



FRANCHISE DISCLOSURE DOCUMENT

Hyatt House Franchising, L.L.C.
a Kansas limited liability company
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The franchise offered is to operate an upscale, extended stay Hyatt House Hotel.

The total investment necessary to begin operation of a Hyatt House Hotel ranges from \$13,629,297 to \$40,143,980. This includes \$154,075 to \$752,352 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rebecca Smetters (rebecca.smetters@hyatt.com) at 150 North Riverside Plaza, Chicago, Illinois 60606 and (312) 780-5828.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date of this Franchise Disclosure Document: March 26, 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Hyatt House Hotel business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Hyatt House Hotel franchisee?	Item 20 or Exhibits G and H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Illinois. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Illinois than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise Section
670 G. Mennen Building
Lansing, Michigan 48913
Telephone Number: (517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section in our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” or “our” means Hyatt House Franchising, L.L.C., the franchisor. “You” means the entity acquiring a franchise. One or more of the owners of a Controlling Ownership Interest (defined in Item 15) in you who we specify must sign the Guaranty and Assumption of Obligations, which means that all provisions of the Franchise Agreement (Exhibit C) also will apply to those owners. We expect that only entities, and not individuals, will acquire our franchises.

Our Company History and Parents

We were formed as a Kansas limited partnership called SF Hotel Company, L.P. and later changed our name to Summerfield Hotel Company L.P. In January 2006, one of our parent companies, Select Hotels Group, L.L.C. (“Select Hotels”), acquired all of the ownership interests in Hyatt House Hotel Holding Company, L.L.C. (“Hyatt House Holding”) (then known as Summerfield Hotel Holding Company, LLC), our direct parent company (the “Acquisition”). We then converted to a Kansas limited liability company named Summerfield Hotel Company, L.L.C. In September 2011 we changed our name to Hyatt House Franchising, L.L.C. Our principal business address is 150 North Riverside Plaza, Chicago, Illinois 60606. If we have an agent for service of process in your state, we disclose that agent in Exhibit D.

We do business only under our company name and the Proprietary Marks (defined below). We owned hotels under the Summerfield Suites[®] brand from June 1998 until 2003. We began to offer franchises for Summerfield Suites[®] hotels in August 1999. In 2000, we changed these hotels’ trade names from Summerfield Suites[®] to Summerfield Suites[®] by Wyndham. After the Acquisition, the existing Summerfield Suites[®] by Wyndham hotels ceased using the “by Wyndham” designation and began operating under the Summerfield Suites[®] name and then the Hyatt[®] Summerfield Suites name. We began offering franchises for hotels to operate under the Hyatt[®] Summerfield Suites name after the Acquisition. In September 2011, we announced our decision to rebrand the Hyatt[®] Summerfield Suites hotels under the Hyatt House[®] brand and began offering franchises for hotels operating under the Hyatt House[®] brand. All of the hotels operating under the Hyatt[®] Summerfield Suites brand have converted to the Hyatt House[®] brand. In this disclosure document, “Hyatt House Hotels” means upscale, extended stay hotels that use the Hotel System (defined below) and are identified by the Proprietary Marks (defined below), including those that used to operate under the Hyatt[®] Summerfield Suites brand.

We have never operated hotels under the Hyatt House[®] name, but some of our affiliates do. We have no predecessors required to be disclosed in this Item and no business activities that are not described here. Our parent companies are Hyatt Hotels Corporation, Hyatt Corporation, Select Hotels, and Hyatt House Holding, each of whose principal business address is the same as our address. We have offered franchises for Hyatt House Hotels (including under the Hyatt[®] Summerfield Suites name) since February 2006 and have never offered franchises in any other line of business.

Franchise Rights for Hyatt House Hotels

We grant franchises for, and some of our affiliates operate, Hyatt House Hotels. Hyatt House Hotels traditionally offer upscale, all-suite extended stay hotels offering studio, 1-bedroom and 2-bedroom suites incorporating state-of-the-art technology, design and entertainment components. They typically are in primary and secondary cities and offer complimentary hot breakfast, free high-speed Internet access, a fitness center, swimming pool and meeting space. We call the Hyatt House Hotel that you will operate under the Franchise Agreement your “Hotel.” You operate the Hotel only from the location we approve before signing the Franchise Agreement.

The “Hotel System” means the concept and system associated with the establishment and operation of Hyatt House Hotels, as we periodically modify it. The Hotel System now includes: (a) the trade names, trademarks, and service marks “Hyatt House®” and other trade names, trademarks, service marks, logos, slogans, trade dress, domain names, and other source and origin designations (including all derivatives) that we or our affiliate periodically develops and we periodically designate for use with the Hotel System (collectively, the “Proprietary Marks”); (b) all copyrightable materials that we or our affiliate periodically develops and we periodically designate for use with the Hotel System, including the contents of our secure extranet, electronic media, marketing materials (including advertising, marketing, promotional, and public relations materials and business and marketing plans), the Design and Construction Standards (defined below), sample architectural plans, drawings, designs, and layouts, such as site, floor, plumbing, lobby, electrical, and landscape plans and building designs, whether or not registered with the U.S. Copyright Office (collectively, the “Copyrighted Materials”); (c) all Confidential Information (defined in Item 14); (d) the standards that we periodically prescribe detailing certain design criteria to be incorporated into the design and layout of the Hotel, and our minimum standards for engineering and construction of newly constructed, renovated or adapted Hyatt House Hotels, all as we determine them (the “Design and Construction Standards”); (e) the central reservations system and related services for Hyatt House Hotels, as we may periodically modify it (“CRS”); (f) the global distribution systems (“GDS”) and the online travel agencies and other alternative distribution systems (“ADS”) that we periodically authorize or require for the Hotel and other similarly situated Hyatt House Hotels, subject to Reasonable Deviations (defined in Item 8); (g) management, personnel, and operational training programs, materials, and procedures; (h) standards, specifications, procedures, and rules for operations, marketing, construction, equipment, furnishings, and quality assurance that we implement and may periodically modify for Hyatt House Hotels (collectively, “System Standards”) we describe in our confidential owner extranet, as we periodically amend them, or in other written or electronic communications; (i) marketing, advertising, and promotional programs; and (j) Mandatory Services and Non-Mandatory Services (each defined in Item 6).

Before signing the Franchise Agreement, and while you apply for franchise rights, you must submit the Franchise Application (Exhibit B) through our online application portal and pay the application fee. We will refund the application fee less a fee to cover our costs if you withdraw your franchise application before we approve it or if we do not approve it. During your evaluation process, and before receiving any Confidential Information, you must sign the Confidentiality Agreement (Exhibit F) (the “Confidentiality Agreement”). Because we may engage in

negotiations with you and other franchisees, you may sign a Franchise Agreement with us that differs significantly from the agreements that other franchisees sign for Hyatt House Hotels.

Competition and the Market

The hotel market is well-established and highly competitive. Hyatt House Hotels compete with other national select- and full-service hotel systems and with regional and local hotels that offer comparable services and lodging products. Hyatt House Hotels will target both corporate business travelers and family weekend leisure travelers. Some competitors of Hyatt House Hotels may be larger, may operate more hotels and may have greater resources than we do. Other competitive factors include room rates, quality of accommodations, name recognition, service levels, geographic area, site location, general economic conditions and your management capabilities.

Our Affiliates Who Supply the Franchise Network or Offer Franchises

The following companies are our affiliates who currently provide products or services to Hyatt House Hotel franchisees.

- Hyatt Corporation administers the “World of Hyatt” program, under which members earn points for eligible amounts guests spend at Hyatt Network Hotels and resorts worldwide. “Hyatt Network Hotels” are Hyatt House Hotels and other hotels, resorts, lodging facilities and other accommodations and hospitality affiliations that we, our affiliates, or our or their franchisees or licensees periodically own and/or operate under the name “Hyatt” or another brand that any of our affiliates own, regardless of whether those brands utilize the “Hyatt” mark in their names. Other companies that provide hospitality or hospitality-related services to members, including other hotel operators, airlines and car rental companies, as well as branded hotel chains that Hyatt Corporation’s affiliates own, manage or license, also participate in the World of Hyatt program. Hyatt Corporation also will provide most of the Mandatory Services and Non-Mandatory Services to Hyatt House Hotel franchisees. Hyatt Corporation (directly or through affiliates) has owned, operated, provided services to, and/or managed hotels since 1957 and currently owns, operates, provides services to, and manages (directly or through affiliates) hotels and lodging facilities under more than 25 lodging brands. Hyatt Corporation has never offered franchises in any line of business.
- Rosemont Project Management, L.L.C. (“Rosemont”) is a purchasing company that provides optional project management services and purchasing services for certain furniture, fixtures and equipment that Hyatt House Hotels use. Rosemont has never operated hotels or offered franchises in any line of business. Rosemont’s principal business address is the same as our address.

We call Hyatt Corporation, Rosemont, us, and any of our other affiliates who also are subsidiaries of Hyatt Hotels Corporation that currently, or may in the future, provide goods or services to you during the Franchise Agreement’s term, the “Hyatt Group.”

The following companies are our affiliates who currently offer franchises or licenses in the United States and around the world. The branded hotels that some of these affiliates operate or franchise might use the same reservations systems and other systems and processes as Hyatt House Hotels.

- Hyatt Franchising, L.L.C. (formerly known as Hyatt Franchise Corporation) (“Hyatt Franchising”) offered franchises for full service hotels operating in the United States under the Hyatt® name (without a sub-brand) from December 1994 until April 1997 and again from September 2006 until January 2015. Hyatt Franchising offered franchises for full service hotels operating in the United States under the Hyatt Regency® name from September 1994 until April 1997 and began offering these franchises again in September 2006. Hyatt Franchising also began offering franchises for full service hotels operating in the United States under the Hyatt Centric® name in February 2015 and franchises for unique, up-scale accommodations and hospitality affiliations operating in the United States under their own names but associated with The Unbound Collection by Hyatt® name since June 2016. Hyatt Franchising began offering franchises for “lifestyle” hotels operating in the United States under the brand names “Destination®” and “joie de vivre®” (also referred to as “JdV®”) in May 2019 and under the brand name “Caption by Hyatt®” in September 2019. Hyatt Franchising now refers to these brands as “Destination by Hyatt®”, JdV by Hyatt®” and “Caption by Hyatt®” respectively. Hyatt Franchising has offered franchises for upper-midscale, extended stay hotels operating in the United States under the brand name “Hyatt Studios™” since May 2023. Hyatt Franchising has never operated hotels or offered franchises in any other line of business. Hyatt Franchising’s principal business address is the same as our address.
- Hyatt Place Franchising, L.L.C. (“Hyatt Place”) has offered franchises for select service hotels operating in the United States under the Hyatt Place® name since September 2005. Hyatt Place has never operated hotels or offered franchises in any other line of business. Hyatt Place’s principal business address is the same as our address.
- Hyatt Franchising Canada Corp. (“Hyatt Franchising Canada”) has offered franchises for full service hotels operating in Canada since November 2007. Hyatt Franchising Canada has never operated hotels or offered franchises in any other line of business. Hyatt Franchising Canada’s principal business address is the same as our address.
- Hyatt International (Europe Africa Middle East) LLC (“Hyatt International EAME”) has offered franchises for full service hotels, select service hotels and/or extended stay hotels operating in the European Union since June 2014. Hyatt International EAME has never operated hotels or offered franchises in any other line of business but provides services to certain hotels in the European Union. Hyatt International EAME’s principal business address is The Circle 09, 8058 Zurich-Airport, Switzerland.

- Hyatt Place Canada Corporation (“Hyatt Place Canada”) has offered franchises for select service hotels operating in Canada under the Hyatt Place® name since August 2006. Hyatt Place Canada has never operated hotels or offered franchises in any other line of business. Hyatt Place Canada’s principal business address is the same as our address.
- Hyatt House Canada, Inc. (formerly known as Hyatt Summerfield Suites Canada, Inc.) (“Hyatt House Canada”) has offered franchises for extended stay hotels operating in Canada since September 2007. Hyatt House Canada has never operated hotels or offered franchises in any other line of business. Hyatt House Canada’s principal business address is the same as our address.
- Hyatt Franchising Latin America, L.L.C. (“Hyatt Franchising Latin America”) has offered franchises for select service hotels, extended stay hotels, full service hotels and/or all-inclusive resorts operating in the Caribbean, Mexico, Central America, and South America since February 2013. Hyatt Franchising Latin America has never operated hotels or all-inclusive resorts or offered franchises in any other line of business. Hyatt Franchising Latin America’s principal business address is the same as our address.
- Hyatt International – Asia Pacific, Limited (“Hyatt International Asia Pacific”) has offered franchises for full service hotels and select service hotels in Asia since July 2016. Hyatt International Asia Pacific has never operated hotels or offered franchises in any other line of business. Hyatt International Asia Pacific’s principal business address is Suite 1302-07, 13/F, The Gateway, Tower 1, 25 Canton Road, Kowloon, Hong Kong.

Industry-Specific Regulations

You must comply with a number of federal, state and local laws that apply generally to establishing and operating hotel businesses. The laws involve, among other things, zoning and construction, public accommodations, accessibility by persons with disabilities, health and safety, and labor. Many laws vary from jurisdiction to jurisdiction. You must learn about and comply with all applicable laws. Examples of these laws include:

Health & Sanitation. Most states have regulations or statutes governing the lodging business and related services, including food handling and preparation. Many state and local authorities require lodging businesses to obtain licenses to assure compliance with health and sanitation codes. Health-related laws may affect the use of linens, towels and glassware, among other things.

Alcoholic Beverages. Alcoholic beverage service in a Hyatt House Hotel is subject to extensive regulations and licensing governing virtually all aspects of the beverage service.

Facility Operations. Lodging facilities must comply with innkeepers’ laws that, among other things, might (i) allow innkeepers under certain circumstances to impose liens against the

possessions of guests who do not pay their bills; (ii) limit the liability of innkeepers regarding guests' valuables; (iii) require posting of house rules and room rates in each room or near the registration area; (iv) require registration of guests and proof of identity at check-in, and retention of records for a specified period of time; (v) limit the rights of innkeepers to refuse lodging to certain guests; and (vi) limit innkeepers' rights to evict guests under certain circumstances. Applicable federal and state civil rights laws prohibit discrimination in hotels on the basis of race, creed, color or national origin. Some states prohibit "overbooking" and require innkeepers to find other accommodations if the guest has paid a deposit. Some states and municipalities also have enacted laws and regulations governing non-smoking areas and guest rooms. In addition, the general business laws, rules and regulations which apply to hotels in your jurisdiction will affect you. This includes any government orders related to emergent conditions, such as natural disasters and public health emergencies.

Persons with Disabilities. The accessibility laws, which include the Americans with Disabilities Act ("ADA") and all other laws, rules, regulations and ordinances governing accommodations for or relationships with persons with disabilities or similar individuals, as periodically in effect, require (among other things) that public accommodations, including hotels, (i) offer facilities without discriminating against persons with disabilities; (ii) offer auxiliary aids and services to enable a person with a disability to use and enjoy the establishment's goods or services if doing so is not unduly burdensome or disruptive to business; and (iii) remove barriers to mobility or communication to the extent readily achievable. The U.S. Department of Justice has published "accessibility guidelines" ("ADAAG") that specify, among other things, a minimum number of handicapped-accessible rooms, assistance devices for hearing, speech, and visually impaired persons, and general design and construction standards that apply to all areas of facilities. Under the ADA, all new public accommodations and commercial facilities must be "readily accessible to and useable by individuals with disabilities," unless it would be structurally impractical to do so. Alterations of existing facilities also might need to comply with the ADA and ADAAG. In addition, many states and municipalities have their own laws and regulations addressing disability discrimination, access requirements, building modifications and alterations and building code requirements.

Fire Safety. The Hotel and Motel Safety Act of 1990 (the "Safety Act") encourages public accommodations to install hard wired single-station smoke detectors. Certain travel directories include only those facilities that comply with the Safety Act. Other state and local fire and life safety codes might require maps, lighting systems and other safety measures unique to lodging facilities.

OSHA Regulations. Like many other businesses, lodging facilities are subject to Occupational Safety and Health Administration ("OSHA") standards. State occupational safety laws and rules may also apply.

Telephone Charges. Federal, state and local laws and regulations affect the re-offering of local, intrastate, and long distance telephone service in hotel guest rooms and at coin box telephones. Some states regulate or prohibit surcharges on local and intrastate calls.

Hotel Room Occupancy Tax Laws. You may be required to pay local or state room occupancy taxes in your jurisdiction.

Menu and Labeling Laws. Federal, state and local laws and regulations govern menu labeling. These laws and regulations may, among other things, require you to post caloric information on menus and provide additional written nutrition information to consumers upon request.

In addition to these laws, you must also comply with laws that apply generally to all businesses. You should investigate these laws.

Item 2

BUSINESS EXPERIENCE

Executive Vice President – Chief Growth Officer: Jim Chu

Mr. Chu has been our and Hyatt Hotels Corporation’s Executive Vice President – Chief Growth Officer since June 2022. From March 2021 until May 2022, he was our and Hyatt Hotels Corporation’s Executive Vice President – Global Franchising and Development. From March 2018 until February 2021, he was our and Hyatt Hotels Corporation’s Global Head of Development and Owner Relations. Each of Mr. Chu’s positions with us and our affiliates has been in Chicago, Illinois.

Executive Vice President, Group President – Americas: Peter Sears

Mr. Sears has been our and Hyatt Hotels Corporation’s Executive Vice President, Group President – Americas in Chicago, Illinois since September 2014.

Senior Vice President, Development & Owner Relations: Jim Tierney

Mr. Tierney has been our and Hyatt Hotels Corporation’s Senior Vice President, Development & Owner Relations since June 2019. From October 2017 until May 2019, he was our Corporate Vice President, Development & Owner Relations (East Division).

Global Head of Franchise & Owner Relations: Paul Daly

Mr. Daly has been our and Hyatt Hotels Corporation’s Global Head of Franchise & Owner Relations since January 2024. From March 2021 until December 2023, he was our and Hyatt Hotels Corporation’s Senior Vice President, Franchise Operations & Owner Relations. Before that, he was the Senior Vice President, Global Select and Franchise Operations & Owner Relations for us and Hyatt Place from August 2019 until March 2021. From August 2018 until August 2019, he was Global Head of Guest Satisfaction Innovation for Hyatt Hotels Corporation in Chicago, Illinois.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

Application Fee

You will pay us a lump-sum application fee when you submit the Franchise Application through our online application portal. If the Hotel is new to the Hyatt House network, the lump-sum new development application fee is \$75,000 plus an additional \$500 for each guest room in the Hotel over 150 rooms. If you are purchasing an existing Hyatt House Hotel, you or the transferor will pay us a lump-sum change of ownership application fee of \$150,000 when you submit the Franchise Application through our online application portal. If you withdraw your Franchise Application before we approve it, or if we do not approve your Franchise Application for any reason, then we will refund your application fee, less a \$7,500 fee to cover our costs for evaluating your application. After we approve your Franchise Application, the application fee is non-refundable, even if we and you do not sign a Franchise Agreement. If you and we agree to add any guest rooms to the Hotel before the Hotel opens, then you must pay us, when we approve the additional guest rooms, an additional non-refundable application fee of \$500 multiplied by the number of additional guest rooms over 150 total guest rooms at the Hotel.

New Development Diversity Development Incentive

In order to increase diversity among owners of newly constructed or converted Hyatt House Hotels, we have established a diversity development incentive applicable to Black, Latino, Native American/First Nations and Women franchise applicants (collectively, “Diverse Applicants”). To qualify for the incentive, the franchisee must be an individual who is a Diverse Applicant or an entity in which a Diverse Applicant or Diverse Applicants have a “Controlling Ownership Interest” (defined in Item 15). If you apply for the incentive under our policy and we determine that you meet the qualifications (and we otherwise approve your franchise application), we will reduce the new development application fee by \$50,000. If we apply the reduction to your new development application fee and we later determine that you did not meet the qualifications for the incentive, or if you transfer the Franchise Agreement to a party that does not meet the qualifications at any time within 1 year following the Hotel’s opening date, you must pay the amount of the discount to us

upon notice from us. The diversity development incentive is only available if the Hotel is new to the Hyatt House Hotel network.

Operator Approval Fee

If you or the management company that you select to operate the Hotel is not already an approved operator of Hyatt House Hotels, you or the management company must complete our new operator screening process and pay a new operator approval fee. Currently, the new operator approval fee is \$10,000 to enter the operator approval screening process, plus re-entry fees up to \$10,000 if you fail to successfully complete any stage of the process. We may periodically increase the new operator approval fee and/or the re-entry fees.

Comfort Letter Fee

You must obtain a comfort letter or similar agreement, the current form of which is attached as Exhibit J, that we reasonably specify from each lender, each ground lessor (if applicable), the owner of fee simple title to the Hotel's real property or building and improvements (if you are not that owner), and each other entity with an interest (or any power or right, conditional or otherwise, to acquire an interest) in the Hotel's real property or building and improvements (each a "Comfort Letter Party"). Under this comfort letter or similar agreement, the Comfort Letter Party agrees (among other things) to assume your obligations under the Franchise Agreement (subject to our rights under the Franchise Agreement) if the Comfort Letter Party or any of its affiliates acquires title or otherwise assumes possession, or the right to sell or direct the disposition of, the Hotel's real property or building and improvements. You must pay our then applicable, non-refundable comfort letter fee, which currently is \$2,500, for each comfort letter that we negotiate relating to the Hotel.

Consulting Services

At your option, you may ask Rosemont, our affiliate, to assist you with pre-opening consulting services for the Hotel. Rosemont's fees for this optional assistance would range from \$0 to \$250,000, depending on how much and what kind of assistance you ask Rosemont to provide.

IT Project Management Services and Implementation and Training for Hyatt Proprietary Systems

We will provide the IT project management services, which are described in Exhibit E of the Franchise Agreement, relating to the opening of the Hotel (the "IT Project Management Services"). Our performance is dependent on your timely, accurate, and effective performance of all responsibilities listed in Exhibit E to the Franchise Agreement. These services include blueprint review and IT project management and planning, and installation, configuration and training services for Hyatt proprietary systems. You must pay us a non-refundable fee of \$58,300 for a Hotel with up to 250 guest rooms, and you must reimburse us or our affiliate for our or its reasonable expenses in rendering the IT Project Management Services, including any necessary transportation, lodging and meals (which we anticipate will range from \$6,500 to \$11,000), plus applicable taxes. If your Hotel is larger than 250 guest rooms, we may require a larger IT Project Management Services Fee, which we and you would agree on before signing the Franchise

Agreement. We will invoice the IT Project Management Services Fee (including expenses) on or after we complete an IT Project Management Service or upon your termination of the Hotel development project or the IT Project Management Services, for any reason, in either event regardless of whether we have approved the Hotel for opening.

Additional Pre-Opening Advisory Services

You may request additional guidance, services or assistance during the pre-opening period concerning the development, construction, or inspection and approval process that is beyond what we typically provide to similarly situated Hyatt House Hotels. If we agree to provide this additional guidance and advice (for example, making more than a reasonable number of visits to the Hotel during the development and construction period), then you must pay our then current fees for our services. The costs of these fees will vary depending on the additional guidance or service you request, but we estimate that you may pay between \$0 and \$200,000 for additional services or guidance before the Hotels opens.

Pre-Opening Training Fees and Expenses

In connection with the Hotel opening, we will provide owner/operator orientation and training to the Hotel management and staff on elements of the Hotel System. We may conduct training via remote learning, or in person (in one or more visits to the Hotel), or both, as we determine in our sole discretion. These fees and expenses will vary depending on how many people attend each particular training program, how much training they need, and where we conduct training. We currently estimate that the fees you pay to us and our affiliates for orientation and various initial training programs will range from \$10,625 to \$18,550. You must pay these amounts upon receiving our invoice and before the pre-opening team arrives at the Hotel. You must also reimburse us and our affiliates for our and their personnel's travel and living expenses associated with any training programs that we provide on site at the Hotel. We currently estimate that reimbursement of our and our affiliates' expenses associated with these training programs, not including the tuition fees described above, will range from \$3,650 to \$6,500.

Extension Fee

If you are constructing a new Hotel, you must start and complete construction and open the Hotel, according to the timetables in the Franchise Agreement. If you are converting an existing hotel to a Hyatt House Hotel, you must start renovation and open the Hotel under the Hotel System according to the timetables in the Franchise Agreement. We may terminate the Franchise Agreement if you fail to meet the required timetable. You may request one or more extensions of time by giving us, at least 3 months before the opening deadline, a written extension request and a \$10,000 "Extension Fee." We will inform you of the length of the extension if and when we grant it. We will refund the Extension Fee only if we deny the extension. We may waive this fee under some circumstances.

Revenue Management Services

You may elect to begin receiving certain revenue management services for your Hotel before the Hotel begins operating under the Proprietary Marks under our Service Agreement for Revenue Management Services (Exhibit I). Depending on some factors concerning your (or your approved management company's) experience, we may in some situations require you to sign our Service Agreement for Revenue Management Services and receive revenue services from us. If you sign the Service Agreement for Revenue Management Services, then we will provide specialized central revenue management services on a daily, weekly, monthly, and annual basis to assist you in a variety of essential Hotel functions, including resource planning, inventory controls, market segmentation, and industry and competitor analyses for the Hotel (as more specifically described in Exhibit I). The current, non-refundable monthly subscription fee due under the Service Agreement for Revenue Management Services is dependent upon the service tier level then in effect: for the "Tactical" Tier Level: \$1,000 per month; for the "Essential" Tier Level: \$1,000 per month for calendar months preceding the Opening Month (if applicable) and \$2,000 per month from and after the Opening Month; and for the "Premium Tier Level: \$1,750 per month for calendar months preceding the Opening Month (if applicable) and \$3,500 per month from and after the Opening Month. "Opening Month" means the calendar month in which the Hotel first opens to the public as a Hyatt branded or affiliated hotel, but if that date occurs after the 16th day of the month, then the "Opening Month" is the immediately following calendar month. We would provide services under the Service Agreement for Revenue Management Services for up to 90 days before the anticipated or scheduled opening date of the Hotel for the "Essential" service tier level or for up to 120 days before the anticipated or scheduled opening date of the Hotel for the "Premium" service tier level. You must pay these amounts within 30 days after you receive each invoice for services rendered and expenses incurred during the previous month. The total amount you may pay us for pre-opening revenue management services ranges from \$0 to \$7,000. We also reserve the right to charge you for reimbursement of expenses reasonably incurred by us, including for transportation and related expenses, printing, photocopying, postage, and delivery services. We may periodically increase these fees at any time upon 30 days' written notice to you, but we may not increase these fees by more than 10% per calendar year. These payments are not refundable.

Field Marketing Program.

Up to 6 months before the opening of your Hotel, you may elect to receive from the Hyatt Group certain centralized resources to guide and support local integrated marketing for hotels that leverage the expertise of a designated field marketing team for a fee (which may contain a profit component, not to exceed a competitive amount), pursuant to a Field Marketing Program Opt-In Agreement (Exhibit L) (the "Field Marketing Program Opt-In Agreement"). Inclusions and deliverables vary by service level, and may include management of local digital marketing, regional marketing campaigns, website management, social media consultation, local promotion creation and execution, and brand activations. The current non-refundable monthly subscription fee due under the Field Marketing Program Opt-In Agreement is dependent on the service tier level then in effect for Tier 1: \$967 per month; for Tier 2: \$1,813 per month; and for Tier 3: \$2,667 per month. The total amount you may pay us for pre-opening field marketing services ranges from \$0 to \$16,002.

Refundability and Range of Initial Fees

Except as we describe above concerning the application fee and Extension Fee, none of these payments are refundable under any circumstances. In addition, other than the application fee, Extension Fee and Comfort Letter Fee, all of the ranges of initial fees described in this Item 5 reflect the current fees for services rendered and depending on when the Hotel is developed or remodeled, may be higher in subsequent years. During our 2023 fiscal year, franchisees signing our Franchise Agreement paid, or made commitments to pay, total initial fees as described in this Item 5 to us and/or our affiliates ranging from \$47,075 to \$182,550.

Item 6

OTHER FEES

We group the ongoing fees that you will pay to us and other companies in the Hyatt Group when operating the Hotel into 3 categories. The first category includes the fees that the Franchise Agreement specifies. Except as described below, these fees are typically imposed and collected by and payable to us. The second category includes the fees for those System Services that we typically classify as Mandatory Services for Hyatt House Hotels. The third category includes the fees for those System Services that we typically classify as Non-Mandatory Services for Hyatt House Hotels. Depending on the particular circumstances of the Hotel, including its size, location and market positioning, we may reclassify some of the Mandatory Services listed below as Non-Mandatory Services and/or may reclassify some of the Non-Mandatory Services listed below as Mandatory Services for the Hotel. The fees in the second and third group are typically imposed and collected by and payable to Hyatt Corporation. At times we may collect amounts on behalf of our affiliates for services that they provide to franchisees. This Item does not cover the ongoing fees or payments relating to the Hotel's operation that you pay directly to third parties.

Except for the application fee, all fees are non-refundable. In some cases we might negotiate some of the fees that some franchisees will pay, such as franchisees agreeing to develop multiple Hyatt House Hotels or acquiring existing Hyatt House Hotels. Otherwise, except as described below, all fees are uniform or are calculated on a uniform basis. There currently are no franchisee advertising cooperatives in the Hyatt House Hotel network.

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Fees Under the Franchise Agreement

You will pay these fees to us under the Franchise Agreement.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	5% of Gross Rooms Revenue ⁽¹⁾	10 th day of each month or later day we periodically specify (“Payment Day”), based on Gross Rooms Revenue during previous month	See Notes 2 and 3
Cooperative advertising contributions	Amount Cooperative determines	As Cooperative determines	Payable only if you decide to participate in a Cooperative in your area
World of Hyatt program assessment	Currently 4% of eligible revenue or 2% of eligible revenue when a guest is enrolled on-property in World of Hyatt for that enrolling stay, but could increase if costs increase (See Note 4)	Monthly	See Note 4
Comfort letter fee	Currently \$2,500, but could increase if costs increase	As incurred	Due for each comfort letter you must obtain
Quality assurance, compliance and guest satisfaction programs ⁽⁶⁾	Will vary under circumstances based on the Focused Improvement Policy (“FIP”) fees, which currently range from \$5,000 to \$20,000 per each stage of FIP, plus personnel’s related expenses, and the Brand Protection Program (“BPP”) fees, which are currently \$45,000 per year. See Note 5	As incurred	In addition to the FIP and BPP fees, you must reimburse us for all costs, actions and additional training for your personnel. You must also participate in compliance (including for data security), best rate guarantee and guest satisfaction programs, and/or requirements to effect credits or discounts to guests, as we determine according to System Standards. (See Note 5)

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
On-site quality assurance inspections	Currently, \$500 to \$1,700 per annual inspection, but could increase if our costs increase	As incurred	You must also pay for any re-inspection needed due to a failed inspection (currently, also \$500 to \$1,700 per inspection) and reverse the folio charge for the inspection company. (See Note 5)
Additional training and assistance	\$875 per trainer per day plus our expenses, but could increase if our costs increase	As incurred	Due if you request, or we require, supplemental or optional training programs, including replacement training for new Core Management personnel hired after the Hotel opens. You also pay for the incurred travel, lodging, and other expenses for your attendees
PMS hosting fees	Currently, \$6.65 per room per month, but could increase if costs increase	Monthly	Due if we provide subscription and hosting services for the Hotel's property management system under the subscription and hosting services agreement (Exhibit K) (the "Subscription and Hosting Services Agreement")
Training tools and materials	Currently \$3.64 per guest room per year, but could increase if our costs increase	Annually	Covers the cost of developing certain training tools and materials relating to Hyatt standards and policies.
Fees for owner convention	Currently \$2,000 to \$5,000 per attendee, but could increase if our costs increase	As incurred (typically before the convention)	We and our affiliates hold owner conventions when we or they determine, typically annually or biennially. In addition to the fee for attendance, you must pay for the incurred travel, lodging, and other expenses for your attendees
Fees for leadership summit	Currently \$3,000 to \$6,000 per attendee, but could increase if our costs increase	As incurred (typically before the leadership summit)	We and our affiliates periodically hold leadership summits that we recommend or may require your Hotel's general manager and/or above-property leaders to attend. Currently, a leadership summit occurs approximately once every 4 years. In addition to the fee for attendance, you must pay the travel, lodging, and other expenses for your attendees

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Application fee for new guest rooms (added after Hotel opens)	Greater of the then current PIP fee (currently \$10,000) or \$500 times number of new guest rooms	PIP fee (currently \$10,000) due when you request approval, remainder due when we approve plans	Due only if you propose adding new guest rooms to the Hotel during Franchise Agreement's term
Operator approval fee and re-entry fees	Currently \$10,000 to \$20,000, but could increase	Before the new management company enters our operator screening process	Applies if you appoint a new management company to operate the Hotel if that new management company is not already an approved operator of Hyatt House Hotels
Transfer fee	No fee for transfers, but you or the transferee must pay the then-current amount of the change of ownership application fee	Together with transfer application	Applies to control transfers. We will refund the change of ownership application fee paid (less \$7,500) if we disapprove transfer
Fee for review of offering materials	\$5,000	When submitting materials for our review	Due only if you or your owners propose offering of ownership interests in you or an owner
Property Improvement Plan ("PIP") fee for successor franchise	Then current PIP fee – currently \$10,000, but could increase	With successor franchise application	
Royalty fee upon termination	\$5,000 per day plus our costs and expenses	As incurred	Due only if, and while, you fail to properly de-identify the Hotel after expiration or termination
Liquidated damages upon termination ⁽¹⁰⁾	See Note 6	15 days after termination	Due if Franchise Agreement terminates before its term expires
Audit expenses	Cost of audit	As incurred	Due only if our audit reveals an understatement of 3% or more or if you fail to report on time or willfully underpay amounts
Late fee and interest	\$225 late fee plus lesser of 1½% per month or the highest rate law allows	As incurred	Late fee is due on all overdue amounts. Interest is due on all amounts more than 7 days late or not available for withdrawal by due date

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Costs and attorneys' fees	Will vary under circumstances	As incurred	Due if we prevail in dispute
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and related parties for all claims and related costs arising from your application, the Hotel's development or operation (including failure to open on time), your breach, and your Hotel's proportionate share of our expenses in defending or controlling the defense of actions that involve both the Hotel and any other Hyatt Network Hotel
Testing of new product/supplier	Our costs, currently \$5,000 for testing of new products/suppliers	As incurred	Due only if you request our approval of supplier or item
Insurance	Premiums and our costs plus fee (currently \$200 per guest room per year)	As incurred	If you fail to obtain and maintain insurance, we may (if we choose) obtain it on your behalf and charge you our premiums and costs, plus a fee

System Services, System Services Costs, and System Services Charges

If you are in full compliance with your obligations under the Franchise Agreement, one or more members of the Hyatt Group will provide you those System Services we periodically specify. You must participate in all Mandatory Services and related programs, and may (at your option) participate in any or all Non-Mandatory Services and related programs, in the manner that we periodically specify. "System Services" means those services that the Hyatt Group generally and periodically makes available on a central, regional, or other shared or group basis (whether in whole or in part) to those Hyatt House Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines will be provided those services. We categorize System Services as either Mandatory Services or Non-Mandatory Services. "Mandatory Services" means those mandatory System Services that one or more members of the Hyatt Group provides to the Hotel and certain other Hyatt House Hotels and other Hyatt Network Hotels, and that the Hyatt Group reasonably determines must be acquired only from the Hyatt Group. "Non-Mandatory Services" means those non-mandatory System Services that one or more members of the Hyatt Group provides to the Hotel and certain other Hyatt House Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines will be offered to the Hotel and certain other Hyatt House Hotels and other Hyatt Network Hotels on an optional basis.

