



**A Letter to Members of Diamond Resorts European Collection, Ltd. regarding the recent Supplemental Billing and the opportunity for Members to relinquish their Membership if they so choose.**

May 19, 2008

Diamond Resorts Management, Ltd. is the Management Company for Diamond Resorts European Collection, Ltd. and recently issued a supplemental billing by way of a Special Levy to all Members, including Diamond Resorts (Europe) Ltd. Diamond Resorts (Europe) Ltd. (otherwise known as the "Developer"), is the largest points Member and subject to the same fee obligations as any other Member.

The supplemental billing has arisen due to the negative impact of the exchange rate of the Pound Sterling to the Euro which has experienced an unprecedented decline over the past 6 months. As the majority of the units are located in continental Europe, the impact of the exchange rate has been substantial, and whilst operating budgets have been reviewed and cost efficiencies implemented, it has been necessary to raise additional funds from Members, including Diamond Resorts (Europe) Ltd. It is important to note that fees assessed are for the benefit of the Members to maintain resort operations for the year and do not go to the financial gain of the Diamond Resorts (Europe) Ltd. or its affiliates. This exchange rate decline has impacted all businesses that operate in Europe resulting in many products and services now being more expensive than they were a year ago. This has included package holidays to Europe, and these increases have been widely reported in the press.

This billing also included a fixed charge to all Members for new and future services, products and benefits. These additional benefits have been made available to Members (and will continue to be made available in the future) as a result of several surveys which were conducted to ascertain what was important to and wanted by the Members. This information has provided essential guidance to the management team when making decisions regarding services and benefits.

Diamond Resorts Management, Ltd., has full legal authority to assess such fees and does so acting upon the authority vested in it by the various resort committees and the Diamond Resorts Management, Ltd, Board of Directors.

Some Members have expressed concern about their ability and/or willingness to pay the additional fees. Various payment options for the supplemental billing have been provided, including payment by credit card, cheque and spreading payments across the next 6 months using Premium Credit services.

Notwithstanding these payment options Diamond Resorts Management, Ltd. recognizes that there may be Members who for various reasons, including retirement, illness, loss of income, etc., may find the extra cost of this supplemental billing to be a burden that they can no longer afford to absorb. Accordingly, the Management Company has agreed with Diamond Resorts (Europe) Ltd, that any Member who may wish to surrender his or her membership may do so at no cost to them, as would normally occur for unpaid management fees, and that Diamond Resorts (Europe) Ltd will assume responsibility for the outstanding and future management fees.

Should you choose to surrender your membership at no cost to you, simply inform Diamond Resorts Management, Ltd. by contacting them at [owneroperations@diamondresorts.com](mailto:owneroperations@diamondresorts.com) or 0845 359 0007 or Owner Operations, Citrus House, Caton Road, Lancaster, LA1 3UA within the next 30 days. Upon receipt, your membership shall terminate and you will be released from all liabilities owed to Diamond Resorts Management Ltd. including outstanding and future management fees.

Please be assured that Diamond Resorts Management, Ltd. values each and every Member and sincerely hopes that each and every Member will continue to enjoy the products and services provided.

Sincerely,

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Marty Kandel  
President, European Operations  
Diamond Resorts International

