

Company Registration No. 3564855

HYATT HOLDINGS (UK) LIMITED

Report and Financial Statements

31 December 2008

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HYATT HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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HYATT HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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

AUDITORS

Deloitte LLP
Chartered Accountants
London

HYATT HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

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
The Great Eastern Hotel	13.03.2006	30 years

The directors expect these activities to continue in 2009. 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 7, the overall turnover has increased by £831,588, or 14.9%, to £6,419,819 (2007: £5,588,262). This increase mainly results from the fact that the rooms renovation programme for the Hyatt Regency London - The Churchill completed in August 2007 and thus generated £722,288 additional management fees.

The operating expenses increased by £515,540, or 11%, to £5,179,937 (2007: £4,664,397), mainly driven by the revenue levels of the managed hotels.

The operating profit of the year is £1,239,882 (2007: £923,865). The 2008 profit on ordinary activities is £1,077,570 compared to £667,971 in 2007 and also includes a one-off dividend of £150,121 received from London Hotel Management Limited in 2008.

The balance sheet on page 8 of the financial statements shows that the Company's financial position has further strengthened in the year.

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 economical factors. As the current economical climate remains uncertain, the market remains volatile. Although the impact is hard to predict, it will certainly affect business travel and will 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 2008 are set out on pages 7 to 16. The profit after taxation for the financial year was £1,077,570 (2007: profit of £667,971).

The directors do not recommend the payment of a dividend (2007: £nil).

DIRECTORS AND THEIR INTERESTS

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

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

HYATT HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

AUDITORS

The Board re-elected Deloitte & Touche LLP on 27 June 2008, during the Annual General Meeting. On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

Provision of information to the auditors

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

A Morales
Director

12 OCT 2009

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). The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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 AUDITORS' 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 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYATT HOLDINGS (UK) LIMITED
(CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

13 October 2009

Deloitte LLP

HYATT HOLDINGS (UK) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2008

	Note	2008 £	2007 £
TURNOVER	2	6,419,819	5,588,262
Administrative expenses		(5,179,937)	(4,664,397)
OPERATING PROFIT		<u>1,239,882</u>	<u>923,865</u>
Other gains and losses	3	50,329	37,713
Dividend income		150,121	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>1,440,332</u>	<u>961,578</u>
Tax on profit on ordinary activities	6	(362,762)	(293,607)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u><u>1,077,570</u></u>	<u><u>667,971</u></u>

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

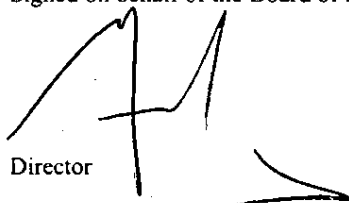
BALANCE SHEET 31 December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	-	-
Investment in subsidiary	8	-	2
		<u>-</u>	<u>2</u>
CURRENT ASSETS			
Debtors due within one year	9	1,506,918	1,125,936
Cash at bank and in hand		2,157,653	1,635,144
		<u>3,664,571</u>	<u>2,761,080</u>
CREDITORS: amounts falling due within one year	10	(463,627)	(637,708)
NET CURRENT ASSETS		<u>3,200,944</u>	<u>2,123,372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,200,944</u>	<u>2,123,374</u>
NET ASSETS		<u>3,200,944</u>	<u>2,123,374</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,114,200	2,114,200
Profit and loss account	13	1,086,744	9,174
TOTAL SHAREHOLDERS' FUNDS	11	<u>3,200,944</u>	<u>2,123,374</u>

These financial statements were approved by the Board of Directors and authorised for issue on

12 Oct 2009

Signed on behalf of the Board of Directors


Director

Antonio M. Morales
Director

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

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.

Group accounts

The group is medium sized and as a result the Company has taken advantage of the exemption available to small or medium sized groups not to prepare consolidated financial statements under the Companies Act 1985, section 248. Accordingly these financial statements present information about the Company as an individual undertaking and not about its group.

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.

Investment in subsidiary

Fixed asset investment is shown at cost less provision for impairment.

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.

Related party transactions

The nature of related party transactions and any balances outstanding at year-end are disclosed in the relevant note to the accounts.

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

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 2008

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:

	2008 £	2007 £
Management fees:		
Great Eastern Hotel	645,524	925,192
Hyatt Regency London - The Churchill	1,623,583	901,295
Hyatt Regency Birmingham	839,736	845,194
The Knightsbridge	282,000	282,000
	<u>3,390,843</u>	<u>2,953,681</u>
Hyatt Chain Services	951,698	933,644
Hyatt Chain Services Markup Income	47,585	46,682
Reimbursement The Knightsbridge	1,321,119	1,130,267
Reimbursement Hyatt Regency London - The Churchill	346,924	312,206
Other Income	361,650	211,782
	<u>6,419,819</u>	<u>5,588,262</u>

3. NET INTEREST RECEIVABLE

	2008 £	2007 £
Interest receivable and similar income	50,329	37,713
	<u>50,329</u>	<u>37,713</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2008 £	2007 £
Amortisation - Key Money (see note 9)	110,000	110,000
Auditors' remuneration for audit services	22,525	23,500
Operating lease rentals	51,591	57,862
Management service and royalty fees payable to an affiliated company	1,966,118	1,837,208

Amounts payable to Deloitte LLP by the Company in respect of non-audit services were £14,190 (2007 - £12,500). These non-audit services included tax compliance and advisory services.

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

5. STAFF COSTS

The average monthly number of persons employed by the Company was 58 (2007 – 58).