We may periodically add to, delete from, and otherwise modify System Services, the scope of and manner of providing System Services, upon written notice to you. "System Services Costs"

means, for the System Services in which the Hotel participates (or is required to participate), all costs that the Hyatt Group actually incurs or properly accrues during the period of determination in providing those System Services, including out-of-pocket expenses, costs for employees, occupancy costs, capital costs, administrative expenses, carrying costs and other costs. Any allocation of shared costs that the Hyatt Group makes in good faith and with the intention of fairly allocating those costs to System Services is binding on us and you. The Hyatt Group may vary these allocations depending on, among other things, the specific brand, size or market positioning of the Hotel. System Services Costs include the actual costs that the Hyatt Group incurs and are not subject to any mark-up, premium or profit on any Mandatory Services, but may include a profit or mark-up component on Non-Mandatory Services.

“System Services Charges” means the amounts that the Hyatt Group charges the Hotel, and you will pay, for the Hotel’s equitably allocable share of the System Services Costs attributable to the System Services in which the Hotel participates (or is obligated to participate), as the Hyatt Group periodically determines them. The Hyatt Group determines System Services Charges on the same basis as it determines those amounts for other Hyatt House Hotels and Hyatt Network Hotels that we periodically and reasonably determine are similarly situated with the Hotel (subject to Reasonable Deviations (as defined in Item 8) and that participate in those System Services in the same manner (collectively, “Participating Hotels”). The Hyatt Group may in its reasonable discretion periodically change its method of allocation of the System Services Costs among Participating Hotels, and the categories of Hyatt House Hotels and/or other Hyatt Network Hotels that are classified as Participating Hotels, but will at all times determine the method of allocation and categories of Participating Hotels on a reasonable, equitable and non-discriminatory basis.

Current System Services Charges for Mandatory Services

The following reflects the current System Services Charges for the current Mandatory Services. These amounts are estimates, and may change over time and/or as our and the Hyatt Group’s costs of providing Mandatory Services changes.

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Commercial Services Fee ⁽⁷⁾	Currently 3.5% of Gross Rooms Revenue, but could increase if costs increase	Payment Day, based on Gross Rooms Revenue during previous month	See Note 7
Digital Acquisition Fee ⁽⁸⁾	Currently 1.35% of Gross Rooms Revenue through the Digital Channels, but could increase if costs or scope of services increase	Payment Day	See Note 8

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Global distribution services and other reservation services ⁽⁹⁾	Currently averages about \$8.50 per reservation, but could increase if costs increase	Payment Day	At our option, you must subscribe to certain GDS and/or ADS through us. See Note 9
Costs for Mandatory Contracts ⁽¹⁰⁾	Your allocable share of Hyatt Group's costs, currently \$1,500 to \$7,500 per month but could increase if costs increase	Payment Day	Covers contracts with vendors or service providers (like certain credit card acceptance agreements, music license agreements and telecommunications agreements) that cover the Hotel and all or certain subsets of Hyatt House Hotels
Other corporate services ⁽¹¹⁾	Your share of Hyatt Group's costs, currently \$500 to \$5,000 per month, but could increase if costs increase	Payment Day	See Note 11

Current System Services Charges for Non-Mandatory Services

The following reflects the current System Services Charges for the current Non-Mandatory Services. Currently you may choose to use, or not use, any of these Non-Mandatory Services at your Hotel.

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Field Marketing Program ⁽¹²⁾	Currently \$967 to \$2,667 per month, depending on the services provided, but could increase if costs increase	As incurred	See Note 12

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Subscription fee and expenses for Revenue Management Services	<p>Tactical Tier: Currently \$1,000/month</p> <p>Essential Tier: Currently \$1,000/month before Opening Month and \$2,000/month from and after Opening Month.</p> <p>Premium Tier: Currently \$1,750/month before Opening Month and \$3,500/month after Opening Month</p>	Within 30 days after receiving invoice	
Purchasing services	Will vary depending on items purchased	As incurred	You might choose to buy items through our affiliate
Optional corporate services	Actual costs, which will vary depending on assistance needed	As incurred	The Hyatt Group corporate office may provide temporary employees for your Hotel at your request.
Other related party transactions	Will vary depending on assistance provided and other circumstances	As incurred	Your Hotel will routinely engage in transactions with Hyatt House Hotels and other Hyatt Network Hotels, some of which our affiliate may own or operate. For example, your Hotel may pay for using another hotel's staff (during high demand periods) or for another hotel redeeming quality assurance certificates that your Hotel previously issued to resolve a guest service problem at the Hotel.
Optional technology services	Will vary depending on service(s) you acquire	As incurred	Covers some point-of-sale, accounting, procurement, guest service and other IT-related services that you may choose to acquire

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Regional sales commission	Currently none. If implemented, will vary under the program terms	As incurred	In the future, the Hyatt Group may offer sales services to Hyatt House Hotels and other Hyatt Network Hotels on a local or regional basis. If the Hyatt Group offers these sales services, it may charge a fee to Hyatt House Hotels and other Hyatt Network Hotels that participate in or accept reservations from the program. The Hyatt Group may charge the fee on a commission, flat fee, or shared basis

In addition to any sales, use and other taxes that applicable law requires or permits us to collect from you for providing goods or services under the Franchise Agreement, you must pay us all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on us or that we are required to withhold relating to the receipt or accrual of amounts you pay us under the Franchise Agreement, excluding only taxes imposed on us for the privilege of conducting business and calculated based on our net income, capital, net worth, gross receipts, or some other basis or combination of those factors, but not excluding any gross receipts taxes imposed on us or our affiliates for your payments intended to reimburse us or our affiliates for expenditures incurred for your benefit and on your behalf. You must make these additional required payments in an amount necessary to provide us with after-tax receipts (taking into account any additional required payments) equal to the same amounts that we would have received if the additional tax liability or withholding had not been imposed or required.

Explanatory Notes to All Charts

1. Gross Rooms Revenue. “Gross Rooms Revenue” means “Total Rooms Revenue” or its equivalent, as determined in accordance with the Uniform System of Accounts for the Lodging Industry, Eleventh Edition, as published by the Educational Institute of the American Hotel and Motel Association, 2014, or a later edition that we approve, plus any revenue from resort fees, destination fees, or similar mandatory charges. If you receive any proceeds from any business interruption insurance applicable to the rental of rooms at the Hotel, then there will be added to Gross Rooms Revenue an amount equal to the imputed gross revenues that the insurer used to calculate those proceeds. Inclusion of resort fees, destination fees, or similar fees in “Gross Rooms Revenue” does not constitute our approval of or authorization to charge those fees.

2. Royalty Fee. Your Royalty Fee will be 5% of Gross Rooms Revenue accrued during the previous month. If you are constructing a new Hotel, we may agree to reduce your Royalty Fee for the first 1-3 years of the Hotel’s operations.

3. Electronic Payments. You must make all payments for Royalty Fees, System Services Charges, and other amounts due to us or any member of the Hyatt Group under the Franchise Agreement or relating to the Hotel by electronic funds transfer (“EFT”) in compliance with System Standards. We periodically may change the procedure for payments. You must make funds available in your account to cover payments when due. You may not change your bank, financial institution, or account used in the operation of the Hotel without first telling us.

4. World of Hyatt Program. Hyatt House Hotels must participate in, and pay all charges related to, the Hyatt Group’s frequent guest loyalty program (the “Loyalty Program”), called the “World of Hyatt” program. The Hyatt Group assesses each Participating Hotel and certain other hotels an amount in the Hyatt Group’s discretion to operate the Loyalty Program, which amount may change periodically. The assessment for each participating Hyatt House Hotel (including the Hotel) is currently 4% of all eligible revenue generated at that hotel from members of the program (excluding applicable taxes) who provide their World of Hyatt member number when booking or 2% of that eligible revenue when a guest is enrolled on-property in World of Hyatt for that enrolling stay.

Under separate contractual arrangements, the following companies will participate in alliances with the World of Hyatt program in 2024: (i) the master licensee for Hyatt Residence Club and Hyatt Vacation Club, our shared ownership brands; (ii) HyCard, Inc., our affiliate (in relation with JPMorgan Chase Bank, the issuing company of the World of Hyatt credit cards); (iii) American Airlines; and (iv) Headspace, Inc. The Hyatt Group may allocate assessments for these programs at different rates than those applied to Hyatt House Hotels, given the difference in the products and services being offered to Loyalty Program members. Owners of Participating Hotels bear no cost from including these programs in the Loyalty Program. The Hyatt Group also may agree to other similar joint marketing or co-branding arrangements in the future.

Currently, the Hyatt Group deposits all funds that it collects for the Loyalty Program (including sales of points and other related fees) into segregated accounts and invests a portion of the funds in various investment securities (primarily fixed income) that independent investment managers manage. These funds are designated to fund the Loyalty Program obligations, including all marketing and administrative costs, and current and future award redemptions. The Hyatt Group may periodically change the method of funding the Loyalty Program, the assessment methodology and other program attributes. An independent accounting firm audits the Loyalty Program on an annual basis and we will make copies of the audit reports available upon request. We may periodically change the assessment methodology and other program attributes in the future.

The Hyatt Group also has contractual arrangements with participating airlines under which Participating Hotel guests may choose to receive airline miles, in lieu of Loyalty Program points, as a result of their stay. The Participating Hotel must pay the actual cost of those miles that the airline charges to the Hyatt Group. Guests choosing airline miles for a stay at a Participating Hotel are not entitled to Loyalty Program points for that stay.

We may periodically change the assessment methodology and other program attributes in the future.

5. Quality Assurance. The Hotel must participate in quality assurance, compliance and guest satisfaction programs that we periodically develop and modify (collectively, the “Quality Assurance Program”). You must pay your allocable share of all fees and other costs associated with the Quality Assurance Program. Our representatives may inspect or audit the Hotel at any time, with or without notice to you, to determine whether you and the Hotel are complying with the Hotel System, System Standards, and the terms of the Franchise Agreement, and you will give them free lodging (subject to availability) during the inspection period. If we determine that the Hotel is not complying with the Hotel System, System Standards, or any other Franchise Agreement provisions, then you will pay or bear the cost of the Hotel’s allocable share of all fees and other costs associated with the Quality Assurance Program to correct the non-compliance. This includes (a) reimbursing our costs related to your non-compliance, such as travel and living expenses, guest satisfaction payments or expenses, and other costs for administering any necessary actions, follow-up inspections, audits or re-evaluation visits until you have fully corrected the non-compliance, (b) paying for meetings and additional brand standards training programs that we specify and require your personnel to attend relating to your non-compliance, and (c) paying program fees which we and/or our affiliates may use to promote guest satisfaction initiatives for Hyatt Network Hotels. These amounts will vary depending on the extent of your non-compliance and may increase if our costs increase. Currently, we impose the following fees for each 6-month FIP stage if the Hotel is placed in or remains in FIP protocols as a result of QA scores below requirements: (i) FIP Stage 1 – \$5,000 administrative fee; (ii) Stage 2 – \$15,000 administrative fee; and (iii) Stage 3 – \$20,000 administrative fee. In addition, if the Hotel does not achieve passing scores necessary to exit the FIP protocols by the end of Stage 3, the Hotel is placed in our BPP program, which requires the Hotel to pay an administrative fee of \$45,000 per year. We may, as we deem appropriate, reduce or refund FIP fees based on improved performance and/or your accelerated compliance with hotel renovation requirements. Under the FIP and BPP policies currently in place, Hyatt House Hotels are eligible for up to a 100% reduction of the applicable FIP or BPP fee, based on improvement in performance.

6. Liquidated Damages. The amount of liquidated damages you must pay us if the Franchise Agreement terminates varies depending on when the Franchise Agreement terminates. Upon termination of the Franchise Agreement before the term expires for any reason (subject to Article X of the Franchise Agreement), you must pay us, within 15 days after the date of that termination, liquidated damages in a lump sum equal to (a) the lesser of 36 or the number of months then remaining in the Franchise Agreement term had it not been terminated, multiplied by (b) the sum of (i) the Average Monthly Revenue times 5% for lost future Royalty Fees, plus (ii) the Average Monthly Revenue times 3.5% for lost future System Services Charges.

“Average Monthly Revenue” means: (i) if, as of the effective date of termination, at least 36 months have elapsed since the Hotel’s opening date, the average monthly Gross Rooms Revenue of the Hotel during the 12 full calendar months preceding the month of termination; or (ii) if, as of the effective date of termination, the Hotel’s opening date has not yet occurred, the average monthly Gross Rooms Revenue per available guest room for all Hyatt House Hotels in the United States (including those that we and our affiliates own, manage, and franchise) during the 12 full calendar months preceding the month of termination, multiplied by the number of guest rooms approved for the Hotel; or (iii) if, as of the effective date of termination, the Hotel’s opening date has occurred but less than 36 months have elapsed since the Hotel’s opening date, either (a)

the amount determined under part (ii) above or (b) the average monthly Gross Rooms Revenue of the Hotel during the period from the Hotel's opening date until the effective date of termination, whichever of (a) or (b) is greater.

However, if "Average Monthly Revenues" as determined under any part of (i) through (iii) above was materially and negatively impacted during the preceding 12 full calendar month period by a disruption in Hotel operations resulting from force majeure, casualty, suspension of operations (whether or not we consented to it), renovation of the Hotel, or any other similar circumstances, then we will determine "Average Monthly Revenue" by referencing the most recent 12 full calendar month period before termination during which the Hotel performance was not impacted.

If we or you terminate the Franchise Agreement because of a Consequential Termination, then the liquidated damages are 150% of the amount calculated above. A "Consequential Termination" occurs if (1) the Franchise Agreement's termination involves a transfer of the Hotel or its assets, or a direct or indirect Controlling Ownership Interest in you, to a Competitor (defined below); or (2) there are 3 or more franchise agreements for Hyatt-Related Select Service Brand (defined below) hotels with you or your affiliates (including the Franchise Agreement) that we (or our affiliate) terminate because of your (or your affiliate's) default or you (or your affiliates) terminate in breach of the applicable agreement. A "Hyatt-Related Select Service Brand" means any brand under which or in affiliation with which a select service Hyatt Network Hotel operates. A "Competitor" is any entity that owns, franchises and/or manages, or is an affiliate of any entity that owns, franchises and/or manages, a select service hotel brand, trade name or service mark for a system of at least 4 hotels with an average daily room rate for all or substantially all of the hotels in the U.S. during the then most recent full calendar year that is at least 60% of the average daily room rate for Hyatt House Hotels operating in the U.S.

If a governmental agency or other authority condemns or takes by eminent domain or expropriation all or a substantial portion of the Hotel, and we and you do not agree to terms for relocating the Hotel, then either we or you may terminate the Franchise Agreement. If you and your owners sign our then current form of termination agreement and a general release, in a form satisfactory to us (together, a "Termination Agreement"), then you need not pay us liquidated damages when the Franchise Agreement terminates. The Termination Agreement will provide that if you or your affiliate begins construction on or operation of a new select service hotel at any location within the Area of Protection during the 24-month period following the termination, other than a Hyatt Network Hotel or a hotel that was already under contract to be developed at that particular location within the Area of Protection on the date that the Termination Agreement is signed, then you must pay us liquidated damages of \$5,000 multiplied by the number of guest rooms at that new select service hotel. If you and your owners do not sign a Termination Agreement, then you must pay us liquidated damages when the Franchise Agreement terminates.

If the Hotel is damaged by fire, flood, accident, hurricane or other casualty, you must notify us immediately. If the cost to repair the damage is less than or equal to the greater of (a) 60% of the market value of the Hotel immediately prior to the casualty, or (b) the amount of insurance proceeds made available to you in connection with the casualty ("Damage Threshold"), then you must repair the damage promptly according to the System Standards and the Franchise Agreement's other terms and conditions. If the damage or repair requires you to close all or any

portion of the Hotel, then you must commence reconstruction as soon as practicable (but in any event within 4 months) after closing the Hotel and reopen for continuous business operations as a Hyatt House Hotel as soon as practicable (but in any event within 24 months) after closing the Hotel, but not without complying with the Franchise Agreement's other terms and conditions. The Franchise Agreement's term will be extended for the period of time during which the Hotel is closed, and you need not make any payments of Royalty Fees or System Services Charges while the Hotel is closed unless you receive insurance proceeds compensating you for lost Gross Rooms Revenue during such period, in which case you must pay Royalty Fees and System Services Charges on the amount of proceeds received allocable to such loss.

If the cost to repair the damage from the casualty exceeds the Damage Threshold, you may either: (a) repair the damage promptly according to the System Standards and the Franchise Agreement's other terms and conditions; or (b) elect to terminate the Franchise Agreement if you and your owners sign a Termination Agreement and pay a termination fee equal to the lesser of (i) the liquidated damages and (ii) the insurance proceeds you receive as a result of the casualty minus amounts required to be paid to your lenders minus unreturned capital investment of your owners (the "Net Recovery").

You must provide us any documentation that we may reasonably request to calculate the Damage Threshold, the insurance proceeds you receive for any casualty, and the Net Recovery amount (if applicable). Any Termination Agreement that you and we sign will provide that if you, any of your affiliates, or any other entity (including any buyer of the Hotel) begins construction on or operation of a full service hotel at the Hotel's site other than a Hyatt House Hotel or another Hyatt Network Hotel at any time during the 24-month period following the effective date of termination of the Franchise Agreement, then you or your owners must pay us liquidated damages equal to the difference between (i) the amount of liquidated damages that you would have otherwise owed us under the Franchise Agreement at the time of termination, minus (ii) the amount of liquidated damages you actually paid us at the time of termination.

7. Commercial Services Fee. The "Commercial Services Fee" currently covers the costs for the following commercial services that the Hyatt Group makes available to the Hotel and other Participating Hotels (the "Commercial Services"):

- (a) brand-wide marketing, advertising, public relations, and guest satisfaction program management and research for the Hotel;
- (b) Global Property and Guest Services which provide, among other things, centralized reservation services (including the services and charges for the base reservation fee which applies regardless of channel, and certain additional reservation fees based on channels) and care professionals supporting the business by enhancing the guest experience;
- (c) revenue management technology, including the Hyatt Group's proprietary revenue management software, and advisory and support services, such as pricing strategy across channels and on-going training, support, and tools for pricing and inventory applications;

- (d) group sales support, including lead generation from Hyatt Group’s global and regional sales offices, account management, and account development, and transient and luxury sales promotion services (including Consortia);
- (e) sales and catering system services, including account management, booking pipeline management, and analysis through our designated sales software systems;
- (f) property management system services, including Opera PMS, web-in/web-out and hosting, and interface file, maintenance, and support;
- (g) the Hyatt Group’s digital product technology and infrastructure including Hyatt.com and the mobile app; and
- (h) other technology services, including e-learning, e-mail, HyattConnect, SharePoint, identify access management, ServiceNow, in-room technology, and network access.

The Hyatt Group may periodically change the benefits and services currently included as Commercial Services and the charges and fees for those benefits and services. The Hyatt Group may adopt other methodologies for fees and charges related to chain-wide programs to Participating Hotels, including segregation by brand, geographic location, or other criteria that the Hyatt Group deems appropriate in its discretion. The Hyatt Group may periodically allocate the Commercial Services Fee as a fixed charge, percentage charge, direct billback, or any other combination of multiple allocation methodologies. The Hyatt Group may spend in any year more or less than the total Commercial Services Fee contributions in that year, but will use all Commercial Services Fees collected for Commercial Services.

8. Digital Acquisition Fee. We currently charge the Hotel and other Participating Hotels the “Digital Acquisition Fee” to help drive bookings through the Hyatt Group’s online direct booking channels (the “Digital Channels”). The Digital Channels currently are the Hotel System Website and any Hyatt-branded website or mobile app (such as the World of Hyatt app). You must pay the Digital Acquisition Fee on the subset of Gross Rooms Revenue resulting from reservations that are generated through the Digital Channels, whether directly or via a link from another platform, such as a search engine advertisement, social media page, or any Franchisee Organization Website. We may, in our sole judgment and subject to change, exclude certain types of bookings that originate through Digital Channels for purposes of calculating the Digital Acquisition Fee and certain portions of Gross Rooms Revenue that is generated through the Digital Channels, such as the Upsell Revenue (defined below). Digital Channels do not include reservations placed through external sources, such as online travel agencies (e.g., priceline.com and expedia.com) or through Hyatt-managed channels that are not digital in nature, such as reservations placed via telephone calls to our global contact center.

9. GDS and Other Reservations Services. In addition to the global contact centers, the costs of which the Hyatt Group allocates to each Participating Hotel as part of the Commercial Services Fee, GDSs accept reservations for Participating Hotels and confirm the reservations with the Hyatt Group through the central reservations center. The Hyatt Group incurs a reservations

fee for each reservation that these supplemental reservations systems accept, which currently averages approximately \$8.50 per reservation, and the Hyatt Group passes on the charge to the hotel receiving the reservation at cost without imposing a markup or receiving a profit.

The Commercial Services Fee and these other reservation services fees include some of the current charges from providers of products or services for the Hotel, including the then current CRS operator (if applicable), the then current GDS and ADS operators (if applicable), and other suppliers to the Hotel, which may include us and/or our affiliates (collectively, “Providers”), that we currently collect from franchisees and pay (on their behalf) to the Providers. If any Provider assesses a single or group fee or other charge that covers all or a group of Hyatt House Hotels or other Hyatt Network Hotels to which that Provider provides products or services, then our calculation of that fee or other charge among the Hotel and other Participating Hotels is final. The Providers may periodically increase the fees and other charges they impose. At our option, you must begin paying these fees and other charges directly to the applicable Provider(s).

10. Mandatory Contracts. The Hyatt Group periodically enters into relationships with vendors or providers of services that may require mandatory participation by all or certain subsets of Participating Hotels, such as certain contracts provided through Avendra, LLC, credit card acceptance agreements, music license agreements and certain telecommunications agreements. While the Hyatt Group does not receive any fees, rebates or commissions under these mandatory contracts, certain of the mandatory contracts may provide for promotional or other allowances that the Hyatt Group then allocates among Participating Hotels, as the Hyatt Group determines or the applicable vendor or supplier requires, or that the Hyatt Group uses for activities benefiting all or substantially all Participating Hotels.

11. Other Corporate Services. The Hyatt Group provides a number of other corporate services and programs for the benefit of Participating Hotels for which those hotels reimburse the Hyatt Group on a cost recovery basis, including taxes, if applicable. These services and programs include group sales promotional programs and events that 2 or more Participating Hotels sponsor, property evaluations, profit improvement services, quality assurance materials, security services, certain training programs and other various services. As part of these other corporate services, the Hyatt Group currently provides “upsell” services for Hyatt House Hotels and other Participating Hotels, offering room upgrades to guests having reservations at the Hotel before they arrive. If the guest purchases the room upgrade, you must pay the Hyatt Group a commission on the additional revenue. That commission currently is 5% of the difference between the Gross Rooms Revenue at the upgraded rate and the Gross Rooms Revenue at the rate the guest originally booked, excluding taxes (the “Upsell Revenue”). The Upsell Revenue currently does not include any additional revenue resulting from the upgrade, such as early arrival fees and additional revenue derived from upgrades to the F&B Operations.

12. Field Marketing Program. The Hyatt Group currently offers to Participating Hotels centralized resources to guide and support local integrated marketing for hotels that leverage the expertise of a designated field marketing team for a fee (which may contain a profit component, not to exceed a competitive amount), pursuant to a Field Marketing Program Opt-In Agreement. Inclusions and deliverables vary by service level, and may include management of local digital

marketing, regional marketing campaigns, website management, social media consultation, local promotion creation and execution, and brand activations.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When due	Column 5 To whom payment is to be made
New development application fee or change of ownership application fee (1)	\$75,000 to \$150,000	Lump sum	Upon signing Franchise Application	Us
Comfort letter fee(s)	\$0 to \$5,000	Lump sum	When your lender(s) sign a comfort letter with us	Us
Extension of opening deadline	\$0 to \$10,000	As agreed	When you request extension of Hotel opening deadline	Us
IT Project Management Services fee and expense reimbursement	\$64,800 to \$69,300	As agreed	Before the Hotel opens	Us
Signage	\$65,000 to \$100,000	As agreed	As incurred	Suppliers
Telecommunications systems, security system and Technology System equipment and fees (2)	\$620,000 to \$755,000	As agreed	As incurred	Suppliers and Hyatt Corporation
Architecture and design	\$276,429 to \$866,143	As agreed	As incurred	Architects, engineers, designers and other professionals

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When due	Column 5 To whom payment is to be made
Construction, improvements, remodeling, decorating costs and other sitework	\$9,321,429 to \$29,207,143	As agreed	As incurred	General contractor, suppliers and us or our affiliate
Furniture, fixtures, other fixed assets and equipment (3)	\$1,735,650 to \$5,438,370	As agreed	As incurred	Suppliers
Operating supplies & equipment (4)	\$381,214 to \$1,194,471	As agreed	As incurred	Suppliers
General and administrative buildout costs (5)	\$305,000 to \$485,000	As agreed	As incurred	Third parties
Revenue management fees (6)	\$0 to \$17,500	As agreed	Monthly, if you participate in the revenue management program	Us
Field marketing program fees (6)	\$0 to \$24,003	As agreed	Monthly, if you participate in the field marketing program	Us
Pre-opening marketing and sales expenses (7)	\$45,000 to \$250,000	As agreed	Before opening	Us and third parties
Liquor license (8)	\$30,000 to \$400,000	As agreed	As incurred	Government agency or previous license holder
Operator approval fees	\$0 to \$20,000	As agreed	Before we begin the operator screening process	Us
Training expenses (fees and reimbursements payable to us)	\$14,275 to \$25,050	As agreed	As incurred	Us
Training expenses (your and your personnel's costs to attend)	\$19,500 to \$27,000	As agreed	As incurred	Suppliers
Additional optional training	\$0 to \$200,000	As agreed	As incurred	Us

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When due	Column 5 To whom payment is to be made
Miscellaneous pre-opening costs (9)	\$276,000 to \$375,000	As agreed	As incurred	Suppliers, employees, us and Hyatt Corporation
Additional funds - 3 months (10)	\$400,000 to \$525,000	As agreed	As incurred	Suppliers, employees, us and Hyatt Corporation
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) (11)	\$13,629,297 to \$40,143,980			

Explanatory Notes

1. Application fee. The application fee listed above is for a Hyatt House Hotel with 90 to 200 guest rooms. In Item 5, we describe the application fee, the conditions for its refund, and the diversity development incentive under which we might reduce the new development application fee.

2. Telecommunications systems, security system and Technology System equipment. We or our affiliate will review the Hotel and/or its plans and specifications to develop a proposal relating to the equipment required for the telecommunications systems, security system, and Technology System for your Hotel. We include in this estimate the projected costs of acquisition/installation and the annual support and service contracts for the first year that the Hyatt Group provides as part of Mandatory Services.

3. Furniture, fixtures, other fixed assets, and equipment. Costs for fixtures, equipment, furnishings, furniture, room equipment and appliances and other items (collectively, "FF&E") depend mostly on the Hotel's size and configuration. This item covers costs for all FF&E for the Hotel except the costs for telecommunications systems, security system and Technology System equipment and related fees that we describe separately in Note 2 above and the OS&E that we describe in Note 4 below.

4. Operating Supplies and Equipment. Costs for initial operating supplies and equipment, including initial food and beverage inventory, bed linens, personal care amenities, cleaning supplies, and other consumables and similar items we periodically specify for the Hotel (collectively, "OS&E") depend mostly on the Hotel's size and location. This item does not include the FF&E for the Hotel that we describe in Note 3 above or the costs for telecommunications systems, security system, and Technology System equipment and related fees that we describe in Note 2 above.

5. General and administrative. This item includes costs for permit fees, security deposits, utility deposits and startup requirements, impact fees (one-time charges that the government levies to offset service costs relating to the new development), tap fees (charges for connecting to existing water or sewer lines), and various business licenses. Landlords sometimes pay some of the tap or impact fees, and the amount depends on municipal requirements and the final Hotel configuration. This item also includes costs for insurance, legal and accounting expenses.

6. Revenue management fees and field marketing program fees. These items include revenue management program fees and field marketing program fees, respectively, during the pre-opening period and the first 3 months of operation. We describe these fees in Item 5.

7. Pre-opening marketing and sales expenses. This item includes costs for marketing and sales programs that you undertake before the Hotel opens, including payments of the applicable System Services Charges during the pre-opening period and the costs to establish and operate a sales office during the pre-opening period. It does not include field marketing or revenue management program fees that you pay to us if you participate in those programs.

8. Liquor license. Liquor license costs vary widely depending on the jurisdiction. In most jurisdictions, the cost will be on the low end of the range, but could be on the high end (or even exceed the high end) in those jurisdictions that consider a liquor license to be an asset. You may be able to apply for a full spirits liquor license and pay standard costs for this license that would be on the lower end of the estimate. However, if your property is located in a “quota” city or state, you might need to locate and purchase a full spirits liquor license on the open market, which could mean your anticipated costs are on the mid-to-high range of this cost estimate. If you purchase a liquor license on the open market, you may be able to re-sell your liquor license in those jurisdictions to another licensee if you sell your Hotel. The liquor license that you apply for or purchase must include beer, wine and full spirits, as allowable under applicable law in the Hotel’s jurisdiction. If you engage a third party to be the F&B Operator (defined in Item 8), depending on the jurisdiction, you might not need a liquor license.

9. Miscellaneous pre-opening costs. This item includes costs for office and other supplies, wages for Hotel management and employees before opening and other miscellaneous pre-paid opening expenses, as well as estimated amounts you may pay to us or our affiliates for optional training or consulting services.

10. Additional funds – 3 months. This item estimates your initial start-up expenses (other than the items identified separately in the table). These expenses include payroll costs for the Hotel’s personnel but not any management fees or similar draw. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for the Hotel’s services; the prevailing wage rate; competition; and the sales level reached during the initial period.

11. Total estimated initial investment (excluding real estate costs). The estimated amounts presented in the table above are to construct a new, full-size Hyatt House Hotel with 90

to 200 guest rooms, according to the Design and Construction Standards and the Hotel System. We relied on our affiliates' experience in developing and operating hotels since 1957 to compile the estimate for additional funds and other figures. You should review these figures carefully with a business advisor before deciding to acquire the franchise. Except as described in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. The estimate does not include any finance charge, interest, or debt service obligations. Except for a portion of the application fee that we will refund if we do not approve the application, no amounts in the chart are refundable.

