

## **Submitted Member Questions & Responses – Annual General Meeting 2015**

### **Diamond Resorts European Collection Limited (“DREC”)**

#### **1. Bernard Bakker – letter 7 January 15**

**(a) Be a little more social – it is suggested that members who are unable to use their vacation for reasons such as hospitalisation or as the result of an accident are given the days back and that the management of the resorts receive 0.3% of the total days sold (booked) per year and are given to use by the management with the rule that the most used compensation days in a year are transferred to the next year.**

Thank you for your suggestion. We would always encourage members to consider purchasing the Reservation Protection Plan (RPP) as this protects points cancelled for any reason 90 days (or later) before the check in date (and which would otherwise be subject to a point's cancellation penalty) should the member no longer be able to travel or occupy the accommodation. This product has recently been enhanced to offer annual cover. RPP allows a reservation to be cancelled up to 24 hours prior to arrival and all points returned. Also members do have the additional facility to request that their reservation is placed on the 'Wish To Rent' programme. Full details of both of these options can be found on the website in the FAQ section.

**(b) Extra TV channels for (mainly) Dutch speaking members instead of the one channel for the Dutch & Flemish-Dutch members.**

Thank you for your feedback. At this time, the number of multi-national channels is restricted due to the service available at each property and the conditions of the television subscriptions that apply. This is an item we continue to review however.

**(c) Required know-how to assist non valid (disabled) members**

We have dedicated teams both in the US and UK who consider all requests from our disabled members to try to ensure that the best suited accommodation is made available to them for their vacation. Our accessible accommodation is set aside and only released by designated team members upon verification of a guest's mobility needs.

**(d) Make it easy for members to get their problem on the AGM agenda**

The AGM is a meeting where formal business of Diamond Resorts European Collection Limited is conducted as listed in the Notice sent to all members. After the AGM has concluded, the Board is available for discussion, questions & answers from attending members. We are unable to address personal items regarding an account during this meeting, but remain available to discuss with you at any other time.

#### **2. John WATERS – email 4 May 15**

**Why was it not possible to reserve January & February 2016 at Sunset Bay until mid-January 2015? How was the problem solved?**

Our systems were checked when you originally contacted us with regards to your concern and, as confirmed to you, we did not identify any issue in terms of delayed release of accommodation. All available EU Collection inventory is released 13 months in advance without exception. However, other accommodation can become available within the 13 month booking window, such as any marketing accommodation that may be released to general availability that was not part of the Collection allocation or when someone cancels their holiday, hence this can affect availability.

#### **3. Anne BAILEY – email 27 May 15**

**I would like to know why DRI accommodation is being put on websites like Booking.Com, Expedia etc to rent, when people who have bought fixed time/points, pay yearly management fees are quite often struggling to book accommodation, especially at the more popular resorts and at premium times.**

Diamond Resorts Europe Limited (“DREL”) (often referred to as ‘the developer’) owns weeks at many of the resorts and also owns points in Diamond Resorts European Collection Limited (“DRECL”), and subsequently pays the management fee charges on those weeks and points. The points which DREL owns can be redeemed for weeks of accommodation in DRECL just like any other member. As a result, DREL is entitled to use that accommodation as it chooses; some of it is used for marketing purposes and for generating rental income.

If used for rental purposes, potential new members are introduced to our resorts. If they decide to join DRECL and THE Club®, this helps to maintain the membership base of DRECL, thereby helping to keep it financially healthy for the benefit of all members. Also, the rental fee paid by them goes towards the cost of the management fees paid by DREL.

Various marketing campaigns are operated which may include offering accommodation to third parties who advertise our resorts, thereby introducing their clients to Diamond Resorts International® by independent and individual resources. Often these guests' bookings are subject to restrictive terms & conditions. These guests are also contacted by our onsite sales teams during their stay in order to promote DRECL.

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That said, as with any hotel reservation booking opportunities, there may be from time to time ‘lead offers’ and the prices of these are generally very competitive. These stays are restricted in dates, booking periods, duration of stay, size of accommodation and are often at times when an excessive amount of unused and unreserved accommodation has been identified.

