



FRANCHISE DISCLOSURE DOCUMENT

Hyatt Franchising, L.L.C.
a Delaware limited liability company
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Chicago, Illinois 60606
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The franchise offered is to operate a lifestyle resort and hospitality affiliation under a separate tradename that you own but affiliated with the name “Destination by Hyatt®”

The total investment necessary to begin operation of a Brand Hotel ranges from \$50,306,950 to \$221,908,735. This includes \$354,900 to \$1,230,440 that must be paid to the franchisor or its affiliates.

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 Samantha Puente (samantha.puente@hyatt.com) at 150 North Riverside Plaza, Chicago, Illinois 60606, and (312) 780-5477.

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 27, 2023

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 Exhibit H and Exhibit I.
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 Destination by Hyatt® 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 Destination by Hyatt® franchisee?	Item 20 or Exhibit H and Exhibit I 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 E.

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
670 G. Mennen Building
Lansing, Michigan 48913
Telephone Number: (517) 335-7567

Despite paragraph (f) above, we intend and you agree to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing the arbitration provisions.

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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 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 Parent

We incorporated in Delaware as Hyatt Franchise Corporation and converted under Delaware law to Hyatt Franchising, L.L.C., a Delaware limited liability company. This change in form did not affect our existence as an operating business entity. 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 E. We do business only under our company name and the Proprietary Marks (defined below). We have never operated Brand Hotels (defined below), but some of our affiliates do. We have no predecessors and no business activities that are not described here. Our parent company is Hyatt Hotels Corporation, whose principal business address is the same as our address.

In December 2018, one of our affiliates acquired the boutique hotel company Two Roads Hospitality, which includes certain rights relating to several hotel brands, including the Destination by Hyatt® brand. We began offering franchises for Brand Hotels in May 2019. We also began offering franchises for other full service hotels affiliated with the “joie de vivre®” brand (also referred to as “JdV®”) brand beginning in May 2019. We have offered franchises for full service, lifestyle hotels under the Hyatt Centric® brand since February 2015. We offered franchises for full service hotels under the Hyatt Regency® name from December 1994 until April 1997 and have again offered those franchises since September 2006. We also have offered 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. We offered franchises for full service hotels under the Hyatt® name (without a sub-brand) from December 1994 until April 1997 and again from September 2006 until January 2015. There currently are 8 full service hotels which operate under the Hyatt name (without a sub-brand), 6 of which are franchised. We previously offered (but no longer intend to offer) franchises for full service hotels under the Thompson® name from December 2018 to August 2021. We 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. We now refer to these brands as “Destination by Hyatt®,” “JdV by Hyatt®” and “Caption by Hyatt®” respectively.

We have never offered franchises in any other line of business.

Franchise Rights for Brand Hotels

We grant franchises for, and some of our affiliates operate, Brand Hotels. A “Brand Hotel” is a resort hotel that operates under the Hotel System (defined below) and under a separate tradename that the hotel’s owner owns, but also affiliates all of the rooms at that resort hotel with the “Destination by Hyatt®” brand and other Proprietary Marks in the manner we periodically specify. A Brand Hotel does not include any hospitality affiliations which are affiliated with the “Destination by Hyatt®” brand where providing lodging to transient guests is not their primary function, such as safaris and theme parks, even if there is a hotel offering rooms for overnight accommodation by transient guests which is associated with that hospitality affiliation. We expect Brand Hotels to be unique properties that reflect the nature of their local market. We call the Brand Hotel that you will operate under the Franchise Agreement your “Hotel” and the tradename that you own under which the Hotel will operate the “Tradename.” You will 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 Brand Hotels, as we periodically modify it. The Hotel System now includes: (a) the trade names, trademarks, and service marks “Destination by Hyatt®” 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 Brand Hotels, all as we determine them (the “Design and Construction Standards”), as set forth in Exhibit D; (e) the central reservations system and related services for Brand 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 Brand 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 Brand 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 (defined in Item 5). 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 G) (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 Brand Hotels.

Competition and the Market

The hotel market is well-established and highly competitive. Brand Hotels compete with other national full service hotel systems and with regional and local hotels that offer comparable services and lodging products. Brand Hotels will target both corporate business travelers and leisure travelers. Some competitors of Brand 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 Brand 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 Brand 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 Brand 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 30 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 Brand Hotels use. Rosemont has never operated hotels or offered franchises in any line of business.

Hyatt Corporation’s and Rosemont’s principal business addresses are 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 Brand Hotels.

- 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 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 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 Franchising, L.L.C. (formerly known as Summerfield Hotel Company, L.L.C. and before that as Summerfield Hotel Company L.P.) ("Hyatt House") has offered franchises for extended stay hotels operating in the United States since August 1999. Hyatt House has never operated hotels or offered franchises in any other line of business. Hyatt House'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 Brand 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 Executive Vice President – Chief Growth Officer since June 2022. From March 2021 until May 2022, he was our Executive Vice President – Global Franchising and Development. From March 2018 until February 2021, he was our Global Head of Development and Owner Relations. He has also been the Global Head of Development and Owner Relations for Hyatt Place and Hyatt House since March 2018. 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 – Real Estate and Development: David Tarr

Mr. Tarr has been our Senior Vice President – Real Estate and Development since November 2007 and a Senior Vice President – Real Estate and Development, North America Division, for Hyatt Hotels Corporation in Chicago, Illinois since September 2007.

Senior Vice President, Franchise Operations & Owner Relations: Paul Daly

Mr. Daly has been our Senior Vice President, Franchise Operations & Owner Relations since March 2021. He has also been the Senior Vice President, Franchise Operations & Owner Relations for Hyatt Place and Hyatt House since March 2021. He was the Senior Vice President, Global Select and Franchise Operations & Owner Relations for Hyatt Place and Hyatt House 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. From March 2017 until August 2018, Mr. Daly was an Area Vice President and General Manager at Hyatt Regency O'Hare in Rosemont, 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 (the “Application Fee”) when you submit the Franchise Application through our online application portal. The Application Fee is \$100,000 or \$300 per guest room in the Hotel, whichever is greater. 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 not 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 \$300 multiplied by the number of additional guest rooms at the Hotel.

Comfort Letter Fee

You must obtain a comfort letter or similar agreement, the current form of which is attached as Exhibit K, 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 \$45,000 to \$215,000, 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, in connection with the opening of the Hotel (“IT Project Management Services”). Our performance is dependent on your timely, accurate, and effective performance of all responsibilities set forth 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 in the

amount of \$69,900 for a standard-sized 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 \$10,000 to \$16,000), plus applicable taxes thereon. 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. The IT Project Management Services fee (including expenses) will be invoiced by us no earlier than: (a) our completion of an IT Project Management Service or (b) 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 Brand 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 \$300,000 for additional services or guidance before the Hotels opens.

Pre-Opening Training Fees and Expenses

In connection with the Hotel opening, we will provide training to the Hotel staff on brand standards and related issues. 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. We currently estimate that these fees will range from \$12,950 to \$39,825. You must pay these amounts upon receiving our invoice and before the pre-opening team arrives at the Hotel. You also must pay us and our affiliates for many of the different training programs that we offer to Hotel personnel. 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. You must pay the travel and living expenses associated with any brand standards training we provide on site at the Hotel. We currently expect these training expenses (including reimbursement of our expenses) will range from \$87,050 to \$242,475.

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 Brand 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 certain circumstances.

Design Services Review

If you are constructing a new Brand Hotel, adapting a non-hotel space for use as a Brand Hotel, or conducting a significant renovation of an existing hotel relating to conversion to a Brand Hotel, you will also pay us a Design Services Review Fee. The amount of the fee will vary depending on the size and location of the project and the scope of our review, but we expect the Design Services Review Fees payable under the Franchise Agreement to range from \$75,000 to \$160,000.

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: \$1,500 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: \$920 per month; for Tier 2: \$1,725 per month; and for Tier 3: \$2,540 per month. The total amount you may pay us for pre-opening field marketing services ranges from \$0 to \$15,240.

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 2022 fiscal year, Brand Hotel 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 \$170,376 to \$231,926.

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 Brand Hotels. The third category includes the fees for those System Services that we typically classify as Non-Mandatory Services for Brand 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 transfer 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 Brand Hotels or acquiring existing Brand 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 Brand Hotel network.

Fees Under the Franchise Agreement

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

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	7% of Gross Rooms Revenue generated from Channel Bookings ⁽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 1 and 2
World of Hyatt program assessment	Currently 4.5% of eligible revenue or 2.25% 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 3)	Monthly	See Note 3
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 ⁽⁴⁾	Fees will vary under circumstances, based on Focused Improvement Policy (“FIP”) protocols, which range from \$0 to \$20,000 per each stage of FIP, plus personnel’s related expenses. See Note 4.	As incurred	In addition to the FIP 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 4)
On-site quality assurance inspections	Currently \$500 to \$1,700 per annual inspection	As incurred	You must also pay for any re-inspection needed due to a failed inspection (currently, \$500 to \$1,700 per inspection) and you must reverse the folio charge for the inspection company (See Note 4)

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
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
Fee for owner convention	Currently \$2,000 to \$5,000 per attendee, but could increase if our costs increase	As incurred (typically before the convention)	You also pay for the incurred travel, lodging, and other expenses for your attendees
Application Fee for new guest rooms (added after Hotel opens)	Greater of the then current PIP fee (currently \$10,000) or \$300 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
Transfer fee	Then-current amount of Application Fee	Together with transfer application	Applies to control transfers. We will refund transfer 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 ⁽⁵⁾	See Note 5	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
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 Brand 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 Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines must acquire those Mandatory Services 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 Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines will be offered the option, but will not be required to acquire those Non-Mandatory Services from the Hyatt Group.

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 Brand 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 Brand 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.

Our affiliates currently operate some Participating Hotels under management agreements and other contracts that were signed before our affiliate acquired the Two Roads Hospitality brands. Some of these pre-existing contracts require different cost allocations than the Hyatt Group has historically used for allocating System Services Costs among Hyatt Network Hotels. While the Hyatt Group will allocate System Services Costs among Participating Hotels on a reasonable, equitable and non-discriminatory basis, you recognize that the Hyatt Group might have to subsidize some of these costs for some Participating Hotels based on these pre-existing contracts, meaning that these Participating Hotels might pay less than you for the same System Services.

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 ⁽⁶⁾	3.5% of Gross Rooms Revenue	Payment Day, based on Gross Rooms Revenue during previous month	See Note 6

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Digital Acquisition Fee ⁽⁷⁾	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 7
Global distribution services and other reservation services ⁽⁸⁾	Currently averages about \$9.29 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 8
Costs for mandatory contracts ⁽⁹⁾	Your allocable share of Hyatt Group's costs, currently \$3,000 to \$30,000 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 Brand Hotels
Other Corporate Services ⁽¹⁰⁾	Your share of Hyatt Group's costs, currently \$0 to \$20,000 per month, but could increase if costs increase, plus 5% commission on Upsell Revenue. See Note 10	Payment Day	See Note 10

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 ⁽¹¹⁾	Currently \$920 to \$2,540 per month, depending on the services provided, but could increase if costs increase	As incurred	See Note 11
Subscription fee and expenses for Revenue Management Services	<p>Tactical Tier: Currently \$1,500/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 of 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 Brand 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

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 and Channel Bookings.** “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.

The Royalty Fee is payable only on the subset of Gross Rooms Revenue that is generated from Channel Bookings. “Channel Bookings” means all bookings at the Hotel except for those made through third party travel agencies (as we determine them) such as booking.com, expedia, and similar companies. “Channel Bookings” also includes travel agency bookings if they are made under an incentive program administered by the Hyatt Group, such as the Hyatt Group’s “Privé” incentive program.

2. **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.

3. **World of Hyatt Program.** Brand 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 Hotel (including the Hotel) is currently 4.5% 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 2.25% 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 participate in alliances with the World of Hyatt program: (i) MGM Resorts International Operations, Inc.; (ii) the master

licensee for Hyatt Residence Club and Hyatt Vacation Club, our shared ownership brands; (iii) HyCard, Inc., our affiliate (in relation with JPMorgan Chase Bank, the issuing company of the World of Hyatt credit cards); (iv) Small Luxury Hotels of the World; (v) American Airlines; (vi) Lindblad Expeditions, LLC; and (vii) Headspace, Inc. The Hyatt Group may allocate assessments for these programs at different rates than those applied to Brand 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 partner 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.

4. **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 fees, 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, and (b) paying for meetings and additional brand standard training programs that we specify and require your personnel to attend relating to your non-compliance. 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 if the Hotel is placed in FIP protocols as a result of QA scores below requirements: (i) FIP Stage 1 - \$0 to \$5,000 administrative fee; (ii) Stage 2 - \$6,000 to \$15,000 administrative fee; (iii) Stage 3 - \$10,000 to \$20,000 administrative fee; and (iv) the costs of our personnel’s travel, lodging and expenses for standards training and room audits. We may, as we deem appropriate, reduce or refund FIP fees

based on improved performance and/or your accelerated compliance with hotel renovation requirements.

5. 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 such termination, liquidated damages in a lump sum equal to (a) the lesser of 60 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 (for Gross Rooms Revenue) times 3.5%, plus (ii) the Average Monthly Revenue (for Gross Rooms Revenue generated through Channel Bookings) times 7%. “Average Monthly Revenue” means (i) if, as of the effective date of termination, at least 60 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 Brand 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 60 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.

Notwithstanding the foregoing, if “Average Monthly Revenues” as determined pursuant to any part of (i) through (iii) above has been 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 consented to by us), renovation of the Hotel, or any other similar circumstances, “Average Monthly Revenue” will be determined by reference to the most recent 12 full calendar month period preceding termination, during which the Hotel performance was not so 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 Full 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 Full Service Brand” means any brand under which or in affiliation with which full 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 full service (*i.e.*, typically offers to hotel guests 3 meals per day) 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 Brand 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 full 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 \$6,500 multiplied by the number of guest rooms at that new full 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 Brand 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 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 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 have the option to terminate the Franchise Agreement if you and your owners sign a Termination Agreement and pay a termination fee equal to the lesser of (a) the liquidated damages and (b) 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”). If you do not choose to terminate the Franchise Agreement, you must repair the damage promptly according to the System Standards and the Franchise Agreement’s terms and conditions.

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 Site other than a Brand 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.

6. 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 Envision Lite, with additional group and event management services through Envision Pro;

(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.

7. 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 does 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.

8. 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 \$9.29 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 Brand 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).

9. Mandatory Contracts. The Hyatt Group periodically enters into relationships with vendors or providers of services that 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.

10. 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 Brand 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 or Spa Operations.

11. 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
Application Fee (1)	\$100,000 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
Market study	\$20,000 to \$25,000	As agreed	As incurred	Supplier
Design Services Fee	\$75,000 to \$160,000	As agreed	As incurred	Us
Extension of opening deadline	\$0 to \$10,000	As agreed	When you request extension of Hotel opening deadline	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
IT Project Management Services Fee and Expense Reimbursement	\$79,900 to \$85,900	As agreed	Before the Hotel opens	Us
Signage	\$55,000 to \$240,000	As agreed	As incurred	Suppliers
Telephone and telecom equipment (2)	\$500,000 to \$1,200,000	As agreed	As incurred	Suppliers and Hyatt Corporation
Technology System equipment and fees (2)	\$750,000 to \$1,500,000	As agreed	As incurred	Suppliers and Hyatt Corporation
Security System (2)	\$215,000 to \$800,000	As agreed	As incurred	Suppliers and Hyatt Corporation
Architecture and design	\$9,900,000 to \$8,800,000	As agreed	As incurred	Architects, engineers, designers and other professionals
Construction, improvements, remodeling, decorating costs and other sitework	\$30,000,00 to \$175,000,000	As agreed	As incurred	General contractor, suppliers and us or our affiliate
Furniture, fixtures, other fixed assets, and equipment (3)	\$5,445,000 to \$22,000,000	As agreed	As incurred	Suppliers
Operating Supplies & Equipment (4)	\$1,650,000 to \$7,700,000	As agreed	As incurred	Suppliers
Revenue management fees (5)	\$0 to \$17,500	As agreed	Monthly, if you participate in the revenue management program	Us
Field Marketing Program fees (5)	\$0 to \$22,860	As agreed	Monthly, if you participate in the field marketing program	Us
Pre-opening marketing and sales expenses (6)	\$130,000 to \$550,000	As agreed	Before opening	Us and third parties
General and administrative (7)	\$420,000 to \$650,000	As agreed	As incurred	Third parties

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
Liquor license (8)	\$30,000 to \$400,000	As agreed	As incurred	Government agency or previous license holder
Training expenses	\$87,050 to \$242,475	As agreed	As incurred	Suppliers and us
Additional marketing and design to create brand identity (9)	\$0 to \$350,000	As agreed	As incurred	Suppliers
Miscellaneous pre-opening costs (10)	\$100,000 to \$500,000	As agreed	As incurred	Suppliers, employees, us and Hyatt Corporation
Additional funds – 3 months (11)	\$750,000 to \$1,500,000	As agreed	As incurred	Suppliers, employees, us and Hyatt Corporation
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) (12)	\$50,306,950 to \$221,908,735			

Explanatory Notes

1. Application Fee. The Application Fee listed above is for a Brand Hotel with 150 to 500 guest rooms. We describe the Application Fee and the conditions for its refund in Item 5.

2. Telephone, telecom, security system and Technology System equipment. We or our affiliate will inspect the Hotel and/or its plans and specifications to develop a specific proposal relating to the telephone and telecom equipment and the Technology System equipment for your Hotel. We include in the estimate for the Technology System 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, telephone systems, communications systems, copiers, 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 telephone, telecom, 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 telephone, telecom, security system, and Technology System equipment and related fees that we describe in Note 2 above.

5. 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.

6. 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.

7. 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.

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. Additional marketing and design to create brand identity. If you are opening a new Brand Hotel, you will incur additional marketing and design costs to promote and create a new brand identity and tradename for your Brand Hotel. This item estimates your additional costs for marketing, design, public relations, and social media.

10. 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.

11. 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.

12. Total estimated initial investment (excluding real estate costs). The estimated amounts presented in the table above are for a Brand Hotel with 150 to 500 guest rooms. 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.

Brand Hotels are typically in resort locations. They will typically have from 150 to 500 guest rooms. 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).

The initial investment ranges presented in this Item are to construct new, full-size, 5- to 30-story Brand Hotels with 150 to 500 guest rooms and 3 to 5 elevators according to our Design and Construction Standards and Hotel System. If you own an existing hotel that you plan to convert from another brand to a Brand 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 Brand 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 and Spa 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 (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; and (c) all other food, beverage and related services at the Hotel. “Spa Operations” means all spa and related operations and services for Hotel guests and patrons, consisting of all therapy, massage and other treatments, salon services and other spa-related services, if applicable for the Hotel. Not all Brand Hotels have Spa Operations.

If you are constructing a new Brand Hotel or converting an existing hotel or other building to a Brand Hotel, Hyatt Corporation will advise you on the System Standards to be met, and the systems to be installed at the Hotel, so the Hotel can be opened and operated as a Brand Hotel. You and Hyatt Corporation will determine the types and levels of services and assistance you will receive and the fees you will pay for the services. Hyatt Corporation is the only approved supplier 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 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 enter into 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 Brand 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 Brand Hotels and/or other Hyatt Network Hotels; (b) not provide to the Hotel certain System Services that we provide to other Brand Hotels and/or other Hyatt Network Hotels; and (c) limit the scope of those System Services provided to franchised Brand Hotels, such as by limiting the access that franchised Brand 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 Brand 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 Brand 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 Items 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.

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 in affiliation with 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.

If the Hotel has Spa Operations, you may subcontract the management of the Spa Operations to an operator (other than the approved management company) (the “Spa Operator”) only if (a) we (in our sole judgment) approve of the Spa Operator, the spa concept and the terms of the lease or other arrangement between you and the Spa Operator; (b) the Spa Operator complies with all applicable System Standards; and (c) the spa does not use the Proprietary Marks in any manner (unless we authorize that use in writing).

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 Brand 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 Brand 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.

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 Brand 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 Brand 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), you must deposit into a separate account that you control 5% of the Hotel's total operating revenue each month. 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 Brand 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 Brand Hotels. "Reasonable Business Judgment" means that our action or inaction has a business basis that is intended to benefit the Brand 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 75% of your total purchases and leases to establish, and approximately 75% of your total purchases and leases to operate, the Hotel. 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 Brand Hotels. During the 2022 fiscal year, Hyatt Corporation received \$98 in rebates from suppliers of food and beverage products and office supplies based on purchases that franchised Brand Hotels made from those suppliers, but Hyatt Corporation used this entire amount to offset part of System Services Costs. During our 2022 fiscal year, we did not derive any revenue from selling or leasing products or services directly to Brand Hotel franchisees but our affiliates collected about \$1,069,966 in fees and other revenue from providing various products and services to Brand Hotel franchisees, including revenue for chain services, IT-related services and other ancillary services. In addition, Brand Hotel

franchisees paid \$191,480 more in loyalty program fees than they received in loyalty program reimbursements during 2022. 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, 2.4 and 2.1 of Franchise Agreement	7 and 11
b. Pre-opening purchases/leases	4.1, 4.3, 4.5 and 5.1 and Articles 2 and 9 and Exhibit B of Franchise Agreement	5, 7, 8 and 11
c. Site development and other pre-opening requirements	2.1 to 2.3 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, 3.2, 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	2.6,3.1, 3.3, 5.1, 5.2, 7.5, 8.3, 12.4, 12.7, 13.1, 13.3, 14.4, 16.1, 16.2, 16.4 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 of 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/operations manual	2.1 to 2.3, 2.6, 3.2, 3.3, 3.5, 5.1, 5.3, 5.4, 7.3 and 11.2 and Article 4 of Franchise Agreement; Management Company Rider	6, 8, 11, 13, 14 and 15

Obligation	Section in agreement	Disclosure document item
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; 4.c of Hosting Services Agreement; 6 of Field Marketing Program Opt-In Agreement	11, 13 and 14
i. Restrictions on products/services offered	4.3 to 4.5 of Franchise Agreement	8, 11 and 16
j. Warranty and customer service requirements	4.3 and 4.8 of Franchise Agreement; 7 of Hosting Services Agreement	8, 12 and 16
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	3.2, 3.3, 4.3, 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, 3.3, 4.3, 4.6, 4.7 and 10.2 of Franchise Agreement	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 and 7
o. Advertising	4.3 and Article 5 of Franchise Agreement	6, 8 and 11
p. Indemnification	2.5.2, 8.3 and 12.7 of Franchise Agreement; 7 of Confidentiality Agreement; 7 of Service Agreement for Revenue Management Services; 8 of Hosting Services Agreement; 9 of Field Marketing Program Opt-In Agreement	6
q. Owner's participation/management/staffing	3.1, 3.3, 4.2 and 4.5 of Franchise Agreement; Management Company Rider; 2 of Service Agreement for Revenue Management Services	5, 7, 11 and 15
r. Records and reports	2.6, 4.3 and 4.6 and Article 7 of Franchise Agreement	6

Obligation	Section in agreement	Disclosure document item
s. Inspections and audits	4.3, 4.7, 7.4 and 7.5 of Franchise Agreement	6
t. Transfer	12.2 to 12.7 of Franchise Agreement and 8(e) of Confidentiality Agreement; 12 of Hosting Services Agreement; 13 of Field Marketing Program Opt-In Agreement	6 and 17
u. Renewal	Article 13 of Franchise Agreement	6 and 17
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 Hosting Services Agreement; 1 of Field Marketing Program Opt-In Agreement	6, 13, 14 and 17
w. Non-competition covenants	4.2 and 4.10 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	4.4 of Franchise Agreement	8
z. Guarantor monetary threshold	12.1(b) of Franchise Agreement and Guaranty	15

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 Brand 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 Brand 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 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 Brand 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. (Section 2.1 and Exhibit B of Franchise Agreement)

2. Communicate our then current specifications and requirements for designing and developing a Brand 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, and we (or our affiliate) might provide technical and design assistance related to the Hotel's development. 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, Brand 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 the Hotel and certain other similarly situated Brand Hotels in a manner that is different from the Hotel System and System Standards that apply to some or all other Brand Hotels within or outside the United States. (Sections 2.1, 2.2 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. 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 recommended suppliers for some items. Our System Standards or other communications provide our standards and specifications for some items. (Sections 2.4 and 4.3 of Franchise Agreement)

4. Approve your preliminary area program for a new Hotel (or renovation plans for conversion of an existing facility) including working drawings and specifications, if they comply with our Design and Construction Standards, the Hotel System and System Standards. 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. 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 it meets our requirements. Promptly after we or our designee installs the Technology System at the Hotel, you must 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 the minimum amount we specify. 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 CRS, GDS and ADS at the Hotel, IT Project Management Services and other technology-related services described in Item 5. (Section 2.2 of the 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, and the executive chef for the Hotel (the "Core Management"), and other Hotel personnel we specify in the operation of a Brand 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 3.3 and 4.3 of Franchise Agreement)

13. Authorize your Hotel to open in affiliation with 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 the 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 3.3 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, 11.6 and 11.7 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 Brand 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 F and reflects that the System Standards comprise 5,955 pages. (Sections 3.2 and 4.3 of the Franchise Agreement)

6. Conduct periodic inspections of the Hotel and otherwise maintain the Quality Assurance Program for the Brand Hotel franchise network. (Section 4.7 of the Franchise Agreement)

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

8. 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)

9. 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 franchisees or other Brand Hotel operators contribute. However, promoting Brand 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.

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 in accordance 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 in conducting marketing, advertising and promotional programs for the Hotel unless conducted by or through us or with our supervision in each instance. (Section 5.3 of Franchise Agreement)

Except for the Hotel System Website, approved ADS, and as otherwise provided below, 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.

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 Brand Hotels that we periodically specify (and, at our option, other Hyatt Network Hotels). We currently provide each participating Brand 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 Brand Hotels) at any time.

You may develop, maintain or authorize a website or other electronic medium featuring the Hotel to consumers (the "Hotel-Specific Website") only with our approval and subject to the conditions described here. The Hotel-Specific Website may not use the word "hyatt," "Destination" or any similar word, or any of the Proprietary Marks, as part of its domain name or URL. The Hotel-Specific Website may not accept reservations for the Hotel (other than through an approved link to a Hotel System Website) or otherwise sell any products or services associated with the Hotel or any of the Proprietary Marks. You are solely responsible for obtaining all intellectual property rights to use any information and materials on the Hotel-Specific Website. However, as between us and you, we own all intellectual property rights and other rights in and to all Guest Information that visitors supply or the Hotel-Specific Website obtains.

You also 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 your affiliates' 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 systems, sales and marketing systems, communications equipment and related equipment and supplies that we or our affiliate require in the Hotel's operation (the "Technology System"). One of the Technology System's main components is the property management system ("PMS"), which runs the front desk and other Hotel departments and contains guest databases and other operational functions. Among other things, the Technology System also performs reservations, catering automation, learning management, check-in/out kiosk, revenue management, security and PCI compliant technology. We, our affiliate, or a designated supplier may periodically update the hardware standards for the Technology System as we or they deem appropriate.