Hyatt House Hotels typically are in primary markets in urban, densely-populated locations. They will typically occupy property of 1 to 3 acres, but the amount of land the Hotel requires will vary greatly depending upon local building codes, setback requirements, parking requirements and similar factors. Leasing or purchase costs vary widely and depend on geographic location, size, visibility, local rental rates, other businesses in the area, other local economic conditions, the site's market potential, the type of ownership or leasehold interest and other factors. Because of these factors, this table does not estimate the costs for the Hotel's rent or security deposit, or the purchase price for the building or land on which the Hotel is located (if you decide to buy, rather than lease, the land and/or premises).

If you own an existing hotel that you plan to convert from another brand to a Hyatt House Hotel, you might already have incurred many of the costs listed in this Item, but you still will incur significant costs to upgrade and renovate the Hotel to meet our current standards for Hyatt House Hotels. These costs vary widely and depend primarily on the Hotel's existing condition and FF&E. Before we and you sign the Franchise Agreement, we will prepare a PIP on your Hotel and provide details about our conversion and upgrade requirements for the Hotel.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Hotel according to our System Standards, which may regulate, among other things, the types, models, and brands of products and services your Hotel uses; required and authorized products and services that the Hotel must offer to customers and quality standards for those products and services (including F&B Operations, as defined below); and designated and approved suppliers of these products and services, which may include or be limited to us and/or our affiliates that we may designate. "F&B Operations" means all food and beverage operations for Hotel guests and patrons consisting of the following (in each case, to the extent applicable): (a) restaurant, dining, bar, lounge, and retail food and beverage services; (b) banquet, meeting, event, catering (including outside catering), and room services; (c) a multi-functional service area that serves coffee and breakfast, lunch and dinner menu items, and alcoholic beverages; (d) grab-and-go food and beverage items available for purchase in a Hotel market; (e) a communal area serving as a combination restaurant, bar, coffee shop and workplace; (f) a standalone restaurant and/or rooftop bar; and (g) all other food, beverage and related services at the Hotel.

If you are constructing a new Hyatt House Hotel or converting an existing hotel or other building to a Hyatt House Hotel, we or Hyatt Corporation will advise you on the System Standards to be met, the aesthetics to be reflected, and the systems to be installed at the Hotel, so the Hotel can be opened and operated as a Hyatt House Hotel. We and Hyatt Corporation are the only approved suppliers for these services if you are constructing a new Hotel. We also provide IT Project Management Services and other technology-related services as well as PMS hosting services.

You must use the Opera PMS at the Hotel. You must sign the Subscription and Hosting Services Agreement and engage us to host the PMS remotely. We will provide services necessary to install access to the PMS at the Hotel under the Franchise Agreement. You must also sign an agreement with our designated supplier to provide connectivity services and training for the PMS. If your Hotel is in Hawaii or Puerto Rico, under certain circumstances (with our approval), we may permit you to self-host the PMS at the Hotel.

System Services

Mandatory Services and Non-Mandatory Services comprise the System Services. If you are in full compliance with your obligations under the Franchise Agreement, we or one or more members of the Hyatt Group will provide you those System Services that we periodically specify. You must participate in all Mandatory Services and related programs, and may (at your option) participate in any or all Non-Mandatory Services and related programs, in the manner that we periodically specify. You must acquire all Mandatory Services (as we periodically modify them) only from a member of the Hyatt Group. We may periodically add to, delete from, and otherwise modify these System Services, and the scope of and manner of providing System Services, upon notice to you. Also, due to the differences in products, services, markets and hospitality experiences among Hyatt House Hotels and other Hyatt Network Hotels, we may, where we deem appropriate in our judgment: (a) classify certain System Services as Mandatory Services for the Hotel which we classify as Non-Mandatory Services or do not offer to other Hyatt House Hotels and/or other Hyatt Network Hotels; (b) not provide to the Hotel certain System Services that we provide to other Hyatt House Hotels and/or other Hyatt Network Hotels; and (c) limit the scope of those System Services provided to franchised Hyatt House Hotels, such as by limiting the access that franchised Hyatt House Hotels have to certain customer and other proprietary information for Hyatt Network Hotels other than the Hotel. We describe the current System Services and the current charges for those System Services in Item 6.

Avendra, LLC (“Avendra”) is a products and services sourcing company that offers volume contracts to its customer hotels on a variety of FF&E and other items used in hotel operations, including food and beverage equipment and supplies (such as branded and commodity programs), operating equipment and supplies (such as linens, pillows, terry, and light bulbs), and other products and services (such as printing and stationery, logoed items, chemicals, and pest elimination), at competitive prices that Avendra negotiates. You determine whether, and the extent to which, your Hotel will use Avendra’s services. However, if you choose not to use Avendra, you might find it impracticable to purchase certain products for the Hotel (such as bathroom amenities made specifically for Hyatt Network Hotels) elsewhere.

You may, and if we require (depending on your or your approved management company's experience) you must, acquire revenue management services from us. You also may, but are not required to, use Rosemont's purchasing and project management services and acquire our pre-opening advisory assistance for your Hotel. If you are constructing a new Hyatt House Hotel, you may decide to engage us (or our affiliate) to provide technical services and assistance relating to the Hotel's development. We or another member of the Hyatt Group, Avendra and Rosemont negotiate purchase arrangements with suppliers, including price terms, for some required Hotel items. When we do so, we seek to promote the overall interests of the network of Hyatt House Hotels and other Hyatt Network Hotels and our interests as the franchisor. We do not provide material benefits (like renewal or granting additional franchises) to individual franchisees for purchasing particular products or services or for using particular suppliers.

You must participate in, connect with, and use the authorized CRS, GDS and ADS as we periodically designate for offering, booking, modifying, and communicating guest room reservations for the Hotel and bear all related costs and expenses. You may only use the GDS and ADS that we periodically authorize. You must honor and give first priority on available rooms to all confirmed reservations that the CRS, GDS or ADS refer to the Hotel. The CRS and approved GDS and ADS are the only reservation systems or services that the Hotel may use for reservations. You will establish the Hotel's room rates, if those rates and your pricing policies comply with System Standards (to the maximum extent the law allows). You must comply with our "best price guarantee" and related policies, as we periodically modify them. You may not charge any guest a rate higher than the rate that the reservations center specifies to the guest when the guest makes the reservation.

Except as described here and in Item 6, in providing these and other products and services to you, the Hyatt Group companies have the right to charge prices that exceed their costs and include a profit margin. Except as described above or in Item 5 or 6, there currently are no other goods or services for the Hotel that you must buy or lease from us or one of our affiliates or for which we or one of our affiliates is an approved supplier or the only approved supplier.

Approved Suppliers, Hotel System and System Standards

Promptly after preparing the plans for your Hotel's construction or remodeling, you must prepare and deliver to us for our approval a plan for conducting and administering the F&B Operations at the Hotel (the "F&B Operations Plan"). The F&B Operations Plan will contain the identity of any proposed restaurant operator or other operator of some or all F&B Operations at the Hotel (other than you or your approved management company) (each an "F&B Operator") and the restaurant concept(s) that you plan to incorporate as part of or adjacent to the Hotel. You must make the modifications to the F&B Operations Plan that we reasonably specify and ensure that the Hotel and its F&B Operations operate according to the approved F&B Operations Plan. You may not make any material changes to the F&B Operations Plan (including any changes to the proposed restaurant concept(s) and/or F&B Operator(s)) without our prior written approval. Before the Hotel begins operating under the Proprietary Marks, you must require each F&B Operator to sign the documents we reasonably specify to protect our (and our affiliates') intellectual property and other rights. At our option, you must submit to us for our prior approval any proposed lease or other agreement between you (or your affiliate or management company) and the F&B Operator

under which the F&B Operator will conduct F&B Operations, in which case you may not sign (or permit your affiliate or management company to sign) any lease or other agreement that we have not approved.

If you or your management company do not have in-house technology services support, you must contract with a third party technology consultant that meets our qualifications for “break/fix” support. You must also use our designated cyber end point protection and web filtering tools and enter into agreements with suppliers of such services, as applicable.

You currently must use our designated third party provider of travel agent commission program services. This provider calculates travel agent commissions, remits them to travel agents and collects them from participating hotels. You also must use our designated provider of quality assurance and inspection services. Except as described in this Item or in Items 5 or 6, there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Hotel that you must buy from us, our affiliates, or designated or approved suppliers. None of our officers currently owns an interest in any supplier to Hyatt House Hotel franchisees.

However, you must buy or lease most other products and services for your Hotel according to our System Standards. We issue and modify standards and specifications based on our, our affiliates’ and our franchisees’ experience in operating Hyatt House Hotels and other Hyatt Network Hotels. Our standards and specifications may impose minimum requirements for delivery, performance, reputation, prices, quality, design, and appearance, among other factors. You must ensure that the Hotel strictly complies with all applicable laws and maintains adequate insurance policy coverage in the amounts that we periodically specify. Our System Standards or other communications will identify our standards and specifications and/or names of approved suppliers.

If you wish to obtain any FF&E, supplies, or other goods and services from a source that we have not previously approved as meeting our System Standards (for those items that require supplier approval), you must send us a written request with any information and samples we consider necessary to determine whether the product, service and source meet our then current criteria. If you comply with our processes and procedures, we will respond to your request within a reasonable time period (typically 30 days) after receiving all information we request. We may charge you our costs to review your request and evaluate the product, service and/or source. We may condition our approval on standards and requirements relating to quality, quantity, warranties, prices, volume capability, frequency of delivery, distribution methods and locations, standards of service (including prompt attention to complaints), consistency, reliability, financial capability, labor and customer relations, the willingness and ability to comply with our vendor compliance guide and other criteria. We may modify our System Standards in this area as we deem best. We may, at our option, revoke our approval of certain goods, services or sources if they fail to continue to meet our System Standards. We may designate a particular source for, or model or brand of, FF&E, supplies or other goods or services that we (in our sole judgment) determine to be critical to the Hotel System.

If the Hyatt Group receives any payments from vendors or service providers whose costs are included as part of System Services Costs, the Hyatt Group currently will offset them against System Services Costs. We and our affiliates may receive rebates, commissions, payments, benefits and other material consideration from suppliers on account of their actual or prospective dealings with you and other franchisees and owners of Hyatt House Hotels, but neither we nor our affiliates will receive rebates from suppliers based solely on the volume of your purchases from those suppliers unless we either forward those rebates to you, use them to cover System Services Costs, or otherwise use those rebates for the benefit of the Hotel System or the Hyatt House Hotel network. During the 2023 fiscal year, Hyatt Corporation received \$125,186 in rebates from suppliers of food and beverage products and office supplies based on purchases that franchised Hyatt House Hotels made from those suppliers, but Hyatt Corporation used this entire amount to offset part of the System Services Costs. In addition, Hyatt House Hotel network suppliers attending franchisee conventions, conferences, or other meetings of Hyatt House Hotel owners make contributions to us or other members of the Hyatt Group (which do not derive from franchisee purchases) that we use to defray your and other franchisees' and owners' costs of attending these functions. Except for these payments, neither we nor our affiliates currently receive, or have negotiated to receive, similar payments or other material consideration from suppliers based on our franchisees' purchases or leases, although our affiliates currently receive rebates from suppliers based on goods and services they buy for Hyatt House Hotels that they operate.

You also must participate in and comply with the terms of all of our mandatory marketing, reservation service, rate and room inventory management, advertising, cooperative advertising, guest frequency and loyalty, social responsibility, discount or promotional, customer award, customer loyalty, Internet, computer, training and operating programs, including a PMS that interfaces with the CRS or any other central reservation system that we periodically adopt. We may periodically establish and/or coordinate these programs with third parties we designate. These third parties might (but need not) be our affiliates. You must sign and comply with any license, participation and other agreements we periodically specify relating to these programs.

You may not make any material changes to the Hotel's construction, including any changes to any structural or life safety equipment or systems, the number and/or type of guest rooms or common areas, or any architectural features, without our prior written consent and complying with our conditions and procedures. We may periodically require you to upgrade or renovate the Hotel, including by altering the Hotel's appearance and/or replacing a material portion of improvements and/or FF&E, to comply with then current building décor, appearance, trade dress standards and other aspects of the Hotel System that we have established and then require for new similarly situated Hyatt House Hotels (subject to Reasonable Deviations (defined below)). This upgrading or renovation might require you to invest additional capital in the Hotel and/or incur higher operating costs. You must implement the upgrading and renovation within the time period we request. However, all of these upgrades and renovations will apply to similarly situated Hyatt House Hotels (subject to Reasonable Deviations). In order to assist you in having funds available to make any necessary capital expenditures at the Hotel and comply with your upgrade and renovation obligations (but without limiting those obligations), each month you must deposit into a separate account that you control an amount equal to (a) 3% of the Hotel's Gross Rooms Revenue accrued during the first year of operations, (b) 4% of the Hotel's Gross Rooms Revenue accrued

during the second year of operations, and (c) 5% of the Hotel’s Gross Rooms Revenue accrued during the balance of the Franchise Agreement’s term. You will use these funds only to make approved capital expenditures and comply with your upgrade and renovation obligations, although your obligations may require you to spend more than the amount in the account.

“Reasonable Deviations” means that, if the market area or circumstances of a Hyatt House Hotel warrant, then, in our Reasonable Business Judgment (defined below), we may apply an aspect of the Hotel System, System Standard, requirement, fee or other term or condition to the Hotel in a manner which differs from the manner in which that aspect of the Hotel System, requirement, fee or other term or condition applies to one or more other similarly situated Hyatt House Hotels. “Reasonable Business Judgment” means that our action or inaction has a business basis that is intended to benefit the Hyatt House Hotel network or the profitability of the network, including us and our affiliates, regardless of whether some individual hotels may be unfavorably affected; or to increase the value of the Proprietary Marks; or to increase or enhance overall hotel guest or franchisee or owner satisfaction; or to minimize possible brand inconsistencies or customer confusion.

Collectively, the purchases and leases you must make from us, from designated or approved suppliers, or according to our System Standards represent approximately 95% of your total purchases and leases to establish, and approximately 95% of your total purchases and leases to operate, the Hotel. During our 2023 fiscal year, we did not derive any revenue from selling or leasing products or services directly to Hyatt House Hotel franchisees, but our affiliates collected about \$4,472,573 in fees and other revenue from providing various products and services to Hyatt House Hotel franchisees, including revenue for chain services, IT-related services and other ancillary services. In addition, Hyatt House Hotel franchisees received \$52,225,646 more in loyalty program reimbursements than they paid in loyalty program fees during 2023. We derived these figures from our affiliates’ internal financial records.

Item 9

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	1.1, 2.5 and 2.6 of Franchise Agreement	7 and 11
b. Pre-opening purchases/leases	2.1, 2.2, 2.5, 2.7, 3.3, 4.3, 4.4 and 5.1 and Articles 2 and 9 and Exhibit B of Franchise Agreement	5, 7, 8 and 11

Obligation	Section in agreement	Disclosure document item
c. Site development and other pre-opening requirements	2.1 to 2.4 and Exhibit B of Franchise Agreement; 1 to 4 of Service Agreement for Revenue Management Services	5, 7, 8 and 11
d. Initial and ongoing training	3.1, 3.4, 4.2 and 12.4 and Exhibit B of Franchise Agreement	5, 6, 7 and 11
e. Opening	2.5 of Franchise Agreement	5 and 11
f. Fees	2.2, 2.5, 3.1, 3.3, 3.4, 4.1, 4.2, 4.4, 4.8, 5.3, 7.5, 8.3, 12.4, 12.8, 13.2, 14.4, 16.1, 16.2 and 16.5 and Articles 3, 6, 9 and 10 and Exhibit B of Franchise Agreement; Franchise Application; 7 of Confidentiality Agreement; 5 of Service Agreement for Revenue Management Services; 6 and 8 of Subscription and Hosting Services Agreement; 4 and Exhibit A of Field Marketing Program Opt-In Agreement	5, 6, 7, 8 and 11
g. Compliance with standards and policies/operating manual	2.1 to 2.3, 2.6, 3.2, 3.3, 5.1, 5.3, 5.4, 7.4 and 11.2 and Article 4 of Franchise Agreement; Management Company Rider	6, 8, 11, 13, 14 and 15
h. Trademarks and proprietary information	3.2, 5.3 and 16.1 and Article 11 of Franchise Agreement; Confidentiality Agreement; Management Company Rider; 10 of Service Agreement for Revenue Management Services; 11 of Subscription and Hosting Services Agreement; 6 of Field Marketing Program Opt-In Agreement	11, 13 and 14
i. Restrictions on products/services offered	4.1, 4.3, 4.4, 4.5 and 4.6 of Franchise Agreement	8, 11 and 16
j. Warranty and customer service requirements	4.3 and 4.5 of Franchise Agreement; 7 of Subscription and Hosting Services Agreement	8, 12 and 16
k. Territorial development and sales quotas	Not applicable	Not applicable

Obligation	Section in agreement	Disclosure document item
l. Ongoing product/service purchases	3.2, 3.3, 4.1, 4.3, 4.4, 4.5, and 4.6 of Franchise Agreement; 2 through 5 of Service Agreement for Revenue Management Services	5, 6, 7, 8 and 11
m. Maintenance, appearance, and remodeling requirements	3.2, 4.3, 4.4, 4.6, 4.7, 4.8 and 10.2 of Franchise Agreement	6, 8, 11 and 16
n. Insurance	Article 9 of Franchise Agreement; 8 of Service Agreement for Revenue Management Services; 8 of Field Marketing Program Opt-In Agreement	6, 7 and 8
o. Advertising	4.1, 4.3, 4.5 and Article 5 of Franchise Agreement	6, 8 and 11
p. Indemnification	2.5 and 8.3 of Franchise Agreement; 7 of Confidentiality Agreement; 7 of Service Agreement for Revenue Management Services; 8 of Subscription and Hosting Services Agreement; 9 of Field Marketing Program Opt-In Agreement	6
q. Owner's participation/management/staffing	3.1, 3.2, 4.2 and 4.6 of Franchise Agreement; Management Company Rider; 2 of Service Agreement for Revenue Management Services	5, 7, 11 and 15
r. Records and reports	4.3 and 4.7 and Article 7 of Franchise Agreement	6
s. Inspections and audits	4.3, 4.8, 7.4 and 7.5 of Franchise Agreement	6
t. Transfer	12.2 to 12.9 of Franchise Agreement and 8(e) of Confidentiality Agreement; 13 of Subscription and Hosting Services Agreement; 13 of Field Marketing Program Opt-In Agreement	6 and 17
u. Renewal	Article 13 of Franchise Agreement	6 and 17

Obligation	Section in agreement	Disclosure document item
v. Post-termination obligations	12.4 and Articles 10, 14 and 16 of Franchise Agreement; 7 and 10 of Service Agreement for Revenue Management Services; 10d of Subscription and Hosting Services Agreement; 1 of Field Marketing Program Opt-In Agreement	6, 13, 14 and 17
w. Non-competition covenants	4.2, 4.10 and 4.11 of Franchise Agreement	15 and 17
x. Dispute resolution	Article 14 of Franchise Agreement; 8 of Confidentiality Agreement; 12 of Service Agreement for Revenue Management Services; 11 of Field Marketing Program Opt-In Agreement	6 and 17
y. Honoring guest room rates	3.3 and 4.5 of Franchise Agreement	8
z. Guarantor Monetary threshold	12.1 of Franchise Agreement and Guaranty	15
aa. Right of first offer	Exhibit C of Franchise Agreement	17

Item 10

FINANCING

We do not have a fixed financial assistance program for our franchisees and typically do not offer financial assistance to franchisees. However, in some cases we periodically may offer financial assistance to franchisees developing new Hyatt House Hotels or converting existing hotels from other brands to the Hotel System. We have no formal criteria to determine which franchisees will receive financial assistance or the amount or timing of the assistance. The terms of any financial assistance, including amount, interest rate, and repayment terms, will vary widely and depend on our agreement with the franchisee and its particular circumstances. Our decision to offer financial assistance depends on what we think is best for us and the Hyatt House Hotel franchise network. We have no obligation to offer financial assistance to any franchisee.

Except as described above, neither we nor our affiliates offer direct or indirect financing. Neither we nor our affiliates guarantee your note, lease or obligation.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Hyatt House Franchising, L.L.C. is not required to provide you with any assistance.

Before you begin operating the Hotel, we or another member of the Hyatt Group will:

(1) Approve a site for the Hotel that meets our requirements. We do not provide any site selection assistance or specify an area within which you may look for a site. We do not own hotel premises and lease them to franchisees. In determining whether to approve a site, we consider, among other things, demographic characteristics, traffic patterns, parking, visibility, allowed signage, the predominant character of the neighborhood, competition from other lodging facilities in the area, the nature of other businesses near the site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms) and the proposed site's size, appearance, and other physical characteristics. You may not develop a Hyatt House Hotel at a site that we do not approve. We and you will not sign a Franchise Agreement until you have located and we have approved the Hotel's site. If you are converting an existing hotel from another brand to the Hotel System, we will inspect the hotel and prepare a PIP to provide details on our upgrade requirements. Each Comfort Letter Party must sign a comfort letter or similar agreement that we reasonably specify. (Sections 2.1 and 2.7 and Exhibit B of Franchise Agreement)

(2) Communicate our then current specifications and requirements for designing and developing a Hyatt House Hotel, including the Design and Construction Standards. We will provide a briefing virtually, at our headquarters, or at another location we designate, to acquaint your managing owner or senior operations officer with our building process and support structure. If you are constructing a new Hotel at the site, you must design and construct the Hotel according to our Design and Construction Standards and Hotel System. If you are converting an existing hotel from another brand to the Hotel System, you must renovate the Hotel according to the PIP, which may reference some or all of our Design and Construction Standards and the Hotel System. The PIP is attached to the Franchise Agreement when we and you sign it. You may not make any material changes to plans set forth in the PIP (including any changes to any structural or life safety equipment or systems, the number and/or type of guest rooms or common areas, or any architectural features), without our prior written consent, which we will not unreasonably withhold. We and our affiliates may operate, and authorize others to operate, Hyatt House Hotels within or outside the United States providing additional, fewer and/or different amenities and services to guests than the Hotel provides, or that otherwise operate in a manner that is substantially different from the manner in which the Hotel operates. We may establish and periodically modify the Hotel System and System Standards for certain Hyatt House Hotels in a manner that is different from the Hotel System and System Standards that apply to some or all Hyatt House Hotels within or outside the United States. (Sections 2.1, 2.6 and 2.8 and Exhibit B of Franchise Agreement)

(3) As described in Item 8, identify the brands, types, makes and/or models of FF&E and other items (including both products and services) that meet our System Standards and, if we require, designated and approved suppliers of these items. We or our designated affiliate will directly provide and deliver, and in certain cases install, some items. We will provide you with the names of approved suppliers for some items. Our System Standards or other communications provide our standards and specifications for some items. (Sections 3.3, 4.3 and 4.4 of Franchise Agreement)

(4) Approve your initial design development documents and detailed plans for a new Hotel, including working drawings and specifications, if they comply with our Design and Construction Standards, Hotel System and System Standards. You must prepare and submit the plans to us for our approval and change the plans as we specify. You may not begin constructing, remodeling or developing the Hotel until we have approved the plans. You may not change the approved plans, including by changing any structural or life safety equipment or systems, the number or type of guest rooms or common areas, or any architectural features, without our prior approval. (Section 2.1 and Exhibit B of Franchise Agreement)

(5) If applicable, approve an F&B Operations Plan and F&B Operator(s) that meet our requirements. (Section 2.3 of Franchise Agreement)

(6) Approve your establishing a temporary or permanent sales office at the Hotel's site to solicit and accept reservations during the pre-opening period for stays after the Hotel's opening date, if we permit you to establish a pre-opening sales office and it meets our requirements. Promptly after we or our designee installs the Technology System at the Hotel, you must, at our option, staff the pre-opening sales office with the Hotel's director of sales and begin operating the pre-opening sales office. (Section 2.4 of Franchise Agreement)

(7) Provide the applicable System Services for the Hotel during its pre-opening period. (Section 4.1 of Franchise Agreement)

(8) Approve a pre-opening marketing program that you prepare according to our requirements. At least 120 days before the Hotel's opening, you must prepare and submit to us for our approval a written pre-opening marketing program that satisfies our requirements and contemplates spending at least \$500 times the number of guest rooms at the Hotel. You must change the program as we specify and implement the approved program. We anticipate your spending additional amounts on pre-opening marketing as well. (Section 5.1 of Franchise Agreement)

(9) Provide data installation services relating to the initial set-up of the CRS, GDS and ADS at the Hotel, IT project management implementation services and other technology-related services described in Item 5. (Section 2.2 of Franchise Agreement) We describe the Technology System later in this Item.

(10) Provide you access to the CRS and listings in advertising publications that we periodically specify during the period before the Hotel's opening date that we reasonably specify. (Section 3.3 of Franchise Agreement)

(11) Train your Hotel's senior manager-level employees whom we periodically designate, which may include (as applicable), the general manager, rooms director, director of sales, engineering director, director of food and beverage, director of catering, executive chef, and assistant general manager (collectively the "Core Management") and other Hotel personnel we specify in the operation of a Hyatt House Hotel to help ensure compliance with System Standards. We will place our trainer(s) at the Hotel for its opening. (Section 3.1 of Franchise Agreement)

(12) Provide you access to the System Standards . You must comply with the System Standards, as we periodically modify them, except for any employment-related or other policies and procedures which are clearly indicated in the System Standards as being for your optional use. We may communicate the System Standards to you using various means that we may periodically establish, including electronic media and/or written materials, and you must continuously monitor and access any updates to the System Standards or other aspects of the Hotel System. The System Standards and any passwords or other digital identifications necessary to access the System Standards are confidential.

Any materials, guidance or assistance that we provide on employment-related policies or procedures, whether in the System Standards or otherwise, are solely for your (or your management company's) optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You (or your approved management company) will determine to what extent, if any, these materials, guidance or assistance should apply to the Hotel's employees. We do not dictate or control labor or employment matters for franchisees and their employees. You (or your approved management company) are solely responsible for determining the terms and conditions of employment for all Hotel employees (including Core Management), for all decisions concerning the hiring, firing and discipline of Hotel employees, and for all other aspects of the Hotel's labor relations and employment practices. (Sections 3.2 and 4.3 of Franchise Agreement)

(13) Authorize your Hotel to open under the Proprietary Marks if you satisfy our pre-opening conditions as set forth in the System Standards or otherwise in writing. We will use commercially reasonable efforts in our review and approval of plans and in our approval process to open the Hotel, including by making a reasonable number of visits to the Site (to the extent practical under the circumstances) and providing reasonable guidance and advice relating to the Hotel's development or conversion. We act only in an advisory capacity and are not responsible for the adequacy or coordination of any plans and specifications, the integrity of any structures, compliance with applicable laws (including accessibility laws) or any insurance requirements, or obtaining any permits. We will have no liability to you for the Hotel's construction or renovation. You must give us certificates from your contractors concerning the Hotel's compliance. (Sections 2.5 and 2.6 of Franchise Agreement)

(14) Provide revenue management services for the Hotel if you choose to acquire them or we determine that you must acquire them. (Sections 2 and 3 of Service Agreement for Revenue Management Services)

(15) Provide field marketing program services for the Hotel if you choose to acquire them. (Section 2 of Field Marketing Program Opt-In Agreement)

During your operation of the Hotel, we or another member of the Hyatt Group will:

(1) Continue to provide the System Services for the Hotel, as we periodically modify them. (Section 4.1 of Franchise Agreement)

(2) Advise you periodically regarding the Hotel's operation, for example, concerning System Standards and advertising and marketing materials and programs. If you request, and we agree to provide, additional or special guidance, assistance, or training, or if you sign the Service Agreement for Revenue Management Services, you must pay our then applicable charges and travel and living expenses. Any specific training, guidance or assistance that we provide does not create an obligation (whether by course of dealing or otherwise) to continue providing that specific training, guidance or assistance, all of which we may periodically modify. (Section 3.4 of Franchise Agreement and Sections 2 to 4 of Service Agreement for Revenue Management Services)

(3) Let you use our Proprietary Marks. (Sections 11.1 to 11.4 of Franchise Agreement)

(4) Let you use our Confidential Information and Copyrighted Materials. (Sections 11.1, 11.5 and 11.6 of Franchise Agreement)

(5) Provide you access to the System Standards as we may modify them periodically. You must restrict (and ensure your management company restricts) access to the System Standards according to our policies, as we periodically modify them. If there is a dispute over their contents, our master copy of the System Standards controls. Because complete and detailed uniformity under many varying conditions might not be possible or practical, we may, as we deem best, vary the Hotel System and System Standards for any Hyatt House Hotel based upon the peculiarities of any condition or factors that we consider important to that hotel's successful operation. We need not grant you a similar variation or accommodation. The table of contents for the System Standards in effect as of the issuance date of this disclosure document is Exhibit E and reflects that the System Standards comprise 3,623 pages. (Sections 3.2 and 4.3 of Franchise Agreement)

(6) Provide you access to the CRS and listings in advertising publications that we periodically specify during the Franchise Agreement's term. (Section 3.3 of Franchise Agreement)

(7) Conduct periodic inspections of the Hotel and otherwise maintain the Quality Assurance Program for the Hyatt House Hotel franchise network. (Section 4.8 of the Franchise Agreement)

(8) Provide hosting and subscription services for the Hotel's PMS when you sign the Subscription and Hosting Services Agreement. (Section 1 of Subscription and Hosting Services Agreement)

(9) Continue to provide revenue management services if we choose to offer and either you chose to acquire them or we determine that you must acquire them. (Sections 2 and 3 of Service Agreement for Revenue Management Services)

(10) Continue to provide field marketing program services for the Hotel if we choose to offer and you choose to acquire them. (Section 2 of Field Marketing Program Opt-In Agreement)

Advertising and Marketing

Except for the System Services, which we describe in Item 6, there are no advertising funds or local or regional advertising cooperatives to which you must contribute. However, promoting Hyatt House Hotels as a single chain in the United States is an important part of the Hotel System, so you must participate in and use, in the manner we specify, all advertising, marketing and promotional activities, materials and programs that we periodically require for the Hotel. (Section 5.2 of Franchise Agreement) The Hyatt Group prepares advertising, marketing and promotional programs as part of System Services. (Section 4.1 of Franchise Agreement) These programs may cover any media (including print, radio, television and electronic) and their scope may be local, regional, national or international or focus on a subset of hotels (like resort hotels or convention hotels). The Hyatt Group's corporate personnel and advertising agencies develop these programs. We will not use funds that franchisees pay for System Services principally to solicit new franchise sales. We will not prepare any periodic accounting of how we and our affiliates spend these funds. The Hyatt Group need not spend any amount on advertising, marketing or promotional programs in the area where the Hotel is located.

There currently are no franchisee advertising councils that advise us on advertising and marketing policies. However, we may form, change, and dissolve these councils.

We may identify a region in which 2 or more Hyatt House Hotels are located (including, if applicable, those that we or our affiliates own or operate) to establish a local or regional advertising cooperative (a "Cooperative"). We may form, change, dissolve and merge Cooperatives. The Cooperative's purpose will be to collect funds from its members and to plan, discuss, organize, develop, utilize, produce, disseminate, and implement marketing, advertising and promotional programs and materials on a collective basis (and to cover related expenses) for participating Hyatt House Hotels. We will not require you to participate in a Cooperative. However, if you choose to participate in the Cooperative, you must do so according to the Cooperative's rules, including by paying your Hotel's allocable share for any advertising, marketing, promotional and other programs that the Cooperative conducts. The Cooperative is in charge of its own administration and determines contributions. Cooperative members typically contribute to programs at the same rate. We anticipate that Cooperatives will operate from written governing documents and prepare financial statements that member franchisees may review. All restrictions relating to any advertising, marketing or promotional materials and programs that you use or conduct also apply

to any materials and programs that the Cooperative uses or conducts. (Section 5.5 of Franchise Agreement)

You must ensure that all advertising, marketing, and promotional materials, all public relations plans and programs, and all uses of the Proprietary Marks are conducted in a dignified manner and comply with the System Standards, including the use of our standard templates where applicable, and which may, at our option, require our prior approval of materials that we have not previously approved. You must discontinue using any materials (including previously-approved materials) and stop engaging in any plans and programs (including previously-approved plans and programs) within the timeframe we specify after you receive written notice from us. You may not use Guest Information (defined in Item 14) in conducting marketing, advertising and promotional programs for the Hotel, except for programs conducted by or through us or with our supervision in each instance. (Section 5.3 of Franchise Agreement).

The “Hotel System Website” is a website that we or one or more members of the Hyatt Group develops, maintains and/or authorizes for all or a certain group of Hyatt House Hotels that we periodically specify (and, at our option, other Hyatt Network Hotels). We currently provide each participating Hyatt House Hotel a separate webpage on the Hotel System Website. You must comply with all System Standards relating to the Hotel System Website, including by providing us (or our designee) all information and other materials concerning the Hotel that we periodically request and promptly notifying us whenever any information concerning the Hotel on the Hotel’s webpage is no longer accurate. By providing Hotel-related information and materials, you are representing to us that they are accurate and not misleading and do not infringe any third party’s intellectual property or other rights. We have the final decision about all information or materials appearing on the Hotel System Website. As between us and you, we own all intellectual property rights and other rights in and to the Hotel System Website, including all data that visitors supply or the Hotel System Website obtains. We may discontinue the Hotel System Website and/or any of its content (including separate webpages for participating Hyatt House Hotels) at any time.