#### **4. John ADAMSON – emails 29 May, 30 May, 1 & 6 June 2015**

**(a) Members are not pleased with regards to the disregard of swimming pool rules on many resorts with regards to sun beds being reserved. It is the thought of many members that the pool attendant should observe a strict policy when there is a shortage of sun beds to remove towels from unoccupied sunbeds after a one hour duration.**

Regrettably the inconsiderate act of laying claim to sunbeds by guests continues. DRI does apply a ‘one hour policy’ - if the guest has not used the bed for an hour or more the towel(s) and belongings are removed and can be reclaimed accordingly – however at busy times this can prove challenging and even confrontational. We do respectfully ask all members to show consideration for team members who attempt to enforce this policy effectively. We will continue to adopt this policy and our Reception teams do advise of this policy upon check in. Thank you for raising this concern and for giving us the opportunity to clarify our procedures.

**(b) Why when DRI advertise inventory from their own points do they frequently advertise this by as much as a 30% discounted rate below what members have to rent at. Surely if DRI believe there is value in membership then non-members who have not invested one penny in their membership should be expected to pay more than members (considerably more). These are not promotional holidays as there is no obligation to attend a meeting attached to the terms of booking and even if there was how do DRI vet suitable membership clientele.**

Hotel reservations are priced according to marketing opportunities and competitor analysis. It is our objective as a company to achieve maximum occupancy at the optimal price. There are times when our rooms are offered at lower rates, either in low season or when a resort is experiencing lower occupancy. This is common industry practice. However it is equally the case that the hotel rates may exceed the management charges that have been paid by DREL for that inventory. With the passage of time, we have been able to increase our average nightly rates due to the awareness of both consumers and suppliers.

**(c) As DRI only have to rent out their points at roughly £77/1000 points to break even then why in parallel to DRI renting these points to non-members can't DRI offer these same rentals at say £80.00/1000 points.**

We are not sure where these values have come from, John, and therefore will contact you independently on this, so we can respond accurately.

**(d) Why do DRI only allow Platinum member associate members the same occupancy rights as the main owner/member, surely we all pay the same and our guests and friends and family should be entitled to the same occupancy rights.**

Friends and family do receive the same occupancy rights in terms of the accommodation booked. The variance occurs when it comes to THE Club® member benefits which include any on-resort amenities that are exclusive to registered members (and registered named associate members) if occupying the allocated accommodation and staying for the duration. These benefits are not extended to any other guest as they are in recognition of the loyalty level.

**(e) To request that DRI consider increasing their rental charges to non-members above that of what an average member has to pay which is above a minimum of 12p a point, currently DRI pay around 8p a point on their owned points so by increasing their rental price which is often below 10p a point it will recover DRI's own costs faster.**

**NB : This is not to suggest that DRI do not have the right to rent out their 20% of owned points.**

**By retaining this higher price and only reducing it within 28 days for late departures would seem to make better financial sense.**

See the response to 3 above.

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**(f) What plans do DRI have to replace the DRI European resorts pencilled in for closure at the end of 2015?**

The Royal Oasis Club at Benal Beach is the only resort that will not be offered from the end of 2015. There are no plans to add further resorts to the European Collection at this time. That said, we are always considering opportunities and if one presented itself that would make financial sense and also be attractive to the members, then it would certainly be considered.

**(g) Myself speaking as a EU points member living in the UK was pleased with the 0.5% increase in management fees for 2015, however, the changes in exchange rates Euro to sterling do seem to be more favourable than that and with deflation in many parts of Europe especially Spain could the increase have been totally curtailed? What happened to the surplus money collected from 2014 budget? It also looks thankfully that a similar trend is taking place during 2015 so will these significant market force benefits be passed on again to EU members in reduced management fees in 2016?**

The Board always considers the fees and how they impact all members in both currencies, and this was determined to the best level of fees that could be set with the information available at that time.

The surplus money is held for use within the Collection, the Board then decides whether it is used, for example, to increase the rate of refurbishments or to subsidise fees for one year – the situation is reviewed each year.

**(h) Why do DRI delay in placing all points allocated inventory into the reservations pot at 13 months before holiday commencement date, sometimes the inventory may not appear until weeks later?**

See (2) above – response to John WATERS.

**(i) When DRI got rid of Bonus time it said it was introducing "Instant Getaways" to replace the member benefit which they have done and the promise was for a mass of 3000 point weekly offers. Initially the offers were there in great quantity but now there seems to be an almost total void of any offers of apartments between now and the end of November in the UK - why ?**

‘Bonus Time’ (which was booking of accommodation for cash payment) was withdrawn upon the introduction of the new member benefits of Diamond Flexibility and Diamond Value which afford members the opportunity of renting points in order to secure bookings over and above those to which their ordinary membership entitles them.