Employee cost during the year amounted to:

	2008	2007
	£	£
Wages and salaries	1,693,068	1,517,725
Social security costs	208,550	207,298
Other pension costs	49,143	42,454
	<u>1,950,761</u>	<u>1,767,477</u>

The directors discharged their duties mainly outside the UK and received no emoluments in respect of services to the Company in the year (2007 - £nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year comprises:

	2008	2007
	£	£
UK corporation tax	369,653	290,550
Under provision in respect of prior periods	-	3,057
Deferred UK corporation tax	2,166	-
Deferred UK corporation tax in respect of prior periods	(9,057)	-
	<u>362,762</u>	<u>293,607</u>

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

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:

	2008 £	2007 £
Profit on ordinary activities before taxation	1,440,332	961,578
Tax on profit on ordinary activities at 28.5% / 30%	(406,920)	(288,474)
<i>Factors affecting the tax charge:</i>		
Capital allowance in excess of depreciation	2,005	3,073
Expenses not deductible for tax purposes	(6,772)	(5,150)
Prior period adjustments	-	(3,056)
UK dividend income not subject to taxation	42,034	-
	(369,653)	(293,607)

Movement on deferred tax asset in the year:

	2008 £	2007 £
At 1 January	-	-
Transfer to profit and loss account	6,891	-
At 31 December	6,891	-

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

7. TANGIBLE FIXED ASSETS

	Motor Vehicle £
Cost	
As at 1 January 2008	5,100
Additions	-
As at 31 December 2008	<u>5,100</u>
Depreciation	
At 1 January 2008	5,100
Charge for the year	-
At 31 December 2008	<u>5,100</u>
Net book value	
At 31 December 2008	<u>-</u>
At 31 December 2007	<u>-</u>

8. INVESTMENTS

	Shares in subsidiary £
Cost and net book value	
As at 1 January 2008	2
Disposals	(2)
As at 31 December 2008	<u>-</u>

The Company acquired 100% of the share capital of London Hotel Management Ltd, a company incorporated in Great Britain, on 11 March 2005

London Hotel Management Limited entered into Members' Voluntary Liquidation commencing 17 January 2007. On 10 October 2008 London Hotel Management Limited paid out all its distributable reserves and share capital by way of dividend of £150,121. The formal date of liquidation was 22 January 2009.

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

9. DEBTORS

	2008	2007
	£	£
<u>Amounts falling due within one year:</u>		
Trade debtors	398,205	343,101
Amounts owed by other group undertakings	196,645	75,895
Deposits	8,726	8,716
Prepayments and accrued income	586,667	698,224
UK Corporation Tax Receivable	309,784	-
Deferred Tax Asset	6,891	-
	<u>1,506,918</u>	<u>1,125,936</u>

Prepayments include pre-contract costs of £586,667 (2007: £696,667). Total key money of £1,100,000 was incurred in connection with entering into the Management Agreement for a London hotel, The Churchill Hotel, and are being amortised over the ten years of the initial term of the agreement.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	6,168	25,410
Amounts owed to other group undertakings	146,449	131,000
UK corporation tax payable	-	55,707
Social security and PAYE	-	55,540
VAT payable	216,796	251,016
Accruals	94,214	119,035
	<u>463,627</u>	<u>637,708</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	1,077,570	667,971
Opening shareholders' funds / (deficit)	2,123,374	1,455,403
Closing shareholders' funds	<u>3,200,944</u>	<u>2,123,374</u>

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

12. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised:		
1,000,000 ordinary shares of £100 each	<u>100,000,000</u>	<u>100,000,000</u>
Called up, allotted and fully paid:		
21,142 ordinary shares of £100 each (2007 – 21,142 ordinary shares)	<u>2,114,200</u>	<u>2,114,200</u>

13. RESERVES

	Profit and Loss £
At 1 January 2008	9,174
Profit for the year	<u>1,077,570</u>
At 31 December 2008	<u>1,086,744</u>

HYATT HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

14. OTHER FINANCIAL COMMITMENTS

Capital commitments

The Company had no capital commitments at 31 December 2008 (2007 : £nil).

Lease commitments

As at 31 December 2008 the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Expiry Date				
- between two and five years	35,532	29,500	3,547	3,379
	<u>35,532</u>	<u>29,500</u>	<u>3,547</u>	<u>3,379</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.

Contingencies

In the course of 2007, two floods occurred in the Knightsbridge Apartments Residence which is managed by the Company, causing damages which are likely to amount to over £2,500,000, in excess of the property's insurance coverage. The insurance provider is currently trying to investigate the possibility of recovering this excess from the Company. In the event the Company is liable, the directors believe this amount should be covered by Hyatt Hotels Corporation's umbrella liability insurance, and accordingly the directors have not deemed it probable that any liability will be incurred.

15. 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 £71,075 (2007: £60,818).

16. RELATED PARTY TRANSACTIONS

Amounts owed by group undertakings disclosed in note 9 are owed by Hyatt-Chain Services Limited and The Great Eastern Hotel Company Limited and are related to trading balances. Amounts owed to group undertakings disclosed in note 10 are payable to Hyatt International Corporation in relation to a short-term loan and to Hyatt Gold Passport in relation to trading balances.

17. 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 largest group into which the results of Hyatt Holdings (UK) Limited are consolidated is that headed by Hyatt Hotels Corporation, and the smallest group into which they are consolidated is that headed by HI Holdings Luxembourg SARL, incorporated in Luxembourg. The consolidated accounts of HI Holdings Luxembourg SARL are available to the public at the companies' register of the Grand Duchy of Luxembourg.