You may not develop, maintain or authorize any website or other electronic medium (other than the Hotel System Website) that has the word “hyatt” or any similar word, or any of the Proprietary Marks, as part of its domain name or URL or that accepts reservations for the Hotel (other than through an approved link to a Hotel System Website) or otherwise sells any products or services associated with the Hotel or any of the Proprietary Marks. In addition, except for the Hotel System Website, approved ADS, and as otherwise provided here, you may not develop, maintain or authorize any other website, other online presence or other electronic medium that describes or in any other way promotes the Hotel or displays any of the Proprietary Marks. You may, with our approval (which we will not unreasonably withhold) and subject to compliance with System Standards, authorize any Travel Services Website or Franchisee Organization Website to list and promote the Hotel together with other hotels. A “Travel Services Website” is a website that a third party (which is not your affiliate) operates that promotes and sells travel-related products and services for a number of hotel brands, including other Hyatt Network Hotels. A “Franchisee Organization Website” is a website that mentions the Hotel and other hotels in which you and your affiliates have an interest as part of your and their portfolio of properties and that has a primary purpose of promoting the entire portfolio (rather than only promoting the Hotel). (Section 5.4 of Franchise Agreement)

Technology System

You must use the computer hardware, software, and related equipment (the “Technology System”) that we or our affiliate periodically designate to operate the Hotel. The Hotel will use the Technology System to administer the CRS and the property management system (the “PMS”); automate front desk registration/cashiering, telephone switchboard, housekeeping and accounting functions; record and track sales and labor data; run the point-of-sale (“POS”), key lock system, in-room entertainment, sound and related systems; and perform a variety of other management and reporting functions. To meet our current brand standards, you must install the following systems: Property Management, Point of Sale, Revenue Management, Sales Key Lock, PBX/Phones, Call Accounting, In-Room Entertainment, High Speed Internet Service, Guest Computing, Hotel Music Services, Security, and Scent. The Technology System will generate and store revenue, cash, payment, labor and other operational data relating to the Hotel and its operations. We will provide project management implementation and related services for the Technology System. Based on our current requirements for a Hyatt House Hotel, we estimate that it will cost approximately \$620,000 to \$755,000 for you to acquire and install the Technology System at the Hotel.

You currently must acquire the PMS, POS system, and certain other components of the Technology System only from our designated vendors. You must acquire 24/7 support, maintenance, and warranty coverage from us or our designated PMS and POS vendor. Our designated PMS and POS vendor currently charges \$6.65 per room per month but may increase this amount upon notice to you. Our designated PMS and POS vendor will also provide upgrades and updates to its licensed software if we approve them. You also must acquire maintenance from our designated PBX/phones vendor, our designated key lock vendor, and our designated sound system vendor, who currently charges \$18.95 per month to provide quarterly updates to the playlist that the Hyatt House Hotel network uses. We or another member of the Hyatt Group will provide other maintenance, support, upgrades and updates for parts of the Technology System and certain other technology services as part of the Mandatory Services for the Hotel, all of which are included in the Commercial Services Fee. No other party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to the Technology System. The cost of other optional maintenance, updating, upgrading and support contracts varies widely depending on the market and the level of support you need. If you or your management company do not have in-house technology services support, you must contract with a third party technology consultant that meets our qualifications for “break/fix” support. You must also use our designated cyber end point protection and web filtering tools and enter into agreements with suppliers of such services, if applicable.

We may periodically require changes, upgrades, or updates to the Technology System. No contract limits the frequency or cost of changes, upgrades or updates. We or our affiliates may charge you reasonable fees for software or other technology that we license to the Hotel and for other Technology System maintenance and support services that we or they periodically provide to the Hotel, such as revenue management software, PMS enhancements, Hyatt’s Collaboration Network including HyattConnect, SharePoint Knowledge Network, E-Mail, User Identity Access Management, Learning Management Systems and Wide Area Network and Remote Access support. We will have independent, unlimited access to the information that the Technology System generates and tracks. (Sections 4.3, 4.4 and 7.4 of Franchise Agreement)

Hotel Opening

If you are developing a new Hyatt House Hotel, including by adapting an existing building to a new use as a hotel, we estimate that you will open the Hotel approximately 20 to 36 months after paying the application fee. If you are converting an existing hotel from another brand to a Hyatt House Hotel, we estimate that you will open the Hotel approximately 9 to 12 months after paying the application fee. The interval depends on the time it takes for you to finalize acquisition of the Hotel's premises (if applicable) and sign the Franchise Agreement, the suitability of the site, weather, the location and condition of the premises (including the premises' former use) and the construction schedule for the Hotel. You must open and begin operating the Hotel within 24 months after signing the Franchise Agreement for new Hyatt House Hotels and 6 months after signing the Franchise Agreement for converted hotels (unless we agree to a longer period before we and you sign the Franchise Agreement). You also must meet various interim deadlines for the Hotel's development. If you do not meet these requirements, then you must pay the \$10,000 extension fee to us and request an extension, which we may grant or deny at our option. If we approve the extension, we will set a new opening deadline, the extension fee is non-refundable, and we may (at our option) require you to modify any previously-approved detailed plans or the PIP (as applicable), to comply with the then current design, equipment and other aspects of the Hotel System. If you do not open the Hotel by the required completion date, we may terminate the Franchise Agreement.

You may not open or begin operating the Hotel under the Proprietary Marks until we have notified you in writing that: (1) you have properly developed and equipped the Hotel in compliance with the Franchise Agreement and all applicable laws; (2) Hotel personnel have completed all pre-opening training to our satisfaction; (3) you have paid all amounts then due to us and our affiliates; (4) you have obtained all required certificates of occupancy, licenses and permits to operate the Hotel; (5) you have given us evidence of insurance coverage and payment of premiums we request; (6) you have given us certifications concerning the Hotel's construction; and (7) we have conducted a pre-opening inspection and approved the Hotel for opening under the Proprietary Marks. You must open and begin operating the Hotel under the Proprietary Marks within 10 days after receiving our authorization, which we will not unreasonably withhold or delay. We may terminate the Franchise Agreement if you do not meet these deadlines. Our determination that you have met all of our pre-opening requirements is not a representation or warranty, express or implied, that the Hotel complies with any laws or is safe for occupancy, nor will such determination act as a waiver of your non-compliance, or our right to demand full compliance, with our pre-opening requirements or any other provision of the Franchise Agreement. You must indemnify us for costs and expenses we incur because of your failure to open on time, including amounts we pay to customers whose reservations are canceled. (Sections 2.1 to 2.6 and Exhibit B of Franchise Agreement)

You must and must cause your lessees and your affiliates and their respective lessees to: (a) develop, maintain and operate all Non-Hotel Components within the Mixed-Use Site (as defined in Item 16) in accordance with quality, design and operational standards consistent with the quality, design and operational standards applicable to the Hotel, (b) refrain from advertising, marketing or promoting the Non-Hotel Components as being associated with or part of the Hotel, the "Hyatt House" brand or any other Proprietary Marks, except in connection with the Hotel,

advertisement and promotion approved pursuant to Section 5 of the Franchise Agreement; and (c) operate the Non-Hotel Components in a way that, in our reasonable judgment, does not damage or reflect adversely on the goodwill associated with any Proprietary Mark.

Training

Our current required initial training program has 7 parts: the Owner Briefing, the Owner/Operator Orientation, the General Manager University, the operations training program, the sales/catering/revenue training program, the training programs for other Hotel personnel, and the Pre-Opening Brand Training. Except for any optional courses that we choose to provide, all initial training is mandatory. Our Franchise People & Learning Department administers and directs all of our initial training in coordination with our corporate operations team. Julie Suh, Associate Vice President, People & Learning, leads the Franchise People & Learning Department. Julie joined us and our affiliates in 2022. She has over 20 years of experience in the hotel/hospitality industry. We also have a staff of training professionals who conduct various training programs. These staff members typically have at least 15 years of experience in hotel and/or learning and development roles and at least 5 years of experience with us or our affiliates. The System Standards, videos, charts, pamphlets, and other training aids serve as the instructional materials for the training programs. You must pay us the fees and expenses described in Item 5 and Item 6 and you are responsible for all travel and living expenses (including travel, lodging, food and beverage, and miscellaneous charges) for your personnel.

Owner Briefing

Your managing owner or senior operations officer must attend a briefing, either virtually or at our corporate headquarters in Chicago, Illinois, within 6 months (for new construction hotels) or 3 months (for conversion hotels) after signing the Franchise Agreement. Our SVP Global Franchise Operations & Owner Relations supervises this briefing, which we hold whenever necessary. There are no instructional materials or tasks that your managing owner or senior operations officer must complete to our satisfaction. As of the date of this disclosure document, this 2-day briefing takes place in a classroom or virtual setting covers the following topics:

**TRAINING PROGRAM
Owner Briefing**

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
An overview of our building process and support structure	8	0	Chicago, Illinois, a Hyatt hotel location we designate, or virtually
Total Hours – Owners Briefing	8	0	

Owner/Operator Orientation

Your managing owner and senior operations officer must attend and complete to our satisfaction the owner/operator orientation program (“Orientation”) within 6 months after signing the Franchise Agreement for existing Hyatt House Hotels or within 6 months after the Hotel’s opening date for new Hyatt House Hotels. We conduct Orientation virtually, or in person at a Hyatt hotel location we designate or at our company headquarters in Chicago, Illinois approximately once per quarter. As of the date of this disclosure document, this 2-day briefing takes place in a classroom or virtual setting and covers the following topics:

**TRAINING PROGRAM
Owner/Operator Orientation**

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Introduction to Hyatt brands, support functions, strategy, tools, and culture	8	0	Chicago, Illinois, Hyatt hotel location we designate, or virtually
FF&E, design, F&B, brand standards and purchasing	8	0	Chicago, Illinois, Hyatt hotel location we designate, or virtually
Total Hours – Owners Orientation	16	0	

General Manager University

The Hotel’s proposed general manager must attend General Manager University, which provides an overview of Hyatt’s brand requirements and the tools made available by us in support of these requirements. General Manager University consists of self-paced eLearning, virtual and in-person training, and a learning assessment. The self-paced eLearning and virtual components of General Manager University must be completed at least 3 months before the Hotel’s anticipated opening date or within 3 months of hire for general managers hired at an already opened Hyatt hotel location. The required in-person training component is a 3-day workshop at our corporate headquarters in Chicago, Illinois or at a Hyatt hotel location we specify, and gives the general manager an opportunity to meet our affiliates’ personnel who will be providing training. The in-person training component must be completed at least 3 months after the Hotel’s opening date or within 3 months after the hiring date of each general manager for any general managers who are hired to work at Hyatt House Hotels that are already open and in operation as of the date that the general manager is hired. The final learning assessment must be completed approximately 3 months after the general manager has completed the 3-day in-person training. Our SVP Global Franchise Operations & Owner Relations supervises this orientation, for which we maintain an ongoing schedule adjusting to the volume of general manager hires. General managers must

consistently participate in all aspects of General Manager University in order to successfully complete it.

As of the date of this disclosure document, this training includes the following topics:

**TRAINING PROGRAM
General Manager University**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Hyatt culture and portfolio of brands, brand expectations, standards, key metrics and tools	20	0	Self-paced eLearning and virtually
Hyatt’s Loyalty Program (World of Hyatt)	15-25	0	Virtually, or at a Chicago, Illinois Hyatt hotel or office we designate
Total Hours – General Managers University	35-45	0	

Operations Training and Sales/Events/Revenue Management Training

Your Hotel’s Core Management team and other personnel we specify (as described in the chart below) must complete various initial mandatory brand standard training courses to our satisfaction before the Hotel’s opening. We conduct some of this training at our company headquarters in Chicago, Illinois. Additionally, components of the training may take place at a Hyatt hotel we designate. We conduct this training according to an annual schedule, with some programs held quarterly or semi-annually and others held as often as necessary. In some instances, as needed to meet your Hotel’s opening date, we may send our trainers to your Hotel to conduct training programs that we typically hold at our headquarters. We recommend that managers and directors who are new to their role attend the live classroom New Hire Training and complete online training within 6 months of being hired. There are some periodic requirements that your operational, sales/events/revenue managers must complete to our satisfaction, including eLearning knowledge checks and assessments, and full attendance and participation in virtually-facilitated programs.

As of the date of this disclosure document, this training includes the following topics:

TRAINING PROGRAM
Operations

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
New Hire Training - for hotel senior leadership positions including but not limited to: General Managers, Director of Operations, Food and Beverage Directors, Rooms Directors and/or other senior operational leaders – Topics include: the fundamentals of Hyatt hotel operations, brand standards, HySat, In-Stay Engagement, Colleague Advantage, and Guest Experience Resource Library	8-16	0	Your Hotel
Hyatt’s Loyalty Program (World of Hyatt)	4	0	Your Hotel
Operations: Hyatt’s brand/operations training defines service and skill standards required for hourly and management	0	24-60 (based on position help)	Your Hotel
Reservations Managers: Central reservations system training	16	0	Your Hotel, a Hyatt hotel we designate, Chicago, Illinois or Virtually
Revenue Management Systems Training	3	0	Self-paced eLearning & Facilitator-led Virtual Classroom
System Users: Property management system (various by position)	16-40	16	Your Hotel, a Hyatt hotel we designate, Chicago, Illinois or Virtually
Total Hours – Operations Training	47-79	40-76	

TRAINING PROGRAM
Sales/Events/Revenue Management

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales Leader: Hyatt Sales Onboarding	30 (completed within 90 days of hire)	0	Virtually-facilitated program
Sales Leader: Sales Management Self-Paced Learning Path	13	0	Self-paced eLearning & Facilitator-Led Virtual Classroom
Sales Leader: World of Hyatt How it Works	2	0	Self-paced eLearning
Hyatt Sales Skills Curriculum	10	0	Self-paced eLearning & Facilitator-Led Virtual Classroom
Sales Leader: Revenue Management Software Training for Hotel General Managers & Directors of Sales	5	0	Virtually-facilitated program
Revenue Management Orientation	2	0	Virtually-facilitated program
Revenue Systems Training for all day-to-day users	50	0	Self-paced eLearning & Facilitator-Led Virtual
Revenue Management Software Certification (All Hyatt House Hotels are required to have 2 certified users)	1.5	0	Self-paced eLearning
Events: Systems Training	23	0	Self-paced eLearning & Facilitator-Led Virtual
Total Hours Sales/Events/Revenue Management Training	136.5	0	

Training for Other Personnel

We also offer other brand standard training programs for various Hotel personnel that a representative from your Hotel will facilitate as often as needed. Some of these programs include instructional materials or tasks that personnel must complete to our satisfaction, as indicated below.

As of the date of this disclosure document, this training includes the following topics:

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
New Hotel Orientation	4	0	Your Hotel
Department Training – Train the Trainer	0	6-12	Your Hotel
Guest Experiences Training - including but not limited to Creating Connections / In Stay Engagement, GEM, Colleague Advantage Pre-arrival Dashboard, Brand Experience Guide, BOB / HyGEO, Guest Experience Resource Library	8-16	4-8	Your Hotel
Guest Loyalty Training (World of Hyatt) – program completion requires 80% correct on eLearning knowledge test	1-6 (varies by position)	1-4	Your Hotel
Related position systems training – including but not limited to Opera, Reserve, Colleague Advantage, Symphony	4-8 (varies by position)	4-12 (varies by position)	Your Hotel – onsite and virtual
Total Hours – Other Personnel	17-34	15-36	

Training for Other Personnel – Required

We also require other brand standard training programs for various Hotel personnel that a representative from your Hotel will facilitate as often as needed. Instructional materials are provided, and tasks which must be completed to our satisfaction are indicated below. These requirements are routinely updated and subject to change.

As of the date of this disclosure document, this required training includes the following topics:

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
World of Hyatt Host	1-6 (varies by position)	0-4	Self-paced eLearning

World of Hyatt How it Works	1	0	Self-paced eLearning
World of Hyatt Training	6	1-2	Your Hotel
Hyatt's Human Trafficking Training – this program requires annual retraining for all employees	1-3	0	Self-paced eLearning
Global Privacy Program – this program requires annual retraining for all employees	1-3	0	Your Hotel – Hotel manager to facilitate the training
Total Hours – Other Personnel	10-19	1-6	

Pre-Opening Brand Training

For the final part of our required initial training program, we send a pre-opening team of 2 to 3 trainers (at our option) to assist with training the Hotel staff on brand standards and related issues concerning the Hotel's opening. You must pay us a fee and our trainers' travel and living expenses. The trainers arrive at or before the opening and typically stay for a minimum of 7 nights (not including virtual training), although we may (at our option) conduct this training on more than 1 visit. There are no instructional materials or tasks that you must complete to our satisfaction. As of the date of this disclosure document, there is no predetermined agenda for this on-the-job training. The trainers will generally train Hotel managers and staff with aspects of day-to-day operations, including:

- Guest services
- Housekeeping and laundry efficiencies
- Food and beverage
- Front desk
- Culinary (if applicable)
- Hyatt systems, tools, and initiatives with hotel leaders

Additional, Supplemental, and Optional Training Programs During Franchise Term

If any member of the Hotel's Core Management team or other individuals whom we required to attend training ceases to hold that position, you (or the approved management company or any F&B Operator) must have their replacement attend and successfully complete the applicable mandatory brand standard training programs that we reasonably specify, some of which we describe above, within 90 days (or a longer period we periodically designate) after assuming their position. We may charge fees for this training, and you must pay all travel and living expenses. If we determine that any Hotel personnel have failed to satisfactorily complete any training program, you (or the approved management company or F&B Operator) must immediately hire a substitute and promptly arrange for that person to complete training to our satisfaction.

We may, at the times and places we deem best, require the Hotel's Core Management and other personnel to participate in regional and national conventions, meetings and other brand standard training programs that we periodically specify. For example, we may require additional training when major concept and repositioning changes occur in a food and beverage outlet at the Hotel. These individuals must attend any supplemental training within the time period we reasonably specify after you receive notice from us. We also may periodically hold an owner convention for all or a certain group of Hyatt Hotels and/or all or certain other Hyatt Network Hotels at a location we periodically designate. You must pay our fees for these programs and conventions. You must pay all of your personnel's travel, living and other expenses (including local transportation expenses) and compensation relating to these training programs and conventions. (Sections 3.1 and 3.4 and Exhibit B of Franchise Agreement)

In addition to our mandatory initial training programs, we also offer various optional brand standard training courses for Hotel personnel during the Franchise Agreement's term. We typically update the menu of optional courses annually to address then current hotel and business needs. These optional offerings include discounted enrollment for eCornell's self-paced, facilitated courses and certificate programs specifically curated for hospitality professionals. We also make available other virtually-facilitated commercial services offerings and over 1,600 free, multi-lingual self-paced courses via our learning platform. In addition, we periodically offer optional instructor-led or virtual programs for a fee. You may, at your option, send Hotel personnel to some or all of these programs if you pay our then current fees. We typically conduct optional training programs either at our headquarters in Chicago, Illinois, at your Hotel, or at another operating Hyatt hotel. We offer optional brand standards training programs on an ongoing basis. 100% of our new franchisees attended at least one optional brand standards training program in 2023.

Item 12

TERRITORY

You must operate the Hotel only from a specific site that we first approve. Your rights under the Franchise Agreement are limited to operating the Hotel at the approved site. If all or a substantial portion of the Hotel is condemned or suffers a casualty requiring you to close all or a portion of the Hotel, you may relocate the Hotel to a location we approve.

Unless the Hotel is an operating Hyatt House Hotel, we and you will agree on the boundaries of your "Area of Protection" before signing the Franchise Agreement. We typically define the Area of Protection's boundaries using geographic references (such as streets or rivers) or as a circle with the Hotel at its center. The Area of Protection's size will vary depending on the Hotel's size and location. It could be as small as a few blocks in urban areas and up to about a 3 mile radius from the Hotel's entrance in certain suburban areas. We also will assign an "AOP Term" and list the AOP Term in the Franchise Agreement before we and you sign it. The AOP Term is the time period during which your rights in the Area of Protection will apply. The AOP Term begins on the effective date of the Franchise Agreement and typically ends 3 years after the Hotel's opening date.

Subject to the one exception below, neither we nor any of our affiliates will open and operate during the AOP Term, nor authorize any other party to open and operate during the AOP Term, any other Hyatt House Hotels the physical premises of which are located within the Area of Protection. One exception to this restriction is that, during the AOP Term, if we or any affiliate acquires ownership of or the right to operate, manage, franchise or license (regardless of the form of transaction) another group of at least 4 hotels, one or more of which hotels are located or are under contract or construction to be located in the Area of Protection, then we and our affiliates will have the unrestricted right to convert, or cause to be converted, the acquired hotel(s) within the Area of Protection from its (or their) original trade identity to operate under the Proprietary Marks and the Hotel System. We then may operate, or authorize any other party to operate, those hotel(s) as Hyatt House Hotel(s), even if one or more of the other acquired hotels, whether operating within or outside the Area of Protection, are not converted to Hyatt House Hotels.

If the Hotel is an operating Hyatt House Hotel, you may not receive any Area of Protection or AOP Term when signing the Franchise Agreement. We will make the determination of whether to provide any Area of Protection based on the time during which the Hotel has operated under the “Hyatt House” name and the market conditions under which the Hotel operates.

Your rights in the Area of Protection apply only during the AOP Term. Following the AOP Term, you will have no territorial rights or protection, whether within or outside the Area of Protection, and we and our affiliates may open and operate, and authorize any other parties to open and operate, other Hyatt House Hotels the physical premises of which are located within the Area of Protection, including under franchise applications submitted and/or franchise agreements and other agreements signed during the AOP Term. Because we and others may establish and operate one or more Hyatt House Hotels and other Hyatt Network Hotels within the Area of Protection after the AOP Term expires, and during the AOP Term under the exception above, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

Except for the limited exclusivity described above, your rights under the Franchise Agreement are nonexclusive in all respects, the Hotel has no territorial protection whatsoever, and we and our affiliates have the right without restriction to engage in all activities we and they desire (including concerning all types of lodging facilities) at any time and place, whether or not using the Proprietary Marks or any aspect of the Hotel System, and whether or not those activities compete with your Hotel. We and our affiliates may use or benefit from, among other things, common computer systems, administrative systems, reservation systems, purchasing systems, and personnel and may provide some or all of the System Services to other Hyatt Network Hotels and other hotels, lodging facilities and other businesses, even if they compete with the Hotel. You will have no right to pursue any claims, demands, or damages as a result of these activities, whether under breach of contract, unfair competition, implied covenant of good faith and fair dealing, divided loyalty, or other theories.

You have no options, rights of first refusal or similar rights to acquire additional franchises. Continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency. We may not alter your Area of Protection or territorial rights during the AOP Term.

There are no restrictions on where you or other Hyatt House Hotel operators (including us and our affiliates) may solicit customers or accept orders. We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales in the Area of Protection under the Proprietary Marks and other trademarks without compensating you. You may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to advertise and market the Hotel outside of the Area of Protection with our approval. Except for the CRS, you may not use the Internet or any other method to accept reservations for the Hotel.

As described in Item 1, Hyatt Corporation and certain of its affiliates operate and/or grant franchises for various types of hotel, resort, spa, timeshare and other lodging facilities, other accommodations and hospitality affiliations that operate under the Hyatt® name and other trade names. (We disclose the principal business addresses for Hyatt Corporation and some of these affiliates, and these other trade names, in Item 1.) We share offices and/or training locations with Hyatt Corporation and some of its other affiliates. These facilities may solicit and serve customers located near your Hotel’s location. You should expect to find, now and in the future, facilities identified with the Hyatt® name and/or these other trade names, and other brands that we and our affiliates operate, franchise, or develop in the future, in your Area of Protection. These facilities will sell goods and services similar to those that you will sell. If conflicts arise between our franchisees and the franchisees and operators of these other facilities, we will analyze them and take the actions (if any) that we deem appropriate. We also may (but need not) develop internal policies for dealing with conflicts.

Item 13

TRADEMARKS

Hyatt Corporation registered the following principal Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (the “PTO”):

<u>Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>
Hyatt	945,384	October 17, 1972
Hyatt House	4,258,583	December 11, 2012
Hyatt House logo	4,258,686	December 11, 2012
World of Hyatt	5,201,881	May 9, 2017

Hyatt Corporation has made all required renewal and affidavit filings for these registrations.

Hyatt Corporation granted us the rights to use and sublicense the Proprietary Marks under a Trademark License Agreement dated January 5, 2006, as amended (the “Trademark License Agreement”). That agreement has a perpetual term, subject to termination by Hyatt Corporation for cause. Hyatt Corporation may terminate the agreement if it no longer owns a majority interest in us, if we fail to make a required payment and do not cure the failure within 7 days after notice, if we fail to maintain or require our sublicensees to maintain Hyatt Corporation’s prescribed

standards of quality and service and do not cure the failure within 30 days after notice, if we fail to comply with any other provision of the agreement and do not cure the failure within 30 days after notice, or if we have an insolvency event and do not cure the failure within 60 days after notice. If Hyatt Corporation terminates the Trademark License Agreement because we failed to maintain or failed to require our sublicensees to maintain Hyatt Corporation's standards of quality and service, Hyatt Corporation may enter into a license with our authorized franchisees, but only if the franchisee not in default of its franchise agreement. No other agreements significantly limit our rights to use or license the Proprietary Marks in a manner material to the franchise.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court, and no pending infringement, opposition or cancellation proceedings or other material federal or state court litigation, involving the Proprietary Marks. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

You must follow our rules when using the Proprietary Marks. You (and any F&B Operators at the Hotel) may not use the Proprietary Marks with any Hotel restaurant operations without our prior written consent, which we will not unreasonably withhold, and complying with all related System Standards. If we discover your unauthorized use of the Proprietary Marks, we may require you to destroy (with no reimbursement from us) all offending items reflecting that unauthorized use. You must notify us immediately of any apparent infringement or challenge to your use of any Proprietary Mark, or of any person's claim of any rights in any Proprietary Mark, and not communicate with any person other than us, our affiliates, and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we and they deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other proceeding arising from any infringement, challenge, or claim or otherwise concerning any Proprietary Mark. You must sign any documents and take any other reasonable actions that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Proprietary Marks. We will reimburse your reasonable out-of-pocket costs for taking any requested action.

If it becomes advisable at any time for us and/or you to modify, discontinue using, and/or replace any Proprietary Mark and/or to use one or more additional, substitute, or replacement trade or service marks, you must comply with our directions within a reasonable time after receiving notice. Neither we nor our affiliates will reimburse you for any costs or expenses you incur relating to these directions, including your expenses of changing the Hotel's signs, any loss of revenue due to any modified or discontinued Proprietary Mark, or your expenses of promoting a modified or substitute trademark or service mark. Our rights in this paragraph apply to any of the Proprietary Marks (and any portion of any Proprietary Mark) that we authorize you to use.

We will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Proprietary Mark if you have timely notified us of, and comply with our directions in responding to, the proceeding. We will defend you in the proceeding and, at our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from your use of any Proprietary Mark.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. We and our affiliates claim copyright protection for the Copyrighted Materials. We have not registered these Copyrighted Materials with the United States Copyright Office but need not do so at this time in order to protect them. You must follow our rules when using the Copyrighted Materials. You may use the Copyrighted Materials only as we specify to operate the Hotel under the Franchise Agreement.

You must notify us immediately of any apparent infringement or challenge to your use of any Copyrighted Materials or Confidential Information, or of any person's claim of any rights in any Copyrighted Materials or Confidential Information, and not communicate with any person other than us, our affiliates, and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we and they deem appropriate (including no action) and control exclusively any litigation or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Copyrighted Materials or Confidential Information. You must sign any documents and take any other reasonable actions that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Copyrighted Materials and Confidential Information. We will reimburse your reasonable out-of-pocket costs for taking any requested action. We need not participate in your defense nor indemnify you for damages and expenses you incur if you are a party to any administrative or judicial proceeding involving any Copyrighted Materials or if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any of the Copyrighted Materials and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with our directions.

There are no effective material determinations of, or pending material proceedings before, the PTO, the United States Copyright Office, or any court involving the Copyrighted Materials. We do not know of any infringement of the Copyrighted Materials that could materially affect you. No agreement significantly limits our right to use or license the Copyrighted Materials.

You will sign the Confidentiality Agreement while we and you are evaluating whether to start a franchise relationship. You must keep confidential all information concerning development plans for particular sites or markets and information concerning our plans, strategies, operations, processes, and System Standards, including any information in the PIP that we conduct or prepare for your hotel. These obligations continue even if we and you do not sign a Franchise Agreement. You must take reasonable measures to ensure that your employees, agents and advisors comply with these restrictions and are responsible if they fail to do so. You also must promise us that our and your discussions and, if applicable, your signing a Franchise Agreement do not violate any laws, breach any agreements or require any consents.

We and our affiliates possess (and will continue to develop and acquire) Confidential Information, some of which constitutes trade secrets under applicable law, relating to developing and operating Hyatt House Hotels. “Confidential Information” includes: (1) site selection criteria; (2) the substance, design, and construction of Hyatt House Hotels and the Design and Construction Standards; (3) training and operations materials and modules; (4) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Hyatt House Hotels; (5) marketing, advertising and promotional programs for Hyatt House Hotels; (6) Guest Information (defined below) and any information and data relating to guests and customers of other Hyatt House Hotels and/or other Hyatt Network Hotels; (7) knowledge of specifications for and suppliers of FF&E and other products and supplies that are uniquely identified with Hyatt House Hotels and/or other Hyatt Network Hotels; (8) any part of the Technology System and other computer software or other technology that is proprietary to us, our affiliates or the Hotel System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or other technology; (9) knowledge of the operating results and financial performance of Hyatt House Hotels other than the Hotel; (10) graphic designs and related intellectual property; and (11) any negotiated provisions of the Franchise Agreement and any other agreements we sign with you.

Confidential Information is proprietary and includes our and our affiliate’s trade secrets. You (a) must not use (or allow your affiliates to use) Confidential Information in any other business or capacity; (b) must keep confidential each item that is a part of Confidential Information, both during and after the Franchise Agreement’s term (afterward for as long as the item is not generally known in the hotel industry); (c) must not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (d) must adopt and implement reasonable procedures that we periodically specify to prevent unauthorized use or disclosure of Confidential Information.

Confidential Information does not include information, knowledge, or know-how that you can demonstrate lawfully came to your attention before we or our affiliate provided it to you or your affiliate directly or indirectly; that, at the time we or our affiliate disclosed it to you, already had lawfully become generally known in the hotel industry through publication or communication by others (without violating an obligation to us or our affiliate); or that, after we or our affiliate disclose it to you, lawfully becomes generally known in the hotel industry through publication or communication by others (without violating an obligation to us or our affiliate). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of these exclusions is satisfied.

All Guest Information is our property and part of Confidential Information. “Guest Information” means information and data relating to or derived from the Hotel’s guests and other customers during the Franchise Agreement’s term, whether obtained from the guest or customer or from any other source, including names, preferences, and other information about the guests’ or customers’ experiences and/or purchases, and including information stored in or provided to the CRS or the Hotel’s property management system. We have the right periodically during the Franchise Agreement’s term, without notice to you, to access the Hotel’s property management system and other computer systems to retrieve Guest Information. We and our affiliates may use,

and allow others to use, the Guest Information in any manner that we deem appropriate (subject to applicable law).

You may use the Guest Information, and certain other information and data relating to guests and customers of other Hyatt House Hotels and/or other Hyatt Network Hotels that we periodically specify, during the Franchise Agreement's term only to market to and provide services to the Hotel's guests and potential guests in compliance with the System Standards and all applicable laws, rules and regulations. You must ensure that your affiliates may not access, and neither you nor any of your affiliates may use, any of that Guest Information or that other information or data in any other business or capacity. However, following the Franchise Agreement's expiration or termination, you may use, and allow your affiliates and others to use, any Guest Information that was generated at the Hotel (and that we or our affiliate did not supply to the Hotel) during the guest's stay at the Hotel and stored in the Hotel's property management system database in any manner that you deem appropriate (subject to applicable law) at your own risk, if you comply, and ensure that any recipients of that Guest Information from you comply, with our then current policies and procedures regarding the collection, storage, use, processing and transfer of personal and/or financial data. If there is an actual or suspected breach of security or unauthorized access of Guest Information or other information from the Hotel's property management system or other computer system database, you must notify us promptly and we may require you to use a third party supplier we designate, at your sole cost and expense, to review and if necessary, remediate that breach or unauthorized access. You must not take any action that could jeopardize our or our affiliate's ability to comply with, or make certifications under, any law, regulation, contract, program or policy related to Guest Information (including privacy laws, privacy notices and PCI certifications) and applicable to us or our affiliate.

