

## **Diamond Resorts**

### **Tax Strategy – December 31, 2017**

#### **Introduction**

Diamond Resorts (“the Company”) is a global leader in the hospitality and vacation ownership industry, with a worldwide resort network of destinations located throughout the world, including the continental U.S., Hawaii, Canada, Mexico, the Caribbean, Central America, South America, Europe, Asia, Australia, New Zealand and Africa.

Our operations consist of two interrelated businesses:

(i) Vacation Interests sales and financing, which includes marketing and sales of vacation ownership interests and consumer financing for purchasers of our vacation ownership interests; and

(ii) Hospitality and management services, which includes operations related to the management of the Resorts, operation of certain resort amenities and the provision of other hospitality and management services.

The Company intends this document to satisfy statutory responsibilities it may have in certain jurisdictions to publish a tax strategy.

#### **Tax Risk**

The Company’s Global Tax Department (“the Tax Department”) has an extensive and detailed internal control framework to ensure proper determination, reporting and payment of tax liabilities, as well as to satisfy required SEC reporting. We are subject to requirements under Sarbanes-Oxley, and GAAP and IRS rules regarding disclosure of uncertain tax positions.

The Tax Department has regular and continuous contact with personnel in other corporate departments, regional headquarters and resort locations to identify changes in business and new developments that may influence tax responsibilities.

The Tax Department is subject to overall organizational risk oversight and reports regularly regarding changes in Tax Department function, personnel and potential risk areas.

The Tax Department engages external advisors to further ensure compliance, interpret complex areas of tax law and reduce exposure to risk.

#### **Tax Planning**

Code of Business Conduct and Ethics (“Code”) - The Company’s policy is to conduct business fairly, free of conflicts of interest and in an ethical and honest manner. The Company strictly prohibits conduct that may raise questions as to its honesty, integrity or reputation, or any activities that could damage its reputation or relationships with members, owners, team members, business partners or guests.

The Company’s Board of Directors has endorsed this Code to ensure that all directors, officers, employees and other team members observe the highest standards of ethics in the conduct of our business, avoid the appearance of impropriety and always conduct themselves with the highest regard and respect for others.

The Tax Department performs tax planning to ensure the elements of the Company’s financial plan work together in a tax-efficient way, and in observance of applicable tax law. Tax planning is based on commercial transactions – the Company does not participate in transactions that lack economic substance as a means to reduce taxes.

To help resolve potential areas of uncertainty and minimize the likelihood of disputes, the Tax Department engages external advisors.

The Company employs a Tax Department consisting a team of experienced tax professionals who fulfill the Company's tax reporting and payment obligations. Significant decisions involving tax governance are discussed with the Chief Financial Officer and other executive management team members as appropriate.

The Company conducts its transactions with related parties consistent with the arm's length standard, in adherence with applicable tax treaties and in conformity with OECD guidelines.

### **Working with Tax Authorities**

The Company is subject to a variety of regulatory requirements in each jurisdiction in which it operates, and it interacts with governmental agencies routinely and openly.

The Tax Department works with HMRC by employing consistent observance of and compliance with applicable tax laws, timely reporting of results via required annual returns and other filings, prompt payment of tax liabilities, and responsiveness to correspondence and appropriate requests.

The Tax Department engages with HMRC in a manner consistent with its code of conduct, transparently and in good faith. The Tax Department cooperates fully with examining agents in resolving tax inquiries and audits, and seeks formal guidance as appropriate in cases where interpretation is required or uncertainty exists that cannot be otherwise resolved.