The specific amount of equipment you will need for the Technology System varies widely depending on the Hotel's size and configuration. Hardware and equipment are the proprietary property of their manufacturers. While other available components perform the same or similar

functions as those that are a part of the Technology System, we have not approved any of these substitute components. Most of this hardware and equipment is generally available from a number of vendors, but we will arrange for you to buy the hardware and equipment from various re-sellers that our affiliates use.

The Technology System also uses other widely-available software programs, including Microsoft software. The software programs are the proprietary property of their manufacturers. These programs are generally available from a number of vendors, but we will arrange for you to license the software from various vendors that our affiliates use. The Technology System will generate and store revenue, cash, payment, labor and all other data relating to the Hotel and its operations. We will provide project management implementation and related services for the Technology System. We estimate that it will cost approximately \$750,000 to \$1,500,000 for you to acquire and install the Technology System at the Hotel.

We or another member of the Hyatt Group will arrange for third parties to install the Technology System at the Hotel. We or our designated vendor of the PMS software will provide maintenance, support, upgrades and updates for the PMS software as part of its license fees. You also must acquire maintenance and support contracts from the companies who sell the hardware. 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 the contractual right or obligation to provide ongoing maintenance, repairs, upgrades or updates for Technology System components. 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. We will have independent, unlimited access to the information that the Technology System generates and tracks. (Sections 4.1, 4.3, 4.4 and 7.3 of Franchise Agreement)

Hotel Opening

If you are developing a new Brand Hotel, including by adapting an existing building to a new use as a hotel, we estimate that you will open the Hotel approximately 24 to 36 months after paying the Application Fee. If you are converting an existing hotel from another brand to a Brand Hotel, we estimate that you will open the Hotel in affiliation with the Proprietary Marks approximately 3 to 24 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 Brand 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 in affiliation with 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 in affiliation with the Proprietary Marks. You must open and begin operating the Hotel in affiliation with 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 "Destination by Hyatt®" 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 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 Orientation

Your managing owner or senior operations officer must attend and complete to our satisfaction the owner orientation within 6 months after signing the Franchise Agreement. We conduct owner orientation virtually, 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 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, virtual and in-person training 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 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:

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**TRAINING PROGRAM
General Manager University**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Brand Promise + Process: Hyatt culture and portfolio of brands, brand expectations, standards, commercial services, operating systems, key metrics and tools	15	0	Virtually, or at a Chicago, Illinois Hyatt hotel or office we designate
Hyatt’s Loyalty Program (World of Hyatt)	3-4	0	Self-paced eLearning and virtually
Total Hours – General Managers University	18-19	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:

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**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	16-32	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	24-80 (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
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	52-92	40-96	

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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: Envision Sales Overview, Booking Management, Transient	3	0	Self-paced eLearning
Sales Leader: World of Hyatt How it Works	1	0	Self-paced eLearning
Sales Leader: Hotel Sales Team	1	0	Self-paced eLearning
Sales Leader: Revenue Management Software Training for Hotel General Managers & Directors of Sales	5	0	Virtually-facilitated program
Sales Leader: Introduction to Revenue Management Software Videos	1	0	Self-paced eLearning
Sales Leader: Life of Revenue Management Revenue Management Software User Training, Full Pattern Length of Stay, Rate Management Tool (RMT), and Reserve Inventory & Maintenance	10	0	Self-paced eLearning
Revenue Management New Hire Orientation	2	0	Virtually-facilitated program
Revenue Systems Training	20	0	Virtual Classroom
Revenue Management Software Certification	1.5	0	Self-paced eLearning
Events M.E.E.T. Skills & Systems Training	10 (completed within 6 months of hire)	0	Your hotel, a Hyatt hotel we designate, Chicago, Illinois or virtually
Events: Systems Training	0	20	Your hotel
Total Hours – Sales/Events/Revenue Management Training	84.5	20	

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	6	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	4-8	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	15-28	16.5-36.5	

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	0.5	0	Self-paced eLearning
Global Privacy Program – this program requires annual retraining for all employees	1.5	0	Your Hotel – Hotel manager to facilitate the training
Total Hours – Other Personnel	10-15	1-6	

Pre-Opening Brand Training

For the final part of our required initial training program, we send a pre-opening team of 5 to 6 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 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 3.3 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 (\$275) 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 standard training programs on an ongoing basis. 100% of our new franchisees attended at least one optional brand standard training program in 2022.

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 already operating in affiliation with the Destination by Hyatt® brand, 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 densely-populated urban areas and up to about a 3-mile radius from the Hotel’s entrance in less populated 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 from 1 to 5 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 Brand 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 or manage (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 to operate in affiliation with the Proprietary Marks and the Hotel System. We then may operate, or authorize any other party to operate, those hotel(s) as Brand Hotels, even if one or more of the other acquired hotels, whether operating within or outside the Area of Protection, are not converted to Brand Hotels.

If the Hotel is already operating in affiliation with the Destination by Hyatt® brand when you sign the Franchise Agreement, 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 in affiliation with the Destination by Hyatt® brand 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 Brand 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 Brand 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 provided 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 any and all activities we and they desire (including with respect to any and 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 your 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 Brand 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 in affiliation with 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.

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Item 13

TRADEMARKS

These are the principal Proprietary Marks, which are registered 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>
Destination	2,392,513	October 10, 2000
World of Hyatt	5,201,881	May 9, 2017
Destination by Hyatt	6,805,262	July 26, 2022
D Destination by Hyatt	6,741,374	May 24, 2022

All required renewal and affidavit filings for these registrations have been made by the trademark registrants.

Hyatt Corporation granted us the rights to use and sublicense the Proprietary Marks under a trademark license agreement dated November 1, 1993, as amended (the “Hyatt Corporation License”). The Hyatt Corporation License was amended to include the Destination mark, effective as of November 30, 2018, and the Destination by Hyatt Mark, effective December 23, 2020. The Hyatt Corporation License has a 20-year term with 3 10-year renewal terms. Hyatt Corporation may terminate the Hyatt Corporation License only if we fail to comply with the Hyatt Corporation License and do not timely cure the failure, but a termination will not affect the rights of franchisees under franchise agreements signed before the termination. 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.

Even though the Hotel will feature an affiliation with the Destination by Hyatt® name and other Proprietary Marks in the manner that we periodically specify, the Hotel will feature the Tradename identified in an exhibit to the Franchise Agreement as the Hotel's primary trade name in the manner that we periodically specify. Under the Franchise Agreement you are representing to us that you own or have all valid rights to use the Tradename in the manner that the Franchise Agreement contemplates and any other names, including restaurant and spa names, that you provide to us or our affiliates (collectively, the "Outlet Names"). Throughout the term of the Franchise Agreement, you must not use, or allow or authorize any third party to use, the Tradename for any hotel, resort, time share, lodging facility or other accommodations, other than the Hotel or another Brand Hotel. The Tradename and Outlet Names are not Proprietary Marks and we make no representation concerning the validity of or your right to use the Tradename or Outlet Names. You grant us and our affiliates the right to use the Tradename and Outlet Names in marketing the Hotel and otherwise performing our obligations under the Franchise Agreement.

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 Brand Hotels. "Confidential Information" includes: (1) site selection criteria; (2) the substance, design, and construction of Brand 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 Brand Hotels; (5) marketing, advertising and promotional programs for Brand Hotels; (6) Guest Information (defined below) and any information and data relating to guests and customers of other Brand 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 Brand 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 Brand 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, including Guest Information provided to or contained on the Hotel-Specific Website, 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 Brand 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 Brand 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 and our affiliate's sole and exclusive property, part of the Hotel System, and works made-for-hire for us and 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 and 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 D 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 Brand 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 and all Spa Operations (if the Hotel has Spa 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 and Spa Operator (if the Hotel has Spa Operations) that we periodically specify. If the F&B Operator or Spa 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 or Spa Operator (as applicable). You then must promptly terminate your arrangement with the F&B Operator or Spa 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 Spa Operations (as applicable) or engage another approved F&B Operator or Spa 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 and Spa Operations, if applicable) 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 mixed-use site that is owned or developed by you, your owners or affiliates (“Mixed-Use Site”), which include in addition to the Hotel any residential, retail, restaurant, commercial or public space that 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.

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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 10.3 of Franchise Agreement; 2 of Confidentiality Agreement; 1 of Service Agreement for Revenue Management Services; 10 of 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 Brand 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. 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 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).

Provision	Section in franchise or other agreement	Summary
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 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 Hosting Services Agreement upon our material breach if not cured within 30 days’ following receipt of notice, and may terminate the 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.

Provision	Section in franchise or other agreement	Summary
e. Termination by franchisor without cause	1 of Service Agreement for Revenue Management Services; 10a of Hosting Services Agreement; 1.a of Field Marketing Program Opt-In Agreement	We may not terminate the Franchise Agreement without cause. We may terminate Service Agreement for Revenue Management Services by providing 90 days' written notice to you. We may terminate the 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; 10a of 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 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 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 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 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 and Spa 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	12.9 of Franchise Agreement; 13 of 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.

Provision	Section in franchise or other agreement	Summary
1. Franchisor approval of transfer by franchisee	12.2 to 12.5 of Franchise Agreement; 12 of Hosting Services Agreement; 13 of Field Marketing Program Opt-In Agreement	No transfers of Franchise Agreement, the Hosting Services Agreement, the Field Marketing Program Opt-In Agreement, the Hotel or its assets, or Controlling Ownership 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.

Provision	Section in franchise or other agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	12.6 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 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; 15 of 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; 15 of 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; 15 of 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; 15 of 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; 15 of 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.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. 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, Executive Vice President – Global Franchising and Development, 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. In Item 20, we include both Brand Hotels that our affiliates own and operate, and Brand Hotels that our affiliates manage for third-party owners under management agreements, as “company-owned” Brand Hotels.

Table No. 1

**Systemwide Outlet Summary
For years 2020 to 2022**

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	2020	0	0	0
	2021	0	1	+1
	2022	1	1	0
Company-Owned	2020	13	16	+3
	2021	16	15	-1
	2022	15	13	-2
Total Outlets	2020	13	16	+3
	2021	16	16	0
	2022	16	14	-2

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3

**Status of Franchised Outlets
For years 2020 to 2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
Washington	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Table No. 4**Status of Company-Owned Outlets
For years 2020 to 2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Arizona	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1
	2022	1	0	0	0	0	1
California	2020	2	0	0	0	0	2
	2021	2	2	0	0	0	4
	2022	4	0	0	0	0	4
Colorado	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Hawaii	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Massachusetts	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
Missouri	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
North Carolina	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Oregon	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
South Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Vermont	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Virginia	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	2	0	0
Washington	2020	2	0	0	0	0	2
	2021	2	0	0	0	1	1
	2022	1	0	0	0	0	1
Totals	2020	13	3	0	0	0	16
	2021	16	2	0	2	1	15
	2022	15	1	0	3	0	13

Table No. 5

Projected Openings As Of December 31, 2022

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
Florida	1	1	0
Illinois	1	0	0
Total	2	1	0

Exhibit H is a list of Brand Hotel franchisees as of December 31, 2022. Exhibit I reflects that no franchisees 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 Brand 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, 2022 and 2021 and for the fiscal years ended December 31, 2022, 2021, and 2020.

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 G	Confidentiality Agreement
Exhibit J	Hosting Services Agreement
Exhibit K	Comfort Letter
Exhibit L	Field Marketing Program Opt-In Agreement
Exhibit M	Service Agreement for Revenue Management Services
Exhibit N	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 FRANCHISING, L.L.C.**, a Delaware 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 2023 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 27th day of March, 2023.

Guarantor:

HYATT HOTELS CORPORATION

By: 

Printed Name: 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, 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 Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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 \$928 million as of December 31, 2022 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.

Taxes – Refer to Note 14 to the financial statements

Critical Audit Matter Description

The Company recognizes 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. The Company assesses the realizability of deferred tax assets quarterly and recognizes a valuation allowance when it is more likely than not that some or all of the deferred tax assets are not realizable. During 2022, management concluded that it is more likely than not that a significant portion of the U.S. deferred tax assets will be realized, resulting in a net valuation allowance release of \$250 million.

We identified that management's determination that a significant portion of the U.S. deferred tax assets will be realized as a critical audit matter because of the significant management judgments related to the weighting of positive and negative evidence, including the sustained return to profitability and objectively verifiable future U.S. income. This in turn led to a high degree of auditor judgment and subjectivity in applying procedures relating to assessing such positive and negative evidence.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to testing the basis for management's conclusions regarding the realizability of deferred tax assets included the following, among others:

- We tested the effectiveness of controls over deferred tax assets, including management's controls over the determination of whether it is more likely than not that the deferred tax assets will be realized.
- With the assistance of our income tax specialists, we performed the following:
 - Evaluated management's assessment and weighting of the positive and negative evidence utilized to conclude if a valuation allowance was necessary;
 - Tested the reasonableness of the methods, assumptions, and judgments used by management to determine whether a release of their valuation allowance was appropriate, including the sustained return to profitability and objectively verifiable future U.S. income; and
 - Evaluated whether and to what extent relevant income tax law limitations would apply to limit the Company's ability to utilize tax attributes that comprise a significant portion of the deferred tax assets.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 16, 2023

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, 2022, December 31, 2021, and December 31, 2020
(In millions of dollars, except per share amounts)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES:			
Owned and leased hotels	\$ 1,235	\$ 838	\$ 513
Management, franchise, license, and other fees	808	418	239
Contra revenue	(31)	(35)	(30)
Net management, franchise, license, and other fees	777	383	209
Distribution and destination management	986	115	—
Other revenues	273	109	58
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	2,620	1,583	1,286
Total revenues	<u>5,891</u>	<u>3,028</u>	<u>2,066</u>
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:			
Owned and leased hotels	916	725	627
Distribution and destination management	775	112	—
Depreciation and amortization	426	310	310
Other direct costs	280	127	65
Selling, general, and administrative	464	366	321
Costs incurred on behalf of managed and franchised properties	2,632	1,639	1,375
Direct and selling, general, and administrative expenses	<u>5,493</u>	<u>3,279</u>	<u>2,698</u>
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts	(75)	43	60
Equity earnings (losses) from unconsolidated hospitality ventures	5	28	(70)
Interest expense	(150)	(163)	(128)
Gains (losses) on sales of real estate and other	263	414	(36)
Asset impairments	(38)	(8)	(62)
Other income (loss), net	(40)	(19)	(92)
INCOME (LOSS) BEFORE INCOME TAXES	<u>363</u>	<u>44</u>	<u>(960)</u>
BENEFIT (PROVISION) FOR INCOME TAXES	<u>92</u>	<u>(266)</u>	<u>257</u>
NET INCOME (LOSS)	<u>455</u>	<u>(222)</u>	<u>(703)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>—</u>	<u>—</u>	<u>—</u>
NET INCOME (LOSS) ATTRIBUTABLE TO HYATT HOTELS CORPORATION	<u>\$ 455</u>	<u>\$ (222)</u>	<u>\$ (703)</u>
EARNINGS (LOSSES) PER SHARE—Basic			
Net income (loss)	\$ 4.17	\$ (2.13)	\$ (6.93)
Net income (loss) attributable to Hyatt Hotels Corporation	\$ 4.17	\$ (2.13)	\$ (6.93)
EARNINGS (LOSSES) PER SHARE—Diluted			
Net income (loss)	\$ 4.09	\$ (2.13)	\$ (6.93)
Net income (loss) attributable to Hyatt Hotels Corporation	\$ 4.09	\$ (2.13)	\$ (6.93)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2022, December 31, 2021, and December 31, 2020
(In millions of dollars)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income (loss)	\$ 455	\$ (222)	\$ (703)
Other comprehensive income (loss), net of taxes:			
Unrealized gains (losses) on derivative instruments, net of tax benefit (provision) of \$(1), \$—, and \$8 for the years ended December 31, 2022, December 31, 2021, and December 31, 2020, respectively	5	7	(23)
Foreign currency translation adjustments, net of tax benefit (provision) of \$—, \$1, and \$(2) for the years ended December 31, 2022, December 31, 2021, and December 31, 2020, respectively	4	(61)	38
Unrecognized pension benefit, net of tax benefit (provision) of \$(1), \$—, and \$— for the years ended December 31, 2022, December 31, 2021, and December 31, 2020, respectively	4	3	2
Unrealized losses on available-for-sale debt securities, net of tax benefit (provision) of \$4, \$—, \$— for the years ended December 31, 2022, December 31, 2021, and December 31, 2020, respectively.	(10)	(2)	—
Other comprehensive income (loss)	<u>3</u>	<u>(53)</u>	<u>17</u>
COMPREHENSIVE INCOME (LOSS)	458	(275)	(686)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	—
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO HYATT HOTELS CORPORATION	<u>\$ 458</u>	<u>\$ (275)</u>	<u>\$ (686)</u>

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2022 and December 31, 2021
(In millions of dollars, except share and per share amounts)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 991	\$ 960
Restricted cash	39	57
Short-term investments	158	227
Receivables, net of allowances of \$63 and \$53 at December 31, 2022 and December 31, 2021, respectively	834	633
Inventories	9	10
Prepays and other assets	180	149
Prepaid income taxes	39	26
Total current assets	<u>2,250</u>	<u>2,062</u>
Equity method investments	178	216
Property and equipment, net	2,384	2,848
Financing receivables, net of allowances of \$44 and \$69 at December 31, 2022 and December 31, 2021, respectively	60	41
Operating lease right-of-use assets	385	446
Goodwill	3,101	2,965
Intangibles, net	1,668	1,977
Deferred tax assets	257	14
Other assets	2,029	2,034
TOTAL ASSETS	<u>\$ 12,312</u>	<u>\$ 12,603</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 660	\$ 10
Accounts payable	500	523
Accrued expenses and other current liabilities	415	299
Current contract liabilities	1,438	1,178
Accrued compensation and benefits	235	187
Current operating lease liabilities	39	35
Total current liabilities	<u>3,287</u>	<u>2,232</u>
Long-term debt	2,453	3,968
Long-term contract liabilities	1,495	1,349
Long-term operating lease liabilities	298	349
Other long-term liabilities	1,077	1,139
Total liabilities	<u>8,610</u>	<u>9,037</u>
Commitments and contingencies (see Note 15)		
EQUITY:		
Preferred stock, \$0.01 par value per share, 10,000,000 shares authorized and none outstanding as of December 31, 2022 and December 31, 2021	—	—
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. Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 50,322,050 issued and outstanding at December 31, 2021, and Class B common stock, \$0.01 par value per share, 391,647,683 shares authorized, 59,653,271 shares issued and outstanding at December 31, 2021	1	1
Additional paid-in capital	318	640
Retained earnings	3,622	3,167
Accumulated other comprehensive loss	(242)	(245)
Total stockholders' equity	<u>3,699</u>	<u>3,563</u>
Noncontrolling interests in consolidated subsidiaries	3	3
Total equity	<u>3,702</u>	<u>3,566</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 12,312</u>	<u>\$ 12,603</u>

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, December 31, 2021, and December 31, 2020
(In millions of dollars)

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 455	\$ (222)	\$ (703)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
(Gains) losses on sales of real estate and other	(263)	(414)	36
Depreciation and amortization	426	310	310
Amortization of share awards	61	59	28
Amortization of operating lease right-of-use assets	35	27	31
Deferred income taxes	(259)	200	(59)
Asset impairments	38	8	62
Equity (earnings) losses from unconsolidated hospitality ventures	(5)	(28)	70
Contra revenue	31	35	30
Loss on extinguishment of debt	9	2	—
Unrealized (gains) losses, net	55	(14)	13
Distributions from unconsolidated hospitality ventures	16	2	3
Other	(92)	(38)	(8)
Increase (decrease) in cash attributable to changes in assets and liabilities and other			
Receivables, net	(209)	(85)	120
Prepaid income taxes	2	255	(241)
Prepays and other assets	(114)	(54)	(24)
Other long-term assets	(110)	(10)	(4)
Accounts payable, accrued expenses, and other current liabilities	96	87	(256)
Contract liabilities	491	213	73
Operating lease liabilities	(35)	(25)	(23)
Accrued compensation and benefits	46	33	(47)
Other long-term liabilities	—	(25)	(27)
Other, net	—	(1)	5
Net cash provided by (used in) operating activities	674	315	(611)

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, December 31, 2021, and December 31, 2020
(In millions of dollars)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of marketable securities and short-term investments	\$ (952)	\$ (793)	\$ (1,143)
Proceeds from marketable securities and short-term investments	1,060	1,240	542
Contributions to equity method and other investments	(8)	(29)	(65)
Return of equity method and other investments	54	98	5
Acquisitions, net of cash acquired	(174)	(2,916)	—
Capital expenditures	(201)	(111)	(122)
Issuance of financing receivables	(25)	(21)	(32)
Proceeds from financing receivables	17	7	—
Proceeds from sales of real estate and other, net of cash disposed	625	758	85
Other investing activities	20	(5)	(6)
Net cash provided by (used in) investing activities	<u>416</u>	<u>(1,772)</u>	<u>(736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt, net of issuance costs of \$—, \$11, and \$15, respectively	—	1,949	2,035
Repurchases and repayments of debt	(711)	(1,218)	(406)
Repurchases of common stock	(369)	—	(69)
Proceeds from issuance of Class A common stock, net of offering costs of \$—, \$25, and \$—, respectively	—	575	—
Utilization of restricted cash for legal defeasance of Series 2005 Bonds	(8)	—	—
Dividends paid	—	—	(20)
Other financing activities	(18)	(18)	(15)
Net cash provided by (used in) financing activities	<u>(1,106)</u>	<u>1,288</u>	<u>1,525</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	18	(3)	(4)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2	(172)	174
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—BEGINNING OF YEAR	1,065	1,237	1,063
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—END OF YEAR	<u>\$ 1,067</u>	<u>\$ 1,065</u>	<u>\$ 1,237</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, 2022, December 31, 2021, and December 31, 2020
(In millions of dollars)

Supplemental disclosure of cash flow information:

	2022	2021	2020
Cash and cash equivalents	\$ 991	\$ 960	\$ 1,207
Restricted cash (see Note 2)	39	57	11
Restricted cash included in other assets (see Note 2, Note 10)	37	48	19
Total cash, cash equivalents, and restricted cash	<u>\$ 1,067</u>	<u>\$ 1,065</u>	<u>\$ 1,237</u>
	2022	2021	2020
Cash paid during the period for interest	<u>\$ 138</u>	<u>\$ 145</u>	<u>\$ 105</u>
Cash paid (received) during the period for income taxes, net	<u>\$ 101</u>	<u>\$ (210)</u>	<u>\$ 63</u>
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 47</u>	<u>\$ 41</u>	<u>\$ 42</u>
Non-cash investing and financing activities are as follows:			
Non-cash contributions to equity method and other investments (see Note 4, Note 7, Note 15)	<u>\$ —</u>	<u>\$ 61</u>	<u>\$ 35</u>
Non-cash issuance of financing receivables (see Note 6, Note 7)	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ —</u>
Change in accrued capital expenditures	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ (12)</u>
Non-cash right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 25</u>	<u>\$ 16</u>	<u>\$ 14</u>
Non-cash legal defeasance of Series 2005 Bonds (see Note 7)	<u>\$ 166</u>	<u>\$ —</u>	<u>\$ —</u>
Non-cash reduction in right-of-use assets and operating lease liabilities for lease reassessment	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>
Non-cash held-to-maturity debt security received (see Note 7)	<u>\$ 19</u>	<u>\$ —</u>	<u>\$ —</u>
Non-cash repurchases of common stock (see Note 16)	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ —</u>

(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, 2022, December 31, 2021, and December 31, 2020
(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, 2020	36,109,179	65,463,274	\$ 1	\$ —	\$ —	\$ 4,169	\$ (209)	\$ 5	\$3,966
Total comprehensive loss	—	—	—	—	—	(703)	17	—	(686)
Noncontrolling interests	—	—	—	—	—	—	—	(2)	(2)
Repurchases of common stock	(827,643)	—	—	—	(12)	(57)	—	—	(69)
Employee stock plan issuance	75,763	—	—	—	4	—	—	—	4
Share-based payment activity	468,586	—	—	—	21	—	—	—	21
Class share conversions	3,424,356	(3,424,356)	—	—	—	—	—	—	—
Cash dividends of \$0.20 share (see Note 16)	—	—	—	—	—	(20)	—	—	(20)
BALANCE—December 31, 2020	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

(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.

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 (collectively, "Hyatt Hotels Corporation") has offerings that consist of full services hotels, select service hotels, all-inclusive resorts, and other forms of residential, vacation, and condominium units. We also offer travel distribution and destination management services through ALG Vacations and a paid membership program through the Unlimited Vacation Club. At December 31, 2022, our hotel portfolio included 577 full service hotels, comprising 183,496 rooms throughout the world; 565 select service hotels, comprising 82,552 rooms, of which 444 hotels are located in the United States; and 121 all-inclusive resorts, comprising 38,060 rooms. At December 31, 2022, our portfolio of properties operated in 75 countries around the world. Additionally, through strategic relationships, we provide certain reservation and/or loyalty program services to hotels that are unaffiliated with our hotel portfolio and operate under other tradenames 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.

Impact of the COVID-19 Pandemic—The COVID-19 pandemic and related travel restrictions and containment efforts have had a significant impact on the travel industry and as a result, on our business, but recovery accelerated throughout the year ended December 31, 2022. However, as the ongoing impact is uncertain, our financial results may not be indicative of long-term future performance.

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, including the ongoing impact of the COVID-19 pandemic, 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 hotel owners and franchisees, guests at owned and leased hotels, Unlimited Vacation Club members, ALG Vacations customers, a third-party partner through our co-branded credit card programs, and owners and guests of residential, vacation, and condominium 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 and revenues from marketing services provided to certain ALG resorts.
- *Net management, franchise, license, and other fees*—Management, franchise, license, and other fees are reduced by the amortization of management and franchise agreement assets and performance cure payments, which constitute payments to customers. Consideration provided to customers related to management 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 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 residential management operations for condominium units, our Unlimited Vacation Club paid membership club offering member benefits exclusively at ALG resorts in Latin America and the Caribbean, the sale of promotional awards through our co-branded credit card programs, and spa and fitness revenues from Exhale, which was sold during the year ended December 31, 2020 (see Note 7).
- *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 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.

In 2021 and 2022, 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).

In 2020 and prior, certain system-wide services were provided and accounted for under a cost reimbursement model. Under the cost reimbursement model, hotel owners and franchisees were required to reimburse us for all costs incurred to operate the system-wide programs with no added margin. We had discretion over how we spent program revenues, and therefore, we were the principal. Expenses incurred related to the system-wide programs were recognized in costs incurred on behalf of managed and franchised properties. The reimbursement of system-wide services was billed monthly based on an annual estimate of costs to be incurred and recognized in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties commensurate with incurring the cost. Any amounts collected and not yet recognized as revenues were deferred and classified as contract liabilities. Any costs incurred in excess of revenues collected were classified as receivables to the extent we expected to recover the costs over the long term. As a result of the changes in the manner in which system-wide services are charged and provided, we no longer have any properties on a cost reimbursement model.