You must promptly disclose to us all inventions, innovations and discoveries relating to a Hyatt House Hotel and based or relying upon any element of the Hotel System, including any advertising, marketing, promotional or public relations plans, programs or materials that you or your contractors develop for the Hotel (collectively, "Innovations"), whether or not protectable intellectual property and whether created by or for you, your affiliates or contractors, or your or their employees. Innovations are our or our affiliate's sole and exclusive property, part of the Hotel System, and works made-for-hire for us or our affiliate. You may not use any Innovation in operating the Hotel or otherwise without our prior written consent. If any Innovation does not qualify as a "work made-for-hire" for us or our affiliate, you assign ownership of that Innovation, and all related intellectual property rights and other rights to that Innovation, to us and must take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Hotel Management

Either a management company we approve, or you (if we approve you to manage the Hotel), must at all times retain and exercise direct management control over all aspects of the Hotel's business and be the employer of the Hotel's Core Management and other personnel, unless an F&B Operator whom we approve employs the individual(s) serving as director of food and beverage, director of catering, and/or executive chef for the Hotel. You may not enter into any lease, management agreement, or other similar arrangement with any management company for the management or other oversight of all or a part of the Hotel's operation (a "Management Arrangement") without our prior written approval of the management company, and you may not yourself manage the Hotel without our approval of you as the Hotel's operator. We will not unreasonably withhold our approval if the management company or you (as applicable) meets our minimum qualifications and ensures that its or your personnel attend and satisfactorily complete required brand standard training programs. If we approve a management company, as a condition of that approval, the management company must sign the documents we require to protect our intellectual property rights and reflect its agreement to perform its management responsibilities and operate the Hotel in compliance with the Franchise Agreement. Our current form of Management Company Rider is attached as Exhibit F to the Franchise Agreement.

We may refuse to approve a management company that is a Brand Owner. "Brand Owner" means any entity that (a) is either a franchisor or owner of a Competing Brand (defined below), (b) manages or otherwise operates hotels exclusively for the franchisor or owner of a Competing Brand, or (c) is an affiliate of any entity described in (a) or (b) above. A "Competing Brand" is a hotel concept that has at least 5 hotels operating under that concept's trade name anywhere in the world and that, in our reasonable opinion, competes with Hyatt House Hotels. If the management company or you (if we approve you to manage the Hotel) at any time becomes a Brand Owner, fails to meet our minimum qualifications (as we may periodically modify them) or fails to comply with the Franchise Agreement, the Management Company Rider, or any conditions of operator approval that we previously imposed, then we may revoke our approval of that management company or you as the Hotel's manager. You then must promptly terminate the Management Arrangement (if applicable) and either assume direct control of the Hotel's management and operation, if we approve you to manage the Hotel, or engage another management company we approve.

You must ensure that all F&B Operations operate in full compliance with all applicable laws, rules and regulations and all applicable System Standards. You must provide, or cause the management company to provide, all brand standard training programs to the F&B Operator that we periodically specify. If the F&B Operator at any time fails to operate in full compliance with all applicable laws, rules and regulations and all applicable System Standards, or fails to comply with any agreement with us, then, without limiting our other rights and remedies under the Franchise Agreement and applicable law, we may revoke our approval of the F&B Operator. You

then must promptly terminate your arrangement with the F&B Operator and either assume (if we approve you to manage the Hotel) or have your approved management company assume direct control of the Hotel's F&B Operations or engage another approved F&B Operator we approve.

At our option, before the Hotel's general manager is engaged, you must submit to us the proposed candidate's identity and qualifications. If the general manager fails to ensure that the Hotel satisfies our quality assurance requirements and other brand standards, then we may require you (or your approved management company) to hire a new general manager for the Hotel. You or the management company (as applicable) is solely responsible for hiring the Core Management and other Hotel personnel and determining the terms and conditions of their employment. You (or your approved management company or F&B Operator) must hire and properly train all Core Management personnel and have a Core Management team in place at the Hotel at all times. Also, all members of the Hotel's Core Management must spend all of their working time at the Hotel fulfilling their management and operational responsibilities and may not concurrently maintain a position at another lodging facility or in any other capacity related to the lodging industry.

A Core Management team who has satisfactorily completed our initial training program must devote all of its business time to supervising the Hotel's day-to-day operations. Your Hotel's general manager and other Core Management personnel need not have an equity interest in the Hotel or in you.

Guaranty and Guarantor Monetary Threshold

We expect that only business entities, and not individuals, will sign our Franchise Agreement. You must cause one or more of the direct and indirect owners (whether they are individuals or business entities) of a Controlling Ownership Interest (defined below) in you which we specify to sign the form of Guaranty and Assumption of Franchisee's Obligations attached to the Franchise Agreement (the "Guaranty"). Under the Guaranty, these owners must personally guaranty all of your obligations under the Franchise Agreement and be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary and non-monetary, including the confidentiality and arbitration obligations.

In addition, each owner that signs the Guaranty must agree, and you must ensure, that at least one guarantor will satisfy the Guarantor Monetary Threshold at all times during the Franchise Agreement's term. The "Guarantor Monetary Threshold" means the minimum amount of total assets less total liabilities (excluding Hotel assets and liabilities relating solely to the Hotel), each as calculated according to U.S. generally accepted accounting principles, and the minimum amount of liquid assets (consisting of cash, cash equivalents and marketable securities), that at least one guarantor (whether an individual or an entity) must maintain at all times during the Franchise Agreement's term. We will determine the amount of the Guarantor Monetary Threshold as of the Franchise Agreement's effective date based on information we deem relevant, including the Hotel's size, the market in which the Hotel will operate, and our assessment of our risk or exposure in the transaction. We will list the initial Guarantor Monetary Threshold in Exhibit B to the Franchise Agreement before we and you sign it. The Guarantor Monetary Threshold will increase automatically each year of the Franchise Agreement's term, without notice from us, effective on the first day of the calendar month during which the Franchise Agreement's effective date falls,

by an amount equal to the CPI Increase. The “CPI Increase” means the amount to be adjusted multiplied by a fraction, the numerator of which is the Consumer Price Index for All Urban Consumers for All Items, which the U.S. Department of Labor, Bureau of Labor Statistics publishes (the “Base Index”) as of the first day of the calendar month during which the increase is to take effect, and the denominator of which is the Base Index in effect on the Franchise Agreement’s effective date or used for the most recent increase (whichever is later). If the Base Index is no longer published, we may designate another reasonably comparable index for calculating changes in the cost of living or purchasing power for consumers. Your guarantors must provide us on an annual basis financial statements or other documents that we reasonably specify, which you or the guarantor certify in the manner we specify, demonstrating that at least one guarantor satisfies the Guarantor Monetary Threshold. You and your guarantors must reasonably cooperate with all auditing and reporting requirements relating to the Guarantor Monetary Threshold.

A “Controlling Ownership Interest” in you or one of your owners (if that owner is a legal entity) means, whether directly or indirectly, either: (a) the record or beneficial ownership of, or right to control, 50% or more of the investment capital, equity, rights to receive profits or losses, or other rights to participate in your or the entity’s results; or (b) the effective control of the power to direct or cause the direction of your or that entity’s management and policies, including a general partnership interest (if the entity is a partnership) and a manager or managing member interest (if the entity is a limited liability company), or the power to appoint or remove any party having these powers. In addition, in the case of (a) or (b), the determination of whether a “Controlling Ownership Interest” exists is made both immediately before and immediately after a proposed transfer.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Under the Franchise Agreement, you must offer all products and provide all services that we periodically authorize for your Hotel (including F&B Operations) in compliance with all applicable laws and according to our quality standards. We may change these products and services at any time, and there is no limit on this right. You may not sell any products or perform any services at the Hotel that we have not authorized. You also must obtain our approval of your relationship with any F&B Operator, including the restaurant concept and the lease terms. The Franchise Agreement contains no restrictions on the customers to whom you may provide goods and services.

If the Hotel is or will be part of a site (whether newly constructed or adapted) that is owned or developed by you, your owner, or your affiliate (“Mixed-Use Site”), which may include, in addition to the Hotel, any residential, retail, restaurant, commercial or public space that is located on the same single, contiguous site as the Hotel but which operates separate from the Hotel (“Non-Hotel Components”), no part or portion of the Mixed-Use Site may be used to operate: (i) a pawnshop, check-cashing business, gentlemen’s club, pornography retailer, or other sexually-oriented business, or (ii) a package liquor store, marijuana dispensary, or gambling business, without our prior written consent, which consent may be granted or withheld in our sole judgment,

or (iii) a bar, lounge, club or similar establishment situated within 300 feet of any part of the Hotel’s interior footprint, whose revenues are derived more than 50% from the sale of alcoholic beverages, without our prior written consent, which consent will not be withheld unless we reasonably determine that the establishment might have a material negative impact on guests of the Hotel.

You will establish the Hotel’s room rates if those rates and your pricing policies comply with System Standards (to the maximum extent the law allows). You must comply with our “best price guarantee” and related policies, as we periodically modify them. You may not charge any guest a rate higher than the rate that the reservations center specifies to the guest at the time the guest makes the reservation. You may not change the number of guest rooms in the Hotel without our consent.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	1.2 and 10.2 of Franchise Agreement; 2 of Confidentiality Agreement; 1 of Service Agreement for Revenue Management Services; 10 of Subscription and Hosting Services Agreement; 1 of Field Marketing Program Opt-In Agreement	Franchise Agreement’s term expires 20 years after Hotel’s opening date. If you acquire an existing Hyatt House Hotel from a franchisee, the term will be the remaining term on the selling franchisee’s agreement. Term extends for period during which Hotel is closed for casualty. Confidentiality Agreement’s obligations continue for 5 years or indefinitely for trade secrets. Service Agreement for Revenue Management Services’ terms expire upon the Franchise Agreement’s termination or expiration. Subscription and Hosting Services Agreement expires when our affiliate’s PMS license terminates or Hotel no longer operates under a Hyatt brand. Field Marketing Program Opt-In Agreement terminates if the Franchise Agreement expires or is terminated and Hotel no longer operates under a Hyatt brand.
b. Renewal or extension of the term	13.1 of Franchise Agreement	If you have substantially complied with Franchise Agreement during term, are then fully complying, meet our then current standards for new franchisees, have received passing quality assurance scores during previous 3 years, and

Provision	Section in franchise or other agreement	Summary
		have rights to maintain possession of Hotel for at least 10 years, you may acquire successor franchise for 10 years on then current terms (which may be materially different).
c. Requirements for franchisee to renew or extend	13.1, 13.2 and 13.3 of Franchise Agreement	Under Franchise Agreement, you must renovate, remodel or expand Hotel and FF&E; give us notice; sign then current form of agreement (which may be materially different) and ancillary documents; pay PIP fee; and sign general releases (if state law allows). “Renewal” means signing our then current franchise agreement for the 10-year successor franchise term, which could contain materially different terms (including fees).
d. Termination by franchisee	1 of Service Agreement for Revenue Management Services; 10b of Subscription and Hosting Services Agreement; 1.a and 1.c of Field Marketing Program Opt-In Agreement	You may not terminate the Franchise Agreement or Confidentiality Agreement except as the law allows. You may terminate the Service Agreement for Revenue Management Services with or without cause by providing 90 days’ written notice to us, unless we require you to sign the agreement in connection with signing the Franchise Agreement, in which case you may not terminate without cause during the first 2 years or other period we specify. You may terminate the Subscription and Hosting Services Agreement upon our material breach if not cured within 30 days’ following receipt of notice, and may terminate the Subscription and Hosting Services Agreement without cause on 6 months’ notice. You may terminate the Field Marketing Program Opt-In Agreement upon our material breach if not cured within 10 days following receipt of notice, and may terminate the Field Marketing Program Opt-In Agreement without cause on 90 days’ notice , but, if we required you to sign a Field Marketing Program Opt-In Agreement as a condition to entering into a Franchise Agreement with you, you may not terminate the Field Marketing Program Opt-In Agreement during the first 2 years of the Field Marketing Program Opt-In Agreement’s term.
e. Termination by franchisor without cause	1 of Service Agreement for Revenue	We may not terminate the Franchise Agreement without cause. We may terminate the Service Agreement for Revenue Management Services

Provision	Section in franchise or other agreement	Summary
	Management Services; 10a of Subscription and Hosting Services Agreement; 1.a of Field Marketing Program Opt-In Agreement	by providing 90 days' written notice to you. We may terminate the Subscription and Hosting Services Agreement for any reason upon 30 days' written notice to you. We may terminate the Field Marketing Program Opt-In Agreement for any reason upon 90 days' written notice to you.
f. Termination by franchisor with cause	15.1 and 15.2 of Franchise Agreement; 1 of Service Agreement for Revenue Management Services; 6c of Subscription and Hosting Services Agreement; 1.c of Field Marketing Program Opt-In Agreement	We may terminate the Franchise Agreement only if you, your guarantors, or your owners commit any one of several violations. We may terminate Service Agreement for Revenue Management Services if you breach your obligations under that Agreement. We may terminate the Subscription and Hosting Services Agreement upon your material breach if not cured within 30 days following receipt of notice. We may terminate the Field Marketing Program Opt-In Agreement upon your material breach if not cured within 10 days following receipt of notice.
g. "Cause" defined – curable defaults	15.1 and 15.3 of Franchise Agreement; 1c and 10a of Subscription and Hosting Services Agreement	Under Franchise Agreement you have 24 hours to shut down if we determine there is serious threat or danger to public health or safety; 10 days to cure failures to send us real estate documents or evidence of insurance and failures to pay amounts owed to us or our affiliates; 30 days to cure failures to pay taxes, develop Hotel according to deadlines, pay Providers, and comply with related agreements (unless related agreement has shorter cure period) and other defaults not listed in (h) below; and 60 days to cure failure to ensure that at least one guarantor satisfies the Guarantor Monetary Threshold. Upon your default (and after any applicable cure period), we also may suspend your rights to use CRS/GDS/ADS and advertising materials, remove Hotel from advertising publications and programs, and/or the Hotel System Website, suspend or terminate fee reductions, and/or refuse to provide support. Under Subscription and Hosting Services Agreement, if any payment is 45 days late, or if you misuse the PMS or

Provision	Section in franchise or other agreement	Summary
		related services or upon government authority request, we may suspend services.
h. “Cause” defined – non-curable defaults	15.2 of Franchise Agreement	Bankruptcy-related events, failing to discharge judgments exceeding \$100,000, you stop operating Hotel or identifying Hotel with Proprietary Marks or lose possession, you or affiliate contests ownership of or tries to register our intellectual property, unauthorized transfer, conviction of felony, committing action or other offense likely to reflect adversely on us or the Proprietary Marks, knowingly maintaining false books or submitting false reports, unauthorized use or disclosure of Confidential Information, violation of law (including trade restriction laws), and repeated defaults.
i. Franchisee’s obligations on termination/non-renewal	16 of Franchise Agreement; 7 and 10 of Service Agreement for Revenue Management Services; 10d of Subscription and Hosting Services Agreement; 1 of Field Marketing Program Opt-In Agreement	Return confidential materials, de-identify Hotel, stop uses of Hotel System with F&B Operations, change telephone listing, stop references to association with us, stop using the Hotel website and the domain name, cancel assumed name registrations, allow inspections, pay amounts owed, allow us to contact customers, pay liquidated damages and stop using services.
j. Assignment of contract by franchisor	12.10 of Franchise Agreement; 13 of Subscription and Hosting Services Agreement; 12 of Field Marketing Program Opt-In Agreement	We may transfer and change ownership or form without restriction. We have no further obligations after transfer.
k. “Transfer” by franchisee-defined	12.2 of Franchise Agreement	Includes transfer of any interest in Franchise Agreement, the Hotel or substantially all of its assets, or you or your owners.
l. Franchisor approval of transfer by franchisee	12.2 to 12.5 of Franchise Agreement; 12 of Subscription and	No transfers of Franchise Agreement, the Subscription and Hosting Services Agreement, the Field Marketing Program Opt-In Agreement, the Hotel or its assets, or Controlling Ownership

Provision	Section in franchise or other agreement	Summary
	Hosting Services Agreement; 13 of Field Marketing Program Opt-In Agreement	Interests without our approval. However, you may mortgage hotel to lender and your owners may transfer ownership interests for estate planning purposes. Your owners may transfer non-Controlling Ownership Interests without our approval if transferee and its owners (other than a small interest public owner) are not Brand Owners or sanctioned persons, you remain in compliance with laws, the transfer does not through one or a series of transactions transfer or create a Controlling Ownership Interest, and you notify us within 30 days after transfer.
m. Conditions for franchisor approval of transfer	12.4 and 12.7 of Franchise Agreement; 8(e) of Confidentiality Agreement; 14 of Service Agreement for Revenue Management Services	Under Franchise Agreement, transferee and owners qualify, you pay transfer fee and other amounts owed and have complied with Franchise Agreement, transferee's personnel complete training, at our option, either transferee and owners sign then current franchise agreement and related documents (which may be materially different), or the agreements and related documents that we specify under which they assume all of your rights and obligations under the Franchise Agreement, you and your guarantors sign termination and release (if state law allows), transferee agrees to renovate, remodel or expand Hotel and FF&E, we determine capital structure, debt service and overall financial status after transfer will not adversely affect Hotel's operation, you remain liable, and you stop associating with us. Neither you nor your Controlling Owner may conduct a public offering. We may review and comment on offering materials for private offerings. Confidentiality Agreement is not transferable. Service Agreement for Revenue Management Services is transferable only with simultaneous transfer of Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	1.5 and Exhibit C of Franchise Agreement	We only have right of first offer on transfers of the Hotel or a Controlling Ownership Interest in you if we and you sign Exhibit C. We will require Exhibit C only for certain markets that we determine are strategic to us.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	12.7 of Franchise Agreement	Upon death or incompetence of owner of a Controlling Ownership Interest in you or your controlling owner, representative must transfer to approved transferee within 6 months.
q. Non-competition covenants during the term of the franchise	4.2, 4.10 and 4.11 of Franchise Agreement	No covenant not to compete, but neither you nor Hotel management company may be a Brand Owner.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable.
s. Modification of the agreement	18.5 of Franchise Agreement; 12 of Service Agreement for Revenue Management Services; 16 of Subscription and Hosting Services Agreement; 15 of Field Marketing Program Opt-In Agreement	Only writing signed by duly-authorized officers may modify agreement, but we may change Hotel System, System Standards, and System Services.
t. Integration/merger clause	18.5 of Franchise Agreement; 8(f) of Confidentiality Agreement; 12 of Service Agreement for Revenue Management Services; 16 of Subscription and Hosting Services Agreement; 14 of Field Marketing Program Opt-In Agreement	Only terms of Franchise Agreement, Confidentiality Agreement and Service Agreement for Revenue Management Services are binding (subject to state law). Any representations or promises made outside of the disclosure document and those agreements may not be enforceable.

Provision	Section in franchise or other agreement	Summary
u. Dispute resolution by arbitration or mediation	14.1 of Franchise Agreement; 12 of Service Agreement for Revenue Management Services; 16 of Subscription and Hosting Services Agreement; 11 of Field Marketing Program Opt-In Agreement	We and you must arbitrate all disputes at a location the arbitrator chooses within 10 miles of our then current principal business address (currently Chicago, Illinois).
v. Choice of forum	14.3 of Franchise Agreement; 12 of Service Agreement for Revenue Management Services; 16 of Subscription and Hosting Services Agreement; 11 of Field Marketing Program Opt-In Agreement	Subject to arbitration obligation and state law, litigation generally must be in our home state (currently Illinois).
w. Choice of law	14.2 of Franchise Agreement; 8C of Confidentiality Agreement; 12 of Service Agreement for Revenue Management Services; 16 of Subscription and Hosting Services Agreement; 11 of Field Marketing Program Opt-In Agreement	Except for Federal Arbitration Act and other federal law, and subject to state law, Illinois law applies.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location under particular circumstances.

Characteristics of Covered Hotels and Urban Hotels

As of December 31, 2023, there were 117 Hyatt House Hotels operating in North America, which we define as the U.S. and Canada. 108 of these Hyatt House Hotels (the "Covered Hotels") operated during all of 2023 while the other 9 opened during 2023. No Hyatt House Hotels were excluded from the group of Covered Hotels because they closed during 2023. All of the financial performance representations ("FPRs") in this Item 19 relate to the results during the period from January 1, 2023 through December 31, 2023 for the 108 Covered Hotels or a defined subset of the Covered Hotels. When we use the term "Gross Rooms Revenue" in this Item 19, it has the definition listed in Item 6.

The Covered Hotels are similar in size and services offered to the Hyatt House Hotels that we expect franchisees will develop. The Covered Hotels operate in a mix of urban and suburban sites. The Covered Hotels had operated under the "Hyatt House" name for an average of 9.3 years as of December 31, 2023. Some of the Covered Hotels converted from another brand and system to the "Hyatt House" name and therefore had an existing marketing and customer base before converting to the "Hyatt House" name. The average number of rooms at the Covered Hotels is 146, with 264 as the highest room count and 91 as the lowest room count. The Covered Hotels operate throughout the United States and Canada and are generally not concentrated in specific regions or markets. During 2023, 90.2% of the reservations at the Covered Hotels were for 1 to 4 nights, 7.8% were for 5 to 11 nights, 1.5% were for 12 to 29 nights, and 0.6% were for 30 or more nights.

We classify the Covered Hotels as Franchised Covered Hotels and Owned/Managed Covered Hotels. "Franchised Covered Hotels" are the 99 Covered Hotels that franchisees own and operate. Some of these Franchised Covered Hotels might be joint ventures in which our affiliate owns less than 50% of the ownership interest. "Owned/Managed Covered Hotels" are the 9 Covered Hotels in which our affiliate owns at least a 50% interest or that our affiliate manages for a third party. The results of operations for Owned/Managed Covered Hotels that we manage for third parties are not materially different from the results of operations of other similarly situated Owned/Managed Covered Hotels.

These FPRs also contain information on Urban Hotels. We classify 30 of the Covered Hotels as "Urban Hotels" because they operate in a densely populated part of a large metropolitan

area. 3 of the Urban Hotels (the “Owned/Managed Urban Hotels”) are Owned/Managed Covered Hotels, and the other 27 (the “Franchised Urban Hotels”) are Franchised Covered Hotels. The Urban Hotels have operated under the “Hyatt House” name for an average of 7.3 years. Some of the Urban Hotels converted from another brand and system to the “Hyatt House” name and therefore had an existing marketing and customer base before converting to the “Hyatt House” name. The average number of rooms at the Urban Hotels is 164 with 258 as the highest room count and 100 as the lowest room count.

First FPR: Hyatt Statistics for Occupancy Rate, Average Daily Rate and RevPAR

“Occupancy Rate” is the total number of room nights sold for a hotel during 2023 divided by the total number of available room nights for that hotel during 2023. To calculate the average Occupancy Rate for all Covered Hotels (or a subgroup of Covered Hotels), we divided the total number of room nights sold for all Covered Hotels (or that subgroup) by the total number of available room nights for those hotels.

“Average Daily Rate” is the Gross Rooms Revenue for a hotel during 2023 divided by the total number of room nights sold for that hotel during 2023. To calculate the Average Daily Rate for all Covered Hotels (or a subgroup of Covered Hotels), we divided the aggregate Gross Rooms Revenue for the Covered Hotels (or that subgroup) by the total number of room nights sold for those hotels.

“RevPAR,” or revenue per available room, is the Gross Rooms Revenue for a hotel during 2023 divided by the total number of available room nights for that hotel during 2023. To calculate the RevPAR for all Covered Hotels (or a subgroup of Covered Hotels), we divided the aggregate Gross Rooms Revenue for the Covered Hotels (or that subgroup) by the total number of available room nights for those hotels.

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Occupancy Rate, Average Daily Rate and RevPAR for 2023

	#	Average Occupancy Rate	Average Daily Rate	Average RevPAR
Franchised Covered Hotels	99	74.5%	\$167.76	\$124.91
Owned/Managed Covered Hotels	9	72.4%	\$195.29	\$141.33
All Covered Hotels	108	74.2%	\$170.40	\$126.52
Franchised Urban Hotels	27	75.7%	\$189.17	\$143.26
Owned/Managed Urban Hotels	3	71.5%	\$188.58	\$134.85
All Urban Hotels	30	75.2%	\$189.10	\$142.25

The table below reflects the highest, lowest and median Average Occupancy Rate, Average Daily Rate and Average RevPAR of the Covered Hotels or Urban Hotels, and the number and percentage of Covered Hotels or Urban Hotels whose results exceeded the averages in the table above.

Statistics for Occupancy Rate, Average Daily Rate and RevPAR for 2023

	Occupancy Rate			Average Daily Rate			RevPAR		
	High / Low	Median	#/% Exceeding Average	High / Low	Median	#/% Exceeding Average	High / Low	Median	#/% Exceeding Average
Franchised Covered Hotels	95.7% / 36.8%	74.7%	52 / 52.5%	\$285.99 / \$74.92	\$155.80	39 / 39.4%	\$243.41 / \$27.60	\$114.65	38 / 38.4%
Owned/Managed Covered Hotels	82.8% / 63.8%	69.7%	4 / 44.4%	\$223.72 / \$174.42	\$190.23	3 / 33.3%	\$161.04 / \$111.89	\$143.14	5 / 55.6%
All Covered Hotels	95.7% / 36.8%	74.6%	56 / 51.9%	\$285.99 / \$74.92	\$161.05	44 / 40.7%	\$243.41 / \$27.60	\$115.78	45 / 41.7%
Franchised Urban Hotels	88.9% / 54.6%	76.9%	16 / 59.3%	\$285.99 / \$93.20	\$176.01	10/37%	\$243.41 / \$62.33	\$134.22	12 / 44.4%
Owned/Managed Urban Hotels	79.6% / 64.1%	68.0%	1 / 33.3%	\$196.98 / \$174.42	\$187.93	1 / 33.3%	\$156.71 / \$111.89	\$127.79	1 / 33.3%
All Urban Hotels	88.9% / 54.6%	76.7%	18 / 60%	\$285.99 / \$93.20	\$178.84	11 / 36.7%	\$243.41 / \$62.33	\$132.11	13 / 43.3%

Second FPR: Market Share/Smith Travel Indices

Smith Travel Research, Inc. (“Smith Travel”) is an independent research company that compiles and analyzes data in the lodging and travel industries. Most major hotels, including Hyatt House Hotels, report information to Smith Travel that it uses in its analysis and reporting. First, Smith Travel determines a hotel’s market area using Metropolitan Statistical Areas (“MSAs”), a group of MSAs or a group of counties. Then Smith Travel and the reporting hotel determine the competitive set for each reporting hotel based on a number of competitive characteristics, including room count, services and amenities offered, and pricing. Smith Travel then attempts to ensure some variation among the brands included in the competitive set. Smith Travel excludes from the competitive set some hotels that do not report information, and in some cases excludes hotels (some of which are Hyatt House Hotels) that do report information. While Smith Travel does not fully explain the reasons for its decision to exclude reporting hotels, typically Smith Travel will exclude hotels that are open less than one full year, hotels that do not have at least 3 other hotels in the competitive set in the market area, market areas where a single brand exceeds 40% of the competitive set, and market areas where a single hotel company’s hotels comprise more than 60% of the competitive set.

Among the data that Smith Travel reports are indices that represent a particular hotel’s performance relative to its competitive set. These indices reflect Smith Travel’s calculation of the “fair share” of the particular metric that each hotel captures relative to the competitive set. An index of 100 means a hotel is capturing a fair share compared to the competitive set. An index greater than 100 represents more than a fair share of the competitive set’s performance, and an

index below 100 reflects less than a fair share of the competitive set’s performance. In calculating its indices, Smith Travel uses a portfolio weighting system to adjust the particular hotel’s number of available rooms to the competitive set’s number of available rooms.

Smith Travel compiled the information on the Covered Hotels that we use for this second FPR. “Occupancy Rate Index,” “Rate Index” and “RevPAR Index” for a hotel mean, respectively, the hotel’s Occupancy Rate, Average Daily Rate or RevPAR (as applicable) divided by the Occupancy Rate, Average Daily Rate or RevPAR (as applicable) for all hotels in the competitive set, multiplied by 100. Smith Travel calculated the average Occupancy Rate Index, average Rate Index and average RevPAR Index for all Covered Hotels during 2023 using the same methodology that we used for calculating average Occupancy Rate, Average Daily Rate, and average RevPAR that we described above.

Smith Travel Occupancy Rate Index, Travel Rate Index, and RevPAR Index for 2023

	#	Average Occupancy Rate Index	Average Travel Rate Index	Average RevPAR Index
Franchised Covered Hotels	99	106.6	102.6	110.0
Owned/Managed Covered Hotels	9	107.2	114.5	122.5
All Covered Hotels	108	106.7	103.6	111.0
Franchised Urban Hotels	27	106.5	99.6	106.4
Owned/Managed Urban Hotels	3	111.4	110.6	123.3
All Urban Hotels	30	107.0	100.7	108.1

The table below reflects the highest, lowest and median Smith Travel Occupancy Rate Index, Travel Rate Index and RevPAR Index of the Covered Hotels or Urban Hotels, and the number and percentage of Covered Hotels or Urban Hotels whose results exceeded the averages in the table above.

Statistics for Smith Travel Occupancy Rate Index, Travel Rate Index and RevPAR Index for 2023

	Occupancy Rate Index			Travel Rate Index			RevPAR Index		
	High / Low	Median	#/% Exceeding Average	High / Low	Median	#/% Exceeding Average	High / Low	Median	#/% Exceeding Average
Franchised Covered Hotels	140.3 / 59.2	107.1	51 / 51.5%	143.6 / 76.8	102.8	50 / 50.5%	176.1 / 47.7	110.2	51 / 51.5%
Owned/Managed Covered Hotels	124.9 / 99.6	103.6	3 / 33.3%	130.5 / 101.4	113.3	4 / 44.4%	141.5 / 105.7	125.1	5 / 55.6%
All Covered Hotels	140.3 / 59.2	106.8	55 / 50.9%	143.6 / 76.8	103.6	54 / 50%	176.1 / 47.7	111.5	57 / 52.8%
Franchised Urban Hotels	139.2 / 91.8	103.0	12 / 44.4%	115.4 / 78.0	99.7	14 / 51.9%	145.0 / 72.0	105.3	15 / 55.6%
Owned/Managed Urban Hotels	124.9 / 102.3	106.9	1 / 33.3%	117.2 / 101.4	113.3	2 / 66.7%	141.5 / 108.4	119.9	1 / 33.3%
All Urban Hotels	139.2 / 91.8	103.1	12 / 40%	117.2 / 78.0	100.4	13 / 43.3%	145.0 / 72.0	107.7	16 / 53.3%

Smith Travel developed the methodologies, collected the information and calculated the indices referenced in these financial performance representations. We did not do so. We developed the explanations of how Smith Travel collects information and calculates indices based on publicly-available information and our conversations with Smith Travel’s representatives, but we cannot confirm whether Smith Travel’s information or methodology is accurate. We are relying on Smith Travel in reporting this information.

Third FPR: World of Hyatt Program Contribution

World of Hyatt is the frequent guest loyalty program that Hyatt Corporation maintains. It covers all Hyatt Network Hotels.

This third FPR covers the average revenue that Covered Hotels (or a subset of Covered Hotels) received from World of Hyatt members during 2023 and the average percentage and number of room nights that World of Hyatt members occupied at Covered Hotels (or a subset of Covered Hotels) during 2023.

World of Hyatt Revenue, Occupancy Percentage and Occupied Room Nights for 2023

	#	Average % Revenue from WOH	Average % WOH-Occupied Room Nights	Average # WOH-Occupied Room Nights
Franchised Covered Hotels	99	57.5%	49.2%	19,169
Owned/Managed Covered Hotels	9	68.8%	62.3%	28,306
All Covered Hotels	108	58.8%	50.5%	19,930
Franchised Urban Hotels	27	53.2%	44.6%	19,807
Owned/Managed Urban Hotels	3	57.2%	52.6%	27,023
All Urban Hotels	30	53.7%	45.5%	20,529

The table below reflects the highest, lowest and median revenue from World of Hyatt members and percentage and number of room nights that World of Hyatt members occupied at Covered Hotels or Urban Hotels, and the number and percentage of Covered Hotels or Urban Hotels whose results exceeded the averages in the table above.

Statistics for World of Hyatt Revenue, Occupancy Percentage and Occupied Room Nights for 2023

	% Revenue from WOH			% WOH-Occupied Room Nights			# WOH-Occupied Room Nights		
	High / Low	Median	#/% Exceeding Average	High / Low	Median	#/% Exceeding Average	High / Low	Median	#/% Exceeding Average
Franchised Covered Hotels	89.5% / 27.6%	59.0%	54 / 54.5%	85.3% / 23.1%	49.5%	50 / 50.5%	48,570 / 7,882	17,678	37 / 37.4%
Owned/Managed Covered Hotels	88.6% / 51.8%	65.9%	4 / 44.4%	80.7% / 47.2%	60.6%	4 / 44.4%	38,498 / 18,031	27,280	3 / 33.3%
All Covered Hotels	89.5% / 27.6%	59.4%	58 / 53.7%	85.3% / 23.1%	50.4%	53 / 49.1%	48,570 / 7,882	18,116	39 / 36.1%
Franchised Urban Hotels	75.1% / 27.6%	56.0%	16 / 59.3%	65.7% / 28.1%	44.8%	15 / 55.6%	31,561 / 10,071	18,285	9 / 33.3%
Owned/Managed Urban Hotels	60.3% / 51.8%	58.0%	2 / 66.7%	56.7% / 47.2%	51.0%	1 / 33.3%	38,498 / 18,031	24,540	1 / 33.3%
All Urban Hotels	75.1% / 27.6%	56.6%	16 / 53.3%	65.7% / 28.1%	47.2%	16 / 53.3%	38,498 / 10,071	18,497	11 / 36.7%

Additional Information: Reservation Channel Mix

Hyatt House Hotels receive reservations from a number of different sources or “reservation channels.” The table below describes average split of Gross Rooms Revenue for Covered Hotels

(or a subset of Covered Hotels) during 2023 from Direct Channels and Indirect Channels, as we define these terms below.

