

Diamond Resorts (Group Holdings) PLC

Report and Financial Statements

Year Ended

31 December 2015

Company Number 2827298



Diamond Resorts (Group Holdings) PLC

Report and financial statements for the year ended 31 December 2015

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Directors

S Crook
C A Bentley

Secretary and registered office

S Crook, Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA

Company number

2827298

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT

Diamond Resorts (Group Holdings) PLC

Strategic report for the year ended 31 December 2015

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2015.

Principal activity

The company's principal activity is that of a holding company. The group consists of a vertically integrated timeshare holiday business with activities in four operating areas: sales and marketing, resort management, travel and reservations and loan finance.

Results and dividends

The loss for the year after taxation amounted to £3,204,244 (2014 - £Nil). The directors do not recommend the payment of a dividend (2014 - £Nil).

Whilst the company has not traded in the current period there is a loss recorded on the impairment of fixed asset investments (see notes 2 and 3).

Review of business and future developments

The directors do not anticipate any significant change in the company's business for the foreseeable future and operating results are expected to be derived from transactions with group companies.

Subsidiary undertakings of the company will monitor the demand for and financial suitability of existing membership benefit products and services and also continue the roll out of new products to keep the offering fresh. In addition, opportunities will be pursued to dispose of developer owned surplus unsold timeshare stock. The latter strategy will reduce the carrying costs of unoccupied resort accommodation.

In addition, it is a desire of the directors to continue to increase the portfolio of affiliate resort and international destinations at no cost to members whilst still investigating strategies to widen the client base to new nationalities and to acquire new resort management opportunities.

Principal risks and uncertainties

The market for holiday accommodation in Europe is highly competitive. The major commercial risk for the business relates to the ability of the subsidiary undertakings of the company to generate profits from sales and marketing activities and to create revenues that reduce the carrying costs of unsold accommodation.

The company has no external bank debt, although the ultimate parent undertaking does at US level, and has an undertaking from Diamond Corporation to provide support as necessary to fund the company's operations for the foreseeable future. It should be noted, however, that the Company is party to a cross guarantee, registered 24 April 2007, in favour of Diamond Resorts Corporation. The debenture provides a fixed and floating charge over the undertaking and all assets of the company due to the existence of external debt at US group level.

At the ultimate parent level in the US, the issued financial performance for the period under review is encouraging. The US group have successfully obtained credit facilities and credit conduits to finance consumer loans that are provided to customers in the US and to fund working capital and other corporate purposes worldwide.

Approval

This strategic report was approved by order of the Board on 29 June 2016

**S Crook
Secretary**



Diamond Resorts (Group Holdings) PLC

Report of the directors for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Directors

The directors who held office during the year and to the date of approval of these financial statements are shown below. All directors served throughout the year.

S Crook

S J Hulme (resigned 3 September 2015)

C A Bentley (appointed 3 September 2015)

None of the directors have any interest in the share capital of the company. The interests of the directors in the share capital of Diamond Resorts (Holdings) Limited are disclosed in the financial statements of that company.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Diamond Resorts (Group Holdings) PLC

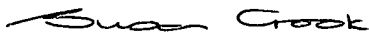
Report of the directors for the year ended 31 December 2015 (*continued*)

Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP offer themselves for reappointment as auditors in accordance with the Companies Act 2006.

By order of the board



S Crook
Secretary

Date 29 June 2016

Diamond Resorts (Group Holdings) PLC

Independent auditor's report

TO THE MEMBERS OF DIAMOND RESORTS (GROUP HOLDINGS) PLC

We have audited the financial statements of Diamond Resorts (Group Holdings) PLC for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Diamond Resorts (Group Holdings) PLC

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



*Stuart Wood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom*

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Diamond Resorts (Group Holdings) PLC

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Administrative expenses	3	(3,204)	-
		<hr/>	<hr/>
Operating loss		(3,204)	-
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation for the financial year		(3,204)	-
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 9 to 14 form part of these financial statements.

Diamond Resorts (Group Holdings) PLC

Statement of Financial Position as at 31 December 2015

<i>Company number 2827298</i>	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Investments in subsidiaries	5		1,004		4,208
Current assets					
Debtors - due within one year	6	3,668		4,454	
Creditors: amounts falling due within one year	7	(20,810)		(21,596)	
Net current liabilities			(17,142)		(17,142)
Net assets			(16,138)		(12,934)
Capital and reserves					
Called up share capital	8		33,100		33,100
Capital redemption reserve	9		691		691
Capital reserve	9		500		500
Share premium account	9		8,843		8,843
Profit and loss account	9		(59,272)		(56,068)
Equity shareholders' funds			(16,138)		(12,934)

The financial statements were approved by the Board of Directors on *29 June 2016*

S Crook
Director



The notes on pages 9 to 13 form part of these financial statements.

