

**THURNHAM OWNERS CLUB
MANAGEMENT AGREEMENT**

THIS AGREEMENT is made the 16th day of November 2009 BETWEEN Diamond Resorts (Europe) Limited an English company having its registered office Citrus House, Caton Road, Lancaster, LA1 3UA and Diamond Resorts Title Limited an English company also having its registered office Citrus House, Caton Road, Lancaster, LA1 3UA (hereinafter together called “the Founder Members”) of the one part and the said Diamond Resorts (Europe) Limited (hereinafter called “the Management Company”) of the other part.

WHEREAS:

1. The Founder Members have had assigned to them the rights of title to and interest in the founder memberships of a private club known as the Thurnham Owners Club (hereinafter called “the Club”) whose object is set out in the Constitution of the Club (“the constitution”) it is to secure for its Members the ownership of exclusive rights of occupation of units at Thurnham Hall, Thurnham, near Lancaster (the “Units”) for specific periods in each year until the dissolution of the Club.
2. In pursuance of Clause 11.1 of the said Constitution the Committee (formed pursuant to Clause 11 of the Constitution) have instructed the Founder Members to delegate to the Management Company the general management of the Club.

NOW THIS AGREEMENT WITNESSES AND IT IS HEREBY AGREED as follows:-

1. Subject to the rights of the Committee of the Club to intervene where necessary or appropriate the Management Company will undertake on behalf of the Club and the Club hereby delegates to the Management Company the management and administration of the Units and the contents thereof. Without prejudice to the generality of the foregoing, the Management Company will be responsible for the provision of all items detailed in Clause 13 of the Constitution. The Management Company will ensure that the management and administration aforesaid are carried out with all due diligence and in the best interests of the members of the Club (“the Members”) and will comply with all requirements of the Committee of the Club in the performance of its duties hereunder and will effect all maintenance, repairs, renewals and decoration and insurance of the property of the Club when the same shall be necessary and in a good workmanlike manner with all due speed and diligence but not so as to interfere except insofar as reasonably necessary with the Member’s enjoyment of their occupation of the Units as aforesaid. The Management Company shall be entitled to delegate its responsibilities hereunder to such professional or trades persons or bodies as it shall think fit upon the best terms reasonably obtainable in the open market (as to which the Management Company shall be the sole judge).
2. The appointment of the Management Company will continue (subject to determination as hereinafter provided) for an initial term of five years, beginning at the date of this agreement (the “Initial Term”).

At the last Annual General Meeting of the Club, before the expiry of the Initial Term, a resolution shall be proposed by the Founder Members that this Agreement be renewed for a further term of five years (a “further term”). Such resolution shall be deemed passed unless a three-quarter majority of the Members entitled to attend and vote at the Annual General Meeting shall vote against renewal.

In the event that this Agreement is renewed for a Further Term, at the last Annual General Meeting before the expiry of the Further Term, a resolution shall be proposed by the Founder Members that this Agreement be renewed for a Further Term of five years. Again, such resolution shall be deemed passed unless a three-quarter majority of the Members entitled to attend and vote at the Annual General Meeting shall vote against renewal.

Subject to earlier termination as hereinafter provided this Agreement shall terminate when the Members entitled to attend and vote at an Annual General Meeting voting on a resolution to renew this Agreement for a Further Term vote, in the majority referred to in the previous paragraph, against such renewal.