- *Hotel management agreement services*—Under the terms of our management agreements, we provide hotel management services, which form a single performance obligation that qualifies as a series. In exchange, we receive variable consideration in the form of management 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 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 FIND, by transacting with our strategic loyalty alliances, or in connection with spend on a Hyatt co-branded credit card. 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.

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 when the service is provided and recorded in distribution and destination management revenues.

Residential management operations

We provide residential management services pursuant to rental management agreements with individual property owners and/or homeowner associations whereby the property owners and/or homeowner associations participate in our rental program. The services provided include reservations, housekeeping, security, and concierge assistance to guests in exchange for a variable fee based on a revenue sharing agreement with the owner of the condominium unit. The services represent an individual performance obligation. Revenues are recognized over time as services are rendered or upon completion of the guest's stay at the condominium unit. We are responsible for establishing pricing as well as fulfilling the services during the guest's stay, and as a result, we are the principal.

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, hotel management agreement services, 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 hotel owners and franchisees derive;
- revenues and operating profits of the hotels for the promise to provide management agreement services to the hotels;
- 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 agreements, we have two performance obligations: providing access to Hyatt's IP and providing management agreement 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 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 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, 2022 and December 31, 2021, we had \$15 million and \$2 million, respectively, of deferred costs recorded in prepaids and other assets and \$106 million and \$14 million, respectively, recorded in other assets on our consolidated balance sheets. During the years ended December 31, 2022 and December 31, 2021, we recognized \$9 million and an insignificant amount, respectively, of amortization expense related to these deferred costs. During the year ended December 31, 2020, we did not incur incremental costs to obtain contracts with Unlimited Vacation Club members as it was prior to the ALG Acquisition.

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 is discussed below and in 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, are classified as Level One in the fair value hierarchy as we are able to obtain market available pricing information on an ongoing basis, see Note 4.

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, collateral for the securitization of our performance under our debt repayment guarantees associated with the hotel properties in India, 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 of our 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, 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, 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 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, franchise, and marketing services 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 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 generally 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 our financing to hotel owners to be nonperforming 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 franchise agreement intangibles	1–30 years
Customer relationships intangibles	4–11 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 hotel management agreements, we apply judgment in order to determine whether the contract is accounted for as a lease or management 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 give consideration to 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 revenue, as defined in the leases, related to our residential management operations. 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 that are 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.

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 expenses. 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 SARs, RSUs, and PSUs to certain employees and non-employee directors:

- *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, 2022 and December 31, 2021. At December 31, 2022, 56,000 approved RSUs have not yet met the grant date criteria and therefore, are not 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.

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.

The program invests amounts received from the participating properties and third-party loyalty alliances in marketable securities, which are included in other current and long-term 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, 2022 and December 31, 2021, we recognized approximately \$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). During the year ended December 31, 2020, we did not recognize advertising costs related to ALG as it was prior to the ALG Acquisition.

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 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 (see Note 14). 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 year ended December 31, 2022, we received \$6 million 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, 2022, we had \$26 million related to these programs recorded in receivables, net on our consolidated balance sheet.

Adopted Accounting Standards

Government Assistance—In November 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2021-10 ("ASU 2021-10"), *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*. ASU 2021-10 requires annual disclosures that are expected to increase the transparency of transactions involving government grants, including (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. The provisions of ASU 2021-10 are effective for fiscal years beginning after December 31, 2021, and we adopted ASU 2021-10 on January 1, 2022 utilizing a prospective approach. ASU 2021-10 did not materially impact our consolidated financial statements. For additional information about government assistance, see our accounting policy discussed above.

Future Adoption of Accounting Standards

Reference Rate Reform—In March 2020, the 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 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. We are currently assessing the impact of adopting ASU 2020-04.

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, 2022							
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Apple Leisure Group	Corporate and other	Eliminations	Total
Rooms revenues	\$ 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	39	40	52	—	(37)	319
Incentive management fees	—	64	34	39	68	—	(13)	192
Franchise, license, and other fees	—	190	12	19	26	50	—	297
Management, franchise, license, and other fees	—	479	85	98	146	50	(50)	808
Contra revenue	—	(24)	(2)	(4)	(1)	—	—	(31)
Net management, franchise, license, and other fees	—	455	83	94	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	138	97	114	—	—	2,620
Total	\$ 1,242	\$ 2,845	\$ 221	\$ 191	\$ 1,403	\$ 65	\$ (76)	\$ 5,891

Year Ended December 31, 2021								
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	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	37	22	5	—	(25)	169
Incentive management fees	—	19	21	15	10	—	(7)	58
Franchise, license, and other fees	—	128	14	6	6	37	—	191
Management, franchise, license, and other fees	—	277	72	43	21	37	(32)	418
Contra revenue	—	(19)	(4)	(12)	—	—	—	(35)
Net management, franchise, license, and other fees	—	258	68	31	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	96	66	11	—	—	1,583
Total	\$ 855	\$ 1,752	\$ 164	\$ 97	\$ 166	\$ 41	\$ (47)	\$ 3,028

Year Ended December 31, 2020								
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Corporate and other	Eliminations	Total	
Rooms revenues	\$ 283	\$ —	\$ —	\$ —	\$ —	\$ (12)	\$ 271	
Food and beverage	148	—	—	—	—	—	148	
Other	94	—	—	—	—	—	94	
Owned and leased hotels	525	—	—	—	—	(12)	513	
Base management fees	—	72	26	13	—	(15)	96	
Incentive management fees	—	4	14	5	—	(1)	22	
Franchise, license, and other fees	—	76	21	5	19	—	121	
Management, franchise, license, and other fees	—	152	61	23	19	(16)	239	
Contra revenue	—	(18)	(2)	(10)	—	—	(30)	
Net management, franchise, license, and other fees	—	134	59	13	19	(16)	209	
Other revenues	—	42	—	—	15	1	58	
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	1,152	75	55	4	—	1,286	
Total	\$ 525	\$ 1,328	\$ 134	\$ 68	\$ 38	\$ (27)	\$ 2,066	

Contract Balances

Contract assets were insignificant at December 31, 2022 and December 31, 2021.

Contract liabilities were comprised of the following:

	December 31, 2022	December 31, 2021
Deferred revenue related to the paid membership program	\$ 1,013	\$ 833
Deferred revenue related to the loyalty program	928	814
Deferred revenue related to travel distribution and destination management services	732	629
Deferred revenue related to insurance programs	66	52
Advanced deposits	61	61
Initial fees received from franchise owners	45	42
Other deferred revenue	88	96
Total contract liabilities	<u>\$ 2,933</u>	<u>\$ 2,527</u>

Revenue recognized during the years ended December 31, 2022 and December 31, 2021 included in the contract liabilities balance at the beginning of each year was \$947 million and \$289 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 \$470 million at December 31, 2022, 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 \$178 million and \$216 million at December 31, 2022 and December 31, 2021, respectively, and are primarily recorded on 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, 2022	December 31, 2021
Hyatt of Baja, S. de. R.L. de C.V.	Park Hyatt Los Cabos	50.0 %	59	54
HP Boston Partners, LLC	Hyatt Place Boston / Seaport District	50.0 %	25	27
Hotel am Belvedere Holding GmbH & Co KG	Andaz Vienna Am Belvedere	50.0 %	15	18
HC Lenox JV LLC	Hyatt Centric Buckhead Atlanta	50.0 %	11	15
H.E. Philadelphia HC Hotel, L.L.C.	Hyatt Centric Center City Philadelphia	42.3 %	11	14
HRM HoldCo, LLC	Hyatt Regency Miami	50.0 %	10	11
CBR HCN, LLC	Hyatt Centric Downtown Nashville	40.0 %	8	13
Desarrolladora Hotelera Acueducto, S. de R.L. de C.V.	Hyatt Regency Andares Guadalajara	— %	—	13
Juniper Hotels Private Limited	Hyatt Regency Ahmedabad, Andaz Delhi, Grand Hyatt Mumbai Hotel & Residences	50.0 %	—	10
Other	Various		39	41
Total equity method investments			<u>\$ 178</u>	<u>\$ 216</u>

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).

During the year ended December 31, 2020, we had no significant sales activity.

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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loyalty program (Note 10)	\$ 728	\$ 601
Deferred compensation plans held in rabbi trusts (Note 10 and Note 13)	420	543
Captive insurance company (Note 10)	110	148
Total marketable securities held to fund operating programs	<u>\$ 1,258</u>	<u>\$ 1,292</u>
Less: current portion of marketable securities held to fund operating programs included in cash and cash equivalents and short-term investments	(339)	(173)
Marketable securities held to fund operating programs included in other assets	<u>\$ 919</u>	<u>\$ 1,119</u>

At December 31, 2022 and December 31, 2021, marketable securities held to fund operating programs included:

- \$174 million and \$141 million, respectively, of AFS debt securities with contractual maturity dates ranging from 2023 through 2069. The amortized cost of our AFS debt securities approximates fair value;
- \$138 million and \$4 million, respectively, of time deposits classified as HTM debt securities with contractual maturity dates ranging from 2023 through 2026. The amortized cost of our time deposits approximates fair value;
- \$62 million and \$89 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:

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Unrealized gains (losses), net			
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts	\$ (89)	\$ (7)	\$ 24
Other income (loss), net (Note 21)	(37)	(11)	17
Other comprehensive income (loss) (Note 16)	(14)	(2)	—
Realized gains, net			
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts	\$ 14	\$ 50	\$ 36
Other income (loss), net (Note 21)	—	2	6

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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interest-bearing money market funds	\$ 430	\$ 231
Common shares in Playa N.V. (Note 10)	79	97
Time deposits (1)	10	255
Total marketable securities held for investment purposes	<u>\$ 519</u>	<u>\$ 583</u>
Less: current portion of marketable securities held for investment purposes included in cash and cash equivalents and short-term investments	(440)	(486)
Marketable securities held for investment purposes included in other assets	<u>\$ 79</u>	<u>\$ 97</u>

(1) Time deposits have contractual maturity dates in 2023.

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 shares of common stock during the years ended December 31, 2022 or December 31, 2021. Net unrealized gains (losses) recognized on our consolidated statements of income (loss) were as follows:

	Year Ended December 31,		
	2022	2021	2020
Other income (loss), net (Note 21)	\$ (18)	\$ 25	\$ (30)

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

	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

	December 31, 2021	Cash and cash equivalents	Short-term investments	Other assets
Level One - Quoted Prices in Active Markets for Identical Assets				
Interest-bearing money market funds	\$ 397	\$ 397	\$ —	\$ —
Mutual funds	632	—	—	632
Common shares in Playa N.V.	97	—	—	97
Level Two - Significant Other Observable Inputs				
Time deposits	259	35	221	3
U.S. government obligations	235	—	—	235
U.S. government agencies	58	—	—	58
Corporate debt securities	137	—	6	131
Mortgage-backed securities	24	—	—	24
Asset-backed securities	28	—	—	28
Municipal and provincial notes and bonds	8	—	—	8
Total	\$ 1,875	\$ 432	\$ 227	\$ 1,216

During the years ended December 31, 2022 and December 31, 2021, there were no transfers between levels of the fair value hierarchy.

Other Investments

HTM Debt Securities—We also 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, 2022	December 31, 2021
HTM debt securities	\$ 96	\$ 91
Less: allowance for credit losses	(31)	(38)
Total HTM debt securities, net of allowances	<u>\$ 65</u>	<u>\$ 53</u>

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

	2022	2021
Allowance at January 1	\$ 38	\$ 21
Provisions (reversals), net (1)	(7)	19
Write-offs	—	(2)
Allowance at December 31	<u>\$ 31</u>	<u>\$ 38</u>

(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 HTM debt securities to be approximately \$81 million and \$77 million at December 31, 2022 and December 31, 2021, 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.

Equity Securities Without a Readily Determinable Fair Value—At both December 31, 2022 and December 31, 2021, we held \$12 million 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, 2022	December 31, 2021
Land	\$ 557	\$ 676
Buildings and improvements	2,658	3,065
Leasehold improvements	184	192
Furniture, equipment, and computers	1,136	1,186
Construction in progress	30	47
Property and equipment	4,565	5,166
Less: accumulated depreciation	(2,181)	(2,318)
Total property and equipment, net	<u>\$ 2,384</u>	<u>\$ 2,848</u>

	Year Ended December 31,		
	2022	2021	2020
Depreciation expense	\$ 216	\$ 262	\$ 283

During the years ended December 31, 2022 and December 31, 2021, we did not recognize any property and equipment impairment charges.

During the year ended December 31, 2020, the carrying values of certain property and equipment were in excess of fair values, which were determined to be Level Three fair value measurements, and we recognized \$9 million of impairment charges in asset impairments on our consolidated statements of income (loss) within corporate and other.

6. RECEIVABLES

Receivables

At December 31, 2022 and December 31, 2021, we had \$834 million and \$633 million of net receivables, respectively, recorded on our consolidated balance sheets.

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

	2022	2021
Allowance at January 1	\$ 53	\$ 56
Provisions (reversals), net	20	4
Write-offs	(13)	(7)
Other	3	—
Allowance at December 31	<u>\$ 63</u>	<u>\$ 53</u>

Financing Receivables

	December 31, 2022	December 31, 2021
Unsecured financing to hotel owners	\$ 120	\$ 133
Less: current portion of financing receivables, included in receivables, net	(16)	(23)
Less: allowance for credit losses	(44)	(69)
Total long-term financing receivables, net of allowances	<u>\$ 60</u>	<u>\$ 41</u>

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

	2022	2021
Allowance at January 1	\$ 69	\$ 114
Provisions (reversals), net	(9)	7
Write-offs (1)	(15)	(61)
Foreign currency exchange, net	(1)	(3)
Allowance on PCD assets acquired in the ALG Acquisition	—	12
Allowance at December 31	<u>\$ 44</u>	<u>\$ 69</u>

(1) The amount written off during the year ended December 31, 2022 primarily related to loans with a third-party that were sold. The amount written off during the year ended December 31, 2021 primarily related to a financing arrangement with a hotel owner, which was legally waived.

Credit Monitoring—Our unsecured financing receivables were as follows:

	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>
	December 31, 2021			
	Gross loan balance (principal and interest)	Related allowance	Net financing receivables	Gross receivables on nonaccrual status
Loans	\$ 130	\$ (67)	\$ 63	\$ 47
Other financing arrangements	3	(2)	1	—
Total unsecured financing receivables	<u>\$ 133</u>	<u>\$ (69)</u>	<u>\$ 64</u>	<u>\$ 47</u>

Fair Value—We estimated the fair value of financing receivables to be approximately \$117 million and \$88 million at December 31, 2022 and December 31, 2021, 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

Hotel Irvine—During the year ended December 31, 2022, we acquired Hotel Irvine from an unrelated third party for \$135 million, net of closing costs and proration adjustments. Upon completion of the asset acquisition, we recorded \$135 million of property and equipment within our owned and leased hotels segment on our consolidated balance sheet.

Apple Leisure Group—During the year ended December 31, 2021, we acquired 100% of the outstanding limited partnership interests in Casablanca Global Intermediate Holdings L.P., doing business as ALG, and 100% of the outstanding ordinary shares of Casablanca Global GP Limited, its general partner, in a business combination for a purchase price of \$2.7 billion. The transaction included \$69 million of contingent consideration payable upon the achievement of certain targets related to ALG's outstanding travel credits; however, we did not record a contingent liability as the achievement was not considered probable as of the acquisition date.

We closed on the transaction on November 1, 2021 and paid \$2,718 million of cash, inclusive of \$39 million of purchase price adjustments for amounts due back to the seller that were recorded in accrued expenses and other current liabilities on our consolidated balance sheet at December 31, 2021 and paid during the year ended December 31, 2022.

Net assets acquired were determined as follows:

Cash paid, net of cash acquired	\$	2,718
Cash and cash equivalents acquired		460
Restricted cash acquired		16
Net assets acquired	\$	<u>3,194</u>

The acquisition includes (i) management and marketing services agreements for operating and pipeline hotels, primarily across Mexico, the Caribbean, Central America, and Europe, and brand names affiliated with ALG resorts; (ii) customer relationships and brand names related to ALG Vacations; and (iii) customer relationships and a brand name associated with the Unlimited Vacation Club paid membership program.

Our consolidated balance sheets at both December 31, 2022 and December 31, 2021 reflect 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 fair values of performance guarantee liabilities assumed were estimated using 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, and hotel operating results as well as qualitative factors, which are primarily Level Three assumptions (see Note 15). The remaining assets and liabilities were recorded at their carrying values, which approximate their fair values.

During the year ended December 31, 2022, 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, renewal periods, 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. Measurement period adjustments recorded on our consolidated balance sheet at December 31, 2022 primarily include a \$94 million increase in other long-term liabilities, largely due to performance guarantees (see Note 15); a \$55 million decrease in intangibles, net; a \$19 million decrease in long-term contract liabilities, and a \$16 million decrease in property and equipment, net, all of which contributed to a corresponding \$147 million increase to goodwill. We finalized the fair values of the assets acquired and liabilities assumed in the fourth quarter of 2022. During the year ended December 31, 2022, we recognized an increase of expenses of approximately \$11 million on our consolidated statements of income (loss), primarily related to amortization, that would have been recognized during the year ended December 31, 2021, if the measurement period adjustments would have been made as of the acquisition date.

The following table summarizes the fair value of the identifiable net assets acquired recorded on the Apple Leisure Group segment:

Cash and cash equivalents	\$	460
Restricted cash		16
Receivables		168
Prepays and other assets		69
Property and equipment		6
Financing receivables, net		19
Operating lease right-of-use assets		79
Goodwill (1)		2,824
Indefinite-lived intangibles (2)		491
Management agreement intangibles (3)		479
Customer relationships intangibles (4)		608
Other intangibles		15
Other assets		30
Total assets acquired	\$	5,264
Accounts payable	\$	255
Accrued expenses and other current liabilities		98
Current contract liabilities (5)		638
Accrued compensation and benefits		49
Current operating lease liabilities		8
Long-term contract liabilities (5)		719
Long-term operating lease liabilities		71
Other long-term liabilities		232
Total liabilities assumed	\$	2,070
Total net assets acquired attributable to Hyatt Hotels Corporation	\$	3,194

- (1) The goodwill is attributable to the growth opportunities we expect to realize by expanding our footprint in all-inclusive luxury and resort travel, increasing choices and experiences for guests, and enhancing end-to-end leisure travel offerings. Goodwill of \$36 million is tax deductible.
- (2) Includes intangible assets related to various ALG brand names.
- (3) Amortized over useful lives of approximately 1 to 19 years, with a weighted-average useful life of approximately 11 years.
- (4) Amortized over useful lives of 4 to 11 years, with a weighted-average useful life of approximately 8 years.
- (5) Contract liabilities assumed were recorded at carrying value at the date of acquisition.

Following the acquisition date, the operating results of ALG were recognized in our consolidated statements of income (loss). For the period from the acquisition date through December 31, 2021, total revenues attributable to ALG were \$166 million and the net loss attributable to ALG was \$28 million, which included \$22 million of amortization expense recognized related to the acquired definite-lived intangibles assets.

We recognized \$45 million of transaction costs, primarily related to regulatory, financial advisory, and legal fees, in other income (loss), net on our consolidated statements of income (loss) during the year ended December 31, 2021 (see Note 21).

Unaudited Pro Forma Combined Financial Information

The following table presents the unaudited pro forma combined results of Hyatt and ALG as if the ALG Acquisition had occurred on January 1, 2020:

	Year Ended December 31,	
	2021	2020
Total revenues	3,732	\$ 2,515
Net loss	(277)	(1,662)

The unaudited pro forma combined financial information was based on the historical financial information of Hyatt and ALG and includes (i) incremental amortization expense to be incurred based on the final fair values of the identifiable intangible assets acquired; (ii) additional interest expense associated with the senior notes issuance to finance the acquisition (see Note 11); (iii) transaction incentive compensation expense and equity-based compensation expense due to change in control provisions; (iv) the elimination of expenses related to deferred cost assets that were not separately recorded as a part of our purchase price allocation; and (v) the reclassification of various expenses, primarily transaction costs incurred, during the year ended December 31, 2021 to the year ended December 31, 2020; and (vi) the assumption that Accounting Standards Update No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, was effective beginning January 1, 2020. The unaudited pro forma combined financial information does not necessarily reflect what the combined company's financial condition or results of operations would have been had the transaction and the related financing occurred on the dates indicated. The unaudited pro forma financial statements also may not be useful in predicting the future financial condition and results of operations of the combined company following the transaction. In addition, the unaudited pro forma combined financial information does not give effect to any cost savings, operating synergies or revenue synergies that may result from the transaction, or the costs to achieve any such synergies.

Land—During the year ended December 31, 2021, we acquired \$7 million of land through an asset acquisition from an unrelated third party to develop a hotel in Tempe, Arizona.

Alila Ventana Big Sur—During the year ended December 31, 2021, we completed an asset acquisition of Alila Ventana Big Sur for \$146 million, net of closing costs and proration adjustments, which primarily consisted of \$149 million of property and equipment. The seller is indirectly owned by a limited partnership affiliated with the brother of our Executive Chairman. The acquisition was identified as replacement property in a potential reverse like-kind exchange; however, we sold the property before a suitable replacement property was identified.

During the year ended December 31, 2021, we sold the property to an unrelated third party for approximately \$148 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$2 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2021. The operating results and financial position of this hotel during our period of ownership remain within our owned and leased hotels segment.

Grand Hyatt São Paulo—We previously held a 50% interest in the entities that own Grand Hyatt São Paulo, and we accounted for the investment as an unconsolidated hospitality venture under the equity method. During the year ended December 31, 2021, we purchased the remaining 50% interest for \$6 million of cash. Additionally, we repaid the \$78 million third-party mortgage loan on the property and were released from our debt repayment guarantee. The transaction was accounted for as an asset acquisition, and we recognized a \$69 million pre-tax gain related to the transaction in equity earnings (losses) from unconsolidated hospitality ventures on our consolidated statements of income (loss). The pre-tax gain is primarily attributable to a \$42 million reversal of other long-term liabilities associated with our equity method investment and a \$22 million reclassification from accumulated other comprehensive loss (see Note 16).

Net assets acquired were determined as follows:

Cash paid	\$	6
Repayment of third-party mortgage loan		78
Fair value of our previously-held equity method investment		6
Net assets acquired	<u>\$</u>	<u>90</u>

Upon acquisition, we recorded \$101 million of property and equipment and \$11 million of deferred tax liabilities within our owned and leased hotels segment on our consolidated balance sheet.

Dispositions

Hyatt Regency Greenwich—During the year ended December 31, 2022, we sold Hyatt Regency Greenwich to an unrelated third party for approximately \$38 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$14 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2022. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Mainz—During the year ended December 31, 2022, we sold the share of the entity that is the operating lessee of Hyatt Regency Mainz to an unrelated third party for a nominal amount, net of closing costs, and accounted for the

transaction as an asset disposition. Upon sale, we entered into a long-term franchise agreement for the property. The sale resulted in an insignificant pre-tax loss, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during year ended December 31, 2022. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

The Confidante Miami Beach—During the year ended December 31, 2022, we sold The Confidante Miami Beach to an unrelated third party for approximately \$227 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$24 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2022. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

The Driskill—During the year ended December 31, 2022, we sold The Driskill to an unrelated third party for approximately \$119 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$51 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2022. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Grand Hyatt San Antonio River Walk—During the year ended December 31, 2022, we sold Grand Hyatt San Antonio River Walk to an unrelated third party and accounted for the transaction as an asset disposition. We received approximately \$109 million of cash consideration, net of closing costs; a \$19 million HTM debt security as additional consideration; and \$18 million from the release of restricted cash held for debt service related to the Series 2005 Bonds. At the time of sale, we had \$166 million of outstanding debt related to the Series 2005 Bonds, inclusive of accrued interest and net of \$4 million of unamortized discounts, which was legally defeased in conjunction with the sale (see Note 11). Upon sale, we entered into a long-term management agreement for the property.

The sale resulted in a \$137 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2022. In connection with the disposition, we recognized a \$7 million goodwill impairment charge in asset impairments on our consolidated statements of income (loss) during the year ended December 31, 2022 (see Note 9). The assets disposed represented the entirety of the reporting unit and therefore, no business operations remained to support the related goodwill, which was therefore impaired. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Indian Wells Resort & Spa—During the year ended December 31, 2022, we sold Hyatt Regency Indian Wells Resort & Spa to an unrelated third party for approximately \$136 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$40 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2022. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Miami—During the year ended December 31, 2021, we formed an unconsolidated hospitality venture with an unrelated third party and contributed Hyatt Regency Miami assets to the new entity resulting in the derecognition of the nonfinancial assets in the subsidiary. The agreed-upon value of the assets, which were primarily property and equipment, was \$22 million. As a result of the transaction, we recorded our 50% ownership interest as an equity method investment, recorded a financing receivable from the unconsolidated hospitality venture, a related party (see Note 18), and recognized a \$2 million pre-tax gain in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2021. Our \$11 million equity method investment (see Note 4) and \$11 million financing receivable (see Note 6) were recorded at fair value based on the value of assets contributed. The operating results and financial position of this hotel prior to the derecognition of the assets remain within our owned and leased hotels segment.

Hyatt Regency Bishkek—During the year ended December 31, 2021, we sold our interest in the consolidated hospitality venture that owns Hyatt Regency Bishkek to our venture partner for approximately \$3 million, net of cash disposed, closing costs, and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in an insignificant pre-tax gain, including the reclassification of \$7 million of currency translation gains from accumulated other comprehensive loss (see Note 16), which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2021. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Lake Tahoe Resort, Spa and Casino—During the year ended December 31, 2021, we sold Hyatt Regency Lake Tahoe Resort, Spa and Casino to an unrelated third party for approximately \$343 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$305 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2021. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Lost Pines Resort and Spa—During the year ended December 31, 2021, we sold Hyatt Regency Lost Pines Resort and Spa to an unrelated third party for approximately \$268 million, net of closing costs and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$104 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2021. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Baku—During the year ended December 31, 2020, we sold shares of the entities which own Hyatt Regency Baku to an unrelated third party for approximately \$11 million, net of \$4 million of cash disposed, closing costs, and proration adjustments, and accounted for the transaction as an asset disposition. Upon sale, we entered into a long-term management agreement for the property. The sale resulted in a \$30 million pre-tax loss, including the reclassification of \$24 million of currency translation losses from accumulated other comprehensive loss, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2020. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Exhale—During the year ended December 31, 2020, we sold shares of the entity which owns the Exhale spa and fitness business to an unrelated third party for a nominal amount and accounted for the transaction as a business disposition. The sale resulted in an \$11 million pre-tax loss, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2020. The operating results and financial position of this business prior to the sale remain within corporate and other.

Land—During the year ended December 31, 2020, we sold land and construction in progress to an unrelated third party for a nominal amount and accounted for the transaction as an asset disposition. The sale resulted in a \$3 million pre-tax loss, including the reclassification of \$1 million of currency translation losses from accumulated other comprehensive loss, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2020.

