.**

- iii. **Data provided for the AGM shows number of weeks has fallen by c2% from 2017 to 2018. How is this consistent with comments that availability hasn't reduced unless members weeks have fallen by a similar amount?**

Please see the answer to question 5.

3. Diamond Luxury Travel Tours. Currently on the website it appears that most of these tours are only available for a very limited period this year. Given we now have to book points accommodation c1 year in advance then why are these tours not advertised and available for a similar period into the future?

The page featured on Diamond Resorts.com is a landing page that gives suggestions of available itineraries and available dates. For further information or to check availability on any of the Diamond Luxury Travel Tours please contact 0345 359 0005 option 6.

4. Luxury hotels. When reviewing these for UK hotels you show a price and then the number of points you can use as part redemption. Why doesn't this price include UK VAT and this is only revealed at the final point of booking? If this is a real 'benefit' then why can I find better prices than Diamond have negotiated on the internet?

The Diamond Luxury Hotels benefit is made available via a third party service provider and our website and their interface collaborate to provide you with an immediate booking facility along with automatically calculated points redemption opportunities.

We note your comments and have referred this to them for their review.