3. Subject to the right of the Committee to intervene as aforesaid the Management Company shall during the Management Period be entitled to exercise all the powers of the Committee of the Club referred to in the Constitution relating to the management and administration of the Club property and affairs including the power to collect from each Member any sum or sums owed by him pursuant to Clause 13 of the Constitution including any Management charge referred to in Clause 15.8 of the Constitution PROVIDED ALWAYS that the exercise of any power or discretion relating to the Club's property which shall require the trustee of such property to do or concur in any act shall at all times remain vested in the Club and/or (as the Constitution may require) the Committee.
4. The Committee of the Club may by not less than three (3) months written notice to the Management Company to that effect require the Management Company to cease to provide any on-resort services for the time being provided by the Management Company hereunder. At the expiry of such notice, the Management Company shall cease to provide that on-resort service.
 - 4.1 Following service of any such notice the Committee of the Club and the Management Company shall use their best endeavours to ascertain the amount by which the Management Charge referred to hereafter shall be reduced. Following the date of expiry of such notice and in default of agreement as to such reduction within two (2) months of the service of such notice the matter shall be referred to an expert in accordance with Clause 10 hereof.
 - (i) The Committee of the Club may by not less than three (3) months written notice to the Management Company to that effect request the Management Company to provide such reasonable additional services as may be specified in such notice in addition to all services for the time being provided by the Management Company hereunder.
 - (ii) As soon as reasonably possible after receipt of such notice the Management Company shall submit to the Committee of the Club a written statement setting out its computation of the addition to the Management Charge resulting from the additional services such computation to be based on the estimated cost to the Management Company of the provision of the additional services.
 - (iii) Within two (2) months of the receipt of such statement the Committee of the Club shall elect by written notice to the Management Company as to whether or not to accept such computation and if it shall so accept the Management Company shall commence the provision of the relevant services within one (1) month thereafter and the Management Charge shall thenceforth be increased by the amount of such computation.

(iv) In the event of the Committee of the Club electing not to accept such computation and being in a position to enter into an agreement with a third party for the provisions of that service at a cost acceptable to the Committee of the Club, the Committee of the Club shall not enter into any such agreement unless the Management Company shall have been given at least one (1) months written notice of such intention and does not offer to provide the service itself on similar terms.

5. Each Member of the Club shall (for each Membership held by him) pay the Management Company by way of annual Management Charge, a proportionate part of the total cost to the Management Company in each financial year of providing the services it hereby agrees to provide, including all overhead expenses and outlays and outgoings properly incurred by the Management Company in the performance of its duties hereunder, and the salaries of all employees of the Management Company to the extent they are engaged in the provision of those services.

The overhead expenses will include a 15% management company fee, payable to the Management Company.

A Sinking Fund will also be provided, at a level to be agreed with the Committee.

On an exceptional basis, it may also be necessary to include a levy for special projects, again at a level to be agreed with the Committee.

All the above costs are subject to Value Added Tax at the appropriate rate(s).

The total cost to the Management Company of providing the aforesaid services shall, in the calculation of the sum payable in respect of each Membership Certificate held, be firstly apportioned between the respective categories of Units, being Studio, One Bedroom and Two Bedroom Units.

For the basis of the calculation due to the different-sized Units, each Unit type will be assigned an apportionment of costs.

Following historic practice it is agreed that:

- one-bedroom Units will be charged at 18.65% higher than studio Units
- two-bedroom Units will be charged at 37.31% higher than studio Units

In addition it is agreed that:

51 weeks will be available for the occupation in each Unit type. One week will be classified as a maintenance week.

Therefore:

The total weeks currently available per Unit type is:

14 studio Units x 51 weeks	=	714 weeks
25 one-bedroom Units x 51 weeks	=	1275 weeks
11 two-bedroom Units x 51 weeks	=	561 weeks

Total number of weeks = 2550 weeks

Consequently, based on the current number of different-sized Units, and the apportionment of costs assigned to each type of Unit, the costs shall be apportioned in the following percentages:

- Studio Units - 23.87%
- One-bedroom Units - 50.43%
- Two-bedroom Units - 25.70%

The apportionment of costs will vary if the number, or number of different-sized Units varies.

The annual Management Charge for each Membership Certificate, by each Unit type, shall be calculated by:

The percentage of costs by Unit type (above) divided by the total number of weeks per type.

The Management Company shall as soon as reasonably practicable before the commencement of each new financial year give written notice to each Member requiring him to pay an estimated projected payment (hereinafter called “the Projected Management Charge”) of his liability for that year in respect of the annual Management Charge for each Membership Certificate held by him and each Member shall forthwith pay the Management Company his Projected Management Charge. The amount of the Projected Management Charge shall be such amount as the Management Company, in consultation and agreement with the Committee, shall, in its discretion determine to be a fair and reasonable charge, but in the event of a dispute as to the amount of the charge, the matter shall be referred to an expert as provided in Clause 10 hereof.

