

Company Registration No. 3564855

HYATT HOLDINGS (UK) LIMITED

Report and Financial Statements

31 December 2010

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HYATT HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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HYATT HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Morales
R Sarna
G Rainer

SECRETARY

Jordans Limited
21 St Thomas Street
Bristol
BS1 6JS

REGISTERED OFFICE

21 St Thomas Street
Bristol
BS1 6JS

BANKERS

Bank of America
P O Box 407
London
E1 8DE

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

HYATT HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company has entered into management agreements to provide assistance, management and marketing services to three hotels and one apartment residence located in the United Kingdom, as follows

Property Name	Start Date	Initial Term
Hyatt Regency Birmingham	16 07 1990	30 years
Hyatt Regency London - The Churchill	01 05 2004	10 years
Knightsbridge Apartments Residence	12 09 2005	5 years
Andaz London	13 03 2006	30 years

The directors expect these activities to continue in 2011, with exception of the agreement for Knightsbridge Apartments Residence which expired on 31 December 2010. There have not been any significant changes in the Company's principal activities in the year under review and the directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's profit and loss account on page 6, the overall turnover has increased by £819,373, or 17%, to £6,148,956 (2009 £5,329,583). This increase results from the improvement of the global economic climate.

The operating expenses increased only by £50,951, or 1%, to £4,719,041 (2009 £4,668,090), mainly driven by the positive impact for the Company of a reduction of service fees billed by an affiliated company.

The operating profit for the year is £1,429,915 (2009 £661,493). The 2010 profit on ordinary activities before taxation is £1,565,816 compared to £758,624 in 2009.

The balance sheet on page 7 of the financial statements shows that the Company's financial position has further strengthened in the year.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1.

PRINCIPAL RISKS AND UNCERTAINTIES

It should be noted that the Company's activity depends on the results of the properties it manages and related underlying general economic factors. As the current economic climate remains uncertain, the market remains volatile. Although the impact is hard to predict, it will certainly affect business travel and may damage the leisure sector.

A significant portion of the Company's administrative expenses are incurred in US Dollars and Swiss Francs and the Company is therefore exposed to the movement of both US Dollar and Swiss Franc to Sterling exchange rate.

The Company has no related party or third party debt. It therefore has no interest rate exposure.

RESULTS AND DIVIDENDS

The audited accounts for the year ended 31 December 2010 are set out on pages 6 to 16. The profit after taxation for the financial year was £1,125,203 (2009 £544,528).

Subsequent to the year end, the Company declared a dividend of £2,750,000 (2009 £nil).

HYATT HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

DIRECTORS

The directors who served throughout the year except as noted were as follows

Name	Citizenship
A Morales	- Swiss citizen
R Sama	- US citizen
G Rainer	- Austrian citizen

AUDITOR

The Board re-elected Deloitte LLP on 12 July 2010, during the Annual General Meeting

Provision of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board


A Morales
Director

1 July, 2011

HYATT HOLDINGS (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYATT HOLDINGS (UK) LIMITED

We have audited the financial statements of Hyatt Holdings (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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).

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 and of its profit 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

15 August 2011

HYATT HOLDINGS (UK) LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2010**

	Note	2010 £	2009 £
TURNOVER	2	6,148,956	5,329,583
Administrative expenses		(4,719,041)	(4,668,090)
OPERATING PROFIT		1,429,915	661,493
Net interest receivable	3	135,901	97,131
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,565,816	758,624
Tax on PROFIT on ordinary activities	6	(440,613)	(214,096)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	1,125,203	544,528

All results in the current and preceding year have been derived from continuing operations

There are no recognised gains or losses other than stated above for the current or preceding financial year and accordingly no separate statement of total recognised gains and losses is presented

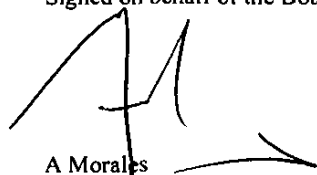
HYATT HOLDINGS (UK) LIMITED

BALANCE SHEET 31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	-	-
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors due within one year	8	816,282	1,320,030
Debtors due after one year	8	2,500,000	2,500,000
Cash at bank and in hand		2,518,378	535,235
		<u>5,834,660</u>	<u>4,355,265</u>
CREDITORS: amounts falling due within one year	9	(963,985)	(609,793)
NET CURRENT ASSETS		<u>4,870,675</u>	<u>3,745,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,870,675</u>	<u>3,745,472</u>
NET ASSETS		<u>4,870,675</u>	<u>3,745,472</u>
CAPITAL AND RESERVES			
Called up share capital	11	2,114,200	2,114,200
Profit and loss account	12	2,756,475	1,631,272
TOTAL SHAREHOLDERS' FUNDS	10	<u>4,870,675</u>	<u>3,745,472</u>