	#	Direct Channel Contribution	Indirect Channel Contribution
Franchised Covered Hotels	99	62.0%	38.0%
Owned/Managed Covered Hotels	9	54.8%	45.2%
All Covered Hotels	108	61.2%	38.8%
Franchised Urban Hotels	27	59.1%	40.9%
Owned/Managed Urban Hotels	3	59.7%	40.3%
All Urban Hotels	30	59.2%	40.8%

The “Direct Channels” consist of:

- the electronic rooming list, which are reservations originating from the Hyatt Group’s proprietary group rooming list software tool;
- GPGS, which are reservations made through the global property and guest services centers that the Hyatt Group operates. These centers field voice calls routed from Hyatt Network Hotels and from the Hyatt Group’s toll-free reservations phone number; and
- Hyatt.com, which are reservations originating from the reservation tools on the Hotel System Website and any Hyatt-branded website or mobile app (such as the World of Hyatt app).

The “Indirect Channels” consist of:

- GDS, which are reservations originating from the global distribution system that travel agencies use, including business that our affiliate’s group sales/national accounts teams negotiate; and
- Indirect Internet, which are reservations originating from third-party online travel agencies (as we determine them) with whom the Hyatt Group has a distribution agreement.

Comments to All Financial Performance Representations

Prospective franchisees and sellers of franchises should be advised that no certified public accountant has audited any of the figures in these financial performance representations nor expressed their opinion concerning their contents or form. We will provide written substantiation for all of these financial performance representations upon your reasonable request. Except for the Smith Travel figures, we derived these figures based on our and our affiliates’ internal unaudited financial information, and no third party has independently investigated the figures.

The figures contained in these financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the revenue figures to obtain net income or profit. You should conduct an independent investigation of the

costs and expenses you will incur in operating a Hyatt House Hotel. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

Your results will depend on many factors, including the size, age and condition of your Hotel; the services and amenities your Hotel offers; the quality of the service at the Hotel; the market for lodging in your Hotel's area, including whether the Hotel is near an airport, vacation destination, central business district or other features that attract travelers; general economic conditions; relationships with other businesses near the Hotel; competition; seasonality and weather; pricing; and your sales and marketing effectiveness. These and other factors will significantly impact the results that a Hyatt House Hotel can expect to achieve.

Some hotels have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jim Chu, our Chief Growth Officer, at 150 North Riverside Plaza, Chicago, Illinois 60606, (312) 750-1234, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All numbers appearing in the tables below are as of December 31 in each year. We include both Hyatt House Hotels that our affiliates own and operate, and Hyatt House Hotels that our affiliates manage for third-party owners under management agreements, as "company-owned" Hyatt House Hotels. We count Hyatt House Hotels in which our affiliates have at least a 50% equity interest in the hotel's ownership entity as "company-owned" hotels that our affiliates own and operate for purposes of the tables (regardless of the type of agreement governing the hotel's operation). Our affiliates owned and operated 1 Hyatt House Hotels as of December 31, 2021, 1 Hyatt House Hotels as of December 31, 2022, and 1 Hyatt House Hotels as of December 31, 2023. Our affiliates manage the remaining "company-owned" Hyatt House Hotels for third-party owners. As described in Item 1, the Hyatt House Hotels listed in the tables below operated under the Hyatt® Summerfield Suites name and converted to the Hyatt House® name during 2011 and 2012.

Table No. 1

**Systemwide Outlet Summary
For years 2021 to 2023**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	83	98	+15
	2022	98	100	+2
	2023	100	107	+7
Company- Owned	2021	12	10	-2
	2022	10	10	0
	2023	10	9	-1
Total Outlets	2021	95	108	+13
	2022	108	110	+2
	2023	110	116	+6

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2021	0
	2022	1
	2023	0
Florida	2021	2
	2022	0
	2023	1

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Illinois	2021	0
	2022	0
	2023	1
Michigan	2021	0
	2022	1
	2023	0
North Carolina	2021	0
	2022	1
	2023	0
Ohio	2021	0
	2022	1
	2023	0
Pennsylvania	2021	0
	2022	1
	2023	0
Texas	2021	2
	2022	2
	2023	0
Utah	2021	0
	2022	0
	2023	1
Total	2021	4
	2022	7
	2023	3

Note: Franchisees sometimes restructure their organizations and assign franchise agreements from one company to another within the same ownership group. We do not consider these restructuring transactions to be “transfers” because the ultimate ownership and control group does not change.

Table No. 3**Status of Franchised Outlets
For years 2021 to 2023**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alaska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arizona	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Arkansas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
California	2021	7	3	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	3	0	0	0	0	13
Colorado	2021	6	1	1	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
Connecticut	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Delaware	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
District of Columbia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	4	3	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
Georgia	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Illinois	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Indiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Michigan	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Minnesota	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
New Jersey	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	1	0	0	0	6
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
North Carolina	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
North Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Pennsylvania	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
South Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Texas	2021	10	1	0	0	0	0	11
	2022	11	1	0	0	0	0	12
	2023	12	1	2	0	0	0	11
Utah	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Virginia	2021	5	0	1	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Washington	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Totals	2021	83	17	2	0	0	0	98
	2022	98	2	0	0	0	0	100
	2023	100	10	3	0	0	0	107

Table No. 4
Status of Company-Owned Outlets
For years 2021 to 2023

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	8	0	0	0	1	7
	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7
Louisiana	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
North Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Oregon	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
Tennessee	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	12	0	0	0	2	10
	2022	10	0	0	0	0	10
	2023	10	0	0	0	1	9

Table No. 5**Projected Openings As Of December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	1	0	0
California	12	0	0
Colorado	1	0	0
Florida	7	1	0
Georgia	2	0	0
Hawaii	1	0	0
Indiana	1	0	0
Maryland	1	1	0
Michigan	6	2	0
Mississippi	1	0	0
Missouri	1	0	0
Montana	1	0	0
New Jersey	3	0	0
New York	4	0	0
North Carolina	1	1	0
Ohio	2	1	0
Oregon	2	0	0
Pennsylvania	2	0	0
South Carolina	1	0	0
Tennessee	2	0	0
Texas	1	0	0
Utah	1	0	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Washington	1	0	0
Total	55	6	0

Exhibit G is a list of Hyatt House Hotel franchisees as of December 31, 2023 and the addresses and telephone numbers of each of their outlets. Exhibit H is a list of the Hyatt House Hotel franchisees who had an outlet terminated, canceled, transferred or not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recent fiscal year. No franchisee has failed to communicate with us within 10 weeks before this disclosure document's issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the issuance date of this disclosure document, no franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system during our last 3 fiscal years and there are no trademark-specific franchisee organizations associated with the Hyatt House Hotel franchise system.

Item 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are the audited consolidated financial statements of our parent company, Hyatt Hotels Corporation, as of December 31, 2023 and 2022 and for the fiscal years ended December 31, 2023, 2022 and 2021.

Hyatt Hotels Corporation absolutely and unconditionally guarantees the performance of our obligations to franchisees under the Franchise Agreement. The Guarantee of Performance also is included in Exhibit A.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

Exhibit B	Franchise Application
Exhibit C	Franchise Agreement
Exhibit F	Confidentiality Agreement
Exhibit I	Service Agreement for Revenue Management Services
Exhibit J	Comfort Letter
Exhibit K	Subscription and Hosting Services Agreement
Exhibit L	Field Marketing Program Opt-In Agreement
Exhibit M	State-Specific Riders to agreements, including form of release used upon renewal or transfer

Item 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are the last 2 pages of this disclosure document.

EXHIBIT A
FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE


GUARANTEE OF PERFORMANCE

For value received, **HYATT HOTELS CORPORATION**, a Delaware corporation located at 150 North Riverside Plaza, Chicago, Illinois 60606 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties and obligations of **HYATT HOUSE FRANCHISING, L.L.C.**, a Kansas limited liability company located at 150 North Riverside Plaza, Chicago, Illinois 60606 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Chicago, Illinois on the 26th day of March, 2024.

Guarantor:

HYATT HOTELS CORPORATION

By:  _____
Peter Sears

Title: Executive Vice President,
Group President – Americas _____

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Hyatt Hotels Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hyatt Hotels Corporation and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Deferred Revenue Related to the Loyalty Program – Refer to Notes 2 and 3 to the financial statements

Critical Audit Matter Description

The Company operates the loyalty program for the benefit of the Hyatt portfolio of properties during the period of their participation in the loyalty program. The Company's estimate of the value of the deferred revenue liability related to the loyalty program ("the liability") is \$1,130 million as of December 31, 2023 and is actuarially determined based on the anticipated timing and value of future point redemptions, including an estimate of the breakage for points that will not be redeemed. Changes in the estimates used in the determination of the liability could result in a material change to the liability.

Given the subjectivity of the Company's breakage assumption, performing audit procedures to evaluate the reasonableness of this estimate involved a higher degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists in performing audit procedures over the liability.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the liability included the following, among others:

- We tested the effectiveness of the Company's controls related to the liability, including those over the estimation of the breakage assumption.
- We tested the underlying data that served as the basis for the actuarial estimate, including points earned and redemptions, to test that the inputs to the actuarial estimate were reasonable.
- With the assistance of our actuarial specialists, we developed independent estimates of the liability and compared our estimates to management's estimate.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 23, 2024

We have served as the Company's auditor since 2003.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the Years Ended December 31, 2023, December 31, 2022, and December 31, 2021
(In millions of dollars, except per share amounts)

	2023	2022	2021
REVENUES:			
Owned and leased hotels	\$ 1,339	\$ 1,235	\$ 838
Management, franchise, license, and other fees	985	808	418
Contra revenue	(47)	(31)	(35)
Net management, franchise, license, and other fees	938	777	383
Distribution and destination management	1,032	986	115
Other revenues	300	273	109
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	3,058	2,620	1,583
Total revenues	6,667	5,891	3,028
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:			
Owned and leased hotels	1,022	916	725
Distribution and destination management	848	775	112
Depreciation and amortization	397	426	310
Other direct costs	336	280	127
Selling, general, and administrative	615	464	366
Costs incurred on behalf of managed and franchised properties	3,144	2,632	1,639
Direct and selling, general, and administrative expenses	6,362	5,493	3,279
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts	55	(75)	43
Equity earnings (losses) from unconsolidated hospitality ventures	(1)	5	28
Interest expense	(145)	(150)	(163)
Gains on sales of real estate and other	18	263	414
Asset impairments	(30)	(38)	(8)
Other income (loss), net	108	(40)	(19)
INCOME BEFORE INCOME TAXES	310	363	44
BENEFIT (PROVISION) FOR INCOME TAXES	(90)	92	(266)
NET INCOME (LOSS)	220	455	(222)
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	—
NET INCOME (LOSS) ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 220	\$ 455	\$ (222)
EARNINGS (LOSSES) PER SHARE—Basic			
Net income (loss)	\$ 2.10	\$ 4.17	\$ (2.13)
Net income (loss) attributable to Hyatt Hotels Corporation	\$ 2.10	\$ 4.17	\$ (2.13)
EARNINGS (LOSSES) PER SHARE—Diluted			
Net income (loss)	\$ 2.05	\$ 4.09	\$ (2.13)
Net income (loss) attributable to Hyatt Hotels Corporation	\$ 2.05	\$ 4.09	\$ (2.13)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2023, December 31, 2022, and December 31, 2021
(In millions of dollars)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ 220	\$ 455	\$ (222)
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments, net of tax of \$(3), \$—, and \$1 for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively	46	4	(61)
Available-for-sale debt securities unrealized fair value adjustments, net of tax of \$(4), \$4, and \$— for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively	15	(10)	(2)
Derivative instrument adjustments, net of tax of \$(1), \$(1), and \$— for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively	6	5	7
Pension liabilities adjustments, net of tax of \$—, \$(1), and \$— for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively	—	4	3
Other comprehensive income (loss)	<u>67</u>	<u>3</u>	<u>(53)</u>
COMPREHENSIVE INCOME (LOSS)	287	458	(275)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	—
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO HYATT HOTELS CORPORATION	<u>\$ 287</u>	<u>\$ 458</u>	<u>\$ (275)</u>

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2023 and December 31, 2022
(In millions of dollars, except share and per share amounts)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 881	\$ 991
Restricted cash	34	39
Short-term investments	15	158
Receivables, net of allowances of \$50 and \$63 at December 31, 2023 and December 31, 2022, respectively	883	834
Inventories	9	9
Prepays and other assets	195	180
Prepaid income taxes	51	39
Assets held for sale	62	—
Total current assets	2,130	2,250
Equity method investments	211	178
Property and equipment, net	2,340	2,384
Financing receivables, net of allowances of \$42 and \$44 at December 31, 2023 and December 31, 2022, respectively	73	60
Operating lease right-of-use assets	369	385
Goodwill	3,205	3,101
Intangibles, net	1,670	1,668
Deferred tax assets	358	257
Other assets	2,477	2,029
TOTAL ASSETS	\$ 12,833	\$ 12,312
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 751	\$ 660
Accounts payable	493	500
Accrued expenses and other current liabilities	468	415
Current contract liabilities	1,598	1,438
Accrued compensation and benefits	210	235
Current operating lease liabilities	41	39
Liabilities held for sale	17	—
Total current liabilities	3,578	3,287
Long-term debt	2,305	2,453
Long-term contract liabilities	1,759	1,495
Long-term operating lease liabilities	273	298
Other long-term liabilities	1,351	1,077
Total liabilities	9,266	8,610
Commitments and contingencies (see Note 15)		
EQUITY:		
Preferred stock, \$0.01 par value per share, 10,000,000 shares authorized and none outstanding at both December 31, 2023 and December 31, 2022	—	—
Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 44,275,818 issued and outstanding at December 31, 2023, and Class B common stock, \$0.01 par value per share, 390,751,535 shares authorized, 58,757,123 shares issued and outstanding at December 31, 2023, and Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 47,482,787 issued and outstanding at December 31, 2022, and Class B common stock, \$0.01 par value per share, 390,912,161 shares authorized, 58,917,749 shares issued and outstanding at December 31, 2022	1	1
Additional paid-in capital	—	318
Retained earnings	3,738	3,622
Accumulated other comprehensive loss	(175)	(242)
Total stockholders' equity	3,564	3,699
Noncontrolling interests in consolidated subsidiaries	3	3
Total equity	3,567	3,702
TOTAL LIABILITIES AND EQUITY	\$ 12,833	\$ 12,312

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, December 31, 2022, and December 31, 2021
(In millions of dollars)

	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 220	\$ 455	\$ (222)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Gains on sales of real estate and other	(18)	(263)	(414)
Depreciation and amortization	397	426	310
Amortization of share awards	75	61	59
Amortization of operating lease right-of-use assets	42	35	27
Deferred income taxes	(125)	(259)	200
Asset impairments	30	38	8
Equity (earnings) losses from unconsolidated hospitality ventures	1	(5)	(28)
Contra revenue	47	31	35
Loss on extinguishment of debt	—	9	2
Unrealized (gains) losses, net	(36)	55	(14)
Distributions from unconsolidated hospitality ventures	9	16	2
Contingent consideration liability fair value adjustment	9	—	—
Other	(54)	(92)	(38)
Increase (decrease) in cash attributable to changes in assets and liabilities			
Receivables, net	—	(209)	(85)
Prepaid income taxes	(24)	2	255
Prepays and other assets	(66)	(114)	(54)
Other long-term assets	(92)	(110)	(10)
Accounts payable, accrued expenses, and other current liabilities	(29)	96	87
Contract liabilities	492	491	213
Operating lease liabilities	(43)	(35)	(25)
Accrued compensation and benefits	(22)	46	33
Other long-term liabilities	(13)	—	(25)
Other, net	—	—	(1)
Net cash provided by operating activities	<u>\$ 800</u>	<u>\$ 674</u>	<u>\$ 315</u>

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, December 31, 2022, and December 31, 2021
(In millions of dollars)

	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of marketable securities and short-term investments	\$ (483)	\$ (952)	\$ (793)
Proceeds from marketable securities and short-term investments	576	1,060	1,240
Contributions to equity method and other investments	(43)	(8)	(29)
Return of equity method and other investments	7	54	98
Acquisitions, net of cash acquired	(175)	(174)	(2,916)
Capital expenditures	(198)	(201)	(111)
Issuance of financing receivables	(43)	(25)	(21)
Proceeds from financing receivables	1	17	7
Proceeds from sales of real estate and other, net of cash disposed	(10)	625	758
Other investing activities	3	20	(5)
Net cash provided by (used in) investing activities	<u>(365)</u>	<u>416</u>	<u>(1,772)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt, net of issuance costs of \$4, \$—, and \$11, respectively	596	—	1,949
Repayments and repurchases of debt	(660)	(711)	(1,218)
Repurchases of common stock	(453)	(369)	—
Proceeds from issuance of Class A common stock, net of offering costs of \$—, \$—, and \$25, respectively	—	—	575
Utilization of restricted cash for legal defeasance of Series 2005 Bonds	—	(8)	—
Dividends paid	(47)	—	—
Other financing activities	(14)	(18)	(18)
Net cash provided by (used in) financing activities	<u>(578)</u>	<u>(1,106)</u>	<u>1,288</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(2)	18	(3)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, INCLUDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CLASSIFIED WITHIN CURRENT ASSETS HELD FOR SALE	(145)	2	(172)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH RECLASSIFIED TO ASSETS HELD FOR SALE	(3)	—	—
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(148)</u>	<u>2</u>	<u>(172)</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—BEGINNING OF YEAR	1,067	1,065	1,237
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—END OF YEAR	<u>\$ 919</u>	<u>\$ 1,067</u>	<u>\$ 1,065</u>

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, December 31, 2022, and December 31, 2021
(In millions of dollars)

Supplemental disclosure of cash flow information:

	2023	2022	2021
Cash and cash equivalents	\$ 881	\$ 991	\$ 960
Restricted cash	34	39	57
Restricted cash included in other assets (see Note 10)	4	37	48
Total cash, cash equivalents, and restricted cash	<u>\$ 919</u>	<u>\$ 1,067</u>	<u>\$ 1,065</u>
	2023	2022	2021
Cash paid during the period for interest	\$ 115	\$ 138	\$ 145
Cash paid (received) during the period for income taxes, net	\$ 153	\$ 101	\$ (210)
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 54	\$ 47	\$ 41
Non-cash investing and financing activities are as follows:			
Change in accrued capital expenditures	\$ 9	\$ 1	\$ 2
Non-cash contributions to equity method and other investments (see Note 4, Note 7, Note 15)	\$ 4	\$ —	\$ 61
Non-cash issuance of financing receivables (see Note 7)	\$ —	\$ —	\$ 11
Non-cash right-of-use assets obtained in exchange for operating lease liabilities	\$ 16	\$ 25	\$ 16
Non-cash legal defeasance of Series 2005 Bonds (see Note 7)	\$ —	\$ 166	\$ —
Non-cash reduction in right-of-use assets and operating lease liabilities for lease reassessment	\$ —	\$ 13	\$ —
Non-cash held-to-maturity debt security received (see Note 7)	\$ —	\$ 19	\$ —
Non-cash repurchases of common stock (see Note 16)	\$ —	\$ 9	\$ —
Non-cash contingent consideration liability assumed in acquisition (see Note 7)	\$ 107	\$ —	\$ —
Non-cash contingent consideration receivable recorded in disposition (see Note 7)	\$ 28	\$ —	\$ —
Non-cash redemption of held-to-maturity debt security in exchange for equity method investment (see Note 4)	\$ 32	\$ —	\$ —
Non-cash redemption of financing receivables	\$ 20	\$ —	\$ —
Non-cash dividends declared (see Note 16)	\$ 1	\$ —	\$ —

(Concluded)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2023, December 31, 2022, and December 31, 2021
(In millions except share and per share amounts)

	Common Shares Outstanding		Common Stock Amount		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Subsidiaries	Total
	Class A	Class B	Class A	Class B					
			\$	\$					
BALANCE—January 1, 2021	39,250,241	62,038,918	\$ 1	\$ —	\$ 13	\$ 3,389	\$ (192)	\$ 3	\$ 3,214
Total comprehensive loss	—	—	—	—	—	(222)	(53)	—	(275)
Employee stock plan issuance	46,311	—	—	—	4	—	—	—	4
Share-based payment activity	589,851	—	—	—	48	—	—	—	48
Class share conversions	2,385,647	(2,385,647)	—	—	—	—	—	—	—
Issuance of Class A common stock	8,050,000	—	—	—	575	—	—	—	575
BALANCE—December 31, 2021	50,322,050	59,653,271	\$ 1	\$ —	\$ 640	\$ 3,167	\$ (245)	\$ 3	\$ 3,566
Total comprehensive income	—	—	—	—	—	455	3	—	458
Repurchases of common stock	(4,233,894)	—	—	—	(369)	—	—	—	(369)
Liability for repurchases of common stock (1)	—	—	—	—	(9)	—	—	—	(9)
Employee stock plan issuance	60,543	—	—	—	5	—	—	—	5
Share-based payment activity	598,566	—	—	—	51	—	—	—	51
Class share conversions	735,522	(735,522)	—	—	—	—	—	—	—
BALANCE—December 31, 2022	47,482,787	58,917,749	\$ 1	\$ —	\$ 318	\$ 3,622	\$ (242)	\$ 3	\$ 3,702
Total comprehensive income	—	—	—	—	—	220	67	—	287
Repurchases of common stock (2)	(4,123,828)	—	—	—	(391)	(56)	—	—	(447)
Employee stock plan issuance	61,977	—	—	—	6	—	—	—	6
Share-based payment activity	694,256	—	—	—	67	—	—	—	67
Cash dividends declared of \$0.15 per share (see Note 16) (3)	—	—	—	—	—	(48)	—	—	(48)
Class share conversions	160,626	(160,626)	—	—	—	—	—	—	—
BALANCE—December 31, 2023	44,275,818	58,757,123	\$ 1	\$ —	\$ —	\$ 3,738	\$ (175)	\$ 3	\$ 3,567

(1) Represents repurchases of 106,116 shares for \$9 million that were initiated prior to December 31, 2022, but settled in the first quarter of 2023. At December 31, 2022, the shares were included in shares outstanding and the liability was recorded in accrued expenses and other current liabilities on our consolidated balance sheet.

(2) Includes a \$3 million liability for the 1% U.S. federal excise tax on certain share repurchases enacted by the Inflation Reduction Act of 2022.

(3) Includes a \$1 million liability recorded in accrued expenses and other current liabilities on our consolidated balance sheet to be paid upon vesting of certain stock-based compensation awards.

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(amounts in millions, unless otherwise indicated)

1. ORGANIZATION

Hyatt Hotels Corporation, a Delaware corporation, and its consolidated subsidiaries have offerings that consist of full service hotels and resorts, select service hotels, all-inclusive resorts, and other properties, including timeshare, fractional, and other forms of residential and vacation units. We also offer distribution and destination management services through ALG Vacations, a paid membership program through the Unlimited Vacation Club, and a boutique and luxury global travel platform through Mr & Mrs Smith. At December 31, 2023, our hotel portfolio included 613 full service hotels, comprising 193,114 rooms throughout the world; 598 select service hotels, comprising 87,600 rooms, of which 458 hotels are located in the United States; and 124 all-inclusive resorts, comprising 41,427 rooms. At December 31, 2023, our portfolio of properties operated in 77 countries around the world. Additionally, we provide certain reservation and/or loyalty program services to hotels that are unaffiliated with our hotel portfolio and operate under other trade names or marks owned by such hotels or licensed by third parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—Our consolidated financial statements present the results of operations, financial position, and cash flows of Hyatt Hotels Corporation and its majority owned and controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates—We are required to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying Notes. Our estimates and assumptions are subject to inherent risk and uncertainty, and actual results could differ materially from our estimated amounts.

Reclassifications—Certain prior year amounts have been reclassified to conform to the current year presentation.

Revenue Recognition—Our revenues are primarily derived from the products and services provided to our customers and are generally recognized when control of the product or service has transferred to the customer. Our customers include third-party owners and franchisees, guests at owned and leased hotels, Unlimited Vacation Club members, ALG Vacations customers, Mr & Mrs Smith customers, a third-party partner through our co-branded credit card programs, and owners and guests of residential and vacation units. A summary of our revenue streams is as follows:

- *Owned and leased hotels revenues*—Owned and leased hotels revenues are derived from room rentals and services provided at our owned and leased hotels. We present revenues net of sales, occupancy, and other taxes. Taxes collected on behalf of and remitted to governmental taxing authorities are excluded from the transaction price of the underlying products and services.
- *Management, franchise, license, and other fees*—Management fees primarily consist of a base fee, which is generally calculated as a percentage of gross revenues, and an incentive fee, which is generally computed based on a hotel profitability measure. Included in the management fees are fees that we earn in exchange for providing the hotel access to Hyatt's intellectual property ("IP"). Franchise fees consist of an initial fee and ongoing royalty fees computed as a percentage of gross room revenues and as applicable, food and beverage revenues. License fees represent revenues associated with the licensing of the Hyatt brand names through our co-branded credit card programs and with sales of our branded residential units. Other fees include termination fees, revenues from hotel services provided to certain ALG resorts, and commission fees related to Mr & Mrs Smith.
- *Net management, franchise, license, and other fees*—Management, franchise, license, and other fees are reduced by (i) the amortization of management and hotel services agreement and franchise agreement assets and (ii) performance cure payments, which constitute payments to customers. Consideration provided to customers related to management and hotel services agreement and franchise agreement assets is recorded in other assets and amortized to Contra revenue over the expected customer life, typically the initial term of the management and hotel services agreement or franchise agreement.
- *Distribution and destination management*—Distribution and destination management revenues include revenues from the sale of vacation packages, experiences, and charter flights through ALG Vacations and destination services and excursions offered through Amstar.

- *Other revenues*—Other revenues include revenues from our Unlimited Vacation Club paid membership club offering member benefits primarily at ALG resorts within Mexico, the Caribbean, and Central America, revenues from the Destination Residential Management business, which was sold during the year ended December 31, 2023 (see Note 7), and the sale of promotional awards through our co-branded credit card programs.
- *Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties*—Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties represent the reimbursement of costs incurred on behalf of third-party owners and franchisees. These reimbursed costs relate primarily to payroll at managed properties where we are the employer, as well as reimbursements for costs incurred related to system-wide services and the loyalty program operated on behalf of owners of managed and franchised properties.

The products and services we offer to our customers are comprised of the following performance obligations:

Management and hotel services agreements and franchise agreements

- *Access to Hyatt's IP, including the Hyatt brand names*—We receive sales-based fees from hotel owners in exchange for providing access to our IP, including the Hyatt brand names and systems, among other services. Fees are generally payable on a monthly basis as hotel owners and franchisees derive value from access to our IP. Fees are recognized over time as services are rendered. Under our franchise agreements, we also receive initial fees from hotel owners and franchisees. The initial fees do not represent a distinct performance obligation, and therefore, are combined with the royalty fees and deferred and recognized in management, franchise, license, and other fees over the expected customer life, which is typically the initial term of the franchise agreement.
- *System-wide services*—We provide system-wide services on behalf of owners of managed and franchised properties. The promise to provide system-wide services is not a distinct performance obligation because it is attendant to the access to our IP. Therefore, this promise is combined with the access to our IP to form a single performance obligation.

Hyatt's system-wide services are accounted for under a fund model whereby hotel owners and franchisees are invoiced a system-wide assessment fee on a monthly basis. We recognize the revenues over time as services are provided in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties. We have discretion over how we spend program revenues, and therefore, we are the principal. Expenses related to the system-wide programs are recognized as incurred in costs incurred on behalf of managed and franchised properties. Over time, we intend to manage the system-wide programs to break-even and not earn a profit on these services, but the timing of revenues received from the owners may not align with the timing of the expenses incurred to operate the programs. Therefore, any difference between the revenues and expenses will impact our net income (loss).

- *Management and hotel services agreement services*—Under the terms of our management and hotel services agreements, we provide management and hotel services, which form a single performance obligation that qualifies as a series. In exchange, we receive variable consideration in the form of management or hotel services fees which are comprised of base and/or incentive fees. Incentive fees are typically subject to the achievement of certain profitability targets, and therefore, we apply judgment in determining the amount of incentive fees recognized each period. Incentive fee revenues are recognized to the extent it is probable that we will not reverse a significant portion of the fees in a subsequent period. We rely on internal financial forecasts and historical trends to estimate the amount of incentive fee revenues recognized and the probability that incentive fees will reverse in the future. Generally, base management and hotel services fees are due and payable on a monthly basis as services are provided, and incentive fees are due and payable based on the terms of the agreement, but at a minimum, incentive fees are billed and collected annually. Revenues are recognized over time as services are rendered.

Under the terms of certain management agreements, primarily within the U.S., we are the employer of hotel employees. When we are the employer, we are reimbursed for costs incurred related to the employee management services with no added margin, and the reimbursements are recognized over time as services are rendered in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties. In jurisdictions in which we are the employer, we have discretion over how employee management services are provided, and therefore, we are the principal.

- *Loyalty program administration*—We administer the loyalty program for the benefit of Hyatt's portfolio of properties during the period of their participation in the loyalty program. Under the program, members earn points based on their spend at our properties and through our experience platform; by transacting with our strategic loyalty alliances, including American Airlines; or in connection with spend on the World of Hyatt co-branded

consumer and business credit cards. Loyalty program points can be redeemed for the right to stay at participating properties, as well as for other goods and services from third parties. Points earned by loyalty program members represent a material right to free or discounted goods or services in the future.

The loyalty program has one performance obligation that consists of marketing and managing the program and arranging for award redemptions by members. These two promises are not distinct because the promise to market and manage the program does not benefit the customer without the related arrangement for award redemptions. The costs of administering the loyalty program are charged to the properties through an assessment fee based on members' qualified expenditures. The assessment fee is billed and collected monthly, and revenues received by the program are deferred until a member redeems points. Upon redemption of points at managed and franchised properties, we recognize the previously deferred revenue in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties, net of redemption expense paid to managed and franchised hotels. We are responsible for arranging for the redemption of promotional awards, but we do not directly fulfill the award night obligation except at owned and leased hotels. Therefore, we are the agent with respect to this performance obligation for managed and franchised hotels, and we are the principal with respect to owned and leased hotels. A portion of our owned and leased hotels revenues is deferred upon initial stay as points are earned by program members at owned or leased hotels, and revenues are recognized upon redemption at owned or leased hotels.

The revenues recognized each period are based on the number of loyalty points redeemed and the revenue per point, which includes an estimate of breakage for the loyalty points that will not be redeemed. Determining breakage involves significant judgment, and we engage third-party actuaries to assist us in estimating the ultimate redemption ratios used in the breakage calculations and the amount of revenues recognized upon redemption. Changes to the expected ultimate redemption assumptions are reflected in the current period. Any revenues in excess of the anticipated future redemptions are used to fund the other operational expenses of the program.

Room rentals and other services provided at owned and leased hotels

We provide room rentals and other services to our guests, including, but not limited to, food and beverage, spa, laundry, and parking. These products and services each represent individual performance obligations, and in exchange for these services, we receive fixed amounts based on published rates or negotiated contracts. Payment is due in full at the time the services are rendered or the goods are provided. If a guest enters into a package including multiple goods or services, the fixed price is allocated to each distinct good or service based on the standalone selling price for each item. Revenues are recognized over time when we transfer control of the good or service to the customer. Room rental revenues are recognized on a daily basis as the guest occupies the room, and revenues related to other products and services are recognized when the product or service is provided to the guest.

Hotels commonly enter into arrangements with online travel agencies, trade associations, and other entities. As part of these arrangements, we may pay the other party a commission or rebate based on the revenues generated through that channel. We recognize revenues gross or net of rebates and commissions depending on the terms of each contract.

Global travel platform bookings

Through Mr & Mrs Smith, we offer direct booking access primarily to properties that are unaffiliated with our hotel portfolio and operate under other trade names or marks owned by such hotels or licensed by third parties. Mr & Mrs Smith also has arrangements with third-party partners that market hotel offerings through their respective booking channels. In exchange for bookings made directly through Mr & Mrs Smith and through third-party partners, we receive variable consideration representing a commission fee from hotel owners, which is based on the total transaction value of the associated booking. Commission fee revenues are recognized at the time of the guest's stay in management, franchise, license, and other fees revenues. Certain bookings require prepayment for travel prior to stay. These deposits are recorded as contract liabilities on our consolidated balance sheets until the stay occurs, at which point revenues are recognized in management, franchise, license, and other fees revenues, net of amounts paid to hotel owners or third-party partners.