Diamond Resorts (Group Holdings) PLC

Statement of changes in equity for the year ended 31 December 2015

	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
1 January 2015	33,100	691	500	8,843	(56,068)	(12,934)
Comprehensive income for the year:						
Loss for the year	-	-	-	-	(3,204)	(3,204)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(3,204)	(3,204)
Total contributions by and distributions to owners	-	-	-	-	-	-
31 December 2015	33,100	691	500	8,843	(59,272)	(16,138)
1 January 2014						
Comprehensive income for the year:						
Profit for the year	33,100	691	500	8,843	(56,058)	(12,934)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
31 December 2014	33,100	691	500	8,843	(56,068)	(12,934)

The notes on pages 9 to 14 form part of these financial statements.

Diamond Resorts (Group Holdings) PLC

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies

Diamond Resorts (Group Holdings) PLC is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 12.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

In preparing these financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:

- The requirements of Section 7 Statement of Cash Flows
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures

The following principal accounting policies have been applied:

Going concern

At the financial year end the company's current liabilities exceed its current assets. The directors consider it appropriate to prepare the financial statements on the going concern basis as the directors have obtained written assurances that Diamond Resorts International Inc will continue to provide financial support to the company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Group accounts

The company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare group financial statements as it and its subsidiary undertakings are included in the full consolidation in the consolidated financial statements of Diamond Resorts (Holdings) Limited. These financial statements present information about the company as an individual entity and not about its group.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. The need for any impairment is assessed by the comparing of the carrying value of investments against the higher of their realisable value and value in use.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Diamond Resorts (Group Holdings) PLC

Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

1 Accounting policies (*continued*)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, and the gains or losses on transactions are included in the profit and loss account.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Fixed asset Investments (see notes 3 and 5)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

As equity investments in subsidiaries are not publicly traded the group recognises that a reliable measurement of fair value to be cost less impairment. The value of such investments is recorded at the higher of net realisable value (a measure of subsidiary net assets excluding balances with fellow group undertakings) and £1.

The impairment charge in the period of £3,204,244 relates to the director's estimate that the fair value in certain subsidiary undertakings has declined to £1, this being higher than the net liabilities reported.

3 Operating loss

The operating loss is stated after charging impairment to fixed asset investments of £3,204,244.

The investments in Diamond Resorts (Europe) Limited and Diamond Resorts Portugal Club de Ferias LDA have been written down to their net asset values at 31 December 2015. To the extent that the investments have net liabilities this has been restricted to £1.

Diamond Resorts (Group Holdings) PLC

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

4 Taxation on profit on ordinary activities

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to the loss before tax.

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(3,204)	-
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	(649)	-
Effect of: Permanent differences	649	-
Current tax charge for the year	-	-

5 Fixed asset investments

	Shares in subsidiary undertakings £'000
At 1 January 2015	4,208
Impairment charge	(3,204)
At 31 December 2015	1,004

For details of the impairment, see note 3.

Diamond Resorts (Group Holdings) PLC

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

5 Fixed asset investments (continued)

The company had the following subsidiary undertakings as at 31 December 2015.

Name of subsidiary	Country of incorporation	Class held	Proportion held
Investments held directly:			
Development and/or sale of holiday ownership			
Diamond Resorts (Europe) Limited	England	Ordinary	100%
Labrador Inversiones Inmobiliarias SL	Spain	Ordinary	57.5%
Diamond Resorts Portugal Club de Ferias LDA	Portugal	Ordinary	96%
Collie Inversion Inmobiliario Santa Cruz SL	Spain	Ordinary	100%
Diamond Resorts AB Acquisition Company Ltd	UK	Ordinary	100%
Financial services			
D.R. Financial Services Limited	England	Ordinary	100%
Management of resorts and central services			
IGR Mougins SARL *	France	Ordinary	100%
Vacation Club Partnerships Limited	England	Ordinary	100%
D.R. Deutschland Betriebsgesellschaft GmbH	Germany	Ordinary	6%
Resort Management Services SL	Spain	Ordinary	99%
Vilar do Golf Empreendimentos Turisticos LDA	Portugal	Ordinary	70%

*Shares in this entity are directly owned by a subsidiary of First National Trust Company (Grand Vacation Club Title Limited) and are held on trust for the beneficial interest of points' members. This entity is included by virtue of the group's management of day to day operations and its entitlement to commercial revenues generated from the assets of the entity.

