Q: Just to confirm: DRII controls points. A person cannot buy or sell their points on redweek.com<http://redweek.com><http://redweek.com> or privately, correct?

A: That is incorrect.

The Collections are trusts that hold deeded ownership interests in a group of resort properties. The vacation ownership interests (VOIs) that Diamond sells are beneficial interests in one of the Collections in the form of points and the purchase includes membership into one of our clubs.

Our clubs allow our members to use their points for other benefits and products as well as acting as a vacation ownership exchange program. The vacation ownership exchange benefit enables our members to use their points to stay at resorts outside of their home Collection, as well as other affiliated resorts, hotels and cruises. Our clubs charge an annual fee for these additional benefits which is included in the members' annual maintenance fee billing.

The VOIs /points held by our customers can be sold or transferred (with payment of an administrative fee to process the transfer). These vacation ownership interests would still have access to the resorts in their home Collection, but the transfer would not include the additional benefits that come with a Diamond club membership, as our club memberships are not transferable (which may have caused some of the confusion). The only way to join one of Diamond's clubs is through a purchase from Diamond Resorts. This is not unusual in among large participants in our industry.

A private sale can use a service like Redweek although we generally recommend against any resale company that charges a significant up-front fee or listing fee.

Q: Why did the company twice pay Guggenheim and Silver Rock an 18% interest rate plus fees for short-term debt? Please include where that arrangement fits within prevailing market-based finance options in 2011-2013 for borrowers with cash-flow generating assets.

A: During 2010, the Company entered into a high yield, 8 year public bond deal ("The Bond") with an interest rate of 12%, maturing in 2018. Among other covenants, The Bond severely limited the Company's ability to assume more debt by the majority of the subsidiaries which were in existence at the time The Bond was entered into (except our European entities). The entities subject to The Bond were referred to in our financial statements as the "restricted subsidiaries". The Bond did allow the company to obtain additional financing by entities that were not subject to The Bond, including any new entities that may be established (referred to in the financial statements as "non-restricted subsidiaries".

We completed the acquisition of Tempus Resorts in July 2011. The transaction was completed by a new entity, Tempus Acquisition, LLC, which was a non-restricted subsidiary. The transaction was financed on a non-recourse basis with Guggenheim Corporate Funding, LLC as administrative agent for lenders which included affiliates of Guggenheim and Silver Rock Investors. The loan had a four year maturity and an interest rate of 18%, a minimum of 10% of which was required to be paid in cash on a quarterly basis.

We completed the acquisition of Pacific Monarch resorts in May 2012. The transaction was completed by a new entity, PMR Acquisition, LLC, which was ALSO a non-restricted entity. This transaction was also financed on a non-recourse basis with Guggenheim Corporate Funding, LLC as administrative agent for lenders which included affiliates of Guggenheim and Silver Rock Financial. The loan had a four year maturity and an interest rate of 18%, a minimum of 10% of which was required to be paid in cash on a quarterly basis.

Both Tempus and PMR were in Chapter 11 Bankruptcy and we acquired substantially all of the assets of these entities in assets sales pursuant to Section 363 of the Bankruptcy Code. The lenders provided

100% financing for the purchase price of these entities with no equity contribution from any of the Diamond Resorts Corporation entities. The sole collateral on both of these loans were the assets acquired in the Tempus and PMR acquisitions and no corporate guarantees were provided by any of the other Diamond Resorts Corporation entities. Further, the repayment provisions of the loan were based on cash flow generated from the acquired company on a stand-alone basis and was paid after such cash was generated from the sales and management businesses. Accordingly, the interest rates in effect were in based on the assumed risk of a non-recourse, 100% debt financing. These financings enabled the Company to complete these acquisitions while remaining in compliance with the Bond and to retain all of the upside of the transactions.

Both of the transactions have been very accretive for the Company as is evidenced by the growth in our Net Income and Adjusted EBITDA since those entities were acquired. Both of the aforementioned loans were repaid in full in July 2013 using a portion of the proceeds from our IPO. The Bond was refinanced in May 2014 with a syndicated bank deal which is still outstanding.

Q: Your KBC example presupposes that the only Diamond connected cost is the $1556 annual membership fee or $129.66 monthly. But 80% of their customers now finance their purchases. So using Kroll Bond Rating Agency figures from a recent securitization (DROT 2015-2), let's plug in the weighted average coupon of 14.3% and $24,800 average loan amount for a 10-yr term loan. That's $377 per month or $4,524 annually. So watching the whales costs the family of four $6,090. All of which discounts the fact that Airbnb and Craigslist exist.

A: We do make financing availability as previously noted to our members who purchase VOI from us, as do all major industry participants. However, you analysis is flawed based on:

(i) The majority of members with a loan prepay in whole or in part those loans far faster than the 10 year note term. Over the last four years, customers have tended to prepay, in cash, 30% to 40% per annum. A separate discussion relating to our finance division, including prepayment rates has been provided under a separate document. The average outstanding loan for DRII is outstanding less than 4 years. As you are aware, however, the VOIs we sell in the US are perpetual; thus for every year after the repayment of a loan, the member's only payment are the annual maintenance fee and annual club membership fee.

(ii) Over 92% of our global members have no loan with us on their purchase. The annual payment for those members is limited to the annual maintenance fee and annual club membership fee.