Instant Getaways are discounted weeks available to book using points at various resort destinations globally outside of the DRI network and are provided by an external supplier, so we will review your feedback with them. Access to Diamond Instant Getaways can be found online at [DiamondResorts.com](http://DiamondResorts.com) under the Member Area > My Reservations > Diamond Instant Getaways.

**(j) Why is it that when I book a 12 day holiday commencing on a Sunday I am charged an extra 10% points than if I make a 7 day reservation Sunday to Sunday and then a 5 day reservation Sunday to Friday? Both holiday periods are for the exact same days/dates?**

For reservations not commencing on a standard check in day (which is stipulated underneath each resort in the Annual Global Reservations Directory and on the website) and for bookings not in denominations of a standard weekly stay (i.e. 7 nights) the nightly rate will be applied for the whole duration of that reservation.

Nightly rates points values are calculated as:

- Sunday-Thursday nights inclusive are charged at 10% of the weekly points value per night
- Friday-Saturday nights are charged at 30% of the weekly point values per night.

THE Club® Annual Global Reservation Directory indicates the number of points required for a week’s stay when checking in on a standard check-in day for most resorts unless otherwise noted.

**(k) The points for travel is a great success story this year in Europe in my opinion offering members the autonomy of being to independently book their own holidays for points redemption and not being hands tied to Interval Travel, however, why when making the redemption does it take DRI so long to remove the points from your points available to use shown on the membership dashboard?**

Our service level for redeeming points for this member benefit is within 7 days of receipt: however this is subject to us receiving appropriate documentation (official purchase confirmation & payment receipt), the membership account being validated and current bank account details being provided. Once points are debited the transaction will immediately reflect on your online account, and payment will usually follow within 21 days.

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**(l) Can DRI confirm that guests are always allocated non-refurbished apartments whereas DRI members are allocated the refurbished apartments first?**

Wherever possible members are given priority over refurbished accommodation.

**(m) It appears that on occasions DRI are processing resort check in's for guests ahead of resort check in for members, why do DRI not give members preference to guests?**

Our teams service every owner, member, guest and customer checking in for a stay at any of our resorts with no discrimination and provide genuine hospitality to everyone.

**(n) It seems that DRI do not look closely at member demand factors when it comes to renting apartments to the general public. For example you can rarely book an apartment into any of the 3 Adeje resorts in Tenerife without doing so well in advance and yet there is often availability at Santa Barbara, so why don't DRI just concentrate on non-member rentals in Tenerife at Santa Barbara resort?**

Please see response to (3) above – response to Anne BAILEY.

**(o) With regards to DRI affiliated resort hotels in the European collection what are the cancellation terms? If these are the same as at any other resort can DRI consider amending the terms to only forfeiture of points for cancellation within 24 hours the same as most hotels standard terms and conditions? Also as many of these hotels are again featured on internet booking sites can DRI guarantee to match to DRI members that same price less 10% for any affiliated resort? It is also noted that a significantly reduced price is offered where once a booking is confirmed there will be no refund of money/points - could DRI consider negotiating such a reduced fee/points deal with these affiliated hotels?**

Our affiliations with selected hotels are subject to different contractual terms and conditions. These can include cancellation penalties, and so these can differ to bookings made by customers directly with the hotels. Our cancellation rules, however, remain the same for all bookings made with points.

**(p) What impact in the change of ownership to majority shareholding by Wellington Management company and Guggenheim Capital both Investment management companies have on the shape of DRI as a timeshare vacation company?**

Diamond Resorts International Inc. is a public company traded on the New York stock exchange and, accordingly, the owners of our outstanding shares change daily. Wellington Management Company and Guggenheim Investments currently hold outstanding shares which they may trade from time to time. As with any public company, changes in specific shareholders do not impact our overall corporate strategy. Further, our executive management team has been in place for many years with its focus on customer hospitality.

**(q) May I suggest that DRI conduct and record AGM meetings using web cast technology. These web cast links should be available for all EU members to view after the meeting.**

We do note your suggestion; however we are conscious that this would incur additional expense. The minutes of the meeting are forwarded to all members individually, by email or by hard copy mail, and published online within the Member Information section of DiamondResorts.com.