Hyatt Centric Center City Philadelphia—During the year ended December 31, 2020, an unrelated third party invested in certain of our subsidiaries that developed Hyatt Centric Center City Philadelphia and adjacent parking and retail space in exchange for a 58% ownership interest, resulting in the derecognition of the nonfinancial assets of the subsidiaries. As a result of the transaction, we received \$72 million of proceeds, recorded our 42% ownership interest as an equity method investment (see Note 4), and recognized a \$4 million pre-tax gain in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2020. Our \$22 million equity method investment was recorded at fair value based on the value contributed by our partner to the unconsolidated hospitality venture. As additional consideration, we received a \$5 million investment in an equity security without a readily determinable fair value (see Note 4).

Building—During the year ended December 31, 2020, we sold a commercial building in Omaha, Nebraska for \$6 million, net of closing costs and proration adjustments. In conjunction with the sale, we entered into a lease for a portion of the building and accounted for the transaction as a sale and leaseback and recorded a \$4 million operating lease ROU asset and related lease liability on our consolidated balance sheet. The sale resulted in a \$4 million pre-tax gain, which was recognized in gains (losses) on sales of real estate and other on our consolidated statements of income (loss) during the year ended December 31, 2020. At the time of sale, the operating lease had a weighted-average remaining term of 9 years and a weighted-average discount rate of 3.25%. The lease includes an option to extend the lease term by 5 years.

8. LEASES

Lessee

A summary of operating lease expense, net of insignificant sublease income, is as follows:

	Year Ended December 31,		
	2022	2021	2020
Minimum rentals	\$ 44	\$ 41	\$ 45
Contingent rentals	111	71	38
Total operating lease expense	<u>\$ 155</u>	<u>\$ 112</u>	<u>\$ 83</u>

Total lease expense related to short-term leases and finance leases was insignificant for the years ended December 31, 2022, December 31, 2021, and December 31, 2020.

Supplemental balance sheet information related to finance leases is as follows:

	December 31, 2022	December 31, 2021
Property and equipment, net (1)	<u>\$ 6</u>	<u>\$ 6</u>
Current maturities of long-term debt	\$ 2	\$ 1
Long-term debt	5	6
Total finance lease liabilities	<u>\$ 7</u>	<u>\$ 7</u>

(1) Finance lease assets are net of \$16 million and \$15 million of accumulated amortization at December 31, 2022 and December 31, 2021, respectively.

Weighted-average remaining lease terms and discount rates were as follows:

	December 31, 2022	December 31, 2021
Weighted-average remaining lease term in years		
Operating leases (1)	15	19
Finance leases	4	5
Weighted-average discount rate		
Operating leases	3.6 %	3.8 %
Finance leases	1.0 %	0.6 %

(1) Certain of our hotel and land leases have nominal or contingent rental payments and are excluded from the weighted-average remaining lease term calculation resulting in a lower weighted-average term.

The maturities of lease liabilities for the next five years and thereafter are as follows:

Year ending December 31,	Operating leases (1)	Finance leases
2023	\$ 48	\$ 2
2024	46	2
2025	39	2
2026	34	2
2027	31	—
Thereafter	231	—
Total minimum lease payments	<u>\$ 429</u>	<u>\$ 8</u>
Less: amount representing interest	(92)	(1)
Present value of minimum lease payments	<u>\$ 337</u>	<u>\$ 7</u>

(1) Operating lease payments have not been reduced by \$17 million of future sublease receipts.

Lessor—We lease retail space under operating leases at certain of our owned hotels. Rental payments are primarily fixed with certain variable payments based on a contractual percentage of revenues. We recognized rental income within owned and leased hotels revenues on our consolidated statements of income (loss) as follows:

	Year Ended December 31,		
	2022	2021	2020
Rental income	\$ 12	\$ 13	\$ 16

The future minimum lease receipts scheduled to be received for the next five years and thereafter are as follows:

Year Ending December 31,	
2023	\$ 10
2024	6
2025	5
2026	4
2027	4
Thereafter	3
Total minimum lease receipts	<u>\$ 32</u>

9. GOODWILL AND INTANGIBLE ASSETS, NET

	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Apple Leisure Group	Corporate and other	Total
<i>Balance at January 1, 2021</i>							
Goodwill	\$ 210	\$ 232	\$ —	\$ —	\$ —	\$ 4	\$ 446
Accumulated impairment losses	(154)	—	—	—	—	(4)	(158)
Goodwill, net	\$ 56	\$ 232	\$ —	\$ —	\$ —	\$ —	\$ 288
<i>Activity during the year</i>							
Additions	—	—	—	—	2,677	—	2,677
<i>Balance at December 31, 2021</i>							
Goodwill	210	232	—	—	2,677	4	3,123
Accumulated impairment losses	(154)	—	—	—	—	(4)	(158)
Goodwill, net	\$ 56	\$ 232	\$ —	\$ —	\$ 2,677	\$ —	\$ 2,965
<i>Activity during the year</i>							
Impairment losses	(7)	—	—	—	—	—	(7)
Measurement period adjustments (Note 7)	—	—	—	—	147	—	147
Foreign currency translation adjustments	—	—	—	—	(4)	—	(4)
<i>Balance at December 31, 2022</i>							
Goodwill	210	232	—	—	2,820	4	3,266
Accumulated impairment losses	(161)	—	—	—	—	(4)	(165)
Goodwill, net	<u>\$ 49</u>	<u>\$ 232</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,820</u>	<u>\$ —</u>	<u>\$ 3,101</u>

During the year ended December 31, 2022, we sold Grand Hyatt San Antonio River Walk to an unrelated third party and accounted for the transaction as an asset disposition. In connection with the sale, we recognized a \$7 million goodwill impairment charge in asset impairments on our consolidated statements of income (loss) within our owned and leased hotels segment (see Note 7).

During the year ended December 31, 2021, we did not recognize any goodwill impairment charges.

During the year ended December 31, 2020, we determined that the carrying values of two reporting units were in excess of fair values, which were Level Three fair value measurements, and we recognized \$38 million of goodwill impairment charges in asset impairments on our consolidated statements of income (loss) within our owned and leased hotels segment.

	December 31, 2022	Weighted- average useful lives in years	December 31, 2021
Management and franchise agreement intangibles	\$ 786	14	\$ 835
Brand and other indefinite-lived intangibles	593	—	646
Customer relationships intangibles	608	8	586
Other intangibles	22	5	58
Intangibles	<u>2,009</u>		<u>2,125</u>
Less: accumulated amortization	<u>(341)</u>		<u>(148)</u>
Intangibles, net	<u>\$ 1,668</u>		<u>\$ 1,977</u>

	Year Ended December 31,		
	2022	2021	2020
Amortization expense	\$ 210	\$ 48	\$ 27

We estimate amortization expense for definite-lived intangibles for the next five years and thereafter as follows:

Year Ending December 31,	
2023	\$ 169
2024	153
2025	132
2026	103
2027	92
Thereafter	426
Total amortization expense	<u>\$ 1,075</u>

During the year ended December 31, 2022, we recognized \$21 million of impairment charges related to brand and other indefinite-lived intangibles, as we determined the carrying values of certain brand intangibles were in excess of fair values, and \$10 million of impairment charges related to management and franchise agreement intangibles, primarily as a result of contract terminations. The impairment charges were recognized in asset impairments on our consolidated statements of income (loss), primarily within our Apple Leisure Group segment. The judgments and assumptions used in determining the impairment charges are classified as Level Three in the fair value hierarchy.

During the years ended December 31, 2021 and December 31, 2020, we recognized \$8 million and \$14 million of impairment charges, respectively, related to management and franchise agreement intangibles and brand and other indefinite-lived intangibles, primarily as a result of contract terminations. The impairment charges were recognized in asset impairments on our consolidated statements of income (loss), primarily within our Americas management and franchising segment. The judgments and assumptions used in determining the impairment charges are classified as Level Three in the fair value hierarchy.

10. OTHER ASSETS

	December 31, 2022	December 31, 2021
Management and franchise agreement assets constituting payments to customers (1)	\$ 699	\$ 571
Marketable securities held to fund rabbi trusts (Note 4)	420	543
Marketable securities held to fund the loyalty program (Note 4)	406	439
Deferred costs related to the paid membership program	106	14
Marketable securities held for captive insurance company (Note 4)	93	137
Common shares in Playa N.V. (Note 4)	79	97
Long-term investments (Note 4)	77	65
Long-term restricted cash	37	48
Other	112	120
Total other assets	<u>\$ 2,029</u>	<u>\$ 2,034</u>

(1) Includes cash consideration as well as other forms of consideration provided, such as debt repayment or performance guarantees.

11. DEBT

	December 31, 2022	December 31, 2021
\$300 million senior unsecured notes maturing in 2023—floating rate notes	\$ —	\$ 300
\$350 million senior unsecured notes maturing in 2023—3.375%	—	350
\$700 million senior unsecured notes maturing in 2023—1.300%	656	700
\$750 million senior unsecured notes maturing in 2024—1.800%	746	750
\$450 million senior unsecured notes maturing in 2025—5.375%	450	450
\$400 million senior unsecured notes maturing in 2026—4.850%	400	400
\$400 million senior unsecured notes maturing in 2028—4.375%	399	400
\$450 million senior unsecured notes maturing in 2030—5.750%	440	450
Tax-Exempt Contract Revenue Empowerment Zone Bonds, Series 2005A	—	130
Contract Revenue Bonds, Senior Taxable Series 2005B	—	38
Floating average rate loan	29	31
Other	1	1
Total debt before finance lease obligations	<u>3,121</u>	<u>4,000</u>
Finance lease obligations	7	7
Total debt	<u>3,128</u>	<u>4,007</u>
Less: current maturities	(660)	(10)
Less: unamortized discounts and deferred financing fees (1)	(15)	(29)
Total long-term debt	<u>\$ 2,453</u>	<u>\$ 3,968</u>

(1) Includes \$2 million of unamortized discounts and deferred financing fees related to current maturities at December 31, 2022.

Under existing agreements, maturities of debt for the next five years and thereafter are as follows:

Year Ending December 31,	
2023	\$ 662
2024	752
2025	455
2026	405
2027	4
Thereafter	850
Total maturities of debt	<u>\$ 3,128</u>

Senior Notes—At December 31, 2022 and December 31, 2021, we had unsecured Senior Notes as further described below. Interest on the outstanding Senior Notes is payable semi-annually. We may redeem all or a portion of the Senior Notes

at any time at 100% of the principal amount of the Senior Notes redeemed together with the accrued and unpaid interest, plus a make-whole amount, if any. The amount of any make-whole payment depends, in part, on the yield of U.S. Treasury securities with a comparable maturity to the Senior Notes at the date of redemption. A summary of the terms of our outstanding Senior Notes, by year of issuance, is as follows:

- In 2011, we issued \$250 million of 5.375% senior notes due 2021 at an issue price of 99.846% (the "2021 Notes"). During the year ended December 31, 2021, we redeemed all of our outstanding 2021 Notes, as described below.
- In 2013, we issued \$350 million of 3.375% senior notes due 2023 at an issue price of 99.498% (the "2023 Notes"). During the year ended December 31, 2022, we redeemed all of our outstanding 2023 Notes, as described below.
- In 2016, we issued \$400 million of 4.850% senior notes due 2026 at an issue price of 99.920% (the "2026 Notes").
- In 2018, we issued \$400 million of 4.375% senior notes due 2028 at an issue price of 99.866% (the "2028 Notes").
- In 2020, we issued \$750 million of three-month LIBOR plus 3.000% senior notes due 2022 (the "2022 Notes"), \$450 million of 5.375% senior notes due 2025 (the "2025 Notes"), and \$450 million of 5.750% senior notes due 2030 (the "2030 Notes"). We received approximately \$1,635 million of net proceeds from the sale, after deducting \$15 million of underwriting discounts and other offering expenses. We used a portion of the proceeds from these issuances to repay all outstanding borrowings on our revolving credit facility and settle the outstanding interest rate locks, and we used the remainder for general corporate purposes. During the year ended December 31, 2021, we redeemed all of our outstanding 2022 Notes, as described below.
- In 2021, we issued \$700 million of 1.300% senior notes due 2023 at an issue price of 99.941% (the "2023 Fixed Rate Notes"), \$300 million of floating rate senior notes due 2023 (the "2023 Floating Rate Notes"), and \$750 million of 1.800% senior notes due 2024 at an issue price of 99.994% (the "2024 Fixed Rate Notes"). We received approximately \$1,738 million of net proceeds, after deducting \$11 million of underwriting discounts and other offering expenses. We used the net proceeds from the senior notes issuance to fund a portion of the purchase price for the ALG Acquisition, redeem the 2022 Notes, and pay fees and expenses related to the senior notes issuance. During the year ended December 31, 2022, we redeemed all of our outstanding 2023 Floating Rate Notes, as described below.

Senior Notes Redemptions, Repayments, and Repurchases—During the year ended December 31, 2022, we redeemed the 2023 Floating Rate Notes, of which there was \$300 million of aggregate principal outstanding, at a redemption price of approximately \$302 million, which was calculated in accordance with the terms of the 2023 Floating Rate Notes and included principal and \$2 million of accrued interest. We also redeemed the 2023 Notes, of which there was \$350 million of aggregate principal outstanding, at a redemption price of approximately \$353 million, which was calculated in accordance with the terms of the 2023 Notes and included principal and \$3 million of accrued interest. Additionally, we paid approximately \$58 million to repurchase \$44 million of principal on the 2023 Fixed Rate Notes, \$4 million of principal on the 2024 Fixed Rate Notes, \$1 million of principal on the 2028 Notes, and \$10 million of principal on the 2030 Notes in privately negotiated, open market transactions. During the year ended December 31, 2022, we incurred an insignificant net loss on extinguishment of debt recognized in other income (loss), net on our consolidated statements of income (loss) related to this activity (see Note 21).

During the year ended December 31, 2021, we repaid the outstanding 2021 Notes at maturity for approximately \$257 million, inclusive of \$7 million of accrued interest. We also redeemed the 2022 Notes, of which there was \$750 million of aggregate principal outstanding, at a redemption price of approximately \$753 million, which was calculated in accordance with the terms of the 2022 Notes and included principal and \$3 million of accrued interest. The \$2 million loss on extinguishment of debt was recognized in other income (loss), net on our consolidated statements of income (loss) (see Note 21).

Series 2005 Bonds—During the year ended December 31, 2022, the Series 2005 Bonds were legally defeased in conjunction with the sale of Grand Hyatt San Antonio River Walk (see Note 7). The Series 2005 Bonds had \$166 million outstanding prior to defeasance, inclusive of accrued interest and net of \$4 million of unamortized discounts, and we recognized an \$8 million loss on extinguishment of debt related to restricted cash utilized to defease the debt. The loss was recognized in other income (loss), net on our consolidated statements of income (loss) during the year ended December 31, 2022 (see Note 21).

Floating Average Rate Loan—During the year ended December 31, 2012, we obtained a secured construction loan with Banco Nacional de Desenvolvimento Econômico e Social - BNDES ("BNDES") in order to develop Grand Hyatt Rio de Janeiro. The loan is split into four separate sub-loans, each with different interest rates. Sub-loans (a) and (b) mature in 2031 and sub-loans (c) and (d) mature in 2023. Borrowings under the four sub-loans bear interest at the following rates, depending on the applicable sub-loan: (a) and (b) the Brazilian Long Term Interest Rate - TJLP plus 2.02%, (c) 2.5%, and (d) the Brazilian Long Term Interest Rate - TJLP. On sub-loans (a), (b), and (d), when the TJLP rate exceeds 6%, the amount corresponding to

the TJLP portion above 6% is required to be capitalized daily. At December 31, 2022, the weighted-average interest rates for the sub-loans we have drawn upon is 8.02%. At December 31, 2022 and December 31, 2021, we had Brazilian Real ("BRL") 154 million, or \$29 million, and BRL 173 million, or \$31 million, outstanding, respectively.

Revolving Credit Facility—During the year ended December 31, 2022, we entered into a credit agreement with a syndicate of lenders that provides for a \$1.5 billion senior unsecured revolving credit facility that matures in May 2027. The credit agreement refinanced and replaced in its entirety our Second Amended and Restated Credit Agreement dated January 6, 2014, as amended. The revolving credit facility provides for the making of revolving loans to us in U.S. dollars and, subject to a sublimit of \$250 million, certain other currencies, and the issuance of up to \$300 million of letters of credit for our own account or for the account of our subsidiaries. We have the option during the term of the revolving credit facility to increase the revolving credit facility by an aggregate amount of up to an additional \$500 million provided that, among other things, new and/or existing lenders agree to provide commitments for the increased amount. We may prepay any outstanding aggregate principal amount, in whole or in part, at any time, subject to customary breakage costs and upon proper notice. The credit agreement contains customary affirmative, negative, and financial covenants; representations and warranties; and default provisions.

During the year ended December 31, 2022, we had no borrowings or repayments on our revolving credit facility or our prior revolving credit facility. During the year ended December 31, 2021, we had \$210 million of borrowings and repayments on our prior revolving credit facility. The weighted-average interest rate on these borrowings was 1.80% at December 31, 2021. At December 31, 2022 and December 31, 2021, we had no balance outstanding. At December 31, 2022, we had \$1,496 million of borrowing capacity available under our revolving credit facility, net of letters of credit outstanding.

At December 31, 2022 and December 31, 2021, we had \$263 million and \$276 million, respectively, of letters of credit outstanding, excluding letters of credit outstanding that reduce our borrowing capacity under our revolving credit facility (see Note 15).

Fair Value—We estimated the fair value of debt, excluding finance leases, which consists of our Senior Notes and other long-term debt. Our Senior Notes are classified as Level Two due to the use and weighting of multiple market inputs in the final price of the security. We estimated the fair value of other debt instruments using discounted cash flow analysis based on current market inputs for similar types of arrangements. Based on the lack of available market data, we have classified our revolving credit facility, as applicable, and other debt instruments as Level Three. The primary sensitivity in these models is based on the selection of appropriate discount rates. Fluctuations in our assumptions will result in different estimates of fair value.

	December 31, 2022				
	Carrying value	Fair value	Quoted prices in active markets for identical assets (Level One)	Significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Debt (1)	\$ 3,121	\$ 3,006	\$ —	\$ 2,976	\$ 30

(1) Excludes \$7 million of finance lease obligations and \$15 million of unamortized discounts and deferred financing fees.

	December 31, 2021				
	Carrying value	Fair value	Quoted prices in active markets for identical assets (Level One)	Significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Debt (2)	\$ 4,000	\$ 4,230	\$ —	\$ 4,193	\$ 37

(2) Excludes \$7 million of finance lease obligations and \$29 million of unamortized discounts and deferred financing fees.

12. EMPLOYEE BENEFIT PLANS

Defined Benefit Plans—We sponsor supplemental executive retirement plans consisting of funded and unfunded defined benefit plans for certain former executives. Retirement benefits are based primarily on the former employees' salary, as defined, and are payable upon satisfaction of certain service and age requirements as defined by the plans. At December 31, 2022 and December 31, 2021, the accumulated benefit obligation related to the unfunded U.S. plan was \$16 million and \$21 million, respectively, of which \$15 million and \$20 million, respectively, was recorded as a long-term liability on our consolidated balance sheets. At December 31, 2022, we expect \$1 million of benefits to be paid annually over the next 10 years.

Defined Contribution Plans—We provide retirement benefits to certain eligible employees under the Retirement Savings Plan (a qualified plan under Internal Revenue Code Section 401(k)), the FRP, and other similar plans. For the years ended December 31, 2022, December 31, 2021, and December 31, 2020, we recognized \$38 million, \$28 million, and \$30 million, respectively, of expenses related to the Retirement Savings Plan based on a percentage of eligible employee contributions on stipulated amounts. The majority of these contributions relate to hotel property-level employees, which are

reimbursable to us, 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).

Deferred Compensation Plans—We provide nonqualified deferred compensation for certain employees through the DCP. Contributions and investment elections are determined by the employees, and we provide contributions to certain eligible employees according to pre-established formulas. The DCP is fully funded through a rabbi trust, and therefore changes in the underlying securities impact the deferred compensation liability, which is recorded in other long-term liabilities (see Note 13) and the corresponding marketable securities assets, which are recorded in other assets (see Note 10) on our consolidated balance sheets.

Employee Stock Purchase Program—We provide the ESPP, which is intended to qualify under Section 423 of the Internal Revenue Code. The ESPP provides eligible employees the opportunity to purchase shares of the Company's common stock on a quarterly basis through payroll deductions at a price equal to 95% of the fair value on the last trading day of each quarter. We issued 60,543 shares and 46,311 shares under the ESPP during the years ended December 31, 2022 and December 31, 2021, respectively.

Seniority Premiums—We provide post-employment benefits to certain eligible employees in Mexico based on their seniority and the nature and timing of their departure as required by Mexican labor laws. At December 31, 2022 and December 31, 2021, we had \$13 million and \$8 million, respectively, of total liabilities related to the benefits, which included \$10 million and \$7 million recorded in other long-term liabilities (see Note 13) and \$3 million and \$1 million recorded in accrued expenses and other current liabilities, respectively, on our consolidated balance sheets.

13. OTHER LONG-TERM LIABILITIES

	December 31, 2022	December 31, 2021
Deferred compensation plans funded by rabbi trusts (Note 4)	\$ 420	\$ 543
Income taxes payable	339	281
Guarantee liabilities (Note 15)	124	92
Deferred income taxes (Note 14)	72	93
Self-insurance liabilities (Note 15)	68	66
Other	54	64
Total other long-term liabilities	<u>\$ 1,077</u>	<u>\$ 1,139</u>

14. TAXES

Our tax provision includes federal, state, local, and foreign income taxes.

	Year Ended December 31,		
	2022	2021	2020
U.S. income (loss) before tax	\$ 349	\$ 14	\$ (694)
Foreign income (loss) before tax	14	30	(266)
Income (loss) before income taxes	<u>\$ 363</u>	<u>\$ 44</u>	<u>\$ (960)</u>

The provision (benefit) for income taxes from continuing operations was comprised of the following:

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ 100	\$ 43	\$ (209)
State	10	10	8
Foreign	57	13	3
Total Current	<u>\$ 167</u>	<u>\$ 66</u>	<u>\$ (198)</u>
Deferred:			
Federal	\$ (184)	\$ 191	\$ (11)
State	(77)	—	(47)
Foreign	2	9	(1)
Total Deferred	<u>\$ (259)</u>	<u>\$ 200</u>	<u>\$ (59)</u>
Total	<u><u>\$ (92)</u></u>	<u><u>\$ 266</u></u>	<u><u>\$ (257)</u></u>

The following is a reconciliation of the statutory federal income tax rate to the effective tax rate from continuing operations:

	Year Ended December 31,		
	2022	2021	2020
Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
State income taxes—net of federal tax benefit	5.2	24.1	4.0
Impact of foreign operations (excluding unconsolidated hospitality ventures losses)	6.6	(37.0)	(2.3)
Change in valuation allowances	(58.6)	567.7	(1.6)
U.S. net operating loss carryback benefit at 35%	—	(4.1)	11.5
U.S. foreign tax credits valuation allowance	(4.7)	(18.6)	(2.3)
Foreign unconsolidated hospitality ventures	0.4	20.0	(1.0)
Tax contingencies	6.2	9.2	(2.1)
Other (1)	(1.3)	21.2	(0.4)
Effective income tax rate	<u>(25.2)%</u>	<u>603.5 %</u>	<u>26.8 %</u>

(1) Includes the impact of non-deductible transaction costs in 2022 and 2021 as a result of the ALG Acquisition (see Note 7).

Significant items affecting the 2022 effective tax rate include the impact of a \$250 million non-cash benefit as a result of the release of a valuation allowance on U.S. federal and state deferred tax assets and U.S. foreign tax credit carryforwards, as discussed below. This benefit was partially offset by the impact of tax contingencies and the impact of foreign operations.

Significant items affecting the 2021 effective tax rate include the impact of a non-cash expense to record a valuation allowance on U.S. federal and state deferred tax assets and the state impact of U.S. operations. These expenses were offset by the release of a valuation allowance recorded on a portion of our U.S. foreign tax credit carryforwards expected to be utilized and the impact of foreign operations.

Significant items affecting the 2020 effective tax rate include the impact of U.S. net operating losses that were benefited at the 35% tax rate in accordance with the terms of the CARES Act and the state impact of U.S. operations. These benefits were offset by a \$35 million valuation allowance recorded on foreign tax credit carryforwards and foreign net operating losses generated, which was not expected to be realized within the carryforward period, and the rate differential on foreign operations.

During the year ended December 31, 2020, we recognized a \$30 million benefit related to the employee retention credit created under the CARES Act, of which \$8 million was recognized as a reduction of owned and leased hotels expenses and \$22 million was recognized as a reduction of costs incurred on behalf of managed and franchised properties on our consolidated statements of income (loss) with an offset in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties and no impact to net income (loss) on our consolidated statements of income (loss) for the year ended December 31, 2020.

The components of the net deferred tax assets and deferred tax liabilities were comprised of the following:

	December 31, 2022	December 31, 2021
Deferred tax assets related to:		
Loyalty program	\$ 190	\$ 155
Foreign net operating losses and credit carryforwards	146	181
Employee benefits	144	148
Long-term operating lease liabilities	94	90
Deferred revenues	91	79
Interest deduction limitations	66	58
Federal and state net operating losses and credit carryforwards	53	112
Allowance for uncollectible assets	26	28
Investments	18	10
Unrealized losses	14	13
Other	74	42
Valuation allowance	(262)	(478)
Total deferred tax assets	<u>\$ 654</u>	<u>\$ 438</u>
Deferred tax liabilities related to:		
Intangibles	\$ (216)	\$ (231)
Operating lease ROU assets	(101)	(98)
Property and equipment	(95)	(128)
Investments	(24)	(23)
Prepaid expenses	(18)	(21)
Unrealized gains	(2)	(5)
Other	(13)	(11)
Total deferred tax liabilities	<u>\$ (469)</u>	<u>\$ (517)</u>
Net deferred tax assets (liabilities)	<u>\$ 185</u>	<u>\$ (79)</u>
Recorded on our consolidated balance sheets as:		
Deferred tax assets—noncurrent	\$ 257	\$ 14
Deferred tax liabilities—noncurrent	(72)	(93)
Total	<u>\$ 185</u>	<u>\$ (79)</u>

A valuation allowance of \$262 million and \$478 million was recorded against our gross deferred tax asset balance at December 31, 2022 and December 31, 2021, respectively. For the year ended December 31, 2022, we recorded a net valuation allowance release of \$250 million on U.S. federal and state net deferred tax assets. As of each reporting date, management considers all evidence, both positive and negative, that could affect its assessment of the future realization of deferred tax assets. As of December 31, 2022, we achieved sustained periods of income from core operations driven by significant recovery from the COVID-19 pandemic and the impact of the ALG Acquisition. Management determined there is sufficient positive evidence, such as the sustained return to profitability in 2022 and objectively verifiable future U.S. income, to overcome the negative evidence of a three-year cumulative loss position driven by the COVID-19 pandemic.