Investments held via a subsidiary undertaking:

Intermediate holding company			
Diamond Resorts Deutschland Holding GmbH	Germany	Ordinary	100%
Aegean Blue Holdings Limited	Cyprus	Ordinary	100%
Development and/or sale of holiday ownership			
Los Amigos Beach Club Management Limited	Isle of Man	Ordinary	100%
Los Amigos Beach Club Limited	Isle of Man	Ordinary	100%
Floriana Holdings Limited	Gibraltar	Ordinary	100%
Diamond Resorts Excursions SL	Spain	Ordinary	100%
Diamond Resorts Sales Italy SRL	Italy	Ordinary	100%
Diamond Resorts Mediterranean Holdings Limited	Cyprus	Ordinary	100%
Diamond Resorts Vacations Touristic EPE	Greece	Ordinary	100%
D.R. Deutschland Vertriebsgesellschaft mbH	Germany	Ordinary	100%
Diamond Resorts Voyages SARL	France	Ordinary	100%
Management of resorts and central services			
D.R. Mediterranean PLC	Cyprus	Ordinary	100%
D.R. Mediterranean Management Limited	Cyprus	Ordinary	100%
Club Resorts MEPE	Greece	Ordinary	100%
LS International Resort Management Limited	England	Ordinary	100%
Diamond Resorts Italia SRL	Italy	Ordinary	100%

Diamond Resorts (Group Holdings) PLC

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

5 Fixed asset investments (continued)

Name of subsidiary	Country of incorporation
Clubs**	
Thurnham Owners Club	England
Pine Lake Owners Club	England
Woodford Bridge Country Club	England
Cromer Country Club	England
Kenmore Club	England
Royal Sunset Beach Club	Spain
Royal Tenerife Country Club	Spain
Sahara Sunset	Spain
Sunset Bay	Spain
Sunset Harbour	Spain
Santa Barbara	Spain
Sunset View	Spain
Royal Oasis Club at Benal Beach	Spain
Club del Carmen	Spain
White Sands Beach Club	Spain
Club Cala Blanca	Spain
Los Amigos Beach Club	Spain
Royal Oasis Club at P. Quinta	Spain
Royal Regency	France
Moulin de Connelle	France

** These are unincorporated undertakings which are consolidated by virtue of the Diamond group's power to exercise control over them.

6 Debtors

	2015 £'000	2014 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	3,668	3,664
Other taxation and social security	-	790
	<u>3,668</u>	<u>4,454</u>

The amounts owed by group undertakings are payable on demand.

7 Creditors : amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	<u>20,810</u>	<u>21,596</u>

The amounts owed to group undertakings are repayable on demand.

Diamond Resorts (Group Holdings) PLC

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

8 Share capital

	2015 £'000	2014 £'000
Allotted and called up		
33,100,001 Ordinary shares of £1 each	33,100	33,100

9 Capital and reserves

	Share premium account £'000	Capital redemption and capital reserve £'000	Profit and loss account £'000
At 1 January 2015	8,843	1,191	(56,068)
Loss for the financial year	-	-	(3,204)
At 31 December 2015	8,843	1,191	(59,272)

10 Ultimate parent undertaking

The directors regard Diamond Resorts International Inc as the company's ultimate parent undertaking at the date these financial statements have been signed.

The smallest group in which the results of the company are consolidated is that headed by Diamond Resorts (Holdings) Limited, whose principal place of business is at Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA. The consolidated accounts of the group can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

11 Financial commitments

The company is party to a cross guarantee, registered 24 April 2007, which secures the revolving credit facility provided by Diamond Resorts Corporation, a fellow member of the group headed by Diamond Resorts International Inc, at the balance sheet date, to the subsidiary companies. The amount outstanding at the year-end was £65,365,000 (2014 - £65,365,000). The debenture provides a fixed and floating charge over the undertaking and all the assets of the company.

12 First time adoption of FRS 102

The Company's financial statements for the year ended 31 December 2014 were prepared under UK GAAP. There has been no change to the previously reported results as a result of the Company adoption FRS 102 for the year ended 31 December 2015. No reconciliation has been provided as there are no reconciling items.