Distribution and destination management

ALG Vacations offers traditional leisure travel products and services on an individual and package basis to destinations primarily within Latin America and the Caribbean. Travel products and services include some or all of the following:

- Performance obligations in which third-party suppliers are primarily responsible for providing the services and ALG Vacations is the agent:

- *Commercial air transportation provided by third-party air carriers*—revenues are recognized at the time of booking, net of related payments to suppliers;
 - *Hotel accommodations provided by ALG resorts and third-party branded hotels and resorts*—revenues are recognized on a net basis as the guest occupies the room;
 - *Travel insurance provided by third-party insurance companies*—revenues are recognized at the time of booking, net of related payments to suppliers;
 - *Car rental reservations provided by third-party companies*—revenues are recognized on a daily basis as the guest utilizes the rental car, net of related costs; and
 - *Excursions provided by third-party companies*—revenues are recognized on the day of the excursion, net of related costs.
- Performance obligations in which ALG Vacations is primarily responsible for providing the services and is the principal:
 - *Chartered air transportation provided by ALG Vacations*—gross revenues are recognized at the time of departure and return; and
 - *Ground transportation and excursions provided by Amstar*—gross revenues are recognized at the time of departure and return.

In exchange for the products and services provided, we receive fixed and variable consideration that is allocated between the performance obligations based on relative standalone selling prices. For all performance obligations, we utilize a cost plus margin approach to determine the standalone selling price. For car rental reservations and excursions provided by third-party companies, we allocate the standalone selling price using observable transaction prices. ALG Vacation's customers pay for travel prior to trip departure and these deposits are recorded as contract liabilities until the transfer of control of the related performance obligation occurs, at which point the related revenues are recognized in distribution and destination management revenues. For certain airline, hotel, and car rental transactions, we also receive fees through global distribution systems ("GDS") that provide the computer systems through which travel supplier inventory is made available and reservations are booked. Payments received through GDS are considered commissions from suppliers and are recognized as revenues at the time of booking in distribution and destination management revenues.

We provide advertising services to travel suppliers on our consumer websites and travel agent websites, in travel brochures, and via other media. Revenues from advertising are recognized in distribution and destination management revenues when the service is provided.

Membership club

Through the Unlimited Vacation Club, we enter into membership contracts with guests that provide various benefits, which each represent a performance obligation: access to preferred rates and benefits at participating properties, free room stays, up-front incentives, including gifts and upgrades, loyalty points, the right to renew after the initial contract term, and initial memberships to third-party vacation exchange services.

Membership contracts may be paid in full at commencement or by making a deposit and paying the remaining balance in monthly installments over an average term of less than 4 years. Members are required to pay an annual renewal fee to have continuous access to the benefits outlined in the contract. The unpaid portion of the membership contract does not meet the definition of an asset or a financing receivable as the unpaid balance relates to future services to be provided by us, and our right to collect future cash flows is conditional on our ability to provide continuous access to the member over the contract term.

In exchange for the membership club benefits, we receive fixed and variable consideration. The transaction price includes cash consideration received and the unpaid portion of the membership contract and is allocated between the performance obligations based on the relative standalone selling prices of each performance obligation. We utilize observable transaction prices and/or adjusted market assumptions in determining the relative standalone selling price of each performance obligation. Membership fees received are recorded as contract liabilities, and the revenues allocated to each performance obligation are recognized as follows within other revenues on our consolidated statements of income (loss):

- *Preferred rates and benefits at participating properties*—revenues are recognized over the estimated customer life, which ranges from 3 to 25 years, using the straight-line method;
- *Free night stays and up-front incentives*—revenues are recognized upon redemption, net of redemption expenses as we are the agent;
- *Loyalty points*—revenues are recognized upon redemption, net of redemption expenses as we are the agent;
- *Right to renew after the initial contract term*—this performance obligation represents a material right and revenues are recognized annually as earned; and
- *Initial memberships to third-party vacation exchange services*—revenues are recognized over the exchange membership term, net of expenses as we are the agent.

Members can upgrade their membership to a higher tier for an additional fee, which results in additional products and services that are separable from the initial contract; and therefore, upgrades are considered a cancellation of the old contract and the creation of a new contract. Members can also downgrade their membership by opting out of paying the unpaid portion of the membership contract. Downgrades do not result in additional distinct goods or services, and therefore, the revised consideration is allocated to the remaining performance obligations, with an adjustment to revenues recognized on the date of downgrade for performance to date under the contract.

Co-branded credit card programs

We have co-branded credit card agreements with a third party, and under the terms of the agreements, we have various performance obligations: granting a license to the Hyatt name, arranging for the fulfillment of points issued to cardholders through the loyalty program, and awarding cardholders with free room nights upon achievement of certain program milestones. The loyalty points and free room nights represent material rights that can be redeemed for free or discounted services in the future.

In exchange for the products and services provided, we receive fixed and variable consideration which is allocated between the performance obligations based on their relative standalone selling prices. Significant judgment is involved in determining the relative standalone selling prices, and therefore, we engage a third-party valuation specialist for assistance. We utilize a relief from royalty method to determine the revenues allocated to the license and the revenues are recognized over time as the licensee derives value from access to Hyatt's brand name. We utilize observable transaction prices and adjusted market assumptions to determine the standalone selling price of a loyalty point, and we utilize a cost plus margin approach to determine the standalone selling price of the free room nights. The revenues allocated to loyalty program points and free night awards are deferred and recognized upon redemption or expiration of a card member's promotional awards, net of redemption expense when we are the agent. We are responsible for arranging for the redemption of promotional awards, but we do not directly fulfill the award night obligation except at owned and leased hotels. Therefore, we are the agent for managed and franchised hotels, and we are the principal with respect to owned and leased hotels.

We satisfy the following performance obligations over time: access to Hyatt's symbolic IP, services provided under management and hotel services agreements, administration of the loyalty program, license of our brand name through our co-branded credit card agreements, and access to preferred pricing for Unlimited Vacation Club members. Each of these performance obligations is considered a sales-based royalty or a series of distinct services, and although the activities to fulfill each of these promises may vary from day to day, the nature of each promise is the same and the customer benefits from the services every day.

For each performance obligation satisfied over time, we recognize revenues using an output method based on the value transferred to the customer. Revenues are recognized based on the transaction price and the observable outputs related to each performance obligation. We deem the following to represent our progress in satisfying these performance obligations:

- revenues and operating profits earned by the hotels during the reporting period for access to Hyatt's IP as it is indicative of the value third-party owners and franchisees derive;
- revenues and operating profits of the hotels for the promise to provide services to the hotels under management and hotel services agreements;
- award night redemptions or point redemptions with third-party partners for the administration of the loyalty program performance obligation;
- cardholder spend for the license to the Hyatt name through our co-branded credit card programs as it is indicative of the value our partner derives from the use of our name; and
- time elapsed as we provide access to ALG resorts under the Unlimited Vacation Club paid membership program.

Within our management and hotel services agreements, we have two performance obligations: providing access to Hyatt's IP and providing management and hotel services. Although these constitute two separate performance obligations, both obligations represent services that are satisfied over time, and we recognize revenues using an output method based on the performance of the hotel. Therefore, we have not allocated the transaction price between these two performance obligations as the allocation would result in the same pattern of revenue recognition.

Revenues are adjusted for the effects of a significant financing component when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

We have applied the practical expedient that permits the omission of prior-period information about revenues allocated to future performance obligations, and we do not estimate revenues allocated to remaining performance obligations for the following:

- Deferred revenue related to the loyalty program, base and incentive management fee revenues, and deferred revenues associated with our paid membership program related to preferred rates and benefits at participating properties as the revenues are allocated to a wholly unperformed performance obligation in a series;
- Revenues related to royalty fees as they are considered sales-based royalty fees;
- Revenues received for free nights granted through our co-branded credit card programs as the awards have an original duration of 12 months;
- Revenues related to advanced bookings at owned and leased hotels as each stay has a duration of 12 months or less; and
- Revenues related to ALG Vacations and Mr & Mrs Smith as bookings are generally for travel within 12 months or less.

Contract Balances—Our payments from customers are based on the billing terms established in our contracts. Customer billings are recorded as accounts receivable when our right to consideration is unconditional. If our right to consideration is conditional on future performance under the contract, the balance is recorded as a contract asset. Due to certain profitability hurdles in our management and hotel services agreements, incentive fees are considered contract assets until the risk related to achieving the profitability metric no longer exists. Once the profitability hurdle has been met, the incentive fee receivable balance will be recorded in accounts receivable. Contract assets are recorded in receivables, net on our consolidated balance sheets. Payments received in advance of performance under the contract are recorded as current or long-term contract liabilities on our consolidated balance sheets and recognized as revenues as we perform under the contract.

Costs Incurred to Obtain Contracts with Customers—We incur incremental costs to obtain contracts with Unlimited Vacation Club members. The incremental costs, which primarily relate to sales commissions, are deferred and recorded as current or long-term other assets on our consolidated balance sheets. The costs are amortized in other direct costs on our consolidated statements of income (loss) over the same period as the associated revenues, using the straight-line method over the customer life, which ranges from 3 to 25 years. We assess costs incurred to obtain contracts with customers for impairment quarterly and when events or circumstances indicate the carrying value may not be recoverable.

At December 31, 2023 and December 31, 2022, we had \$27 million and \$15 million, respectively, of deferred costs recorded in prepaids and other assets and \$194 million and \$106 million, respectively, recorded in other assets on our consolidated balance sheets. During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, we recognized \$27 million, \$9 million, and an insignificant amount, respectively, of amortization expense related to these deferred costs.

Foreign Currency—The functional currency of our consolidated entities located outside the U.S. is generally the local currency. The assets and liabilities of these entities are translated into U.S. dollars at period-end exchange rates, and the related gains and losses, net of applicable deferred income taxes, are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets. Gains and losses from foreign currency transactions, including those related to intercompany receivables and payables, are recognized in other income (loss), net on our consolidated statements of income (loss).

Fair Value—We apply the provisions of fair value measurement to various financial instruments, which we measure at fair value on a recurring basis, and to various financial and nonfinancial assets and liabilities, which we measure at fair value on a nonrecurring basis. We disclose the fair value of our financial assets and liabilities based on observable market information, where available, or market participant assumptions. These assumptions are subjective in nature and involve matters of judgment; and therefore, fair values cannot always be determined with precision. When determining fair value, we maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level One—Fair values based on unadjusted quoted prices in active markets for identical assets and liabilities;
- Level Two—Fair values based on quoted market prices for similar assets and liabilities in active markets, quoted prices in inactive markets for identical assets and liabilities, and inputs other than quoted market prices that are observable for the asset or liability; and
- Level Three—Fair values based on inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. Valuation techniques may include the use of discounted cash flow models and similar techniques and may be internally developed.

We recognize transfers in and transfers out of the levels of the fair value hierarchy as of the end of each quarterly reporting period.

We typically utilize the market approach and income approach for valuing our financial instruments. The market approach utilizes prices and information generated by market transactions involving identical or similar assets and liabilities, and the income approach uses valuation techniques to convert future cash flows or earnings to a single, discounted present value. For instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the classification within the fair value hierarchy has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of fair value assets and liabilities within the fair value hierarchy.

The carrying values of our current financial assets and current financial liabilities approximate fair values with the exception of debt and equity securities (see below and Note 4) and financing receivables (see Note 6). The fair value of long-term debt is discussed in Note 11, and the fair value of our guarantee liabilities and contingent consideration receivables and liabilities is discussed below and in Note 7 and Note 15. We do not have nonfinancial assets or nonfinancial liabilities required to be measured at fair value on a recurring basis.

Cash Equivalents—We consider all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Our cash equivalents, except for time deposits discussed below and in Note 4, are classified as Level One in the fair value hierarchy as we are able to obtain market pricing information on an ongoing basis.

Restricted Cash—Cash deposited or held in escrow under contractual or regulatory requirements is classified as restricted cash. Our restricted cash may include sales proceeds pursuant to like-kind exchanges, escrow deposits, deposits with banks that collateralize our obligations to certain vendors, and other arrangements.

Equity Method Investments—We have investments in unconsolidated hospitality ventures accounted for under the equity method. These investments are an integral part of our business and strategically and operationally important to our overall results. When we receive a distribution from an investment, we determine whether it is a return on our investment or a return of our investment based on the underlying nature of the distribution. Certain equity method investments are reported on a

lag of up to three months. When intervening events occur during the time lag, we recognize the impact in our consolidated financial statements.

We assess investments in unconsolidated hospitality ventures for impairment quarterly, and when there is an indication that a loss in value has occurred, we evaluate the carrying value in comparison to the estimated fair value of the investment. Fair value is based on internally-developed discounted cash flow models, third-party appraisals, and if appropriate, current estimated net sales proceeds from pending offers. Under the discounted cash flow approach, we utilize various assumptions requiring judgment, including projected future cash flows, discount rates, and capitalization rates, which are primarily Level Three assumptions. Our estimates of projected future cash flows are based on historical data, various internal estimates, and a variety of external sources, and are developed as part of our routine, long-term planning process.

If the estimated fair value is less than the carrying value, we apply judgment to determine whether the decline in value is other than temporary. In determining this, we consider factors including, but not limited to, the length of time and extent of the decline, loss of value as a percentage of the cost, financial condition and near-term financial projections, our intent and ability to recover the lost value, and current economic conditions. Impairments deemed other than temporary are recognized in equity earnings (losses) from unconsolidated hospitality ventures on our consolidated statements of income (loss).

For additional information about equity method investments, see Note 4.

Debt and Equity Securities—Excluding equity method investments, debt and equity securities consist of various investments:

- Equity securities consist of interest-bearing money market funds, mutual funds, exchange-traded funds, common shares, and preferred shares. Equity securities with a readily determinable fair value are recorded at fair value on our consolidated balance sheets based on listed market prices or dealer quotations where available and are classified as Level One in the fair value hierarchy as we are able to obtain pricing information on an ongoing basis. Equity securities without a readily determinable fair value are recorded at cost less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. Net gains and losses, both realized and unrealized, and impairment charges on equity securities are recognized in other income (loss), net on our consolidated statements of income (loss).
- Debt securities include preferred shares, convertible investments, time deposits, and fixed income securities, including U.S. government obligations, obligations of other government agencies, corporate debt, mortgage-backed and asset-backed securities, and municipal and provincial notes and bonds. Debt securities are classified as trading, available-for-sale ("AFS"), or HTM.
 - Trading securities—recorded at fair value based on listed market prices or dealer price quotations, where available. Net gains and losses, both realized and unrealized, on trading securities are recognized in net gains (losses) and interest income from marketable securities held to fund rabbi trusts or other income (loss), net, depending on the nature of the investment, on our consolidated statements of income (loss).
 - AFS securities—recorded at fair value based on listed market prices or dealer price quotations, where available. Unrealized gains and losses on AFS debt securities are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets. Realized gains and losses on AFS debt securities are recognized in other income (loss), net on our consolidated statements of income (loss). AFS securities are assessed quarterly for expected credit losses, which are recognized in other income (loss), net on our consolidated statements of income (loss). In determining the allowance for credit losses, we evaluate AFS securities at the individual security level and consider our investment strategy, current market conditions, financial strength of the underlying investments, term to maturity, credit rating, and our intent and ability to sell the securities.
 - HTM securities—investments that we have the intent and ability to hold until maturity are recorded at amortized cost, net of expected credit losses. HTM securities are assessed for expected credit losses quarterly, and credit losses are recognized in other income (loss), net on our consolidated statements of income (loss). In determining the allowance for credit losses, we evaluate HTM securities individually due to the unique risks associated with each security, and we consider the financial strength of the underlying assets, including the current and forecasted performance of the property, term to maturity, credit quality of the owner, and current market conditions.

We classify debt securities as current or long-term based on their contractual maturity dates and our intent and ability to hold the investment. Our debt securities are primarily classified as Level Two in the fair value hierarchy. Time deposits are recorded at par value, which approximates fair value, and are therefore classified as Level Two. The remaining securities, other than our investment in preferred shares, are classified as Level Two due to the use and

weighting of multiple market inputs being considered in the final price of the security. Our investments in preferred shares and a convertible debt security are classified as Level Three as discussed in Note 4.

Interest income on preferred shares that earn a return is recognized in other income (loss), net.

For additional information about debt and equity securities, see Note 4.

Accounts Receivables—Our accounts receivables primarily consist of trade receivables due from guests for services rendered at our owned and leased properties, from hotel owners with whom we have management and hotel services agreements and franchise agreements for services rendered and for reimbursements of costs incurred on behalf of managed and franchised properties, from third-party financial institutions for credit and debit card transactions, from a third-party partner for our co-branded credit card programs, and from ALG Vacations and Mr & Mrs Smith customers. We assess all accounts receivables for credit losses quarterly and establish an allowance to reflect the net amount expected to be collected. The allowance for credit losses is based on an assessment of historical collection activity, the nature of the receivable, geographic considerations, and the current business environment and is recognized in owned and leased hotels expenses, distribution and destination management expenses, or selling, general, and administrative expenses on our consolidated statements of income (loss), based on the nature of the receivable. For additional information about accounts receivables, see Note 6.

Financing Receivables—Financing receivables represent contractual rights to receive money either on demand or on fixed or determinable dates and are recorded on our consolidated balance sheets at amortized cost, net of expected credit losses. We recognize interest as earned and include accrued interest in the amortized cost basis of the asset.

Our financing receivables are composed of individual, unsecured loans and other types of unsecured financing arrangements provided to hotel owners. These financing receivables are generally subordinate to senior financing and have stated maturities and interest rates, but the repayment terms vary and may be dependent on future cash flows of the hotel. We individually assess all financing receivables for credit losses quarterly and establish an allowance to reflect the net amount expected to be collected. We estimate credit losses based on an analysis of several factors, including current economic conditions, industry trends, and specific risk characteristics of the financing receivable, including capital structure, loan performance, market factors, and the underlying hotel performance. Adjustments to credit losses are recognized in other income (loss), net on our consolidated statements of income (loss).

We evaluate accrued interest allowances separately from the financing receivable assets. On an ongoing basis, we monitor the credit quality of our financing receivables based on historical and expected future payment activity. We determine if financing to hotel owners is nonperforming based on facts and circumstances of the individual financing receivables, including, but not limited to, if interest or principal is greater than 90 days past due based on the contractual terms of the individual financing receivables or if an allowance has been established for our other financing arrangements with that borrower. If we consider a financing receivable to be nonperforming, we place the financing receivable on nonaccrual status.

For financing receivables on nonaccrual status, we recognize interest income in other income (loss), net on our consolidated statements of income (loss) when cash is received. Accrual of interest income is resumed and potential reversal of any associated allowance for credit loss occurs when the receivable becomes contractually current and collection doubts are removed.

After an allowance for credit losses has been established, we may determine the receivable balance is uncollectible when all commercially reasonable means of recovering the receivable balance have been exhausted. We write off uncollectible balances by reversing the financing receivable and the related allowance for credit losses.

Financing receivables acquired in a business combination that have experienced more-than-insignificant deterioration in credit quality since origination are considered purchased with credit deterioration ("PCD") assets. PCD assets are accounted for at the purchase price or acquisition date fair value with an estimate of expected credit losses to arrive at an initial amortized cost basis. We use certain indicators, such as past due status and specific risk characteristics of the financing receivable, including capital structure, loan performance, market factors, and the underlying hotel performance, in identifying and assessing whether the acquired financing receivables are considered PCD assets.

For additional information about financing receivables, see Note 6.

Inventories—Inventories are comprised of operating supplies and equipment that primarily have a period of consumption of two years or less and food and beverage items at our owned and leased hotels, which are generally valued at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment and Definite-Lived Intangible Assets—Property and equipment is stated at cost, including interest incurred during development and construction periods, less accumulated depreciation. Definite-lived intangible assets

are recorded at the acquisition date fair value, less accumulated amortization. Depreciation and amortization are recognized over the estimated useful lives of the assets, primarily using the straight-line method.

Property and equipment are depreciated over the following useful lives:

Buildings and improvements	10–50 years
Leasehold improvements	The shorter of the lease term or useful life of asset
Furniture and equipment	3–20 years
Computers	3–7 years

Definite-lived intangible assets are amortized over the following useful lives:

Management and hotel services agreement and franchise agreement intangibles	3–30 years
Customer relationships intangibles	4–12 years
Other intangibles	Varies based on the nature of the asset

We assess property and equipment and definite-lived intangible assets for impairment quarterly, and when events or circumstances indicate the carrying value may not be recoverable, we evaluate the net book value of the assets by comparing it to the projected undiscounted future cash flows of the assets. Under the undiscounted cash flow approach, the primary assumption requiring judgment is our estimate of projected future operating cash flows, which are based on historical data, various internal estimates, and a variety of external resources, which are primarily Level Three assumptions, and are developed as part of our routine, long-term planning process.

If the projected undiscounted future cash flows are less than the net book value of the assets, the fair value is determined based on internally-developed discounted cash flows of the assets, third-party appraisals or broker valuations, or if appropriate, current estimated net sales proceeds from pending offers. Under the discounted cash flow approach, we utilize various assumptions requiring judgment, including projected future cash flows, discount rates, and capitalization rates. The excess of the net book value over the estimated fair value is recognized in asset impairments on our consolidated statements of income (loss).

We evaluate the carrying value of our property and equipment and definite-lived intangible assets based on our plans, at the time, for such assets and consider qualitative factors such as future development in the surrounding area, status of local competition, and any significant adverse changes in the business climate. Changes to our plans, including a decision to dispose of or change the intended use of an asset, may have a material impact on the carrying value of the asset.

For additional information about property and equipment and definite-lived intangible assets, see Note 5 and Note 9, respectively.

Leases—We primarily lease land, buildings, office space, and equipment. We determine whether an arrangement is an operating or finance lease at inception. For our management and hotel services agreements, we apply judgment in order to determine whether the contract is accounted for as a lease or management or hotel services agreement based on the specific facts and circumstances of each agreement. In evaluating whether an agreement constitutes a lease, we review the contractual terms to determine which party obtains both the economic benefits and control of the assets. In arrangements where we control the assets and obtain substantially all of the economic benefits, we account for the contract as a lease.

Certain of our leases include options to extend the lease term at our discretion. We include lease extension options in our operating lease ROU assets and lease liabilities when it is reasonably certain that we will exercise the options. Our extension options range from approximately 1 to 25 years, and the impacts of all currently available options are recorded in our operating lease ROU assets and lease liabilities. Our lease agreements do not contain any significant residual value guarantees or restrictive covenants.

We assess operating lease ROU assets for impairment quarterly, and when events or circumstances indicate the carrying value may not be recoverable, we evaluate the net book value of the assets by comparing it to the projected undiscounted future cash flows of the assets. If the carrying value of the assets is determined to not be recoverable and is in excess of the estimated fair value, we recognize an impairment charge in asset impairments on our consolidated statements of income (loss).

As our leases do not provide an implicit borrowing rate, we use our estimated IBR to determine the present value of our lease payments and apply a portfolio approach. We apply judgment in estimating our IBR, including assumptions related to currency risk and our credit risk. We also consider our recent debt issuances as well as publicly available data for instruments with similar characteristics when determining our IBR.

Our operating leases may include the following terms: (i) fixed minimum lease payments, (ii) variable lease payments based on a percentage of the hotel's profitability measure, as defined in the lease, (iii) lease payments equal to the greater of a minimum or variable lease payments based on a percentage of the hotel's profitability measure, as defined in the lease, (iv) lease payments adjusted for changes in an index or market value, or (v) variable lease payments based on a percentage split of the total gross revenues, as defined in the lease. Future lease payments that are contingent are not included in the measurement of the operating lease liability or in the future maturities table (see Note 8).

For office space, land, and hotel leases, we do not separate the lease and nonlease components, which primarily relate to common area maintenance and utilities. We combine lease and nonlease components for those leases where we are the lessor, and we exclude all leases with terms of 12 months or less from the operating lease ROU assets and lease liabilities.

For additional information about leases, see Note 8.

Acquisitions—We evaluate the facts and circumstances of each acquisition to determine whether the transaction should be accounted for as an asset acquisition or a business combination.

Under the supervision of management, independent third-party valuation specialists estimate the fair value of the assets or businesses acquired using various recognized valuation methods, including the income approach, cost approach, relief from royalty approach, and sales comparison approach, all of which are primarily based on Level Three assumptions. Assumptions utilized in determining the fair value under these approaches include, but are not limited to, historical financial results when applicable, projected cash flows, discount rates, capitalization rates, royalty rates, current market conditions, likelihood of contract renewals, and comparable transactions. In a business combination, the fair value is allocated to tangible assets and liabilities and identifiable intangible assets, with any remaining value assigned to goodwill, if applicable. In an asset acquisition, any difference between the consideration paid and the fair value of the assets acquired is allocated across the identified assets based on the relative fair value. When we acquire the remaining ownership interest in or the property from an unconsolidated hospitality venture in a step acquisition, we estimate the fair value of our equity interest using the assumed cash proceeds we would receive from sale to a third party at a market sales price, which is determined using our fair value methodologies and assumptions.

The results of operations of properties or businesses have been included on our consolidated statements of income (loss) since their respective dates of acquisition. Assets acquired and liabilities assumed in acquisitions are recorded on our consolidated balance sheets at the respective acquisition dates based on their estimated fair values. In business combinations, the purchase price allocations may be based on preliminary estimates and assumptions. Accordingly, the allocations are subject to revision when we receive final information, including appraisals and other analyses.

Acquisition-related costs incurred in conjunction with a business combination are recognized in other income (loss), net on our consolidated statements of income (loss). In an asset acquisition, these costs are included in the total consideration paid and allocated to the acquired assets.

Periodically, we enter into like-kind exchange agreements upon the disposition or acquisition of certain properties. Pursuant to the terms of these agreements, the proceeds from the sales are placed into an escrow account administered by a qualified intermediary and are unavailable for our use until released. The proceeds are recorded as restricted cash on our consolidated balance sheets and released (i) if they are utilized as part of a like-kind exchange agreement, (ii) if we do not identify a suitable replacement property within 45 days after the agreement date, or (iii) when a like-kind exchange agreement is not completed within the remaining allowable time period.

For additional information about acquisitions, see Note 7.

Contingent Consideration—As part of our acquisitions and dispositions, we may enter into contingent consideration arrangements whereby the buyer pays the seller additional consideration after transaction close upon the achievement of certain milestones, performance-based metrics, or other objectives as prescribed per the terms of the related agreement.

Contingent consideration payable arising from acquisitions is recorded at fair value as a liability on the acquisition date. In order to estimate the fair value, we generally utilize a Monte Carlo simulation to model the probability of possible outcomes. The valuation methodology includes assumptions and judgments regarding discount rates, estimated probability of achieving the contractual objectives, and expected timing of payments, which are primarily Level Three assumptions. Contingent consideration liabilities are recorded in accrued expenses and other current liabilities or other long-term liabilities on our consolidated balance sheets and are remeasured at fair value on a quarterly basis. Changes in fair value are recognized in other income (loss), net on our consolidated statements of income (loss).

Contingent consideration receivable arising from dispositions is recorded at fair value as an asset upon sale. In order to estimate the fair value, we generally utilize a Monte Carlo simulation or a probability-based weighting approach to model possible outcomes. The valuation methodology includes assumptions and judgments regarding discount rates, estimated probability of achieving the contractual objectives, operating results, and expected timing of payments, which are primarily Level Three assumptions. Contingent consideration receivables are recorded in receivables, net or other assets on our consolidated balance sheets. Changes in the carrying value are recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) when realizable.

For additional information about contingent consideration, see Note 7 and Note 15.

Goodwill—Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified or separately recognized. We evaluate goodwill for impairment annually during the fourth quarter of each year using balances at October 1 and at interim dates if indicators of impairment exist. Goodwill impairment is determined by comparing the fair value of a reporting unit to its carrying amount.

We evaluate the fair value of the reporting unit by performing a qualitative or quantitative assessment. In any given year, we can elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is more likely than not that the fair value is less than the carrying value, or we elect to bypass the qualitative assessment, we proceed to the quantitative assessment.

When determining fair value, we utilize internally-developed discounted future cash flow models, third-party valuation specialist models, which may include income-based and/or market-based approaches, third-party appraisals or broker valuations, and if appropriate, current estimated net sales proceeds from pending offers. Under an income-based approach, we utilize various assumptions requiring judgment, including projected future cash flows, discount rates, and capitalization rates. Our estimates of projected future cash flows are based on historical data, various internal estimates, and a variety of external sources, which are primarily Level Three assumptions, and are developed as part of our routine, long-term planning process. For certain reporting units, we apply a weighting of an income-based approach and a market-based approach, which utilizes the guideline public companies method and is based on earnings multiple data derived from publicly traded peer group companies. We then compare the estimated fair value to our carrying value. If the carrying value is in excess of the fair value, we recognize an impairment charge in asset impairments on our consolidated statements of income (loss) based on the amount by which the carrying value of the reporting unit exceeded the fair value, limited to the carrying amount of goodwill. For additional information about goodwill, see Note 9.

Indefinite-Lived Intangible Assets—We have certain brand and other indefinite-lived intangible assets that were acquired through various business combinations. At the time of each acquisition, fair value was estimated using a relief from royalty method.

We evaluate indefinite-lived intangible assets for impairment annually during the fourth quarter of each year using balances at October 1 and at interim dates if indicators of impairment exist. We use the relief from royalty method to estimate the fair value. When determining fair value, we utilize internally-developed discounted future cash flow models and third-party valuation specialist models, which include various assumptions requiring judgment, including projected future cash flows, discount rates, and market royalty rates that are primarily Level Three assumptions. Our estimates of projected cash flows are based on historical data, various internal estimates, and a variety of external sources, and are developed as part of our routine, long-term planning process. We then compare the estimated fair value to our carrying value. If the carrying value is in excess of the fair value, we recognize an impairment charge in asset impairments on our consolidated statements of income (loss). For additional information about indefinite-lived intangible assets, see Note 9.

Guarantees—We enter into performance guarantees related to certain hotels we manage. We also enter into debt repayment guarantees with respect to certain unconsolidated hospitality ventures and certain managed or franchised hotels. We record a liability for the fair value of these guarantees at their inception date. In order to estimate the fair value, we use scenario-based weighting, which utilizes a Monte Carlo simulation to model the probability of possible outcomes. The valuation methodology includes assumptions and judgments regarding probability weighting, discount rates, volatility, hotel operating results, and hotel property sales prices, which are primarily Level Three assumptions. The fair value is not revalued due to future changes in assumptions. The corresponding offset depends on the circumstances in which the guarantee was issued and is recorded to equity method investments, other assets, or other income (loss), net. We amortize the liability for the fair value of a guarantee into income over the term of the guarantee using a systematic and rational, risk-based approach. Guarantees related to our managed or franchised hotels and our unconsolidated hospitality ventures are amortized into income in other income (loss), net and in equity earnings (losses) from unconsolidated hospitality ventures, respectively, on our consolidated statements of income (loss).

- Performance and other guarantees—On a quarterly basis, we evaluate the likelihood of funding under a guarantee. To the extent we determine an obligation to fund is both probable and estimable based on performance during the period, we record a separate contingent liability and recognize expense in other income (loss), net.
- Debt repayment guarantees—At guarantee inception and on a quarterly basis, we evaluate the risk of funding under a guarantee. We assess credit risk based on the current and forecasted performance of the underlying property, whether the property owner is current on debt service, the historical performance of the underlying property, and the current market, and we record a separate liability and recognize expense in other income (loss), net or equity earnings (losses) from unconsolidated hospitality ventures based on the nature of the guarantee.

For additional information about guarantees, see Note 15.

Income Taxes—We account for income taxes to recognize the amount of taxes payable or refundable for the current year and the amount of deferred tax assets and liabilities resulting from the future tax consequences of differences between the financial statements and tax basis of the respective assets and liabilities. We assess the realizability of our deferred tax assets and record a valuation allowance when it is more likely than not that some or all of our deferred tax assets are not realizable. This assessment is completed by tax jurisdiction and relies on the weight of both positive and negative evidence available with significant weight placed on recent financial results. When necessary, we use systematic and logical methods to estimate when deferred tax liabilities will reverse and generate taxable income and when deferred tax assets will reverse and generate tax deductions.

We recognize the financial statement effect of a tax position when, based on the technical merits of the uncertain tax position, it is more likely than not to be sustained on a review by taxing authorities. We review these estimates and make changes to recorded amounts of uncertain tax positions as facts and circumstances warrant. For additional information about income taxes, see Note 14.

Stock-Based Compensation—As part of our LTIP, we award time-vested stock appreciation rights ("SARs"), time-vested restricted stock units ("RSUs"), and performance-vested restricted stock units ("PSUs") to certain employees and non-employee directors. In addition, non-employee directors may elect to receive their annual fees and/or annual equity retainers in the form of shares of our Class A common stock. Under the LTIP, we are authorized to issue up to 22,375,000 shares:

- *SARs*—Each vested SAR gives the holder the right to the difference between the value of one share of our Class A common stock at the exercise date and the value of one share of our Class A common stock at the grant date. The value of the SARs is determined using the fair value of our common stock at the grant date based on the closing stock price of our Class A common stock. SARs generally vest 25% annually over four years, beginning on the first anniversary after the grant date. Vested SARs can be exercised over their life as determined in accordance with the LTIP. All SARs have a 10-year contractual term, are settled in shares of our Class A common stock, and are accounted for as equity instruments.