In the event there is a shortfall between the actual Management Charge for a financial year and the Projected Management Charge, the Management Company with the agreement of the Committee, shall be entitled to give notice to each Member requiring him to pay his share of such shortfall.

- 6.(A) On the issue of each new Membership Certificate to a Member of the Club, such new Member shall forthwith pay an advance to the Management Company (duly apportioned where necessary by the time) the amount due from him in respect of such Membership Certificate for the remainder of the financial year in which such Membership Certificate shall be issued to him.
 - 6.(B) The Management Company shall have a general discretion to vary the basis of the calculation of the total cost, as hereinbefore referred to, and the basis of its apportionment between Members if in its reasonable opinion the then current or applicable basis is unworkable, administratively inconvenient, unduly complex or is unfair or inequitable as between Members or as between the Management Company and the Members. In such event the Management Company shall serve notice of the proposed change upon the Committee who shall within thirty (30) days and by written notice to the Management Company approve or reject the same. If the Committee shall reject the same the dispute shall be referred to an expert pursuant to Clause 10 hereof. In the event that the matter is referred to an expert the basis of apportionment shall remain unchanged until the expert has given his decision.
7. The Management Company shall arrange for the prompt collection (and payment if necessary) of the Management Charge payable by each Ordinary Member and Founder Member and shall properly pay and discharge out of all such monies collected by it from Ordinary Members and Founder Members all expenses in relation to which such amounts have been collected and shall ensure that proper records and books of account relating to the management of the Club and affairs are maintained at all times on behalf of the Members and that such records and books of account are at all reasonable times available for inspection by any Member of the Club or any person on his behalf or the Trustee of the Club.

8. The Management Period shall forthwith terminate;
- (a) if the Management Company being a corporation shall pass a resolution to wind up or enter into liquidation whether compulsory or voluntary (except for the purpose of amalgamation or reconstruction) or suffer a Receiver to be appointed or being an individual or individuals shall commit an act of bankruptcy or
 - (b) if the Management Company shall have committed a breach of this Agreement and shall neglect or otherwise fail to remedy such breach (whether capable of remedy or not) within one (1) month of being required in writing to do so by the Committee of the Club and the Committee thereafter serves upon the Management Company a notice in writing summarily terminating the Management Period.

For the avoidance of doubt it is agreed that a material decrease in the level of service provided by the Management Company after the date of this Agreement, when compared to the level of service provided by the Management Company before the date of this Agreement, shall constitute a breach of this Agreement.

9. The Founder Members on behalf of the Members of the Club shall indemnify and keep indemnified the Management Company from and against all claims, demands, proceedings, damages, liabilities and costs and expense arising out of or incidental to the proper and reasonable performance by the Management Company of its duties under this Agreement.
10. Any dispute or difference arising out of this Agreement shall be referred to the decision of a single expert to be agreed between the Committee and the Management Company or in default of agreement to be appointed, on the application of either party to the President of the Law Society of England and Wales, and the decision of such expert shall be final and binding upon the Members and the parties hereto.
11. A Membership Certificate covering more than one weekly period shall be deemed to be a series of separate Certificates, one for each weekly period it covers, for all the purpose of this Management Agreement, including ascertainment of voting rights, entitlement on termination and liability to pay Management Charges.
12. Any notice requiring to be served under the terms of this Agreement shall be given to the party served at its address as indicated above and a notice shall be deemed to have been delivered within 48 hours of posting by first class mail in the United Kingdom.
13. The parties agree that this Agreement shall be exclusively governed by and construed in accordance with the laws of England.
14. In the event that there is a conflict between the terms of this Agreement and the Constitution of the club, the Constitution shall take precedence.

IN WITNESS whereof this Agreement has been executed the day and year first above written.

SIGNED by
for and on behalf of
DIAMOND RESORTS (EUROPE) LIMITED (As Founder Member)

Susan Crook

Authorised Signatory

SIGNED by
for and on behalf of
DIAMOND RESORTS TITLE LIMITED

Susan Crook

Authorised Signatory

SIGNED by
for and on behalf of
DIAMOND RESORTS (EUROPE) LIMITED (As Management Company)

Susan Crook

Authorised Signatory