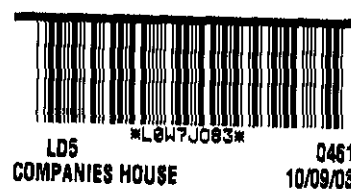


HYATT HOLDINGS (UK) LIMITED

Report and Financial Statements

31 December 2002

**Deloitte & Touche LLP
London**



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

L Stoga

SECRETARY

Jordans
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 & Touche LLP
Chartered Accountants
London

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

It is the director's intention to make the company dormant in due course.

GOING CONCERN

The accounts have been prepared on a going concern basis. However, the company made a loss during the year and is reporting net liabilities at 31 December 2002. The company is reliant on support from its parent company but no guarantee of continuing financial support has been provided and the ability of the company to continue as a going concern is therefore uncertain.

RESULTS AND DIVIDENDS

The audited accounts for the year ended 31 December 2002 are set out on pages 5 to 9. The loss after taxation for the financial year was £2,456 (2001: loss of £12,815).

The directors do not recommend the payment of a dividend (2001 – £nil).

DIRECTOR AND HIS INTERESTS

The director who served during the year was:

L Stoga - US citizen

During the year the director had no beneficial interests in the shares of the company.

AUDITORS

The Board appointed Deloitte & Touche on 1 August 2002.

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26 (5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the sole director



L Stoga
Director
9/5 2003

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, 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 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 9. 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 director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the director's report is not consistent with the financial statements, if 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 the director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the director 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the uncertainty as to the contribution of financial and administration support by the parent company. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

9 September 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002	2001
Operating expenses (net)	2	(2,456)	(12,815)
LOSS ON ORDINARY ACTIVITIES		<u>(2,456)</u>	<u>(12,815)</u>
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
LOSS AFTER TAX AND LOSS FOR THE FINANCIAL YEAR		(2,456)	(12,815)
Accumulated deficit at the beginning of the		<u>(2,703,908)</u>	<u>(2,691,093)</u>
Accumulated deficit at the end of the year		<u><u>(2,706,364)</u></u>	<u><u>(2,703,908)</u></u>

There were no recognised gains or losses or movements in shareholders' funds except as disclosed in the profit and loss account in either the current year or preceding year. Accordingly, no statements of total recognised gains and losses or statement of movements in shareholders' funds have been provided. There is no material difference between the results for the year and the preceding year and their historical cost equivalents.

All results in the current and prior year have been derived from discontinued operations.

The accompanying notes are an integral part of this profit and loss account.

BALANCE SHEET
31 December 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Cash at bank and in hand		87	-
CREDITORS: amounts falling due within one year	4	(592,251)	(589,708)
NET CURRENT LIABILITIES		<u>(592,164)</u>	<u>(589,708)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(592,164)</u>	<u>(589,708)</u>
CAPITAL AND RESERVES			
Called up share capital	5	2,114,200	2,114,200
Profit and loss account		<u>(2,706,364)</u>	<u>(2,703,908)</u>
TOTAL EQUITY SHAREHOLDERS' DEFICIT	6	<u>(592,164)</u>	<u>(589,708)</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

9/5

2003.

L Stoga
Director



NOTES TO THE ACCOUNTS
Year ended 31 December 2002**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year with the exception of the policy for deferred taxation, as explained below.

Basis of accounting

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

The company has not prepared consolidated accounts in accordance with the exemptions allowed under the Companies Act 1985 for small companies.

Going concern

The company's liabilities, which include amounts payable to other group companies of £592,251 (2001 - £588,584), exceeded its assets by £592,164. The company is therefore reliant on financial and administration support from its parent company. However, no guarantee of continuing financial support has been provided.

Having considered these factors, the director considers the going concern basis is appropriate. No adjustment would be necessary if the financial and administration support from the parent company were not to continue.

Foreign currency

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.

Cash flow

The company has not presented a cash flow statement in accordance with the exemptions provided to small companies in Financial Reporting Standard No. 1 (Revised).

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.

Deferred taxation

FRS 19 'Deferred Tax' has been adopted for the first time in the current year. 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 periods 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. As a result of adopting FRS 19 there has been no impact on the comparative figure for the tax on profit on ordinary activities for 2001 or the reserves for 2001.

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- audit fees	5,284	3,953
- non-audit fees	-	7,882
	<u>5,284</u>	<u>11,835</u>

Auditors' remuneration was payable to Arthur Andersen in 2001.

3. STAFF COSTS

The company employs no staff and the director receives no remuneration for his services to the company. The director has no interest in the share capital of the company.

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2002 £	2001 £
<i>Analysis of tax charge on ordinary activities:</i>		
UK Corporation tax at 30% (2001: 30%)	-	-
	<u>-</u>	<u>-</u>
	2002 %	2001 %
<i>Factors affecting tax charge:</i>		
Standard tax rate for period as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	(30)	(30)
	<u>-</u>	<u>-</u>

There are no recognised or unprovided deferred tax assets or liabilities as at 31 December 2002 (2001: £nil).

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts	-	1,124
Amounts owed to group undertakings	592,251	588,584
	<u>592,251</u>	<u>589,708</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

6. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
1,000,000 ordinary shares of £100 each	100,000,000	100,000,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid		
21,142 ordinary shares of £100 each (2001 – 21,142 ordinary shares)	2,114,200	2,114,200
	<u> </u>	<u> </u>

7. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' DEFICIT

	2002 £	2001 £
Loss for the financial year	(2,456)	(12,815)
	<u> </u>	<u> </u>
Opening shareholders' deficit	(589,708)	(576,893)
	<u> </u>	<u> </u>
Closing shareholders' deficit	(592,164)	(589,708)
	<u> </u>	<u> </u>

8. RELATED PARTY TRANSACTIONS

Amounts owed to group undertakings are disclosed in note 4 to Hyatt International Corporation and London Hotel Management Limited. These amounts all relate to short-term loan payables.

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's ultimate parent company and controlling party is AIC Holding Co., incorporated in the United States of America.

The largest group in which the results of Hyatt Holdings (UK) Ltd are consolidated is that headed by AIC Holding Co., and the smallest group in which they are consolidated is that headed by its immediate parent company, Hyatt International Corporation, incorporated in the United States of America. The consolidated accounts of these groups are not available to the public.