We recognize compensation expense on a straight-line basis from the date of grant through the requisite service period, which is generally the vesting period, unless the employee meets retirement eligibility criteria resulting in immediate recognition. We recognize the effect of forfeitures as they occur.

- *RSUs*—Each vested RSU will generally be settled by delivery of a single share of our Class A common stock and therefore is accounted for as an equity instrument. In certain situations, we grant a limited number of cash-settled RSUs, which are recorded as liability instruments. The cash-settled RSUs represent an insignificant portion of previous grants.

The value of the RSUs is determined using the fair value of our common stock at the grant date based on the closing stock price of our Class A common stock. Awards are generally settled as each individual tranche vests under the relevant agreements. We recognize compensation expense over the requisite service period of the individual grant, which is generally a vesting period of one to four years, unless the employee meets retirement eligibility criteria resulting in immediate recognition. We recognize the effect of forfeitures as they occur.

Under certain circumstances, we have issued time-vested RSUs with performance requirements, which vest based on the satisfaction of a continued employment requirement and the attainment of specified performance-vesting conditions that are established annually and eligible to be earned in tranches. Generally, these RSUs fully vest and settle in Class A common stock to the extent performance requirements for the applicable tranche are achieved and if the requisite service period, which is generally three to five years, is satisfied. The value of the RSUs is determined using the fair value of our common stock at the grant date based on the closing stock price of our Class A common stock. Due to the fact that the performance conditions are established annually, each tranche typically has its own grant

date. We did not issue any such RSUs during the years ended December 31, 2023 and December 31, 2022. At December 31, 2023, all approved RSUs have met the grant date criteria and were deemed granted.

- *PSUs*—PSUs vest and are settled in Class A common stock based on the performance of the Company through the end of the applicable performance period relative to the applicable performance target and are generally subject to a continued employment requirement through the applicable performance period. The PSUs are eligible to vest at the end of the performance period only to the extent the performance threshold is met and continued service requirements are satisfied; there is no interim performance metric, except in the case of certain change in control transactions.

The value of the PSUs is determined using the fair value of our common stock at the grant date based on the closing stock price of our Class A common stock. PSUs may include a relative total shareholder return ("TSR") modifier to determine the number of shares earned at the end of the performance period. Under the supervision of management, independent third-party valuation specialists estimate the fair value of the PSUs that include the TSR modifier using a Monte Carlo simulation to model the probability of possible outcomes. The Monte Carlo simulation uses the grant date stock price as a key input and includes assumptions and judgments regarding the risk-free interest rate, expected volatility, and annual dividend yield. Generally, the fair value of the PSUs estimated using a Monte Carlo simulation does not significantly differ from the fair value based on the grant date stock price.

We recognize compensation expense over the requisite performance period, which is generally a vesting period of approximately three to six years. Compensation expense recognized is dependent on management's quarterly assessment of the expected achievement relative to the applicable performance targets. We recognize the effect of forfeitures as they occur.

For additional information about stock-based compensation, see Note 17.

Loyalty Program—The loyalty program is funded through contributions from participating properties and third-party loyalty alliances based on eligible revenues from loyalty program members and returns on marketable securities. The funds are used for the redemption of member awards and payment of operating expenses. Operating costs are expensed as incurred and recognized in costs incurred on behalf of managed and franchised properties on our consolidated statements of income (loss).

The program invests amounts received from the participating properties and third-party loyalty alliances in marketable securities, which are included in cash and cash equivalents, short-term investments, and other assets on our consolidated balance sheets (see Note 4). Deferred revenues related to the loyalty program are classified as current and long-term contract liabilities on our consolidated balance sheets (see Note 3). The costs of administering the loyalty program, including the estimated cost of award redemption, are charged to the participating properties and third-party loyalty alliances based on members' qualified expenditures.

Advertising Costs—We expense costs to produce advertising in the period incurred and costs to communicate advertising as the communication occurs. Advertising costs are generally reimbursed by our third-party owners and franchisees and are recognized in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties and costs incurred on behalf of managed and franchised properties on our consolidated statements of income (loss). Certain advertising costs associated with our Apple Leisure Group segment are not reimbursable. During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, we recognized approximately \$65 million, \$67 million, and \$13 million, respectively, of advertising costs related to ALG in distribution and destination management expenses on our consolidated statements of income (loss).

Government Assistance—We receive government subsidies, primarily in the form of cash, related to expenses such as salaries, wages, and taxes. The subsidies are recorded when there is reasonable assurance the conditions of the subsidies will be met and the subsidies will be received. The subsidies are recognized as a benefit against the related expense on our consolidated statements of income (loss) over the period that the subsidies are intended to compensate. Our subsidies primarily relate to the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the American Rescue Plan Act of 2021 ("ARPA"). The CARES Act, enacted in March 2020, as well as subsequently enacted legislation, including ARPA, provided economic support due to the COVID-19 pandemic. The CARES Act included an employee retention credit, which is a refundable tax credit against certain employment taxes. ARPA provided a refundable subsidy tax credit to employers to offset the costs of COBRA coverage for certain qualified employees from April 1, 2021 through September 30, 2021. During the years ended December 31, 2023 and December 31, 2022, we received \$19 million and \$6 million, respectively, of government assistance related to these programs in the form of cash. The benefit from the government subsidies was primarily recognized against the related expenses in prior periods. At December 31, 2023 and December 31, 2022, we had \$7 million and \$26 million, respectively, related to these programs recorded in receivables, net on our consolidated balance sheets.

Adopted Accounting Standards

Reference Rate Reform—In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2020-04 ("ASU 2020-04"), *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions that we can elect to adopt, subject to meeting certain criteria, regarding contract modifications, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. In December 2022, the FASB issued Accounting Standards Update No. 2022-06 ("ASU 2022-06"), *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. ASU 2022-06 was effective upon issuance and defers the sunset date of Topic 848 by two years, extending the provisions of ASU 2020-04 through December 31, 2024. During the year ended December 31, 2023, we amended certain LIBOR-based contracts and adopted the provisions of ASU 2020-04 in conjunction with the amendments. We are also in the process of converting other LIBOR-based contracts to alternative reference rates. ASU 2020-04 did not materially impact our consolidated financial statements upon adoption and is not expected to have a material future impact as we apply optional expedients or exceptions.

Future Adoption of Accounting Standards

Disclosure Improvements—In October 2023, the FASB issued Accounting Standards Update No. 2023-06 ("ASU 2023-06"), *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. ASU 2023-06 modifies the disclosure and presentation requirements for certain FASB Accounting Standards Codification topics to align with the SEC's regulations. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from its regulations becomes effective, if the SEC removes the disclosure by June 30, 2027. The provisions of ASU 2023-06 are to be applied prospectively, with early adoption prohibited. We do not expect the adoption of ASU 2023-06 to have a material impact on our consolidated financial statements and accompanying Notes.

Segment Reporting—In November 2023, the FASB issued Accounting Standards Update No. 2023-07 ("ASU 2023-07"), *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to evaluate segment performance. The provisions of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted, and require retrospective adoption for all prior periods presented. We are currently assessing the impact of adopting ASU 2023-07.

Income Taxes—In December 2023, the FASB issued Accounting Standards Update No. 2023-09 ("ASU 2023-09"), *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires enhanced annual income tax disclosures including (1) disaggregation of effective tax rate reconciliation categories, (2) additional information for reconciling items that meet a quantitative threshold, and (3) incomes taxes paid by jurisdiction. The provisions of ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and may be applied either prospectively or retrospectively for all prior periods presented. We are currently assessing the impact of adopting ASU 2023-09.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues

The following tables present our revenues disaggregated by the nature of the product or service:

	Year Ended December 31, 2023							Eliminations	Total
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME management and franchising	Apple Leisure Group	Corporate and other			
Rooms revenues (1)	\$ 848	\$ —	\$ —	\$ —	\$ 26	\$ —	\$ (29)	\$ 845	
Food and beverage	333	—	—	—	—	—	—	333	
Other	159	—	—	—	2	—	—	161	
Owned and leased hotels	1,340	—	—	—	28	—	(29)	1,339	
Base management fees	—	250	69	40	55	—	(40)	374	
Incentive management fees	—	69	84	34	61	—	(16)	232	
Franchise, license, and other fees	—	225	17	16	36	85	—	379	
Management, franchise, license, and other fees	—	544	170	90	152	85	(56)	985	
Contra revenue	—	(26)	(3)	(13)	(5)	—	—	(47)	
Net management, franchise, license, and other fees	—	518	167	77	147	85	(56)	938	
Distribution and destination management	—	—	—	—	1,032	—	—	1,032	
Other revenues	—	82	—	—	189	28	1	300	
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	2,667	155	96	140	—	—	3,058	
Total	\$ 1,340	\$ 3,267	\$ 322	\$ 173	\$ 1,536	\$ 113	\$ (84)	\$ 6,667	

(1) Apple Leisure Group includes package revenues for all-inclusive leased properties.

Year Ended December 31, 2022								
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising (2)	EAME management and franchising (2)	Apple Leisure Group	Corporate and other	Eliminations	Total
Rooms revenues (1)	\$ 780	\$ —	\$ —	\$ —	\$ 20	\$ —	\$ (28)	\$ 772
Food and beverage	305	—	—	—	—	—	—	305
Other	157	—	—	—	1	—	—	158
Owned and leased hotels	1,242	—	—	—	21	—	(28)	1,235
Base management fees	—	225	45	34	52	—	(37)	319
Incentive management fees	—	64	40	33	68	—	(13)	192
Franchise, license, and other fees	—	190	14	17	26	50	—	297
Management, franchise, license, and other fees	—	479	99	84	146	50	(50)	808
Contra revenue	—	(24)	(2)	(4)	(1)	—	—	(31)
Net management, franchise, license, and other fees	—	455	97	80	145	50	(50)	777
Distribution and destination management	—	—	—	—	986	—	—	986
Other revenues	—	119	—	—	137	15	2	273
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	2,271	157	78	114	—	—	2,620
Total	\$ 1,242	\$ 2,845	\$ 254	\$ 158	\$ 1,403	\$ 65	\$ (76)	\$ 5,891

(1) Apple Leisure Group includes package revenues for all-inclusive leased properties.

(2) Amounts presented have been adjusted for changes within the segments effective on January 1, 2023 (see Note 19).

	Year Ended December 31, 2021							
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising (1)	EAME management and franchising (1)	Apple Leisure Group	Corporate and other	Eliminations	Total
Rooms revenues	\$ 519	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (17)	\$ 502
Food and beverage	196	—	—	—	—	—	—	196
Other	140	—	—	—	—	—	—	140
Owned and leased hotels	855	—	—	—	—	—	(17)	838
Base management fees	—	130	40	19	5	—	(25)	169
Incentive management fees	—	19	23	13	10	—	(7)	58
Franchise, license, and other fees	—	128	15	5	6	37	—	191
Management, franchise, license, and other fees	—	277	78	37	21	37	(32)	418
Contra revenue	—	(19)	(4)	(12)	—	—	—	(35)
Net management, franchise, license, and other fees	—	258	74	25	21	37	(32)	383
Distribution and destination management	—	—	—	—	115	—	—	115
Other revenues	—	84	—	—	19	4	2	109
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	1,410	108	54	11	—	—	1,583
Total	\$ 855	\$ 1,752	\$ 182	\$ 79	\$ 166	\$ 41	\$ (47)	\$ 3,028

(1) Amounts presented have been adjusted for changes within the segments effective on January 1, 2023 (see Note 19).

Contract Balances

Contract assets were insignificant at both December 31, 2023 and December 31, 2022.

Contract liabilities were comprised of the following:

	December 31, 2023	December 31, 2022
Deferred revenue related to the paid membership program	\$ 1,204	\$ 1,013
Deferred revenue related to the loyalty program	1,130	928
Deferred revenue related to travel distribution and destination management services	719	732
Deferred revenue related to insurance programs	75	66
Advanced deposits	57	61
Initial fees received from franchise owners	45	45
Other deferred revenue	127	88
Total contract liabilities	\$ 3,357	\$ 2,933

Revenue recognized during the years ended December 31, 2023 and December 31, 2022 included in the contract liabilities balance at the beginning of each year was \$1,224 million and \$947 million, respectively. This revenue primarily relates to travel distribution and destination management services, the loyalty program, and the Unlimited Vacation Club paid membership program.

Revenue Allocated to Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted revenue expected to be recognized in future periods was approximately \$575 million at December 31, 2023, approximately 20% of which we expect to recognize over the next 12 months, with the remainder to be recognized thereafter.

4. DEBT AND EQUITY SECURITIES

We invest in debt and equity securities that we believe are strategically and operationally important to our business. These investments take the form of (i) equity method investments where we have the ability to significantly influence the operations of the entity, (ii) marketable securities held to fund operating programs and for investment purposes, and (iii) other types of investments.

Equity Method Investments

Equity method investments were \$211 million and \$178 million at December 31, 2023 and December 31, 2022, respectively, and are primarily recorded in our owned and leased hotels segment.

The carrying values and ownership interests of our investments in unconsolidated hospitality ventures accounted for under the equity method were as follows:

Investee	Existing or future hotel property	Ownership interest	Carrying value	
			December 31, 2023	December 31, 2022
Hyatt of Baja, S. de. R.L. de C.V.	Park Hyatt Los Cabos Hotel and Residences	50.0 %	\$ 74	\$ 59
Juniper Hotels Private Limited	Hyatt Regency Ahmedabad, Andaz Delhi, Grand Hyatt Mumbai Hotel & Residences, Hyatt Place Hampi, Hyatt Raipur, Hyatt Regency Lucknow	50.0 %	28	—
HP Boston Partners, LLC	Hyatt Place Boston / Seaport District	50.0 %	22	25
Hotel am Belvedere Holding GmbH & Co KG	Andaz Vienna Am Belvedere	50.0 %	13	15
HRM HoldCo, LLC	Hyatt Regency Miami	50.0 %	13	10
HC Lenox JV LLC	Hyatt Centric Buckhead Atlanta	50.0 %	9	11
Hotel Hoyo Uno, S. de R.L. de C.V.	Andaz Mayakoba Resort Riviera Maya	40.0 %	7	9
H.E. Philadelphia HC Hotel, L.L.C.	Hyatt Centric Center City Philadelphia	40.0 %	7	11
CBR HCN, LLC	Hyatt Centric Downtown Nashville	40.0 %	6	8
Other	Various		32	30
Total equity method investments			\$ 211	\$ 178

During the year ended December 31, 2023, we acquired 50% of the outstanding shares of a third-party entity that owns three of our managed properties in India in exchange for the non-cash redemption of a HTM debt security. Upon completion, one of our unconsolidated hospitality ventures in India acquired 100% of the outstanding shares of the entity, and we recorded a \$32 million equity method investment. On September 28, 2023, our unconsolidated hospitality venture publicly filed a draft red herring prospectus with the Securities and Exchange Board of India in conjunction with a proposed initial public offering of equity shares, subject to market conditions and regulatory approvals.

During the year ended December 31, 2022, we had the following activity:

- We received \$23 million of proceeds related to the sale of our ownership interest in an equity method investment and recognized a \$4 million pre-tax gain in equity earnings (losses) from unconsolidated hospitality ventures on our consolidated statements of income (loss), net of a \$5 million reclassification from accumulated other comprehensive loss (see Note 16).
- An equity method investment, in which we hold an ownership interest, sold the underlying hotel to a third party, and we received \$16 million of proceeds. We recognized a \$15 million net gain in equity earnings (losses) from unconsolidated hospitality ventures on our consolidated statements of income (loss).

During the year ended December 31, 2021, we had the following activity:

- We received \$83 million of sales proceeds and recognized \$31 million of net gains in equity earnings (losses) from unconsolidated hospitality ventures on our consolidated statements of income (loss) resulting from sales activity related to certain equity method investments within our owned and leased hotels segment.
- We purchased our hospitality venture partner's interest in the entities that own Grand Hyatt São Paulo for \$6 million of cash, and we repaid the \$78 million third-party mortgage loan on the property. We recognized a \$69 million pre-tax

gain in equity earnings (losses) from unconsolidated hospitality ventures on our consolidated statements of income (loss) (see Note 7).

Marketable Securities

We hold marketable securities with readily determinable fair values to fund certain operating programs and for investment purposes. We periodically transfer available cash and cash equivalents to purchase marketable securities for investment purposes.

Marketable Securities Held to Fund Operating Programs—Marketable securities held to fund operating programs, which are recorded at fair value on our consolidated balance sheets, were as follows:

	December 31, 2023	December 31, 2022
Loyalty program (Note 10)	\$ 807	\$ 728
Deferred compensation plans held in rabbi trusts (Note 10 and Note 13)	489	420
Captive insurance company (Note 10)	94	110
Total marketable securities held to fund operating programs	\$ 1,390	\$ 1,258
Less: current portion of marketable securities held to fund operating programs included in cash and cash equivalents and short-term investments	(320)	(339)
Marketable securities held to fund operating programs included in other assets	\$ 1,070	\$ 919

At December 31, 2023 and December 31, 2022, marketable securities held to fund operating programs included:

- \$330 million and \$174 million, respectively, of AFS debt securities with contractual maturity dates ranging from 2024 through 2069. The amortized cost of our AFS debt securities approximates fair value;
- \$25 million and \$138 million, respectively, of time deposits classified as HTM debt securities with contractual maturity dates ranging from 2024 through 2025. The amortized cost of our time deposits approximates fair value;
- \$15 million and \$62 million, respectively, of equity securities with a readily determinable fair value.

Net unrealized and realized gains (losses) from marketable securities held to fund operating programs recognized on our consolidated financial statements were as follows:

	Year Ended December 31,		
	2023	2022	2021
Unrealized gains (losses), net			
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts (1)	\$ 42	\$ (89)	\$ (7)
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties (2)	21	(42)	(4)
Other income (loss), net (Note 21)	10	(37)	(11)
Other comprehensive income (loss) (Note 16)	10	(14)	(2)
Realized gains (losses), net			
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts (1)	\$ 13	\$ 14	\$ 50
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties (2)	6	7	23
Other income (loss), net (Note 21)	(2)	—	2

(1) Unrealized and realized gains and losses recognized in net gains (losses) and interest income from marketable securities held to fund rabbi trusts are offset by amounts recognized in owned and leased hotels expenses and selling, general, and administrative expenses with no impact on net income (loss).

(2) Unrealized and realized gains and losses recognized in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties related to investments held to fund rabbi trusts are offset by amounts recognized in costs incurred on behalf of managed and franchised properties with no impact on net income (loss).

Marketable Securities Held for Investment Purposes—Marketable securities held for investment purposes, which are recorded at cost or fair value, depending on the nature of the investment, on our consolidated balance sheets, were as follows:

	December 31, 2023	December 31, 2022
Interest-bearing money market funds	\$ 284	\$ 430
Common shares in Playa N.V. (Note 10)	105	79
Time deposits (1)	11	10
Total marketable securities held for investment purposes	\$ 400	\$ 519
Less: current portion of marketable securities held for investment purposes included in cash and cash equivalents and short-term investments	(294)	(440)
Marketable securities held for investment purposes included in other assets	\$ 106	\$ 79

(1) Time deposits have contractual maturity dates ranging from 2024 through 2025. The amortized cost of our time deposits approximates fair value.

We hold common shares in Playa Hotels & Resorts N.V. ("Playa N.V."), which are accounted for as an equity security with a readily determinable fair value as we do not have the ability to significantly influence the operations of the entity. We did not sell any of these common shares during the years ended December 31, 2023 or December 31, 2022. Net unrealized gains (losses) recognized on our consolidated statements of income (loss) were as follows:

	Year Ended December 31,		
	2023	2022	2021
Other income (loss), net (Note 21)	\$ 26	\$ (18)	\$ 25

Fair Value—We measure marketable securities at fair value on a recurring basis:

	December 31, 2023	Cash and cash equivalents	Short-term investments	Other assets
Level One—Quoted Prices in Active Markets for Identical Assets				
Interest-bearing money market funds	\$ 599	\$ 599	\$ —	\$ —
Mutual funds and exchange-traded funds	495	—	—	495
Common shares	114	—	—	114
Level Two—Significant Other Observable Inputs				
Time deposits	36	—	10	26
U.S. government obligations	250	—	—	250
U.S. government agencies	37	—	—	37
Corporate debt securities	212	—	5	207
Mortgage-backed securities	19	—	—	19
Asset-backed securities	24	—	—	24
Municipal and provincial notes and bonds	4	—	—	4
Total	\$ 1,790	\$ 599	\$ 15	\$ 1,176

	December 31, 2022	Cash and cash equivalents	Short-term investments	Other assets
Level One—Quoted Prices in Active Markets for Identical Assets				
Interest-bearing money market funds	\$ 620	\$ 620	\$ —	\$ —
Mutual funds	482	—	—	482
Common shares in Playa N.V.	79	—	—	79
Level Two—Significant Other Observable Inputs				
Time deposits	148	1	145	2
U.S. government obligations	237	—	3	234
U.S. government agencies	55	—	8	47
Corporate debt securities	109	—	2	107
Mortgage-backed securities	21	—	—	21
Asset-backed securities	21	—	—	21
Municipal and provincial notes and bonds	5	—	—	5
Total	\$ 1,777	\$ 621	\$ 158	\$ 998

During the years ended December 31, 2023 and December 31, 2022, there were no transfers between levels of the fair value hierarchy.

Other Investments

HTM Debt Securities—We hold investments in third-party entities associated with certain of our hotels. The investments are redeemable on various dates through 2062 and recorded as HTM debt securities within other assets on our consolidated balance sheets:

	December 31, 2023	December 31, 2022
HTM debt securities	\$ 53	\$ 96
Less: allowance for credit losses	(13)	(31)
Total HTM debt securities, net of allowances	\$ 40	\$ 65

The following table summarizes the activity in our HTM debt securities allowance for credit losses:

	2023	2022
Allowance at January 1	\$ 31	\$ 38
Reversals, net (1)	(15)	(7)
Write-offs	(3)	—
Allowance at December 31	\$ 13	\$ 31

(1) Provisions for credit losses were partially or fully offset by interest income recognized in the same periods (see Note 21).

We estimated the fair value of these HTM debt securities to be approximately \$41 million and \$81 million at December 31, 2023 and December 31, 2022, respectively. The fair values of our investments in preferred shares, which are classified as Level Three in the fair value hierarchy, are estimated using internally-developed discounted cash flow models based on current market inputs for similar types of arrangements. The primary sensitivity in these models is the selection of appropriate discount rates. Fluctuations in these assumptions could result in different estimates of fair value. The remaining HTM debt securities are classified as Level Two in the fair value hierarchy due to the use and weighting of multiple market inputs being considered in the final price of the security.

Convertible Debt Security—During the year ended December 31, 2023, we invested in a \$30 million convertible debt security associated with a franchised property, which is classified as AFS and recorded in other assets on our consolidated balance sheet. The investment has a contractual maturity date in 2029. The convertible debt investment is remeasured at fair value on a recurring basis and is classified as Level Three in the fair value hierarchy. We estimated the fair value of this investment to be \$39 million at December 31, 2023. The fair value is estimated using a discounted future cash flow model, and the primary sensitivity in the model is the selection of an appropriate discount rate. Fluctuations in our assumptions could result in different estimates of fair value. Net unrealized gains recognized on our consolidated financial statements were as follows:

	Year Ended December 31,		
	2023	2022	2021
Other comprehensive income (loss) (Note 16)	\$ 9	\$ —	\$ —

Equity Securities Without a Readily Determinable Fair Value—At December 31, 2023 and December 31, 2022, we held \$16 million and \$12 million, respectively, of investments in equity securities without a readily determinable fair value, which are recorded within other assets on our consolidated balance sheets and represent investments in entities where we do not have the ability to significantly influence the operations of the entity.

5. PROPERTY AND EQUIPMENT, NET

	December 31, 2023	December 31, 2022
Land	\$ 564	\$ 557
Buildings and improvements	2,645	2,658
Leasehold improvements	191	184
Furniture, equipment, and computers	1,166	1,136
Construction in progress	23	30
Property and equipment	4,589	4,565
Less: accumulated depreciation	(2,249)	(2,181)
Total property and equipment, net	\$ 2,340	\$ 2,384

	Year Ended December 31,		
	2023	2022	2021
Depreciation expense	\$ 219	\$ 216	\$ 262

6. RECEIVABLES

Receivables

At December 31, 2023 and December 31, 2022, we had \$883 million and \$834 million, respectively, of net receivables, recorded on our consolidated balance sheets.

The following table summarizes the activity in our receivables allowance for credit losses:

	2023	2022
Allowance at January 1	\$ 63	\$ 53
Write-offs	(8)	(13)
Provisions (reversals), net	(5)	20
Other	—	3
Allowance at December 31	\$ 50	\$ 63

Financing Receivables

	December 31, 2023	December 31, 2022
Unsecured financing to hotel owners	\$ 137	\$ 120
Less: current portion of financing receivables, included in receivables, net	(22)	(16)
Less: allowance for credit losses	(42)	(44)
Total long-term financing receivables, net of allowances	<u>\$ 73</u>	<u>\$ 60</u>

Allowance for Credit Losses—The following table summarizes the activity in our unsecured financing receivables allowance for credit losses:

	2023	2022
Allowance at January 1	\$ 44	\$ 69
Write-offs (1)	(2)	(15)
Reversals, net	—	(9)
Foreign currency exchange, net	—	(1)
Allowance at December 31	<u>\$ 42</u>	<u>\$ 44</u>

(1) The amount written off during the year ended December 31, 2022 primarily related to loans with a third party that were sold.

Credit Monitoring—Our unsecured financing receivables were as follows:

	December 31, 2023			
	Gross loan balance (principal and interest)	Related allowance	Net financing receivables	Gross receivables on nonaccrual status
Loans	\$ 128	\$ (39)	\$ 89	\$ 22
Other financing arrangements	9	(3)	6	—
Total unsecured financing receivables	<u>\$ 137</u>	<u>\$ (42)</u>	<u>\$ 95</u>	<u>\$ 22</u>

	December 31, 2022			
	Gross loan balance (principal and interest)	Related allowance	Net financing receivables	Gross receivables on nonaccrual status
Loans	\$ 118	\$ (43)	\$ 75	\$ 22
Other financing arrangements	2	(1)	1	1
Total unsecured financing receivables	<u>\$ 120</u>	<u>\$ (44)</u>	<u>\$ 76</u>	<u>\$ 23</u>

Fair Value—We estimated the fair value of financing receivables to be approximately \$133 million and \$117 million at December 31, 2023 and December 31, 2022, respectively. The fair values, which are classified as Level Three in the fair value hierarchy, are estimated using discounted future cash flow models. The principal inputs used are projected future cash flows and the discount rate, which is generally the effective interest rate of the loan.

7. ACQUISITIONS AND DISPOSITIONS

Acquisitions

Mr & Mrs Smith—During the year ended December 31, 2023, we acquired 100% of the outstanding shares of Smith Global Limited, doing business as Mr & Mrs Smith, in a business combination through a locked box structure. The enterprise value of £53 million was subject to customary adjustments related to indebtedness and net working capital as of the locked box date, as well as a value accrual representing the economic value from the locked box date through the acquisition date.

We closed on the transaction on June 2, 2023 and paid cash of £58 million (approximately \$72 million using exchange rates as of the acquisition date).

Net assets acquired were determined as follows:

Cash paid, net of cash acquired	\$	50
Cash acquired		22
Net assets acquired	\$	<u>72</u>

The acquisition includes technology related to a boutique and luxury global travel platform, brand name, and relationships with affiliated hotel owners. Following the acquisition date, fee revenues and operating expenses of Mr & Mrs Smith were recognized on our consolidated statements of income (loss). For the period from the acquisition date through December 31, 2023, total revenues and net income attributable to Mr & Mrs Smith were \$15 million and \$2 million, respectively.

Our consolidated balance sheet at December 31, 2023 reflects preliminary estimates of the fair value of the assets acquired and liabilities assumed based on available information as of the acquisition date. The fair values of intangible assets acquired are estimated using discounted future cash flow models, the relief from royalty method, or a cost-based approach. Depending on the valuation method, these estimates include revenue projections based on long-term growth rates, expected attrition, historical cost information, and/or an obsolescence factor, all of which are primarily Level Three assumptions. The remaining assets and liabilities were recorded at their carrying values, which approximate their fair values.

During the year ended December 31, 2023, the fair values of certain assets acquired and liabilities assumed were revised, which resulted in insignificant measurement period adjustments.

We will continue to evaluate the contracts acquired and the underlying inputs and assumptions used in our valuation of assets acquired and liabilities assumed. Accordingly, these estimates, along with any related tax impacts, are subject to change during the measurement period, which is up to one year from the date of acquisition.

The following table summarizes the preliminary fair value of the identifiable net assets acquired at the acquisition date:

Cash and cash equivalents	\$	22
Receivables		6
Prepays and other assets		1
Goodwill (1)		39
Indefinite-lived intangibles (2)		12
Customer relationships intangibles (3)		12
Other intangibles (4)		16
Deferred tax assets		2
Total assets acquired	\$	<u>110</u>
Accounts payable	\$	1
Accrued expenses and other current liabilities		7
Current contract liabilities		17
Long-term contract liabilities		3
Other long-term liabilities		10
Total liabilities assumed	\$	<u>38</u>
Total net assets acquired attributable to Hyatt Hotels Corporation	\$	<u>72</u>

(1) The goodwill, which is recorded in corporate and other, is attributable to growth opportunities we expect to realize through direct booking access to properties within the Mr & Mrs Smith platform through our distribution channels. Goodwill is not tax deductible.

(2) Relates to the Mr & Mrs Smith brand name.

(3) Amortized over a useful life of 12 years.

(4) Amortized over a useful life of 10 years.

During the year ended December 31, 2023, we recognized \$5 million of transaction costs, primarily related to financial advisory and legal fees, in other income (loss), net on our consolidated statements of income (loss) (see Note 21).

Dream Hotel Group—During the year ended December 31, 2023, a Hyatt affiliate acquired 100% of the limited liability company interests of each of Chatwal Hotels & Resorts, LLC, DHG Manager, LLC, and each of the subsidiaries of DHG Manager, LLC (collectively, Dream Hotel Group) for \$125 million of base consideration, subject to customary adjustments related to working capital and indebtedness, and up to an additional \$175 million of contingent consideration to be paid through 2028 upon the achievement of certain milestones related to the development of additional hotels and/or potential new hotels previously identified by the sellers.

We closed on the transaction on February 2, 2023 and paid \$125 million of cash. Upon acquisition, we recorded a \$107 million contingent consideration liability at fair value in other long-term liabilities on our consolidated balance sheet. The fair value was estimated using a Monte Carlo simulation to model the likelihood of achieving the agreed-upon milestones based on available information as of the acquisition date. The valuation methodology includes assumptions and judgments regarding the discount rate, estimated probability of achieving the milestones, and expected timing of payments, which are primarily Level Three assumptions.

Net assets acquired were determined as follows:

Cash paid	\$	125
Fair value of contingent consideration		107
Net assets acquired	\$	<u>232</u>

The acquisition includes management and license agreements for both operating and additional hotels that are expected to open in the future, primarily across North America, and the affiliated trade names for three lifestyle hotel brands. Following the acquisition date, fee revenues and operating expenses of Dream Hotel Group were recognized on our consolidated statements of income (loss). For the period from the acquisition date through December 31, 2023, total revenues and net income attributable to Dream Hotel Group were \$7 million and \$4 million, respectively.

Our consolidated balance sheet at December 31, 2023 reflects estimates of the fair value of the assets acquired and liabilities assumed based on available information as of the acquisition date. The fair values of intangible assets acquired were estimated using either discounted future cash flow models or the relief from royalty method, both of which include revenue projections based on the expected contract terms and long-term growth rates, which are primarily Level Three assumptions. The remaining assets and liabilities were recorded at their carrying values, which approximate their fair values.

During the year ended December 31, 2023, the fair values of certain assets acquired and liabilities assumed were finalized. The measurement period adjustments primarily resulted from the refinement of certain assumptions, including contract terms and useful lives, which affected the underlying cash flows in the valuation and were based on facts and circumstances that existed at the acquisition date. We finalized the fair values of the assets acquired and liabilities assumed in the fourth quarter of 2023. Measurement period adjustments recorded on our consolidated balance sheet at December 31, 2023 include a \$21 million decrease in intangibles, net with a corresponding increase to goodwill.

The following table summarizes the fair value of the identifiable net assets acquired at the acquisition date:

Receivables	\$	1
Goodwill (1)		62
Indefinite-lived intangibles (2)		20
Management agreement intangibles (3)		143
Other intangibles (2)		7
Total assets acquired	\$	<u>233</u>
Long-term contract liabilities	\$	1
Total liabilities assumed	\$	<u>1</u>
Total net assets acquired attributable to Hyatt Hotels Corporation	\$	<u>232</u>

(1) The goodwill, which is tax deductible and recorded on the Americas management and franchising segment, is attributable to the growth opportunities we expect to realize by expanding our lifestyle offerings and providing global travelers with an increased number of elevated hospitality experiences.

(2) Includes intangible assets related to the Dream Hotels, The Chatwal, and Unscripted Hotels brand names. Certain brand names are amortized over useful lives of 20 years.

(3) Amortized over useful lives of approximately 9 to 22 years, with a weighted-average useful life of approximately 17 years.