Additionally, our deferred tax asset balance increased by \$35 million related to the loyalty program asset as a result of changes in the program's deferred revenue liability. These changes were offset by a \$59 million decrease related to federal and state net operating loss carryforwards primarily driven by U.S. net operating loss carryforward utilization. Significant changes to our deferred tax liability balances included a \$33 million decrease in the property and equipment liability driven by the sales of hotel assets and book depreciation in excess of tax depreciation.

At December 31, 2022, we had \$186 million of deferred tax assets for future tax benefits related to federal, state, and foreign net operating losses and \$13 million of benefits related to federal and state credits. Of these deferred tax assets, \$67 million related to net operating losses and federal and state credits that expire in 2023 through 2042 and \$132 million related to federal, state, and foreign net operating losses that have no expiration date and may be carried forward indefinitely. A \$262 million valuation allowance was recorded on deferred tax assets that we do not believe are more likely than not to be realized.

At December 31, 2022, we had \$77 million of accumulated undistributed earnings generated by our foreign subsidiaries, the majority of which have been subject to U.S. tax. Any potential additional taxes due with respect to such earnings or the excess of book basis over tax basis of our foreign investments would generally be limited to an insignificant amount of foreign withholding and/or U.S. state income taxes. We continue to assert that undistributed net earnings with respect to certain foreign subsidiaries that have not previously been taxed in the U.S. are indefinitely reinvested.

At December 31, 2022, December 31, 2021, and December 31, 2020, total unrecognized tax benefits were \$253 million, \$205 million, and \$146 million, of which \$102 million, \$186 million, and \$49 million, respectively, would impact the effective tax rate if recognized. It is reasonably possible that a reduction of up to \$8 million of unrecognized tax benefits could occur within 12 months resulting from the expiration of certain tax statutes of limitations. While it is reasonably possible that the amount of uncertain tax benefits associated with the U.S. treatment of the loyalty program could significantly change within the next 12 months, at this time, we are not able to estimate the range by which the reasonably possible outcomes of the pending litigation could impact our uncertain tax benefits within the next 12 months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2022	2021	2020
Unrecognized tax benefits—beginning balance	\$ 205	\$ 146	\$ 125
Total increases—current-period tax positions	38	12	24
Total increases—prior-period tax positions	22	50	3
Settlements	—	(1)	—
Lapse of statute of limitations	(5)	(2)	(6)
Foreign currency fluctuation	(7)	—	—
Unrecognized tax benefits—ending balance	<u>\$ 253</u>	<u>\$ 205</u>	<u>\$ 146</u>

In 2022, the \$48 million net increase in uncertain tax positions was primarily related to foreign tax filing positions identified as a result of the ALG Acquisition and an accrual for the U.S. treatment of the loyalty program.

In 2021, the \$59 million net increase in uncertain tax positions was primarily related to U.S. and local filing positions acquired as a result of the ALG Acquisition and an accrual for the U.S. treatment of the loyalty program.

In 2020, the \$21 million net increase in uncertain tax positions was primarily related to an accrual for the U.S. treatment of the loyalty program. The decrease in the lapse of statute of limitations was related to local tax filing positions identified as a result of the acquisition of Two Roads Hospitality LLC.

We recognize accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. Total gross accrued interest and penalties were \$111 million, \$93 million, and \$26 million at December 31, 2022, December 31, 2021, and December 31, 2020, respectively.

The amount of interest and penalties recognized as a component of our income tax expense in 2022 was \$21 million, primarily related to foreign tax matters. The amount of interest and penalties recognized as a component of our income tax expense in 2021 was \$8 million, primarily related to foreign tax matters. The amount of interest and penalties recognized as a reduction of our income tax benefit in 2020 was a \$6 million expense, primarily related to federal, state, and foreign tax matters.

We are subject to audits by federal, state, and foreign tax authorities. U.S. tax years 2018 through 2020 are currently under field exam. U.S. tax years 2009 through 2011 are before the U.S. Tax Court concerning the tax treatment of the loyalty program. The U.S. Tax Court trial proceedings occurred during April 2022, and the trial outcome is pending, subject to the U.S. Tax Court Judge's ruling. During the year ended December 31, 2021, we received a Notice of Proposed Adjustment for tax years 2015 through 2017 related to the loyalty program issue. As a result, U.S. tax years 2009 through 2017 are pending the outcome of the issue currently in U.S. Tax Court. If the IRS' position to include loyalty program contributions as taxable income to the Company is upheld, it would result in an income tax payment of \$235 million (including \$77 million of estimated interest, net of federal tax benefit) for all assessed years that would be partially offset by a deferred tax asset. As future tax benefits will be recognized at the reduced U.S. corporate income tax rate, \$89 million of the payment and related interest would have an impact on the effective tax rate, if recognized. We believe we have an adequate uncertain tax liability recorded in connection with this matter.

We have several state audits pending, including in California and New York. State income tax returns are generally subject to examination for a period of three to five years after filing of the return. However, the state impact of any federal changes remains subject to examination by various states for a period generally up to one year after formal notification to the

states of the federal changes. We also have several foreign audits pending. The statutes of limitations for the foreign jurisdictions ranges from three to ten years after filing the applicable tax return.

15. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we enter into various commitments, guarantees, surety and other bonds, and letter of credit agreements.

Commitments—At December 31, 2022, we are committed, under certain conditions, to lend, provide certain consideration to, or invest in various business ventures up to \$370 million, net of any related letters of credit.

Performance Guarantees—Certain of our contractual agreements with third-party hotel owners require us to guarantee payments to the owners if specified levels of operating profit are not achieved by their hotels (see Note 2). Except as described below, at December 31, 2022, our performance guarantees had \$120 million of remaining maximum exposure and expire between 2023 and 2042.

We acquired certain management agreements in the ALG Acquisition with performance guarantees expiring between 2023 and 2045. Our consolidated balance sheet at December 31, 2022 reflects the estimated fair value of the performance guarantee liabilities assumed based on available information as of the acquisition date. The performance guarantees are based on annual performance levels. Contract terms within the management agreements limit our exposure, and therefore, we are unable to reasonably estimate our maximum potential future payments.

At December 31, 2022 and December 31, 2021, we had \$108 million and \$52 million, respectively, of total performance guarantee liabilities, which included \$96 million and \$41 million, respectively, recorded in other long-term liabilities and \$12 million and \$11 million, respectively, recorded in accrued expenses and other current liabilities on our consolidated balance sheets.

Additionally, we enter into certain management contracts where we have the right, but not an obligation, to make payments to certain hotel owners if their hotels do not achieve specified levels of operating profit. If we choose not to fund the shortfall, the hotel owner has the option to terminate the management contract. At December 31, 2022 and December 31, 2021, we had an insignificant amount and \$7 million, respectively, recorded in accrued expenses and other current liabilities on our consolidated balance sheets related to these performance cure payments.

Debt Repayment Guarantees—We enter into various debt repayment guarantees in order to assist third-party owners, franchisees, and unconsolidated hospitality ventures in obtaining third-party financing or to obtain more favorable borrowing terms.

Geographical region	Maximum potential future payments	Maximum exposure net of recoverability from third parties	Other long-term liabilities recorded at December 31, 2022	Other long-term liabilities recorded at December 31, 2021	Year of guarantee expiration
United States (1), (2)	\$ 91	\$ 38	\$ 3	\$ 10	various, through 2024
All foreign (1), (3)	199	189	25	41	various, through 2031
Total	\$ 290	\$ 227	\$ 28	\$ 51	

- (1) We have agreements with our unconsolidated hospitality venture partners or the respective third-party owners or franchisees to recover certain amounts funded under the debt repayment guarantee; the recoverability mechanism may be in the form of cash or HTM debt security.
- (2) Certain agreements give us the ability to assume control of the property if defined funding thresholds are met or if certain events occur.
- (3) Certain debt repayment guarantees are denominated in Indian rupees and translated using exchange rates at December 31, 2022. We have the contractual right to recover amounts funded from an unconsolidated hospitality venture, which is a related party. We expect our maximum exposure to be approximately \$88 million, taking into account our partner's 50% ownership interest in the unconsolidated hospitality venture. Under certain events or conditions, we have the right to force the sale of the properties in order to recover amounts funded.

At December 31, 2022, we are not aware, nor have we received any notification, that our unconsolidated hospitality ventures, third-party owners, or franchisees are not current on their debt service obligations where we have provided a debt repayment guarantee.

Guarantee Liabilities Fair Value—We estimated the fair value of our guarantees to be \$124 million and \$87 million at December 31, 2022 and December 31, 2021, respectively, which are classified as Level Three in the fair value hierarchy (see Note 2).

Insurance—We obtain commercial insurance for potential losses from general liability, property, automobile, workers' compensation, employment practices liability, crime, cyber, and other miscellaneous risks. A portion of the risk is retained through a U.S.-based and licensed captive insurance company that is a wholly owned subsidiary of Hyatt and generally insures our deductibles and retentions. Reserve requirements are established based on actuarial projections of ultimate losses. Reserves for losses in our captive insurance company to be paid within 12 months are \$39 million and \$34 million at December 31, 2022 and December 31, 2021, respectively, and are recorded in accrued expenses and other current liabilities on our consolidated balance sheets. Reserves for losses in our captive insurance company to be paid in future periods are \$68 million and \$66 million at December 31, 2022 and December 31, 2021, respectively, and are recorded in other long-term liabilities on our consolidated balance sheets (see Note 13).

Collective Bargaining Agreements—At December 31, 2022, approximately 21% of our U.S.-based employees were covered by various collective bargaining agreements, generally providing for basic pay rates, working hours, other conditions of employment, and orderly settlement of labor disputes. Certain employees are covered by union-sponsored, multi-employer pension and health plans pursuant to agreements between various unions and us. Generally, labor relations have been maintained in a normal and satisfactory manner, and we believe our employee relations are good.

Surety and Other Bonds—Surety and other bonds issued on our behalf were \$47 million at December 31, 2022 and primarily relate to our insurance programs, taxes, licenses, construction liens, and utilities for our lodging operations.

Letters of Credit—Letters of credit outstanding on our behalf at December 31, 2022 were \$267 million, which primarily relate to our ongoing operations, collateral for customer deposits associated with ALG Vacations, collateral for estimated insurance claims, and securitization of our performance under our debt repayment guarantees associated with the hotel properties in India, which are only called on if we default on our guarantees. Of the letters of credit outstanding, \$4 million reduces the available capacity under our revolving credit facility (see Note 11).

Capital Expenditures—As part of our ongoing business operations, expenditures are required to complete renovation projects that have been approved.

Other—We act as general partner of various partnerships owning hotel properties that are subject to mortgage indebtedness. These mortgage agreements generally limit the lender's recourse to security interests in assets financed and/or other assets of the partnership(s) and/or the general partner(s) thereof.

In conjunction with financing obtained for our unconsolidated hospitality ventures and certain managed or franchised hotels, we may provide standard indemnifications to the lender for loss, liability, or damage occurring as a result of our actions or actions of the other unconsolidated hospitality venture partners or the respective third-party owners or franchisees.

As a result of certain dispositions, we have agreed to provide customary indemnifications to third-party purchasers for certain liabilities incurred prior to sale and for breach of certain representations and warranties made during the sales process, such as representations of valid title, authority, and environmental issues that may not be limited by a contractual monetary amount. These indemnification agreements survive until the applicable statutes of limitation expire or until the agreed upon contract terms expire.

We are subject, from time to time, to various claims and contingencies related to lawsuits, taxes, and environmental matters, as well as commitments under contractual obligations. Many of these claims are covered under our current insurance programs, subject to deductibles. Although the ultimate liability for these matters cannot be determined at this point, based on information currently available, we do not expect the ultimate resolution of such claims and litigation to have a material effect on our consolidated financial statements.

During the year ended December 31, 2018, we received a notice from the Indian tax authorities assessing additional service tax on our operations in India. We appealed this decision and do not believe a loss is probable, and therefore, we have not recorded a liability in connection with this matter. At December 31, 2022, our maximum exposure is not expected to exceed \$18 million.

16. STOCKHOLDERS' EQUITY AND COMPREHENSIVE LOSS

Common Stock—At December 31, 2022, Pritzker family business interests beneficially owned, in the aggregate, approximately 96.1% of our Class B common stock and approximately 0.7% of our Class A common stock, representing approximately 53.6% of the outstanding shares of our common stock and approximately 89.0% of the total voting power of our outstanding common stock. As a result, consistent with the voting agreements contained in the Amended and Restated Global Hyatt Agreement and Amended and Restated Foreign Global Hyatt Agreement, Pritzker family business interests are able to exert a significant degree of influence or actual control over our management and affairs and over matters requiring stockholder

approval, including the election of directors and other significant corporate transactions. While the voting agreements are in effect, they may provide our board of directors with effective control over matters requiring stockholder approval. Because of our dual class ownership structure, Pritzker family business interests will continue to exert a significant degree of influence or actual control over matters requiring stockholder approval, even if they own less than 50% of the outstanding shares of our common stock. Pursuant to the Amended and Restated Global Hyatt Agreement and Amended and Restated Foreign Global Hyatt Agreement, the Pritzker family business interests have agreed to certain voting agreements and to certain limitations with respect to the sale of shares of our common stock. In addition, other stockholders beneficially own, in the aggregate, approximately 3.9% of our outstanding Class B common stock representing approximately 2.1% of the outstanding shares of our common stock and approximately 3.6% of the total voting power of our outstanding common stock. Pursuant to the 2007 Stockholders' Agreement, these entities have also agreed to certain voting agreements and to certain limitations with respect to the sale of shares of our common stock.

Share Repurchase—During 2019 and 2018, our board of directors authorized the repurchase of up to \$750 million and \$750 million, respectively, of our common stock. These repurchases may be made from time to time in the open market, in privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan or an ASR transaction, at prices we deem appropriate and subject to our financial condition, capital requirements, market conditions, restrictions under the terms of our revolving credit facility, applicable law, and other factors deemed relevant in our sole discretion. The common stock repurchase program applies to our Class A and Class B common stock. The common stock repurchase program does not obligate us to repurchase any dollar amount or number of shares of common stock, and the program may be suspended or discontinued at any time.

	Year Ended December 31,		
	2022	2021	2020
Total number of shares repurchased	4,233,894	—	827,643
Weighted-average price per share	\$ 87.07	\$ —	\$ 84.08
Aggregate purchase price (1)	\$ 369	\$ —	\$ 69
Shares repurchased as a percentage of total common stock outstanding (2)	4%	—%	1%

(1) Excludes related insignificant expenses.

(2) Calculated based on the total common stock outstanding as of December 31 of the prior year.

The shares of Class A common stock repurchased on the open market were retired and returned to the status of authorized and unissued shares, while the shares of Class B common stock repurchased were retired and the total number of authorized Class B shares was reduced by the number of shares retired (see Note 18). At December 31, 2022, we had \$559 million remaining under the share repurchase authorization.

During January 2023, we repurchased 162,413 shares of Class A common stock. The shares of common stock were repurchased at a weighted-average price of \$89.57 for an aggregate purchase price of \$14 million, excluding insignificant related expenses. The shares of Class A common stock repurchased in the open market were retired and returned to the status of authorized and unissued shares. Included in the January repurchases were 106,116 shares that were initiated prior to December 31, 2022, but not settled until January 2023. At December 31, 2022, we had a \$9 million liability recorded in accrued expenses and other current liabilities on our consolidated balance sheet related to these shares. At January 31, 2023, we had \$545 million remaining under the share repurchase authorization.

Common Stock Issuance—During the year ended December 31, 2021, we completed an underwritten public offering of our Class A common stock at a price of \$74.50 per share. We issued and sold 8,050,000 shares, including 1,050,000 shares issued in connection with the full exercise of the underwriters' over-allotment option.

We received \$575 million of net proceeds from the common stock issuance, after deducting approximately \$25 million of underwriting discounts and other offering expenses. We used the proceeds from the common stock issuance to fund a portion of the ALG Acquisition (see Note 7).

Dividend—During the years ended December 31, 2022 and December 31, 2021, we did not declare or pay dividends to Class A or Class B stockholders of record. On February 13, 2020, our board of directors declared a cash dividend of \$0.20 per share for the first quarter of 2020, which was paid on March 9, 2020 to Class A and Class B stockholders of record on February 26, 2020. For the year ended December 31, 2020, \$7 million and \$13 million of cash dividends were paid for Class A and Class B common stock, respectively.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, net of tax impacts, were as follows:

	Balance at January 1, 2022	Current period other comprehensive income (loss) before reclassification	Amount reclassified from accumulated other comprehensive loss	Balance at December 31, 2022
Foreign currency translation adjustments (1)	\$ (206)	\$ (1)	\$ 5	\$ (202)
Unrealized losses on AFS debt securities	(1)	(10)	—	(11)
Unrecognized pension cost	(4)	4	—	—
Unrealized gains (losses) on derivative instruments (2)	(34)	—	5	(29)
Accumulated other comprehensive income (loss)	\$ (245)	\$ (7)	\$ 10	\$ (242)

(1) The amount reclassified from accumulated other comprehensive loss included realized losses recognized in equity earnings (losses) from unconsolidated hospitality ventures related to the disposition of our ownership interest in an unconsolidated hospitality venture (see Note 4).

(2) The amount reclassified from accumulated other comprehensive loss included realized losses recognized in interest expense, net of \$1 million tax impacts, related to the settlement of interest rate locks (see Note 11). We expect to reclassify \$5 million of losses over the next 12 months.

	Balance at January 1, 2021	Current period other comprehensive income (loss) before reclassification	Amount reclassified from accumulated other comprehensive loss	Balance at December 31, 2021
Foreign currency translation adjustments (3)	\$ (145)	\$ (34)	\$ (27)	\$ (206)
Unrealized gains (losses) on AFS debt securities	1	(2)	—	(1)
Unrecognized pension cost	(7)	3	—	(4)
Unrealized gains (losses) on derivative instruments (4)	(41)	—	7	(34)
Accumulated other comprehensive income (loss)	\$ (192)	\$ (33)	\$ (20)	\$ (245)

(3) The amount reclassified from accumulated other comprehensive loss related to the acquisition of the remaining interest in the entities which own Grand Hyatt São Paulo (see Note 7), the sale of our interest in the consolidated hospitality venture that owns Hyatt Regency Bishkek (see Note 7), and the disposition of our ownership interest in certain unconsolidated hospitality ventures (see Note 4).

(4) The amount reclassified from accumulated other comprehensive loss included realized losses recognized in interest expense, net of insignificant tax impacts, related to the settlement of interest rate locks (see Note 11).

17. STOCK-BASED COMPENSATION

As part of our LTIP, we award SARs, RSUs, and PSUs to certain employees and non-employee directors (see Note 2). 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. Compensation expense and unearned compensation presented below exclude amounts related to employees of our managed hotels and other employees whose payroll is reimbursed, as these expenses have been and will continue to be reimbursed by our third-party hotel owners 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). Stock-based compensation expense recognized in selling, general, and administrative expenses on our consolidated statements of income (loss) related to these awards was as follows:

	Year Ended December 31,		
	2022	2021	2020
SARs	\$ 12	\$ 10	\$ 11
RSUs	36	23	19
PSUs	13	17	(6)
Total	\$ 61	\$ 50	\$ 24

The year ended December 31, 2020 included a reversal of previously recognized stock-based compensation expense based on our assessment at the time of the expected achievement relative to the applicable performance targets related to certain PSU awards.

The income tax benefit recognized at the time of vest related to these awards was as follows:

	Year Ended December 31,		
	2022	2021	2020
RSUs	\$ 5	\$ 4	\$ 4
PSUs	1	1	—
Total	\$ 6	\$ 5	\$ 4

SARs—A summary of SAR activity is presented below:

	SAR units	Weighted-average exercise price (in whole dollars)	Weighted-average remaining contractual term
Outstanding at December 31, 2021	4,406,466	\$ 58.25	6.14
Granted	359,113	94.60	
Exercised	(527,571)	50.40	
Forfeited or expired	(29,891)	92.51	
Outstanding at December 31, 2022	4,208,117	\$ 62.10	5.92
Exercisable at December 31, 2022	2,808,591	\$ 58.77	4.99

The weighted-average grant date fair value for the awards granted in 2022, 2021, and 2020 was \$37.56, \$28.68, and \$8.88, respectively.

The fair value of each SAR was estimated on the date of grant using the Black-Scholes-Merton option-pricing model with the following weighted-average assumptions:

	2022	2021	2020
Exercise price	\$ 94.60	\$ 80.46	\$ 48.66
Expected life in years	6.24	6.24	6.24
Risk-free interest rate	2.40 %	1.10 %	0.66 %
Expected volatility	36.07 %	34.49 %	22.92 %
Annual dividend yield	— %	— %	1.64 %

Due to a lack of historical exercise activity, the expected life was estimated based on the midpoint between the vesting period and the contractual life of each SAR. The risk-free interest rate was based on U.S. Treasury instruments with similar expected life. We calculate volatility using our trading history over a time period consistent with our expected term assumption. The dividend yield assumption is based on the expected annualized dividend payment at the date of grant.

During the years ended December 31, 2022, December 31, 2021, and December 31, 2020, the intrinsic value of exercised SARs was \$21 million, \$31 million, and \$14 million, respectively. The total intrinsic value of SARs outstanding at December 31, 2022 was \$121 million, and the total intrinsic value for exercisable SARs at December 31, 2022 was \$89 million.

RSUs—A summary of the status of the nonvested RSU awards outstanding under the LTIP, including certain RSUs with a performance component, is presented below:

	RSUs	Weighted-average grant date fair value
Nonvested at December 31, 2021	1,208,497	\$ 69.64
Granted	554,698	91.95
Vested	(436,143)	68.66
Forfeited or canceled	(146,547)	83.34
Nonvested at December 31, 2022	<u>1,180,505</u>	<u>\$ 78.78</u>

The weighted-average grant date fair value for the awards granted in 2022, 2021, and 2020 was \$91.95, \$81.59, and \$50.28, respectively. The liability and related expense for granted cash-settled RSUs are insignificant at and for the year ended December 31, 2022. The fair value of RSUs vested during the years ended December 31, 2022, December 31, 2021, and December 31, 2020 was \$41 million, \$34 million, and \$18 million, respectively.

At December 31, 2022, the total intrinsic value of nonvested RSUs was \$107 million.

PSUs—A summary of the status of the nonvested PSU awards outstanding under the LTIP is presented below:

	PSUs	Weighted-average grant date fair value
Nonvested at December 31, 2021	339,795	\$ 81.09
Granted	221,598	83.58
Vested	(105,292)	82.24
Forfeited or canceled	(34,083)	79.75
Nonvested at December 31, 2022	<u>422,018</u>	<u>\$ 82.22</u>

The weighted-average grant date fair value for the awards granted in 2022, 2021, and 2020 was \$83.58, \$82.02, and \$80.95, respectively. The fair value of PSUs vested during the years ended December 31, 2022, December 31, 2021, and December 31, 2020 was \$10 million, \$4 million, and \$4 million, respectively.

The fair value of each PSU without a TSR modifier was estimated on the date of grant based on the closing stock price of our Class A common stock. The fair value of each PSU with a TSR modifier was estimated on the date of grant using a Monte Carlo simulation. 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 each PSU estimated using a Monte Carlo simulation does not significantly differ from the fair value based on the grant date stock price.

At December 31, 2022, the total intrinsic value of nonvested PSUs was \$38 million, if target performance is achieved.

Unearned Compensation—Our total unearned compensation for our stock-based compensation programs at December 31, 2022 was \$2 million for SARs, \$28 million for RSUs, and \$19 million for PSUs, which will primarily be recognized in stock-based compensation expense over a weighted-average period of 2 years.

18. RELATED-PARTY TRANSACTIONS

In addition to those included elsewhere in the Notes to our consolidated financial statements, related-party transactions entered into by us are summarized as follows:

Legal Services—A partner in a law firm that provided services to us throughout 2022, 2021, and 2020 is the brother-in-law of our Executive Chairman. During the years ended December 31, 2022, December 31, 2021, and December 31, 2020, we incurred \$14 million, \$9 million, and \$7 million, respectively, of legal fees with this firm. At both December 31, 2022 and December 31, 2021, we had insignificant amounts due to the law firm.

Equity Method Investments—We have equity method investments in entities that own, operate, manage, or franchise properties for which we receive management, franchise, or license fees. We recognized \$22 million, \$11 million, and \$6 million of fees for the years ended December 31, 2022, December 31, 2021, and December 31, 2020, respectively. In addition, in some cases we provide loans (see Note 6 and Note 7) or guarantees (see Note 15) to these entities. During the years ended December 31, 2022, December 31, 2021, and December 31, 2020, we recognized \$7 million, \$6 million, and \$3 million, respectively, of income related to these guarantees. At December 31, 2022 and December 31, 2021, we had \$33 million and \$29 million, respectively, of net receivables due from these properties. Our ownership interest in these unconsolidated hospitality ventures varies from 24% to 50%. See Note 4 for further details regarding these investments.

Class B Share Conversion—During the years ended December 31, 2022, December 31, 2021, and December 31, 2020, 735,522 shares, 2,385,647 shares, and 3,424,356 shares, respectively, of Class B common stock were converted on a share-for-share basis into shares of Class A common stock, \$0.01 par value per share. The shares of Class B common stock that were converted into shares of Class A common stock have been retired, thereby reducing the shares of Class B common stock authorized and outstanding.

Charitable Contribution—During the year ended December 31, 2022, we contributed \$5 million to the Hyatt Hotels Foundation. The charitable contribution was recognized in selling, general, and administrative expenses on our consolidated statements of income (loss).

19. SEGMENT AND GEOGRAPHIC INFORMATION

Our reportable segments are components of the business which are managed discretely and for which discrete financial information is reviewed regularly by the CODM to assess performance and make decisions regarding the allocation of resources. We define our reportable segments as follows:

- ***Owned and leased hotels***—This segment derives its earnings from owned and leased hotel properties located predominantly in the United States but also in certain international locations, and for purposes of segment Adjusted EBITDA, includes our pro rata share of unconsolidated hospitality ventures' Adjusted EBITDA, based on our ownership percentage of each venture. Adjusted EBITDA includes intercompany expenses related to management fees paid to the Company's management and franchising segments, which are eliminated in consolidation. Intersegment revenues relate to promotional award redemptions earned by our owned and leased hotels related to our co-branded credit card programs and are eliminated in consolidation.
- ***Americas management and franchising***—This segment derives its earnings primarily from a combination of hotel management services and licensing of our portfolio of brands to franchisees located in the United States, Canada, the Caribbean, Mexico, Central America, and South America, as well as revenues from residential management operations. This segment's revenues also include the reimbursement of costs incurred on behalf of managed and franchised properties. These reimbursed costs relate primarily to payroll at managed properties where the Company is the employer, as well as costs associated with system-wide services and the loyalty program operated on behalf of owners of managed and franchised properties. The intersegment revenues relate to management fees earned from the Company's owned and leased hotels and are eliminated in consolidation.
- ***ASPAC management and franchising***—This segment derives its earnings primarily from a combination of hotel management services and licensing of our portfolio of brands to franchisees located in Southeast Asia, Greater China, Australia, New Zealand, South Korea, Japan, and Micronesia. This segment's revenues also include the reimbursement of costs incurred on behalf of managed and franchised properties. These reimbursed costs relate primarily to system-wide services and the loyalty program operated on behalf of owners of managed and franchised properties.
- ***EAME/SW Asia management and franchising***—This segment derives its earnings primarily from a combination of hotel management services and licensing of our portfolio of brands to franchisees located in Europe, Africa, the Middle East, India, Central Asia, and Nepal. This segment's revenues also include the reimbursement of costs incurred on behalf of managed and franchised properties. These reimbursed costs relate primarily to system-wide services and the loyalty program operated on behalf of owners of managed and franchised properties. The intersegment revenues relate to management fees earned from the Company's owned and leased hotels and are eliminated in consolidation.
- ***Apple Leisure Group***—This segment derives its earnings from distribution and destination management services offered through ALG Vacations; management and marketing services primarily for all-inclusive ALG resorts located in Mexico, the Caribbean, Central America, South America, and Europe; and through a paid membership program offering benefits exclusively at ALG resorts in Mexico, the Caribbean, and Central America. This segment's revenues also include the reimbursement of costs incurred on behalf of managed and franchised properties. These reimbursed costs relate to certain system-wide services provided on behalf of owners of ALG resorts.