**(r) Do DRI truly believe that members will take up their offer of paying 2 years in advance maintenance fees just to exit the club?**

This option has been positively received by members and indeed welcomed within the industry. We believe that this non-qualified relinquishment option provides members with the choice to surrender their membership at any time whilst safeguarding the financial stability of the European Collection.

**(s) Apparently if you book more than one week at a resort and request to move apartment at the end of a week and this request can be granted that the resort may at its discretion charge a member upwards of around 30€ for an additional clean. Why is this the case when in reality the member has paid the same as booking two separate weeks?**

This policy procedure has been introduced because requests for changes in allocated accommodation has been increasing significantly, and a majority of these are a personal preference of location on resort. Changing rooms during a reservation leads to extra cleaning, which of course impact operational costs.

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a) Suggestion to add advisory notes onto the resort details to remind people to check whether they need vaccines for certain resorts, for example when visiting the Balkan Jewel resort in Bulgaria certain vaccines are advised by the medical experts.

b) Also to advise foreign visitors of any special visas that may be required to gain entry into a country on the same resort detail pages.

As our members live across the world, we cannot provide all the information that might be relevant to everyone travelling. We feel it is best therefore to refer to the official sites for this information. On all of our confirmations and resort collateral we encourage travellers to check health and visa advice for the region/country to be visited.

(t) This issue relates to the maximum use of internet devices that may be used from an apartment? In these days of increased use of Internet and the offering of the "Monsierge" app plus the desire by everyone to download and upload movies it is important that sufficient bandwidth is provided to allow everyone to do what they want/need to do. What future plans do DRI have to expand/enhance their ISP provider/network to members to accommodate this?

To clarify, members now receive complimentary WiFi access per device according to size of accommodation based upon bedroom size as follows:

Studio and 1 Bed – 2 devices / 2 Bedroom – 4 devices / 3 Bedroom - 6 devices / 4 Bedroom - 8 devices

As WiFi is now a free service offered we have to have some limits in order to maintain cost. We review and increase the bandwidth as appropriate on an annual basis. Bandwidth is expensive and of course the management company has to work within the constraints of each resort budget. Upload of movies, for example, is recommended to take place prior to arrival to avoid disappointment.

(u) Can the minutes from meetings attended by member director meetings (minus any items of confidentiality) be shared with members? Also could the dates of these meetings be published to give members the opportunity to forward suggested items to the member directors to consider discussing (if deemed appropriate) within the meeting.

We note your suggestion. You are welcome to send suggestions at any time of the year and these will be raised and discussed when the next Board meeting is conducted, and feedback will be provided thereafter.

(v) With DRI continually suffering a fall out of members for one reason or another, have DRI ever considered some form of compound % loyalty discount being applied to management fees which could progress upwards say every 10 years of membership to a collection?

We do acknowledge your comment. However neither the management company nor the Board are allowed to offer any discounts with regards to management fees. These fees are for maintaining and operating the resorts within the Collection and therefore need to be applied fairly across the membership, as directed within the constitution.

### **5. Graham CRYER – email 31 May 15**

I would be grateful to understand fully the marketing policy of using DRI inventory on the Booking.Com website. I do not understand the policy of allowing whole weeks of accommodation being available twelve months hence especially where there is no apparent availability to DRI members. Furthermore the practice across the Sales Team who are trying to sell members ‘up’ with more points etc - why should I want to buy more points, outlay additional funds, increased management charges annually when I can ‘pick up’ additional weeks of accommodation at a better price than my management fee?

We note your comments. Please see response to (3) above – Anne BAILEY.

### **6. Stuart and Rosemary COOK – email 5 June 15**

I am unhappy at the increasing levels of valued membership, and I have now heard that DRI are planning to introduce a new higher range with more benefits, why are DRI focusing so much on reaping as much as they can from members?

Surely there should be a loyalty aspect to the membership as well as being forced to buy more points, just to get extra benefits. We don't need any extra points and we manage to have a lovely holiday almost every year and are currently unable to afford purchasing more points.

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Whether it is by promoting members up a level for a certain number of years membership, or rewarding them with something special, for example a free week's accommodation for 10/20 years of loyal membership, I am sure that this will make those members, like us, who do not need to buy more points, to feel as valued to DRI as anyone else.

Thank you for your feedback. Firstly we are happy to hear that you continue to enjoy your membership and the holidays it affords you and your family. There are no current plans to introduce any further levels of loyalty tiers for members. We do not condone excessive pressure for members to purchase additional points, however THE Club® does continue to develop the loyalty programme and wants to share updates with existing members. Your comment about rewarding loyal longstanding members is noted and we will be happy to consider this further.