The financial statements of Hyatt Holdings (UK) Limited, registered number 3564855, were approved by the Board of Directors and authorised for issue on 1 July, 2011

Signed on behalf of the Board of Directors


A Morales
Director

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and preceding year.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern basis

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on page 2.

The current economic conditions create uncertainty particularly over (a) the level of demand for hotels, and (b) the exchange rate between sterling and US dollars and Swiss Francs and thus the consequence for the cost of the company's administrative expenses.

However, the company has several years' track record of profitable trading and is cash generative. The directors have also been able to adjust to the current climate and reduce the negative effect on profitability through actively managing costs.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the year to review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter year is used.

Cash flow

The company has taken advantage of the exemption permitted by Financial Reporting Standard No. 1 (revised) whereby a cash flow statement need not be prepared by a wholly owned subsidiary of an ultimate parent undertaking which itself prepares a consolidated cash flow statement.

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2010**

1 ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The Company participates in a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover represents fee income earned under the hotels and residence management agreements plus the reimbursement of costs incurred in providing services to the Hyatt chain of hotels.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over five years, which is not considered to be materially different to useful economic life.

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

2. SEGMENT INFORMATION

Turnover, which includes management fees earned in providing technical, management and marketing services, in accordance with the provisions of long-term management contracts, is derived as follows

	2010 £	2009 £
Management fees		
Andaz London	681,879	604,579
Hyatt Regency London - The Churchill	1,969,942	1,230,196
Hyatt Regency Birmingham	673,167	660,904
The Knightsbridge	185,458	271,757
	<u>3,510,446</u>	<u>2,767,437</u>
Hyatt Chain Services	718,264	639,139
Hyatt Chain Services Markup Income	35,913	31,957
Reimbursement The Knightsbridge	1,355,258	1,380,074
Reimbursement Hyatt Regency London - The Churchill	310,427	291,234
Other Income	218,648	219,742
	<u>6,148,956</u>	<u>5,329,583</u>

3. NET INTEREST RECEIVABLE

	2010 £	2009 £
Interest receivable and similar income	135,901	97,131

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2010 £	2009 £
Amortisation - Key Money (see note 8)	110,000	110,000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	16,500	18,236
Operating lease rentals	56,051	53,077
Management service and royalty fees payable to an affiliated company	1,802,990	1,897,873

Amounts payable to Deloitte LLP by the Company in respect of non-audit services were £ nil (2009 - £15,880) These non-audit services included tax compliance and advisory services

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

5. STAFF COSTS

The average monthly number of persons employed by the Company was 55 (2009 – 55)

Employee cost during the year amounted to

	2010	2009
	£	£
Wages and salaries	1,475,093	1,498,415
Social security costs	206,031	196,970
Other pension costs	39,204	42,463
	<u>1,720,328</u>	<u>1,737,848</u>

The directors discharged their duties mainly outside the UK and received no emoluments in respect of services to the Company in the year (2009 - £nil)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year comprises

	2010	2009
	£	£
UK corporation tax	439,651	213,939
Deferred UK corporation tax	673	240
Deferred UK corporation tax in respect of prior periods	289	(83)
	<u>440,613</u>	<u>214,096</u>

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

6 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2010 £	2009 £
Profit on ordinary activities before taxation	1,565,816	758,624
Tax on profit on ordinary activities at 28% / 28.5%	(438,429)	(212,415)
<i>Factors affecting the tax charge</i>		
Capital allowance in excess of depreciation	1,842	1,684
Expenses not deductible for tax purposes	(3,064)	(3,208)
	(439,651)	(213,939)
<i>Movement on deferred tax asset in the year</i>		
	2010 £	2009 £
At 1 January	6,734	6,891
Transfer to profit and loss account	(962)	(157)
At 31 December	5,772	6,734

In his budgets of 22 June 2010 and 23 March 2011, the Chancellor of the Exchequer announced tax changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position

The 22 June 2010 budget announced a decrease in the rate of UK corporation tax from 28% to 27% from 1 April 2011, with a further reduction by 1% in each of the following three years (to 24% from 1 April 2014), to be enacted annually. The first rate change to 27% was substantively enacted at the balance sheet date and has been reflected in the deferred tax balances as at the balance sheet date.