As previously announced, effective January 1, 2023, our EAME/SW Asia and ASPAC segments have been geographically realigned, such that the EAME management and franchising ("EAME") segment now consists of our management and franchising of properties located in Europe, Africa, the Middle East, and Central Asia, and the ASPAC management and franchising segment now consists of our management and franchising of properties located in Greater China, East and Southeast Asia, the Indian subcontinent, and Oceania.

Our CODM evaluates performance based on owned and leased hotels revenues; management, franchise, license, and other fees revenues; distribution and destination management revenues; other revenues; and Adjusted EBITDA. Adjusted EBITDA, as we define it, is a non-GAAP measure. We define Adjusted EBITDA as net income (loss) attributable to Hyatt Hotels Corporation plus our pro rata share of unconsolidated owned and leased hospitality ventures' Adjusted EBITDA based on our ownership percentage of each owned and leased venture, adjusted to exclude interest expense; benefit (provision) for income taxes; depreciation and amortization; Contra revenue; revenues for the reimbursement of costs incurred on behalf of managed and franchised properties; costs incurred on behalf of managed and franchised properties that we intend to recover over the long term; equity earnings (losses) from unconsolidated hospitality ventures; stock-based compensation expense; gains (losses) on sales of real estate and other; asset impairments; and other income (loss), net.

The table below shows summarized consolidated financial information by segment. Included within corporate and other are results related to our co-branded credit card programs and unallocated corporate expenses.

	Year Ended December 31,		
	2022	2021	2020
Owned and leased hotels			
Owned and leased hotels revenues	\$ 1,242	\$ 855	\$ 525
Intersegment revenues (a)	28	17	12
Adjusted EBITDA	307	91	(148)
Depreciation and amortization	186	230	243
Capital expenditures	143	80	111
Americas management and franchising			
Management, franchise, license, and other fees revenues	479	277	152
Contra revenue	(24)	(19)	(18)
Other revenues	119	84	42
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	2,271	1,410	1,152
Intersegment revenues (a)	42	29	14
Adjusted EBITDA	422	231	90
Depreciation and amortization	21	22	22
Capital expenditures	1	1	1
ASPAC management and franchising			
Management, franchise, license, and other fees revenues	85	72	61
Contra revenue	(2)	(4)	(2)
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	138	96	75
Adjusted EBITDA	42	29	24
Depreciation and amortization	2	3	3
EAME/SW Asia management and franchising			
Management, franchise, license, and other fees revenues	98	43	23
Contra revenue	(4)	(12)	(10)
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	97	66	55
Intersegment revenues (a)	8	3	2
Adjusted EBITDA	59	17	(15)
Depreciation and amortization	—	—	1
Capital expenditures	1	4	2
Apple Leisure Group			
Owned and leased hotels revenues	21	—	—
Management, franchise, license, and other fees revenues	146	21	—
Contra revenue	(1)	—	—
Distribution and destination management revenues	986	115	—
Other revenues	137	19	—
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	114	11	—
Adjusted EBITDA	231	4	—
Depreciation and amortization	192	22	—
Capital expenditures	26	4	—

	Year Ended December 31,		
	2022	2021	2020
Corporate and other			
Revenues	65	41	34
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	—	4
Intersegment revenues (a)	(2)	(2)	(1)
Adjusted EBITDA	(154)	(116)	(130)
Depreciation and amortization	25	33	41
Capital expenditures	30	22	8
Eliminations			
Revenues (a)	(76)	(47)	(27)
Adjusted EBITDA	1	1	2
TOTAL			
Revenues	\$ 5,891	\$ 3,028	\$ 2,066
Adjusted EBITDA	908	257	(177)
Depreciation and amortization	426	310	310
Capital expenditures	201	111	122

(a) Intersegment revenues are included in the management, franchise, license, and other fees revenues, owned and leased hotels revenues, and other revenues and eliminated in Eliminations.

The table below presents summarized consolidated balance sheet information by segment:

	December 31, 2022	December 31, 2021
Total assets:		
Owned and leased hotels	\$ 2,989	\$ 3,585
Americas management and franchising	1,266	1,137
ASPAC management and franchising	215	205
EAME/SW Asia management and franchising	293	280
Apple Leisure Group	5,143	5,003
Corporate and other	2,406	2,393
Total	<u>\$ 12,312</u>	<u>\$ 12,603</u>

The following tables present revenues and property and equipment, net, operating lease ROU assets, intangibles, net, and goodwill by geographical region:

	Year Ended December 31,		
	2022	2021	2020
Revenues:			
United States	\$ 4,560	\$ 2,311	\$ 1,730
All foreign	1,331	717	336
Total	<u>\$ 5,891</u>	<u>\$ 3,028</u>	<u>\$ 2,066</u>
Property and equipment, net, operating lease ROU assets, intangibles, net, and goodwill:			
United States	\$ 3,877	\$ 4,416	
All foreign	3,661	3,820	
Total	<u>\$ 7,538</u>	<u>\$ 8,236</u>	

The table below provides a reconciliation of our net income (loss) attributable to Hyatt Hotels Corporation to EBITDA and a reconciliation of EBITDA to our consolidated Adjusted EBITDA:

	Year Ended December 31,		
	2022	2021	2020
Net income (loss) attributable to Hyatt Hotels Corporation	\$ 455	\$ (222)	\$ (703)
Interest expense	150	163	128
(Benefit) provision for income taxes	(92)	266	(257)
Depreciation and amortization	426	310	310
EBITDA	939	517	(522)
Contra revenue	31	35	30
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(2,620)	(1,583)	(1,286)
Costs incurred on behalf of managed and franchised properties	2,632	1,639	1,375
Costs incurred on behalf of managed and franchised properties that we do not intend to recover from hotel owners	—	—	(45)
Equity (earnings) losses from unconsolidated hospitality ventures	(5)	(28)	70
Stock-based compensation expense	61	50	24
(Gains) losses on sales of real estate and other	(263)	(414)	36
Asset impairments	38	8	62
Other (income) loss, net	40	19	92
Pro rata share of unconsolidated owned and leased hospitality ventures' Adjusted EBITDA	55	14	(13)
Adjusted EBITDA	\$ 908	\$ 257	\$ (177)

20. EARNINGS (LOSSES) PER SHARE

The calculation of basic and diluted earnings (losses) per share, including a reconciliation of the numerator and denominator, is as follows:

	Year Ended December 31,		
	2022	2021	2020
Numerator:			
Net income (loss)	\$ 455	\$ (222)	\$ (703)
Net income (loss) attributable to noncontrolling interests	—	—	—
Net income (loss) attributable to Hyatt Hotels Corporation	<u>\$ 455</u>	<u>\$ (222)</u>	<u>\$ (703)</u>
Denominator:			
Basic weighted-average shares outstanding (1)	109,093,790	103,970,738	101,325,394
Stock-based compensation	2,171,149	—	—
Diluted weighted-average shares outstanding (1)	<u>111,264,939</u>	<u>103,970,738</u>	<u>101,325,394</u>
Basic Earnings (Losses) Per Share:			
Net income (loss)	\$ 4.17	\$ (2.13)	\$ (6.93)
Net income (loss) attributable to noncontrolling interests	—	—	—
Net income (loss) attributable to Hyatt Hotels Corporation	<u>\$ 4.17</u>	<u>\$ (2.13)</u>	<u>\$ (6.93)</u>
Diluted Earnings (Losses) Per Share:			
Net income (loss)	\$ 4.09	\$ (2.13)	\$ (6.93)
Net income (loss) attributable to noncontrolling interests	—	—	—
Net income (loss) attributable to Hyatt Hotels Corporation	<u>\$ 4.09</u>	<u>\$ (2.13)</u>	<u>\$ (6.93)</u>

(1) The computations reflect a reduction in shares outstanding at December 31, 2022 for the repurchases of 106,116 shares that were initiated prior to December 31, 2022, but settled in January 2023.

The computations of diluted net earnings (losses) per share for the years ended December 31, 2022, December 31, 2021, and December 31, 2020 do not include the following shares of Class A common stock assumed to be issued as stock-settled SARs, RSUs, and PSUs because they are anti-dilutive.

	Year Ended December 31,		
	2022	2021	2020
SARs	9,800	1,275,400	767,400
RSUs	3,200	563,700	522,300
PSUs	—	105,400	—

21. OTHER INCOME (LOSS), NET

	Year Ended December 31,		
	2022	2021	2020
Unrealized gains (losses), net (Note 4)	\$ (55)	\$ 14	\$ (13)
Restructuring expenses	(39)	(3)	(73)
Performance guarantee expense, net (Note 15)	(13)	(10)	(57)
Foreign currency gains (losses), net	(12)	6	(4)
Loss on extinguishment of debt (Note 11)	(9)	(2)	—
Transaction costs (Note 7)	(6)	(46)	—
Depreciation recovery	15	17	23
Credit loss reversals (provisions), net (Note 4 and Note 6)	16	(22)	(29)
Performance guarantee liability amortization (Note 15)	20	3	8
Interest income	44	28	30
Other, net	(1)	(4)	23
Other income (loss), net	<u>\$ (40)</u>	<u>\$ (19)</u>	<u>\$ (92)</u>

During the year ended December 31, 2022, we recognized \$39 million of restructuring expenses for severance costs related to the planned future redevelopment of an owned hotel, net of \$10 million reimbursed by the developer. During the year ended December 31, 2020, we recognized \$73 million of restructuring expenses, including severance, insurance benefits, outplacement, and other related costs, due to operational changes as a result of the COVID-19 pandemic.

22. SUBSEQUENT EVENT

On November 29, 2022, we announced an agreement for a Hyatt affiliate to acquire 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 for \$125 million of base consideration, subject to customary adjustments related to working capital, cash, and indebtedness, and up to an additional \$175 million of contingent consideration through 2028. We closed on the transaction on February 2, 2023 and paid cash of approximately \$125 million. The acquisition of Dream Hotel Group's lifestyle hotel brand and management platform will extend our brand footprint in key markets and strategic destinations. Given that the transaction recently closed, the preliminary purchase price allocation is in process and is incomplete as of this filing date.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2022, December 31, 2021, and December 31, 2020
(In millions of dollars)

Description	Balance at beginning of period	Additions charged to revenues, costs, and expenses	Additions charged to other accounts	Deductions	Balance at end of period
Year Ended December 31, 2022:					
Trade receivables—allowance for credit losses	\$ 53	\$ 20	\$ 3	\$ (13)	\$ 63
Financing receivables—allowance for credit losses	69	3	(1)	(27)	44
Deferred tax assets—valuation allowance	478	31	3	(250) A	262
Year Ended December 31, 2021:					
Trade receivables—allowance for credit losses	56	4	—	(7)	53
Financing receivables—allowance for credit losses	114	7	9 B	(61)	69
Deferred tax assets—valuation allowance	82	242 C	154 D	—	478
Year Ended December 31, 2020:					
Trade receivables—allowance for credit losses	32	35	2 E	(13)	56
Financing receivables—allowance for credit losses	100	29	2 F	(17)	114
Deferred tax assets—valuation allowance	41	41 G	—	—	82

A—This amount primarily relates to the release of the valuation allowance recorded on U.S. federal and state deferred tax assets.

B—This amount includes the \$12 million allowance on PCD assets acquired in the ALG Acquisition, partially offset by currency translation on foreign currency denominated financing receivables.

C—This amount primarily relates to the valuation allowance recorded on U.S. federal and state deferred tax assets.

D—This amount primarily relates to the valuation allowance recorded on deferred tax assets as a result of the ALG Acquisition.

E—This amount represents the pre-tax credit loss for accounts receivables recorded upon the adoption of Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.

F—This amount represents currency translation on foreign currency denominated financing receivables.

G—This amount primarily represents the allowance on our foreign tax credit and net operating loss carryforwards.

EXHIBIT B
FRANCHISE APPLICATION

Hyatt

To: Hyatt Franchising, L.L.C., Hyatt Place Franchising, L.L.C.,
 Hyatt House Franchising, L.L.C. (as applicable, "Franchisor")
 150 North Riverside Plaza
 Chicago, Illinois 60606

This Franchise Application ("Application") is submitted to Franchisor by the undersigned applicant, and its officers, directors, and shareholders as applicable ("Applicant") to induce Franchisor to grant a franchise to Applicant or an entity owned and controlled by Applicant (in either case, "Franchisee" or "Franchisee Entity"), on the terms and conditions set forth in Franchisor's standard Franchise Agreement, for a proposed Hyatt-affiliated Hotel at the address or location listed below (the "Hotel").

HOTEL SITE

Brand and Proposed Name of the Hotel	
Address of the intended site of the Hotel (the "Site") If no address exists, state the nearest intersection or other information regarding the Site	Click here to enter text.
Will the Site be leased or owned by Applicant's organization?	Click here to enter text.
If Site will be owned, but the sale has not yet taken place, what is the expected closing date of the sale?	Click here to enter text.
If Site will be owned, will Franchisee Entity or an affiliated entity hold title? (If an affiliate will hold title, the Franchisee Entity must lease the Site)	
If Site will be leased, state name and relationship of the lessor to Applicant and Franchisee Entity (parent, affiliated party, third party, etc.). (NOTE: leases must be for at least the term of the franchise agreement)	Click here to enter text.

APPLICANT

Parent Company Name	Click here to enter text.	
Principal Owners of Parent Company		
Any Previous Name[s] used in the Past Five Year	Click here to enter text.	
Address	Click here to enter text.	
Telephone	Click here to enter text.	
Applicant is:	<input type="checkbox"/> corporation	<input type="checkbox"/> partnership
	<input type="checkbox"/> limited liability company	<input type="checkbox"/> other Click here to enter text.
Jurisdiction of organization	Click here to enter text.	
Name of primary contact during the Franchise Application process	Click here to enter text.	
Telephone	Click here to enter text.	
Email	Click here to enter text.	

APPLICANT’S EXPERIENCE

Has Applicant (or any other parent or affiliated entity of the intended Franchisee Entity) conducted business (whether or not in the lodging industry) for at least five (5) years? yes no

Does Applicant (or any other parent or affiliated entity of the intended Franchisee Entity) have a net worth of at least six million one hundred sixty-five thousand five hundred dollars (\$6,165,500)? yes no

FRANCHISEE ENTITY (IF DIFFERENT THAN APPLICANT & IF KNOWN)

Legal Name	Click here to enter text.	
Any Previous Name[s] used in the Past Five Year	Click here to enter text.	
Address	Click here to enter text.	
Telephone	Click here to enter text.	
Franchisee Entity is:	<input type="checkbox"/> corporation	<input type="checkbox"/> partnership
	<input type="checkbox"/> limited liability company	<input type="checkbox"/> other Click here to enter text.
Jurisdiction of organization	Click here to enter text.	

GUARANTOR

(The Franchise Agreement must be guaranteed by an individual or entity other than the Franchisee Entity, meeting Franchisor's net worth requirements as described in Franchisor's Franchise Disclosure Document (FDD) and/or the term sheet, if any)

Legal Name	Click here to enter text.	
Any Previous Name[s] used in the Past Five Year	Click here to enter text.	
Address	Click here to enter text.	
Telephone	Click here to enter text.	
Guarantor is:	<input type="checkbox"/> individual(s)	<input type="checkbox"/> limited liability company
	<input type="checkbox"/> corporation	<input type="checkbox"/> partnership
	<input type="checkbox"/> other	Click here to enter text.
Jurisdiction of organization (if applicable)	Click here to enter text.	
List any properties, other than the Hotel, that the guarantor has an ownership interest in or for which the guarantor guarantees obligations under a franchise agreement or management agreement.	Click here to enter text.	

GUARANTOR FINANCIAL STATEMENTS

Please upload current financial statements (including balance sheet and profit and loss or income statement) for each Guarantor. If Guarantor is a partnership, corporation, or limited liability company, the statements should be submitted for the partnership, corporation or limited liability company, and for each partner, stockholder, or member.

GOVERNING DOCUMENTS

Please attach any relevant corporate formation and governance documents and operating agreements relating to the Applicant and the Franchisee Entity. Franchisor may require you to submit these documents for Guarantor and any other entities within the ownership structure for the Hotel, at a later time.

FINANCING

Please describe how you intend to finance the acquisition of the land and the construction of the Hotel. Describe how you will source both the equity and debt that will be needed and if it has already been secured

Click here to enter text.

PUBLIC FACILITIES

Describe any public facilities that will be located within the same building as the proposed hotel (e.g. brand unaffiliated restaurant, bar, health club, retail, expanded meeting space, structure parking):

Click here to enter text.

PROJECTED TIMELINE

Projected construction start date	Click here to enter text.
Projected hotel opening date	Click here to enter text.

CREDIT INFORMATION

Has Applicant, Franchisee, Guarantor, or any partner, shareholder, member, officer, or director of any of them ever been adjudged bankrupt? yes no

If yes, state name of court, case number, and date when adjudication was made:

Click here to enter text.

OWNERSHIP STRUCTURE

ORGANIZATION STRUCTURE CHART

Please upload an ownership structure chart showing the names of all shareholders/members (whether an individual or an entity) of Franchisee and (if different) the Hotel. For each entity listed in the chart, include the complete name of the entity as it appears in the certificate of incorporation (or equivalent document), the state of incorporation, and the percent interest that the entity holds in the Franchisee Entity (or the Hotel).

For each entity included in the ownership structure, list names of all shareholders that have a greater than 10% ownership interest in the entity, the right to control the entity, or that would be otherwise be considered a true owner regardless of their ownership percentage. Identify any entity that is a public company or a municipality or other form of governmental entity.

SHAREHOLDERS/MEMBERS OF APPLICANT

COMPLETE A SEPARATE ROW WITHIN "TABLE A" BELOW FOR EACH SHAREHOLDER OR MEMBER IDENTIFIED IN APPLICANT'S OWNERSHIP STRUCTURE CHART THAT IS AN INDIVIDUAL.

TABLE A - Individuals

INDIVIDUAL SHAREHOLDER/MEMBERS OF APPLICANT AND FRANCHISEE				
NAME	DATE OF BIRTH	COUNTRY OF RESIDENCE [AND NATIONALITY, IF DIFFERENT]	GOVERNMENT OFFICIAL [Y/N]	RELATED ENTITY NAME FROM ORGANIZATION STRUCTURE CHART

COMPLETE A SEPARATE "TABLE B" FOR EACH SHAREHOLDER OR MEMBER IDENTIFIED IN APPLICANT'S OWNERSHIP STRUCTURE CHART THAT IS AN ENTITY.

TABLE B – Officers/Directors

LIST OF DIRECTORS AND OFFICERS FOR THE ENTITY				
DIRECTOR NAME & TITLE	DATE OF BIRTH	COUNTRY OF RESIDENCE [AND NATIONALITY, IF DIFFERENT]	GOVERNMENT OFFICIAL [Y/N]	TITLE AND EMPLOYER
OFFICER NAME & TITLE	DATE OF BIRTH	COUNTRY OF RESIDENCE [AND NATIONALITY, IF DIFFERENT]	GOVERNMENT OFFICIAL [Y/N]	TITLE AND EMPLOYER
Chief Executive Officer or Equivalent: Name:				
Chief Financial Officer or Equivalent: Name:				
Responsible Person [if not identified above] Name:				
Person with day-to-day operational responsibility for the Hotel [if not identified above] Name:				

If the Applicant maintains an official list of shareholders, or is required to file such a list with the government, provide a copy of that list if different from the structure chart.

PAYMENT INSTRUCTIONS

Please send the application fee via wire transfer according to the wiring instructions below. If you are unable to pay the application fee via wire transfer, please send a check to the business address listed below and include the property/project name in the memo field.

Wire Transfer Information:		Check Payment Information:
Account Number:	87652-61131	Hyatt Corporation
Swift Code:	BOFAUS3N	16417 Collections Center Drive
Bank Address:	New York, New York	Chicago, Illinois 60693
Account Name:	Hyatt Corporation	
Bank Routing Number:	026009593	
Bank Name:	Bank of America	
You must indicate property/project name in memo field regardless of whether payment is by wire transfer or check.		

REPRESENTATIONS AND WARRANTIES

Applicant and Franchisee represent and warrant that the information and materials contained in this Application (including the documents submitted with this Application to Hyatt before the date of this Application or later supplemented to this Application) are or will be true, complete and current. Franchisor shall not be deemed to have knowledge of any facts not contained in this Application or in the attached documents.

Included with this Application is the application fee in the amount specified in the FDD or letter of intent. Applicant hereby expressly acknowledges that acceptance and deposit of the application fee by Franchisor does not, in any respect, bind or obligate Franchisor to enter into a Franchise Agreement granting Applicant a franchise. This Application is neither an offer of a franchise by Franchisor nor a contract for the acquisition of a franchise or any other rights to operate a Hyatt-affiliated Hotel. Applicant further acknowledges that the research, investigation, review and approval process and similar administrative functions of Franchisor constitute the sole and only consideration for the application fee submitted herewith. If Applicant withdraws this Application before Franchisor approves it, or if Franchisor does not approve this Application for any reason, Franchisor will refund Applicant's application fee less a \$7,500 fee to cover Franchisor's costs associated with evaluating this Application; however, after Franchisor approves this Application, Applicant's application fee is not refundable, even if Franchisor and Applicant do not sign a Franchise Agreement.

Applicant, Franchisee and any partner, stockholder, member, officer or director further represents and warrants that:

a) Applicant and its controlling shareholders have not been involved in an investigation by a court or government agency regarding a potential violation of any applicable law prohibiting fraud, bribery or other corrupt activity, except as disclosed in an attachment submitted herewith;

b) No Government Official is entitled to compensation or benefits in relation to the acquisition, development, construction or operation of the Hotel, except as disclosed in an attachment submitted herewith;

Applicant, its controlling shareholders and their officers, and directors (including any authorized agents) have complied with all applicable anti-corruption laws in connection with the acquisition, construction, development, operation and ownership of the Hotel, and the formation of the Applicant and its affiliates, if applicable;

c) Applicant has or will have an Anti-Corruption Policy, Code of Conduct, or similar corporate compliance program regarding compliance with applicable anti-corruption laws (including bribery of Government Officials) and/or the prevention of unlawful conduct;

d) Neither Applicant nor its affiliates are party to a binding agreement with a third party for branding of the Hotel, other than agreement that may be unilaterally terminated by Applicant or its affiliate or that will expire by prior to a franchise agreement with Hyatt taking effect; and

e) Applicant hereby releases Hyatt, its respective officers, employees, and agents from any liability for any damage whatsoever as a result of any investigative inquiry, consumer report, or investigative consumer report necessary to confirm the information in this Application which is received by Hyatt, its representatives, and designees.

SIGNATURE PAGE

Please upload a signed pdf copy of the signature.

APPLICANT:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C
FRANCHISE AGREEMENT

**DESTINATION BY HYATT® HOTEL
FRANCHISE AGREEMENT**

between

and

HYATT FRANCHISING, L.L.C.

DATED: _____, 2023

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EXHIBITS

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DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made and entered into as of _____, 2023 (this “**Agreement**”) by and between _____, a _____ (“**Franchisee**”) and HYATT FRANCHISING, L.L.C., a Delaware limited liability company (“**Hyatt**”).

PRELIMINARY STATEMENT

Franchisee is the owner of, or has the right to occupy, certain real property located at the Site. Hyatt has the right to grant franchises for Brand Hotels. Franchisee wishes to enter into this Agreement to obtain a franchise to use the Hotel System to operate a Brand Hotel located at the Site. In addition to other terms defined in this Agreement, the initial capitalized terms shall have the meanings set forth in Exhibit A or Exhibit B.

NOW, THEREFORE, Franchisee and Hyatt agree as follows:

ARTICLE I

GRANT OF FRANCHISE, TERM AND AREA OF PROTECTION

1.1 **Grant of Franchise.** Hyatt grants Franchisee, and Franchisee accepts, the non-exclusive right and obligation to use the Hotel System during the Term (defined below in Section 1.2) to build or convert, and operate, the Hotel at the Site in affiliation with the Proprietary Marks in accordance with this Agreement’s terms.

1.2 **Term.** The term of this Agreement (the “**Term**”) will commence on the Effective Date and expire without notice on the date which is twenty (20) years after the Opening Date, subject to its earlier termination as set forth in this Agreement.

1.3 **Rights in Area of Protection During AOP Term.** Subject to the one exception below, neither Hyatt nor any of its Affiliates will open and operate during the AOP Term, nor authorize any other party to open and operate during the AOP Term, any other Brand Hotels the physical premises of which are located within the Area of Protection. The one exception to this restriction is that, during the AOP Term, if Hyatt or any Affiliate acquires ownership of or the right to operate or manage (regardless of the form of transaction) another group of at least four (4) hotels, one (1) or more of which hotels are located or are under contract or construction to be located in the Area of Protection, then Hyatt and/or its Affiliates will have the unrestricted right to convert, or cause to be converted, the acquired hotel(s) within the Area of Protection to operate in affiliation with the Proprietary Marks and the Hotel System, and thereafter to operate or authorize any other party to operate such hotel(s) as Brand Hotels, even if one (1) or more of the other acquired hotels, whether operating within or outside the Area of Protection, are not converted to Brand Hotels.

Franchisee’s rights in the Area of Protection apply only during the AOP Term. Following the AOP Term, Franchisee will have no territorial rights or protection whatsoever, whether within or outside the Area of Protection, and Hyatt and its Affiliates may open and operate, and authorize

any other parties to open and operate, other Brand Hotels the physical premises of which are located within the Area of Protection, including pursuant to franchise applications submitted and/or franchise agreements and other agreements signed during the AOP Term.