#### **7. John and Sandra FOX – email 6 June 15**

**Please explain the reduction in the number of weeks shown as available for the Jardines del Sol resort (from 2703 in 2013 to only 307 in 2014), what impact this will have on opportunities for bookings from now on and Diamond Resort's plans for the future of this site.**

A number of members have chosen to convert all or some of their points membership with Diamond Resorts European Collection into the Diamond Resorts Fractional Owners Club. The weeks represented by those points are then transferred from one trust to another – hence the reduction in weeks shown in the Collection for Jardines del Sol. That said, the agreement in place is that the accommodation in the Fractional Club is made available to DRECL members (and vice versa). Therefore, from an availability perspective, there is no change.

#### **8. Stuart HARDING – email 6 June 15**

**I would like for you to present these points on my behalf at this year's AGM.**

**(a) ALL DRI Resorts should have the same swimming pool rules and that the Life Guards enforce them.**

We agree with you and our resort management team will review these accordingly.

**(b) As DRI have implemented a charge for cleaning if you move accommodation during your stay should we not then be provided with complimentary toilet packs for each week that you have booked as we have to book week by week. e.g. a 2 week stay therefore 2 toilet packs.**

If an additional pack is not provided to you following a change in accommodation please make the Reception team aware and they will be more than happy to arrange further supplies to be delivered to you.

**(c) To give every member the same benefits as top tier members as we are all members of the same club and we all pay the same base rate for our maintenance fees.**

THE Club®'s loyalty membership tiers are in recognition of each individual member's ownership of DRECL points and, whilst we acknowledge your comment, this is a feature that we will continue to offer.

**(d) All members should be given a 24 hour [from the time of making the reservation] cancellation window as Platinum members get without being penalised.**

This is a feature we reserve for Platinum members at this time, but if there are special arrangements that a member needs to make we can make exceptions should you call us to discuss beforehand.

**(e) Introduce a penalty against members who on a regular basis book multiple points holidays 'just in case' and then cancel them. Perhaps 2 cancellations per year could be allowed but after that a penalty should be incurred.**

All members are entitled to make as many reservations as they wish dependent on how many points they have available and cancel them within the cancellation windows specified. We are not sure that this would necessarily be welcomed across the membership as people's plans do change, but welcome other members' feedback on the subject.

#### **9. Richard HORROCKS – email 8 June 15**

**I have tried to book at short notice 1 or 2 nights at local (eg Pine Lake, Thurnham Hall) resorts and find no availability. However, when I look at web-sites like booking.com, I can find availability. Can the company explain why there are vacancies at resorts commercially for anyone who is not a member but not for members using points?**

We are sorry to hear that. Please see our response to (3) – response to Anne BAILEY.

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**\*\*PLEASE DON'T FALL VICTIM TO THE OPERATIONS OF DISREPUTABLE  
RESALE/CLAIMS COMPANIES\*\***

We would like to take this opportunity to remind all of our Members to be cautious when dealing with resale companies, particularly if cold called and/or offered services such as compensation claims, resales, disposals or participation in a class action.

As some of you may already be aware, various tactics are being used to manipulate timeshare owners into parting with cash. For instance, some operators are asserting that a member's timeshare will continue in perpetuity and will automatically transfer to their children upon their death. For Diamond Members, this information is incorrect. Whilst you may pass your membership on to a loved one, if the beneficiary does not wish to inherit the membership, they can simply disclaim it.

Members that have been persuaded are then being asked to pay an up-front fee. Very often, no service is provided.

For a list of companies that we have been warned about (either by Members/owners or by Mindtimeshare) please check the link on the Members forum of our website or visit Mindtimeshare's website directly (<http://www.mindtimeshare.com/Cold-Caller-List.htm>) before you pay any cash or sign up to anything. May we also warn you against paying any upfront fees to companies (particularly where the company does not accept payment by credit card).

Should you require further information about any company that contacts you, please do not hesitate to call our Customer Service team on 0845 359 0010 or send us an email : [AssistanceEurope@diamondresorts.com](mailto:AssistanceEurope@diamondresorts.com). Alternatively contact RDO, Mindtimeshare or TATOC.

Questions above are confirmed to have been received by fully paid up members of Diamond Resorts European Collection Limited as at 8 June 2015.