The 23 March 2011 budget announced an additional 1% decrease in the rate of UK corporation tax to 26% from 1 April 2011, with a further reduction by 1% in each of the following three years (to 23% from 1 April 2014), to be enacted annually. The additional rate change to 26% was not substantively enacted at the balance sheet date, but had been substantively enacted at the date of signing the financial statements.

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

7. TANGIBLE FIXED ASSETS

	Motor Vehicle £
Cost	
As at 1 January 2010	5,100
Disposals	(5,100)
As at 31 December 2010	-
Depreciation	
At 1 January 2010	5,100
Disposals	(5,100)
At 31 December 2010	-
Net book value	
At 31 December 2010	-
At 31 December 2009	-

8. DEBTORS

	2010 £	2009 £
<u>Amounts falling due within one year:</u>		
Trade debtors	279,261	644,405
Amounts owed by other group undertakings	155,846	127,898
Deposits	8,736	8,726
Prepayments and accrued income	366,667	476,667
UK Corporation Tax Receivable	-	55,600
Deferred Tax Asset (note 6)	5,772	6,734
	816,282	1,320,030
<u>Amounts falling due after one year:</u>		
Amounts owed by affiliated companies	2,500,000	2,500,000

Prepayments include pre-contract costs of £366,667 (2009 £476,667) Total key money of £1,100,000 was incurred in connection with entering into the Management Agreement for a London hotel, Hyatt Regency London - The Churchill Hotel, and is being amortised over the ten years of the initial term of the agreement

The amounts owed by affiliated companies represent a loan made to a fellow group company which bears interest at LIBOR + 4.7% and is repayable on 31 March 2011

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	6,931	51,722
Amounts owed to other group undertakings < 1 year	282,592	299,592
UK corporation tax payable	264,651	-
Social security and PAYE	48,957	-
VAT payable	260,989	192,229
Accruals	99,865	66,250
	963,985	609,793

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	1,125,203	544,528
Opening shareholders' funds	3,745,472	3,200,944
Closing shareholders' funds	4,870,675	3,745,472

11. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised:		
1,000,000 ordinary shares of £100 each	100,000,000	100,000,000
Called up, allotted and fully paid:		
21,142 ordinary shares of £100 each (2009 – 21,142 ordinary shares)	2,114,200	2,114,200

12. RESERVES

	Profit & Loss £
At 1 January 2010	1,631,272
Profit for the year	1,125,204
At 31 December 2010	2,756,476

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

13. OTHER FINANCIAL COMMITMENTS

Capital commitments

The Company had no capital commitments at 31 December 2010 (2009 £nil)

Lease commitments

As at 31 December 2010 the Company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry Date				
- within one year	8,883	-	2,536	-
- between two and five years	-	35,532	-	3,804
	<u>8,883</u>	<u>35,532</u>	<u>3,804</u>	<u>3,547</u>

The lease of the office premises is subject to rent reviews at specified intervals. It provides for the lessee to pay all insurance, maintenance and repair costs.

14. PENSION OBLIGATIONS

The Company makes pension contributions for certain employees to the Hyatt International Hotels Retirement Plan, a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered trust. The pension cost charge represents contributions payable by the Company to the fund and any potential tax payable on the contributions, which amounted to £56,328 (2009 £61,993).

15. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard 8, transactions with related parties that are eliminated on consolidation within the group headed by Hyatt Hotels Corporation (see note 16) are not reported as the consolidated financial statements of Hyatt Hotels Corporation are publicly available and all parties to the transactions are wholly owned within the group.

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's ultimate parent Company and controlling party is Hyatt Hotels Corporation, incorporated in the United States of America. The immediate parent company is HI Holdings Cyprus Limited, incorporated in Cyprus.

The results of Hyatt Holdings (UK) Limited are consolidated into Hyatt Hotels Corporation, a New York Stock Exchange listed public company. The consolidated accounts of Hyatt Hotels Corporation are available to the public at its registered address, being 71 South Wacker Drive, Chicago, Illinois 60606, United States of America.