1.4 **No Other Restrictions.** Except for the limited exclusivity provided in Section 1.3, Franchisee's rights under this Agreement are nonexclusive in all respects, the Hotel has no territorial protection whatsoever, and Hyatt and its Affiliates have the right without restriction to engage in any and all activities Hyatt and they desire (including with respect to any and 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 the Hotel. Without limiting the foregoing, Franchisee acknowledges that Hyatt and its Affiliates currently operate other franchised and non-franchised systems for lodging facilities and other accommodations and hospitality affiliations that use different brand names, trademarks, and service marks, including those with the "Hyatt" name as part of their brand name, some of which might operate and have facilities in the Area of Protection during the AOP Term, that will compete directly with Franchisee. Hyatt and its 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 System Services to other Hyatt Network Hotels and other hotels, lodging facilities and other businesses, even if they compete with the Hotel. Franchisee 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.

ARTICLE II

DEVELOPMENT AND OPENING OF THE HOTEL

2.1 **Hotel Development.** Franchisee shall develop the Hotel at the Site in accordance with the development provisions in Exhibit B. Franchisee acknowledges and agrees that the selection of the Site for the Hotel or the failure of Hyatt to object to the Site, does not constitute an assurance, representation or warranty by Hyatt of any kind, express or implied, as to the suitability (commercially or otherwise) of the Site for the Hotel or for any other purpose. Hyatt shall not be responsible for the failure of the Site approved by Hyatt to meet expectations as to revenue, income or operational criteria. Franchisee further acknowledges and agrees that approval of the Site for the Hotel is based on Franchisee's own independent investigation of the suitability of the Site.

2.2 **IT Project Management Services.**

(a) **IT Project Management Services.** Franchisee shall install information technology system(s) for the Hotel in accordance with the System Standards. To assist Franchisee in installing and implementing information technology system(s) that meet Hyatt's requirements and in consideration of the IT Project Management Services Fee, Hyatt will provide the IT Project Management Services in connection with the opening of the Hotel in accordance with this Section 2.2. Hyatt will staff the IT Project Management Services using its employees or third party contractors, as Hyatt determines.

(b) **Franchisee Responsibilities.** Franchisee agrees to perform, in a timely manner, the tasks identified as Franchisee's responsibilities in Exhibit E. Franchisee acknowledges that Hyatt's performance of the IT Project Management Services is dependent on Franchisee's timely, accurate, and effective performance of all Franchisee's responsibilities set forth in Exhibit E, including providing written notice to Hyatt of Franchisee's designated representative. Franchisee further acknowledges and agrees that its failure to perform may prevent or delay Hyatt's performance of the IT Project Management Services and/or require modifications to the services performed, including an adjustment to the scope of work, completion schedule or fees.

(c) **Site Preparation.** Franchisee will be responsible for all site preparation at the Hotel in connection with the IT Project Management Services. Without limitation, Franchisee is responsible for all climate control, physical safety and security, provision of adequate electric and telecommunications utilities, and wiring for all equipment and devices. Franchisee will also provide such work space, supplies, hardware and software as are reasonably required for each assignment.

(d) **Hyatt Limited Warranty.** Hyatt warrants that the IT Project Management Services will be performed in substantial accordance with the specifications set forth in Exhibit E. If any IT Project Management Services do not comply with this warranty, Franchisee must notify Hyatt in writing within thirty (30) days after completion of the IT Project Management Services. As to any valid warranty claim, Hyatt will at its option: (i) repair the defect; (ii) re-perform the defective IT Project Management Services; or (iii) refund sums paid by Franchisee to Hyatt for the defective IT Project Management Services. Following expiration of the warranty period, Franchisee accepts the IT Project Management Services in their "AS-IS" condition. The foregoing constitutes Franchisee's sole and exclusive remedies in response to a warranty claim. Hyatt makes no representation or warranty with respect to: (1) software, equipment, or goods manufactured, developed or provided by others, including Franchisee; (2) use of the IT Project Management Services in a manner contrary to instructions from Hyatt; (3) use of the IT Project Management Services in combination with goods or IT Project Management Services not delivered by Hyatt; (4) defects caused by Franchisee; or (5) other events outside the control of Hyatt. EXCEPT AS STATED ABOVE, HYATT MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO IT PROJECT MANAGEMENT SERVICES, GOODS OR SOFTWARE DELIVERED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUALITY, PERFORMANCE, INTEGRATION, SECURITY, SYSTEM UPTIME, DATA INTEGRITY, OR TITLE. HYATT MAKES NO REPRESENTATIONS OR WARRANTIES THAT SYSTEM DISRUPTIONS, SECURITY BREACHES OR IMPAIRMENTS WILL NOT OCCUR AND DISCLAIMS ALL RELATED EXPRESS AND IMPLIED WARRANTIES. HYATT SHALL NOT BE LIABLE FOR ANY LOSS OF DATA, CORRUPTION OF DATA, OR NETWORK INSECURITY.

(e) **Franchisee Limited Warranty.** Franchisee represents and warrants that access by Hyatt to software licensed or controlled by Franchisee is permitted under the applicable third party license agreements. Except with respect to systems owned or

controlled by Hyatt or a vendor selected by Hyatt, Franchisee represents and warrants that Hyatt's performance of the IT Project Management Services will not constitute a misappropriation of any intellectual property or other proprietary or contractual rights of any third party or a violation of any applicable law, regulation, rule or order.

(f) **Procurement of Third Party Components.** All software, equipment, and other goods required for Franchisee's use in connection with its business operations will be procured directly by Franchisee from the appropriate third party vendor. Hyatt will not be responsible for procuring any third party deliverables for use by Franchisee unless otherwise agreed to by Hyatt in a separate writing approved by an authorized officer of Hyatt. Franchisee will comply with the terms of all underlying third party agreements, including all third party software license agreements. Franchisee shall also engage a third party service provider in accordance with this Agreement to support all third party hardware and software installed at the Hotel, and such engagement shall be in place as of the date Hyatt completes all Services.

(g) **Data Back-Up & Disaster Recovery.** Franchisee will maintain in accordance with this Agreement and the System Standards: (i) appropriate data back-up and storage procedures to minimize any harm occurring from loss or corruption of data whatever the cause and (ii) an appropriate disaster recovery and business continuance plan to be activated in response to a technology crisis or system downtime.

(h) **Changes in Scope, Fees.** Hyatt and Franchisee acknowledge and agree that the scope of the IT Project Management Services may change between the Effective Date and the date that the IT Project Management Services are provided, as a result of modifications to the technology systems required under the Hotel System. If any such changes result in an increase to Hyatt's costs in providing the IT Project Management Services, Hyatt shall have the right to charge a reasonable additional fee in connection therewith.

2.3 **F&B Operations and Spa Operations.**

(a) **F&B Operations Plan.** Franchisee shall prepare and deliver to Hyatt for its approval the F&B Operations Plan describing Franchisee's proposal for conducting F&B Operations at the Hotel. Franchisee shall make such modifications to the F&B Operations Plan that Hyatt reasonably specifies and ensure that the Hotel and its F&B Operations operate in accordance with the approved F&B Operations Plan. Franchisee 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 Hyatt's prior written approval. Before the Hotel begins operating in affiliation with the Proprietary Marks, Franchisee shall require each F&B Operator to sign such documents as Hyatt reasonably specifies to protect Hyatt's (and its Affiliates') intellectual property and other rights.

(b) **Spa Operations.** If the Hotel has Spa Operations, Franchisee may subcontract the management of the Spa Operations to a Spa Operator only if (i) Hyatt (in its sole judgment) approves of the Spa Operator, the spa concept and the terms of the lease or other arrangement between Franchisee and the Spa Operator; (ii) the Spa Operator

complies with all applicable System Standards; and (iii) the spa does not use the Proprietary Marks in any manner (unless Hyatt authorizes such use in writing).

2.4 **Pre-Opening Sales Office.** Promptly after the Technology System is installed at the Hotel, Franchisee shall open and begin operating a Pre-Opening Sales Office at the Site, staffed by the Hotel's Director of Sales.

2.5 **Opening the Hotel.** Franchisee may not open or begin operating the Hotel in affiliation with the Proprietary Marks until Hyatt has notified Franchisee in writing that Franchisee has satisfied all of the pre-opening conditions set forth in the System Standards or otherwise in writing. Franchisee must open and begin operating the Hotel under the Hotel System and in affiliation with the Proprietary Marks on or before the Opening Deadline. Franchisee may request an extension of the Opening Deadline by submitting to Hyatt, at least three (3) months before the Opening Deadline, a written request for extension and a Ten Thousand Dollar (\$10,000) extension fee. If Hyatt approves the extension, Hyatt will set a new Opening Deadline, the extension fee will be non-refundable, and Hyatt may (at its option) require Franchisee to modify any previously-approved plans or the PIP (as applicable), to comply with the then current design, equipment and other aspects of the Hotel System. If Hyatt denies the extension, Hyatt will refund the extension fee. Franchisee shall indemnify Hyatt for all costs and expenses that Hyatt incurs directly or indirectly as a result of Franchisee's failure to open the Hotel on or before the anticipated Opening Date specified by Franchisee or the Opening Deadline, whichever is earlier, including any amounts that Hyatt pays with respect to customers whose reservations at the Hotel are cancelled.

2.6 **Hyatt's Role in Pre-Opening Phase.** Hyatt agrees to use commercially reasonable efforts in connection with its review and approval of plans and its approval to open the Hotel in affiliation with the Proprietary Marks, including by making a reasonable number of visits to the Site and providing reasonable guidance and advice relating to the Hotel's development or conversion. Franchisee must pay Hyatt's then current fees for any additional guidance, services or assistance (beyond what Hyatt typically provides to similarly situated Brand Hotels, subject to Reasonable Deviations) that Franchisee requests, and that Hyatt (at its option) agrees to provide, in connection with the Hotel's development or conversion. Hyatt's review and approval of plans, its providing construction, design, architectural, planning and/or related services in connection with the Hotel (whether before or after signing this Agreement), and its approval to open the Hotel in affiliation with the Proprietary Marks are intended only to determine compliance with Hyatt's pre-opening requirements. Hyatt's determination that Franchisee has met all of Hyatt's pre-opening requirements will not constitute a representation or warranty, express or implied, that the Hotel complies with any laws or is safe for occupancy, nor shall such determination act as a waiver of Franchisee's non-compliance, or of Hyatt's right to demand full compliance, with such pre-opening requirements or any other provision of this Agreement. Hyatt will have no liability to Franchisee for the Hotel's construction or renovation. It is Franchisee's responsibility to ensure that the Hotel (a) complies with Hyatt's requirements as communicated to Franchisee by Hyatt, (b) complies with all Accessibility Laws and other applicable ordinances, building codes, and permit requirements, and (c) is safe for occupancy.

2.7 **Comfort Letter Parties.** Franchisee must cause each Comfort Letter Party to sign a comfort letter or other agreement that Hyatt reasonably specifies under which such Comfort Letter Party agrees, among other things, to assume Franchisee's obligations under this Agreement

(subject to Hyatt's rights under ARTICLE XII) 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. Franchisee shall pay Hyatt its then current comfort letter fee for each comfort letter that Hyatt negotiates relating to the Hotel. In addition, upon Hyatt's request from time to time, Franchisee must cause each Comfort Letter Party to sign and deliver to Hyatt an estoppel in the form that Hyatt reasonably specifies concerning the status of Franchisee's contractual relationship with that Comfort Letter Party.

2.8 **Hotel System Variations.** Franchisee acknowledges that Hyatt and its Affiliates may operate, and authorize others to operate, Brand 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. Hyatt may establish and periodically modify the Hotel System and System Standards for certain Brand Hotels in a manner that is different from the Hotel System and System Standards that apply to some or all other Brand Hotels.

ARTICLE III

TRAINING, GUIDANCE AND ASSISTANCE

3.1 **Training.**

(a) **Owner and Management Company Orientation.** Within the time period that Hyatt reasonably specifies after the Effective Date, (i) Franchisee's managing owner or senior operations officer must attend an owner orientation program, and (ii) a senior operations officer for Franchisee's initial Management Company must attend an operator orientation program, in each case virtually, at Hyatt's headquarters in Chicago, Illinois, or at another location Hyatt designates. Hyatt does not currently charge a fee for these orientation programs.

(b) **General Manager Orientation.** Within the time period that Hyatt reasonably specifies before the Hotel's anticipated Opening Date, the Hotel's proposed general manager must attend an orientation program virtually, at Hyatt's headquarters in Chicago, Illinois, or at another location Hyatt designates. If Franchisee or the Management Company replaces the Hotel's general manager during the Term (subject to Section 4.2), the replacement general manager must attend the orientation program within thirty (30) days (or such longer period that Hyatt periodically designates) after assuming that position. Franchisee must pay Hyatt's then current fee for this orientation program and any additional programs that the Hotel's personnel attend.

(c) **Initial Training Programs.** Before opening the Hotel for business in affiliation with the Proprietary Marks, members of the Core Management team and other Hotel personnel whom Hyatt specifies must attend and successfully complete Hyatt's brand standard training programs and curriculum for their respective positions. During the Term, if Franchisee, the Management Company or the approved F&B Operator replaces any member of its Core Management team or any other individual whom Hyatt required to attend training, that person's replacement must attend and successfully complete the

applicable brand standard training programs that Hyatt reasonably specifies within ninety (90) days (or such longer period that Hyatt periodically designates) after assuming that position. Hyatt will designate the dates, locations, and duration of training.

(d) **Pre-Opening Training.** Hyatt will provide pre-opening training to the Hotel staff on brand standards and related issues in connection with the Hotel's opening in affiliation with the Proprietary Marks. Hyatt may conduct this training via remote learning, in one or more visits to the Hotel, or both, as Hyatt determines in its sole option. Franchisee must pay Hyatt's then current fee and the trainers' travel and living expenses associated with any training that Hyatt provides on-site at the Hotel. If Hyatt provides on-site training, the trainers will arrive at or before the Hotel's opening in affiliation with the Proprietary Marks and stay for the period that Hyatt specifies.

(e) **Supplemental and Optional Training.** Hyatt may, at such times and places as it deems best, require the Core Management and/or other Hotel personnel that Hyatt reasonably specifies to participate in regional and national conventions, meetings, and other brand standard training programs that Hyatt periodically specifies. Hyatt also may, at its option, offer various optional training programs from time to time during the Term.

(f) **Training Fees and Expenses.** Franchisee must pay Hyatt's then current fees for any conventions, meetings and other initial, supplemental and optional training programs that the Hotel's personnel attend. Franchisee also is responsible for all related compensation, and travel and living expenses that Hotel personnel incur. If Hyatt holds any training at the Hotel, Franchisee must provide free lodging for Hyatt's representatives, subject to availability.

3.2 **Providing System Standards.** Hyatt shall provide Franchisee access to the System Standards during the Term. Franchisee must comply with the System Standards, as Hyatt periodically modifies them, except for any employment-related or other policies and procedures which are clearly indicated in the System Standards as being for Franchisee's optional use. Hyatt may communicate the System Standards to Franchisee using various means that Hyatt may periodically establish, including electronic media and/or written materials, and Franchisee agrees continuously to monitor and access any updates to the System Standards or other aspects of the Hotel System. Franchisee agrees to restrict (and ensure the Management Company restricts) access to the System Standards in accordance with Hyatt's policies, as Hyatt periodically modifies them. If there is a dispute over their contents, Hyatt's master version of the System Standards controls. Franchisee agrees that the System Standards and any passwords or other digital identifications necessary to access the System Standards are part of the Confidential Information.

3.3 **CRS, GDS, ADS and IT Services.** During the period before the Hotel's Opening Date that Hyatt reasonably specifies and continuing for the remainder of the Term, Hyatt shall provide Franchisee access to the CRS and listings in advertising publications that Hyatt periodically specifies. Hyatt also may, at its option, provide IT project management implementation services and other services relating to the computing equipment and other technology at the Hotel during the Term. Franchisee must pay Hyatt's reasonable fees and reimburse Hyatt's expenses in connection with such assistance.

3.4 **General Guidance and Assistance.** During the Term, Hyatt may advise Franchisee from time to time regarding the Hotel's operation, for example, with respect to System Standards and advertising and marketing materials and programs. If Franchisee requests, and Hyatt agrees to provide, additional or special guidance, assistance, or training, Franchisee agrees to pay Hyatt's then applicable charges and travel and living expenses. Any specific training, guidance or assistance that Hyatt provides does not create an obligation (whether by course of dealing or otherwise) to continue providing that specific training, guidance or assistance, all of which Hyatt may periodically modify.

3.5 **Other Arrangements and Delegation.** Hyatt may make arrangements with its Affiliates or other third parties to provide development, marketing, operations, administration, technical, and support functions, facilities, services, and/or personnel related to the Hotel System. Hyatt may delegate the performance of any portion or all of its obligations under this Agreement to third party designees, whether these designees are its Affiliates, agents, or independent contractors with whom Hyatt contracts to perform these obligations. If Hyatt does so, the third party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

ARTICLE IV

OPERATION OF THE HOTEL

4.1 **System Services.** If Franchisee is in full compliance with its obligations under this Agreement, Hyatt or one or more members of the Hyatt Group will provide to Franchisee those System Services periodically specified by Hyatt. Franchisee must participate in all Mandatory Services and related programs, and may (at Franchisee's option) participate in any or all Non-Mandatory Services and related programs, in the manner that Hyatt periodically specifies. Hyatt may from time to time add to, delete from, and otherwise modify these System Services, and the scope of and manner of providing System Services, upon notice to Franchisee. Also, due to the differences in products, services, markets and hospitality experiences among Brand Hotels and other Hyatt Network Hotels, Hyatt may, where it deems appropriate in its judgment: (a) classify certain System Services as Mandatory Services under this Agreement which Hyatt classifies as Non-Mandatory Services or does not offer to other Brand Hotels and/or other Hyatt Network Hotels; (b) not provide to the Hotel certain System Services that Hyatt provides to other Brand Hotels and/or other Hyatt Network Hotels; and (c) limit the scope of those System Services provided to franchised Brand Hotels, including, by way of example and without limitation, by limiting the access that franchised Brand Hotels have to certain customer and other proprietary information for Hyatt Network Hotels other than the Hotel.

4.2 **Management of the Hotel.** Either a Management Company that Hyatt approves pursuant to this Section 4.2, or Franchisee (if Hyatt approves Franchisee to manage the Hotel pursuant to this Section 4.2), must at all times retain and exercise direct management control over all aspects of the Hotel's business and must be the employer of the Hotel's Core Management and other personnel, unless an F&B Operator whom Hyatt approves employs the individual(s) serving as director of food and beverage, director of catering, and/or executive chef for the Hotel.

(a) **Franchisee or Management Company as Manager.** Franchisee may not enter into a Management Arrangement without Hyatt’s prior written approval of the Management Company, and Franchisee may not itself manage the Hotel without Hyatt’s approval of Franchisee as the Hotel’s operator. Hyatt will not unreasonably withhold its approval if the Management Company or Franchisee (as applicable) meets Hyatt’s minimum qualifications and ensures that its personnel attend and satisfactorily complete required brand standard training programs. If Hyatt approves a Management Company, as a condition of that approval, the Management Company must sign the documents Hyatt requires to protect its intellectual property rights and to reflect the Management Company’s agreement to perform its management responsibilities and otherwise operate the Hotel in compliance with this Agreement (collectively, the “**Management Company Documents**”). The current version of the Management Company Documents is attached as Exhibit D. Nevertheless, Hyatt may refuse to approve a Management Company which is a Brand Owner. If Hyatt approves a Management Company as of the Effective Date, or if Hyatt approves Franchisee to manage the Hotel as of the Effective Date, then that approval is indicated on Exhibit B.

If an approved Management Company or Franchisee (if Hyatt approves Franchisee to manage the Hotel) at any time becomes a Brand Owner, fails to meet Hyatt’s minimum qualifications (as Hyatt may periodically modify them) or fails to comply with this Agreement, the Management Company Documents, or any conditions of operator approval previously imposed by Hyatt, then, without limiting Hyatt’s other rights and remedies under this Agreement and applicable law, Hyatt may revoke its approval of that Management Company or of Franchisee as the manager of the Hotel. If Hyatt does so, then Franchisee must promptly terminate the Management Arrangement with that Management Company (if applicable) and either assume direct control of the Hotel’s management and operation, if Hyatt approves Franchisee to manage the Hotel, or engage another Management Company that Hyatt has approved in writing.

(b) **Management Qualifications.** At Hyatt’s option, before any general manager, director of sales or director of revenue management for the Hotel is engaged, Franchisee must submit to Hyatt the identity and qualifications of the proposed candidates. These personnel must be in place and working on behalf of the Hotel by the time period Hyatt specifies. If the Hotel’s general manager fails to ensure that the Hotel satisfies Hyatt’s quality assurance requirements or other brand standards, or the Hotel’s director of sales or director of revenue management fails to ensure that the Hotel satisfies Hyatt’s brand standards relevant to the subject area for which that individual has responsibility, then, without limiting Hyatt’s other rights and remedies under this Agreement and applicable law, Hyatt may require Franchisee or the Management Company (as applicable) to appoint a new individual to serve in that position for the Hotel within the time period that Hyatt specifies.

(c) **Core Management Staffing.** Franchisee, the Management Company or the approved F&B Operator (as applicable) is solely responsible for hiring the Core Management and other Hotel personnel and determining the terms and conditions of their employment. Franchisee, the Management Company or the approved F&B Operator (as applicable) must hire and properly train all Core Management and have a Core

Management team in place at the Hotel at all times. Franchisee must ensure that all members of the Hotel's Core Management whom Franchisee or the Management Company employ spend all of their working time at the Hotel fulfilling their management and operational responsibilities and do not concurrently maintain a position at another lodging facility or in any other capacity related to the lodging industry.

4.3 **System Standards.** Subject to ARTICLE X, Franchisee must operate the Hotel twenty-four (24) hours a day, every day, and use the Hotel and its premises solely for the business franchised under this Agreement. Franchisee, and not Hyatt, shall be responsible for providing a safe and secure environment at the Hotel and the Site for guests, employees, and members of the public. Franchisee must at all times ensure that the Hotel is operated in compliance with the Hotel System and all other mandatory System Standards Hyatt periodically communicates to Franchisee, as Hyatt may periodically modify them. System Standards may regulate any aspect of the Hotel's operation and the products and services that the Hotel uses and offers to guests and other customers, including participation in and compliance with the terms of all of Hyatt's mandatory marketing, reservation service, rate and room inventory management, advertising, guest frequency and loyalty, social responsibility, discount or promotional, training and operating programs, including a property management system that interfaces with the CRS. Franchisee must sign and comply with any license, participation and other agreements Hyatt periodically specifies relating to these programs.

Despite Hyatt's right to establish and periodically to modify System Standards for the Hotel and modify the Hotel System as Hyatt deems best, Franchisee retains the right to control, and responsibility for, the Hotel's day-to-day management and operation and implementing and maintaining System Standards at the Hotel. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Hyatt reserves the right, as Hyatt deems best, to vary the Hotel System and System Standards for any Brand Hotel based upon the peculiarities of any condition or factors that Hyatt considers important to that hotel's successful operation. Franchisee has no right to require Hyatt to grant Franchisee a similar variation or accommodation.

Hyatt and Franchisee agree that any materials, guidance or assistance that Hyatt provides with respect to employment-related policies or procedures are solely for Franchisee's (and/or the Management Company's) optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. Franchisee (or the Management Company) will determine to what extent, if any, these materials, guidance or assistance should apply to the Hotel's employees. Franchisee acknowledges that Hyatt does not dictate or control labor or employment matters for franchisees and their employees. Franchisee (or the Management Company) is 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.

4.4 **CRS, GDS and ADS.** Franchisee must participate in, connect with, and use the authorized CRS, GDS and ADS (and only the authorized CRS, GDS and ADS) in the manner Hyatt periodically designates for offering, booking, modifying, and communicating guest room reservations for the Hotel. Franchisee must honor and give first priority on available rooms to all confirmed reservations that the CRS, GDS or ADS refers to the Hotel. The CRS and approved GDS and ADS are the only reservation systems or services that the Hotel may use for reservations.

Franchisee will establish the Hotel's room rates, provided that those rates and Franchisee's pricing policies comply with System Standards (to the maximum extent the law allows). Franchisee 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.

4.5 **F&B Operations and Spa Operations.** Franchisee is responsible for ensuring that all F&B Operations and all Spa Operations (if the Hotel has Spa Operations) operate in full compliance with all applicable laws, rules and regulations and all applicable System Standards. Franchisee agrees to provide, or cause the Management Company to provide, all training programs to the F&B Operator and Spa Operator (if the Hotel has Spa Operations) that Hyatt periodically specifies. If the F&B Operator or Spa 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 Hyatt, then, without limiting Hyatt's other rights and remedies under this Agreement and applicable law, Hyatt may revoke its approval of the F&B Operator or Spa Operator (as applicable). If Hyatt does so, then Franchisee must promptly terminate its arrangement with the F&B Operator or Spa Operator and either assume direct control of the Hotel's F&B Operations or Spa Operations (as applicable), if Hyatt has approved Franchisee to manage the Hotel, or engage another approved F&B Operator or Spa Operator that Hyatt has approved in writing.

4.6 **Upgrading the Hotel and CapEx Account.** Franchisee 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 Hyatt's prior written consent and complying with such conditions and procedures that Hyatt periodically establishes for such changes. Without limiting Hyatt's rights and Franchisee's obligations under Section 4.3, Hyatt may require Franchisee at any time and from time to time during the Term 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 Hyatt has established and then requires for new similarly situated Brand Hotels (subject to Reasonable Deviations). This upgrading or renovation may obligate Franchisee to invest additional capital in the Hotel and/or incur higher operating costs. Franchisee agrees to implement such upgrading and renovation within the time period Hyatt requests, provided that all such upgrades and renovations apply to similarly situated Brand Hotels (subject to Reasonable Deviations).

In order to assist Franchisee in having funds available to make any necessary capital expenditures at the Hotel and comply with its obligations under this Section 4.6 (but without limiting those obligations), Franchisee shall deposit into a separate account that Franchisee controls an amount equal to five percent (5%) of the Hotel's Total Operating Revenue each month. Upon Hyatt's reasonable request, Franchisee will periodically provide Hyatt information concerning the funds in and expenditures from that account. Franchisee shall use such funds only for the purpose of making approved capital expenditures and complying with its upgrade and other obligations under this Section 4.6, although such obligations may require Franchisee to spend more than the amount then in that account.

4.7 **Inspections/Compliance Assistance and Quality Assurance Program.** Hyatt may inspect the Hotel at any time, with or without notice to Franchisee, to determine whether Franchisee and the Hotel are complying with the Hotel System, System Standards, and other provisions of this Agreement. Franchisee must give Hyatt's representatives free lodging (subject to availability) during the inspection period. The Hotel also must participate in and pay its allocable share of all fees and other costs associated with the Quality Assurance Program. If Hyatt determines that the Hotel is failing to comply with the System Standards or any other terms and conditions of this Agreement, then, without limiting Hyatt's other rights or remedies under this Agreement, any other agreement or applicable law, Franchisee must: (a) reimburse Hyatt for its costs related to that non-compliance, including fees, 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 the failures to comply have been fully corrected, and (b) ensure that applicable Hotel personnel attend meetings and additional brand standard training programs that Hyatt specifies, at Franchisee's sole expense, relating to that non-compliance.

4.8 **Compliance With Laws.** Franchisee must strictly comply with all laws, rules, regulations and other legal and governmental requirements concerning the Hotel's development and operation, including by (a) ensuring that the Hotel is at all times in full compliance with the Accessibility Laws; (b) paying all taxes when due; and (c) obtaining and maintaining (or ensuring that the Management Company, F&B Operator and/or Spa Operator, as applicable, obtains and maintains) all liquor licenses and other licenses and permits necessary to operate the Hotel, including the F&B Operations and Spa Operations (if the Hotel has Spa Operations). Franchisee agrees to comply, and to assist Hyatt to the fullest extent possible in its efforts to comply, with the Trade Restriction Laws, Anti-Corruption Laws and Privacy Laws. In connection with that compliance, Franchisee (on behalf of itself and its Owners, excluding any Public Owners) certifies, represents, and warrants as of the Effective Date that none of Franchisee's nor any such Owner's property or interests is subject to being blocked under, and that Franchisee and such Owners otherwise are not in violation of, any of the Trade Restriction Laws. Franchisee represents and warrants that as of the Effective Date it has in place, and covenants to maintain in place throughout the Term, commercially reasonable compliance programs, policies and procedures designed to prevent any violations of, and promptly to detect any risks of violation or potential violation of, any Trade Restriction Laws, Anti-Corruption Laws or Privacy Laws, including procedures for conducting background checks on Owners and prospective Owners (other than Public Owners).

4.9 **No Diverting Business.** Franchisee must refer guests and customers, wherever reasonably possible, only to Brand Hotels or other Hyatt Network Hotels, not use the Hotel or the Hotel System to promote a competing business or other lodging facility, and not divert business from the Hotel to a competing business.

4.10 **No Brand Owners.** Franchisee represents and warrants to Hyatt that neither Franchisee nor any of its Owners (other than a Public Owner) is a Brand Owner and agrees that neither Franchisee nor any of its Owners (other than a Public Owner) at any time during the Term shall be or become a Brand Owner.

4.11 **Restrictions on Use of the Site.** If the Hotel is or will be part of a Mixed-Use Site:

(a) Franchisee agrees to ensure that no part or portion of the Mixed-Use Site is used to operate (i) a pawnshop, check-cashing business, gentleman's club, pornography retailer, or other sexually-oriented business, or (ii) a package liquor store, marijuana dispensary, or gambling business, without Hyatt's prior written consent, which consent may be granted or withheld in Hyatt's sole judgment, or (iii) a bar, lounge, club or similar establishment situated within three hundred (300) feet of any part of the Hotel's interior footprint, whose revenues are derived more than fifty percent (50%) from the sale of alcoholic beverages, without Hyatt's prior written consent, which consent will not be withheld unless Hyatt reasonably determines that the establishment might have a material negative impact on guests of the Hotel.

(b) Franchisee shall and shall cause its lessees and its Affiliates and their respective lessees to : (i) develop, maintain and operate all Non-Hotel Components within the Mixed-Use Site in accordance with quality, design and operational standards consistent with the quality, design and operational standards applicable to the Hotel, (ii) refrain from advertising, marketing or promoting the Non-Hotel Components as being associated with or part of the Hotel, a Destination by Hyatt® Hotel, the Brand Hotels or any other Proprietary Marks, except in connection with Hotel, advertisement and promotion approved pursuant to ARTICLE V of this Agreement; and (iii) operate the Non-Hotel Components in a way that, in Hyatt's reasonable judgment, does not damage or reflect adversely on the goodwill associated with any Proprietary Mark.

(c) Franchisee shall and shall cause its lessees and its Affiliates and their respective lessees to, obtain and maintain throughout the Term, with respect to the Non-Hotel Components, insurance coverages meeting then-current industry standards.

(d) Hyatt shall have the right to review the applicable provisions of agreements between Franchisee or its Affiliates and operators of the Non-Hotel Components to determine compliance with this Section 4.11.

ARTICLE V

ADVERTISING AND MARKETING

5.1 **Pre-Opening Marketing.** At least one hundred twenty (120) days before the Hotel's Opening Date, Franchisee must prepare and submit to Hyatt for its approval a written pre-opening marketing program that satisfies Hyatt's requirements and contemplates spending at least the minimum amount that Hyatt specifies. Franchisee must change the program as Hyatt specifies and implement the approved program.

5.2 **Participation in Advertising and Marketing.** Franchisee acknowledges that promoting Brand Hotels as a single chain in the United States is an important part of the Hotel System. Franchisee must participate in and use, in the manner that Hyatt specifies, all advertising, marketing and promotional activities, materials and programs that Hyatt periodically requires for the Hotel.

5.3 **Approval of Marketing Programs and Materials.** Subject to Hyatt's requirements and at Franchisee's expense, Franchisee may conduct local and regional marketing, advertising and promotional programs for the Hotel. Franchisee 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 in accordance with the System Standards, including the use of Hyatt's standard templates where applicable, and which may, at Hyatt's option, require Hyatt's prior approval of materials not previously approved by Hyatt in the manner Hyatt specifies. Franchisee must discontinue using any materials, including previously-approved materials, and cease engaging in any plans and programs, including previously-approved plans and programs, within the timeframe Hyatt specifies after Franchisee receives written notice from Hyatt. Franchisee may not use Guest Information in conducting marketing, advertising and promotional programs for the Hotel unless conducted by or through Hyatt or with Hyatt's supervision in each instance. Franchisee shall pay Hyatt the reasonable fees that Hyatt periodically establishes for optional marketing, advertising and promotional materials and programs that Franchisee chooses to acquire from Hyatt or its Affiliates or in which Franchisee chooses to participate.

5.4 **Websites and Electronic Media.**

(a) Hyatt may maintain (or authorize any other entity to maintain) the Hotel System Website to advertise, market and promote all or a certain group of Brand Hotels that Hyatt periodically specifies (and, at Hyatt's option, other Hyatt Network Hotels). Franchisee must comply with all System Standards relating to the Hotel System Website, including by providing Hyatt (or its designee) all information and other materials concerning the Hotel that Hyatt periodically requests and promptly notifying Hyatt whenever any information concerning the Hotel on the Hotel System Website is no longer accurate. By providing Hotel-related information and materials, Franchisee is representing to Hyatt that they are accurate and not misleading and do not infringe any third party's intellectual property or other rights. Hyatt shall have the final decision about all information or materials appearing on the Hotel System Website. As between Hyatt and Franchisee, Hyatt owns all intellectual property rights and other rights in and to the Hotel System Website, including data that visitors supply or the Hotel System Website obtains. Hyatt may discontinue the Hotel System Website and/or any of its content (including separate webpages for participating Brand Hotels) at any time.

(b) Franchisee may develop, maintain or authorize a website featuring the Hotel to consumers (the "**Hotel-Specific Website**") only with Hyatt's approval and subject to the conditions in Section 5.3 and this Section 5.4. The Hotel-Specific Website may not use the word "hyatt," "destination" or any similar word, or any of the Proprietary Marks, as part of its domain name or URL. The Hotel-Specific Website may not accept reservations for the Hotel (other than through an approved link to a Hotel System Website) or otherwise sell any products or services associated with the Hotel or any of the Proprietary Marks. Franchisee is solely responsible for obtaining all intellectual property rights to use any information and materials on the Hotel-Specific Website. However, as between Hyatt and Franchisee, Hyatt owns all intellectual property rights and other rights in and to all Guest Information that visitors supply or the Hotel-Specific Website obtains.

(c) Franchisee may not develop, maintain or authorize any website or other electronic medium (other than the Hotel System Website) that either 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 and Hotel-Specific Website, approved ADS, and as otherwise provided in this Section 5.4, Franchisee 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. Franchisee may, with Hyatt’s approval (which it 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.

ARTICLE VI

FEES AND PAYMENTS

6.1 **Initial Fees.**

(a) The initial Application Fee was fully earned by Hyatt and non-refundable upon Hyatt’s approval of Franchisee’s franchise application before Hyatt and Franchisee signed this Agreement. If Hyatt and Franchisee agree to add guest rooms to the Hotel above the number of rooms stated in Exhibit B before the Hotel opens, then Franchisee must pay Hyatt, when Hyatt approves the additional guest rooms, an additional Application Fee in an amount equal to Three Hundred Dollars (\$300) multiplied by the number of additional guest rooms at the Hotel. After the Hotel opens, if Franchisee wants to add any guest rooms to the Hotel, Franchisee must pay Hyatt’s then current PIP fee (currently Ten Thousand Dollars (\$10,000)) when Franchisee requests Hyatt’s approval of Franchisee’s plans. This PIP fee is non-refundable. Hyatt will apply this PIP fee toward the additional Application Fee of Three Hundred Dollars (\$300) multiplied by the number of additional guest rooms if Hyatt approves Franchisee’s plans. If the PIP fee exceeds the additional Application Fee, Hyatt may keep the excess. The remaining portion of the additional Application Fee is due, fully earned by Hyatt, and non-refundable on the date Hyatt approves Franchisee’s plans to develop the additional guest rooms.

(b) In connection with the IT Project Management Services, Franchisee shall pay Hyatt the “IT Project Management Services Fee” as set forth in Exhibit B. The IT Project Management Services Fee is non-refundable.

(c) If Franchisee is constructing a new Hotel, adapting a non-hotel space for use as a Hotel, or conducting a significant renovation of an existing hotel in connection with conversion to a Brand Hotel, Franchisee shall pay Hyatt a design services review fee (the “**Design Services Review Fee**”) as set forth in Exhibit B. The Design Services Review Fee is non-refundable.

6.2 **Monthly Fees to Hyatt.** On or before the tenth (10th) day of each month or such later day of the month that Hyatt periodically specifies, Franchisee shall pay Hyatt:

(a) a “**Royalty Fee**” equal to seven percent (7%) of the Hotel’s Gross Rooms Revenue generated from Channel Bookings and accrued during the preceding month;

(b) the System Services Charges for the previous month. Franchisee acknowledges that System Services Charges will include an allocable proportion of certain System Services Costs incurred during the period before the Hotel opens in accordance with this Agreement. System Services Charges shall be determined on the same basis as such amounts are determined for other Participating Hotels. Any allocation of shared costs that the Hyatt Group makes in good faith and with the intention of fairly allocating such costs to System Services shall be binding on the parties hereto. System Services Costs shall include the actual costs incurred by the Hyatt Group and shall not be 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 as described above or as determined by the Hyatt Group. The Hyatt Group may in its reasonable judgment periodically change its method of allocation of the System Services Costs among Participating Hotels, and the categories of Brand Hotels and/or other Hyatt Network Hotels that are classified as Participating Hotels, provided that such method of allocation and categories of Participating Hotels shall at all times be determined on a reasonable, equitable and non-discriminatory basis; and

(c) all fees and other amounts that Hyatt (or its Affiliates) then has paid or has agreed to pay on Franchisee’s behalf to any Providers. If any Provider assesses a single or group fee or other charge that covers all or a group of Brand Hotels or other Hyatt Network Hotels to which that Provider provides products or services, Franchisee agrees that Hyatt’s allocation 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 Hyatt’s option, Franchisee must begin paying these fees and other charges directly to the applicable Provider(s).

6.3 **Payments to Other Parties.** Franchisee agrees to pay on a timely basis, as and when due, all amounts owed to third parties (including Hyatt’s Affiliates) arising out of the Hotel’s operation (excluding only amounts owed which are reasonably in dispute), including: (a) applicable commissions to travel agents and third party reservation service charges and otherwise participate in any Hotel System travel agent commission payment program, as Hyatt periodically modifies it; (b) all commissions and fees for reservations Franchisee accepts through any sources (including the Internet), whether processed through Hyatt, the CRS, or any Provider’s reservation system or billed directly to Franchisee; and (c) all fees and assessments due for guest frequency programs and other marketing programs Hyatt periodically initiates that are attributable to the Hotel.

6.4 **Electronic Funds Transfer.** Franchisee must make all payments for Royalty Fees, System Services Charges and other amounts due to Hyatt or any member of the Hyatt Group under this Agreement or otherwise in connection with the Hotel by electronic funds transfer (“**EFT**”) in compliance with System Standards. Hyatt periodically may change the procedure for payments

hereunder. Funds must be available in Franchisee's account to cover payments when due. Franchisee may not change its bank, financial institution, or account used in connection with the operation of the Hotel without first telling Hyatt.

6.5 **Late Fee and Late Payment Interest.** Franchisee agrees to pay Hyatt a late fee of Two Hundred Twenty-Five Dollars (\$225) for each required payment not made on or before its original due date and for each required payment or authorized automatic debit not honored by Franchisee's financial institution. The late fee is not interest or a penalty but compensates Hyatt for increased administrative and management costs due to Franchisee's late payment. In addition, all amounts that Franchisee owes Hyatt that are more than seven (7) days late, or that are not available for withdrawal by automatic debit when due (if the amounts are payable by automatic debit), will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. Franchisee acknowledges that this Section 6.5 is not Hyatt's agreement to accept any payments after they are due or Hyatt's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Hotel.

6.6 **Application of Payments.** Despite any designation Franchisee makes, Hyatt may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Hyatt or its Affiliates. Hyatt may set off any amounts Franchisee or its Affiliates owe Hyatt or its Affiliates against any amounts that Hyatt or its Affiliates owe Franchisee or its Affiliates. Franchisee may not withhold payment of any amounts Franchisee owes Hyatt or its Affiliates due to Hyatt's alleged nonperformance of any of its obligations under this Agreement.

6.7 **Taxes on Franchisee's Payments.** In addition to any sales, use and other taxes that applicable law requires or permits Hyatt to collect from Franchisee for providing goods or services under this Agreement, Franchisee shall pay to Hyatt all Transaction Taxes in an amount necessary to provide Hyatt with after-tax receipts (taking into account any additional payments required hereunder) equal to the same amounts that Hyatt would have received under this Agreement if such Transaction Taxes had not been imposed.

6.8 **Non-Refundability.** Unless otherwise specified, all fees that Franchisee paid to Hyatt or its Affiliates before or simultaneously with the execution of this Agreement, or pays to Hyatt or its Affiliates during the Term, are non-refundable.

ARTICLE VII

BOOKS AND RECORDS, AUDITS AND REPORTING

7.1 **Reports.** Franchisee must prepare and deliver to Hyatt the operating statements, financial statements and other reports relating to the Hotel that Hyatt periodically requires, prepared in the form, by the methods, and within the timeframes that Hyatt periodically specifies in the System Standards. Hyatt may use such information for all reasonable purposes. Hyatt may require Franchisee to have audited financial statements prepared annually during the Term.

7.2 **Lender and Ground Lessor Information.** Franchisee must send Hyatt current contact information for each Lender and Ground Lessor upon Hyatt's request or any change in the

Lender's or Ground Lessor's information, and must provide Hyatt written notice of any proposed material amendments to any mortgage or loan facility covering the Hotel, together with information concerning the proposed amendment and Franchisee's financial condition that Hyatt reasonably requests, at least fifteen (15) days before finalizing the amendment. Upon Hyatt's request, Franchisee must provide Hyatt copies of all ground leases, subleases and other arrangements with any Ground Lessor. Franchisee must promptly send Hyatt a copy of any notices of default, termination, or other exercise of any default rights or remedies that Franchisee receives from or delivers to any Lender or Ground Lessor, together with all other information that Hyatt reasonably requests relating to any such defaults or termination. Franchisee agrees that Hyatt may, at its option and without breaching any rights of or obligations to Franchisee, have discussions and share information with any Lender, Ground Lessor, supplier or other vendor concerning the Hotel or Franchisee.

7.3 **Other Actions or Events.** Franchisee must notify Hyatt in writing within ten (10) days after Franchisee receives information or documentation about any lawsuit, action, or proceeding, or the issuance of any injunction, award, or decree of any court, quasi-judicial body, or governmental agency, that might adversely affect the Hotel, Franchisee's ability to perform its obligations under this Agreement, or Franchisee's financial condition.

7.4 **Preparation and Maintenance of Books and Records.** Franchisee agrees to: (a) prepare on a current basis in a form satisfactory to Hyatt, and thereafter maintain in accordance with System Standards, complete and accurate records concerning Gross Rooms Revenue and all financial, operating, marketing, and other aspects of the Hotel; and (b) maintain an accounting system that fully and accurately reflects all financial aspects of the Hotel. Hyatt reserves the right to access Franchisee's computer system independently to obtain sales information, occupancy information, and other data and information relating to the Hotel.

7.5 **Audit.** Hyatt may at any time during Franchisee's regular business hours, and with prior notice to Franchisee, examine Franchisee's and the Hotel's business and accounting records, tax records and returns, and other records. Franchisee agrees to cooperate fully in any examination. If any examination discloses an understatement of the Hotel's Gross Rooms Revenue, Franchisee agrees to pay Hyatt, within fifteen (15) days after receiving the examination report, the Royalty Fees, System Services Charges and other fees due on the amount of the understatement, together with the late fee and interest in accordance with Section 6.5. Furthermore, if Hyatt determines that an examination is necessary due to Franchisee's failure to furnish reports or other information when required, or if Hyatt's examination reveals a Royalty Fee or System Services Charge underpayment of three percent (3%) or more of the total amount owed during any six (6)-month period, or that Franchisee willfully understated the Hotel's Gross Rooms Revenue, Franchisee agrees to reimburse Hyatt for the costs of the examination, including out-of-pocket costs and compensation of Hyatt's employees. These remedies are in addition to Hyatt's other remedies and rights under this Agreement and applicable law.

ARTICLE VIII

RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

8.1 **Relationship of the Parties.** Franchisee is an independent contractor. Neither Hyatt nor Franchisee is the legal representative or agent of, or has the power to obligate, the other for any purpose. No partnership, joint venture, affiliate, agency, fiduciary, or employment relationship is intended or created by this Agreement. Hyatt and Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other nor represent that Hyatt's and Franchisee's relationship is other than franchisor and franchisee. Hyatt will not be obligated for any damages to any person or property directly or indirectly arising out of the Hotel's operation or the business Franchisee conducts under this Agreement.

8.2 **Franchisee's Notices to Public Concerning Independent Status.** Franchisee must provide notices making clear to the public that Hyatt is not the Hotel's owner or operator and is not accountable for events occurring at the Hotel. Franchisee also agrees to communicate clearly with Hotel employees in employment agreements, handbooks and other materials that Franchisee (or the Management Company, as applicable), and not Hyatt or its Affiliates, is the employer of all Hotel employees.

8.3 **Franchisee's Indemnification and Defense of Hyatt.**

(a) **Indemnification.** In addition to Franchisee's obligation under this Agreement to procure and maintain insurance, Franchisee agrees to indemnify and hold harmless the Hyatt Indemnified Parties against, and to reimburse any one or more of the Hyatt Indemnified Parties for, all Losses directly or indirectly arising out of, resulting from, or in connection with (i) the application Franchisee submitted to Hyatt for the rights granted under this Agreement; (ii) the development or operation of the Hotel, including the use of the Tradename or Hotel IP in connection with the Hotel and any claim or allegation relating to the Accessibility Laws, and including claims alleging either intentional or negligent conduct, acts or omissions by Hyatt or its Affiliates (or any of their agents, employees or representatives) relating to the operation of the Hotel, the F&B Operations, the Spa Operations or the Hotel System, subject to Section 8.4 or (iii) Franchisee's breach of this Agreement.

(b) **Defense.** Franchisee shall notify Hyatt within five (5) days after receiving notice of any Proceeding covered in Section 8.3(a) naming any Hyatt Indemnified Party as a defendant or potential defendant and shall include with such notification copies of all correspondence or court papers relating to the Proceeding. Franchisee agrees to defend (at Franchisee's expense) the Hyatt Indemnified Parties from and against any and all Proceedings directly or indirectly arising out of, resulting from, or in connection with any matter described in Section 8.3(a)(i) through (iii), including those alleging a Hyatt Indemnified Party's negligence or willful misconduct, subject to Section 8.4(a). Each Hyatt Indemnified Party may at Franchisee's expense defend and control the defense of any Proceeding described in this Section 8.3 and agree to settlements and take any other remedial, corrective, or other actions, without limiting Franchisee's obligations under

Section 8.3(a), provided that the Hyatt Indemnified Party will seek Franchisee's advice and counsel, and keep Franchisee informed, with regard to any proposed or contemplated settlement.

(c) **Separate Counsel and Settlement.** If separate counsel is appropriate in Hyatt's opinion because of actual or potential conflicts of interest, Hyatt may retain attorneys and/or independently defend any Proceeding subject to indemnification under this Section 8.3 at Franchisee's sole expense. No party may agree to any settlement in any Proceeding that could have an adverse effect on Hyatt, its Affiliates, the Hotel System, or other franchisees without Hyatt's prior approval.

(d) **Right to Control Defense of Certain Proceedings.** Without limiting Hyatt's rights or Franchisee's obligations under this Section 8.3, Hyatt (or its designee) has the right to defend and control the defense of any Proceeding arising from any Data Breach or any class action or other Proceeding involving both the Hotel and any other Brand Hotel or Hyatt Network Hotel, regardless of whether Hyatt or any of the other Hyatt Indemnified Parties are named defendants in that Proceeding. Franchisee shall promptly reimburse Hyatt for the Hotel's proportionate share of all reasonable expenses that Hyatt incurs in connection with any Proceeding covered by this Section 8.3. Hyatt shall allocate those expenses equitably among the Hotel and all other Brand Hotels and Hyatt Network Hotels involved in the Proceeding in any manner that Hyatt reasonably determines.

8.4 **Hyatt's Indemnification and Defense of Franchisee.**

(a) **Indemnification.** Hyatt agrees to indemnify and hold harmless the Franchisee Indemnified Parties against, and to reimburse any one or more of the Franchisee Indemnified Parties for, any and all Losses (including defense costs and other Losses incurred in defending any Proceeding described in Section 8.4(b), if applicable) directly or indirectly arising out of, resulting from, or in connection with (i) a final decision by a court of competent jurisdiction not subject to further appeal that Hyatt, its Affiliate, or any of their respective employees directly engaged in willful misconduct or gross negligence or intentionally caused the property damage or bodily injury that is the subject of the claim with respect to operation of the Hotel, so long as the claim is not asserted on the basis of (A) theories of vicarious liability (including agency, apparent agency, or joint employer), (B) Hyatt's failure to compel Franchisee to comply with this Agreement, or (C) negligence or misconduct in connection with the development or construction of the Hotel, all of which are claims for which the Franchisee Indemnified Parties are not entitled to indemnification under this Section 8.4(a); or (ii) any trademark infringement Proceeding disputing Franchisee's authorized use of any Proprietary Mark under this Agreement, provided that Franchisee has timely notified Hyatt of, and complies with Hyatt's directions in responding to, the Proceeding.

(b) **Defense.** Hyatt agrees to defend (at Hyatt's expense) the Franchisee Indemnified Parties from and against any and all Proceedings described in Section 8.4(a). At Hyatt's option, Hyatt and/or its Affiliate(s) may defend and control the defense of any other Proceeding arising from or relating to the Proprietary Marks or Franchisee's use of any Proprietary Mark under this Agreement. Hyatt may agree to settlements and take any

other remedial, corrective, or other actions with respect to any Proceeding described in this Section 8.4, provided that Hyatt will seek Franchisee's advice and counsel, and keep Franchisee informed, with regard to any proposed or contemplated settlement.

8.5 **Survival and Mitigation.** The obligations under Sections 8.3 and 8.4 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. A Hyatt Indemnified Party or Franchisee Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim under Section 8.3 or 8.4 (as applicable). The obligation to indemnify under Section 8.3 or 8.4 (as applicable) shall not be limited in any way by reason of any insurance that any indemnified party maintains.

ARTICLE IX

INSURANCE

At Franchisee's expense, Franchisee must procure and at all times during the Term maintain such insurance covering the risks, in the amounts, and with the deductibles, retentions and other provisions, as set forth in the System Standards from time to time. All insurance must by endorsement specifically name Hyatt and its Affiliates (and Hyatt's and their employees and agents) as additional insureds. Franchisee must purchase each policy from an insurance company reasonably acceptable to Hyatt. Either the insurer or Franchisee must provide at least thirty (30) days' prior written notice to Hyatt of any insurance policy's cancellation, non-renewal or material change. Franchisee must deliver to Hyatt a certificate of insurance (or certified copy of such insurance policy if Hyatt requests) evidencing the required coverages and setting forth the amount of any deductibles not less than ten (10) days after their respective inception dates. Franchisee must ensure that each F&B Operator and Spa Operator maintains the insurance and otherwise complies with all applicable obligations under this ARTICLE IX that Hyatt periodically specifies, including by naming Hyatt and any Affiliates that Hyatt periodically designates (and Hyatt's and their employees and agents) as additional insureds and delivering certificates of insurance to Hyatt. If Franchisee fails for any reason to procure or maintain the insurance required by this Agreement, Hyatt shall have the right and authority (although without any obligation to do so) to immediately procure such insurance and to charge Franchisee the cost together with a reasonable fee for Hyatt's expenses. Hyatt shall have the right to review Franchisee's insurance coverage for the foregoing requirements from time to time during the Term and to update requirements for insurance coverage in response to material changes in the circumstances of the Hotel, then-current industry practices, and changes in economic conditions. Franchisee shall promptly comply with Hyatt's updated requirements.

ARTICLE X

CONDEMNATION AND DAMAGE

10.1 **Condemnation.** Franchisee must immediately notify Hyatt of any proposed taking all or a substantial portion of the Hotel by eminent domain, condemnation or expropriation. If the parties do not otherwise agree to relocate the Hotel, then either party may terminate this Agreement immediately upon written notice to the other. If Franchisee and its Owners sign a Termination

Agreement, then Franchisee shall not be required to pay liquidated damages pursuant to Section 16.5 at the time of termination. However, such Termination Agreement shall provide that if Franchisee or any of its Affiliates begins construction on or operation of a full service hotel at any location within the Area of Protection at any time during the twenty-four (24) month period following the effective date of termination of this Agreement, 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 Franchisee or its Owners must pay Hyatt liquidated damages equal to Six Thousand Five Hundred Dollars (\$6,500) multiplied by the number of guest rooms in that new full service hotel. If Franchisee and its Owners fail to sign such Termination Agreement within a reasonable time after Hyatt delivers it to Franchisee, then Franchisee must pay Hyatt liquidated damages pursuant to Section 16.5 at the time of termination, in addition to complying with its other post-termination obligations under this Agreement.

10.2 **Damage.** If the Hotel is damaged by fire, flood, accident, hurricane or other casualty, Franchisee must notify Hyatt immediately.

(a) If the cost to repair the damage is less than or equal to the Damage Threshold, then Franchisee must repair the damage promptly according to the System Standards and this Agreement's other terms and conditions. If the damage or repair requires Franchisee to close all or any portion of the Hotel, then Franchisee must commence reconstruction as soon as practicable (but in any event within four (4) months) after closing the Hotel and reopen for continuous business operations as a Brand Hotel as soon as practicable (but in any event within twenty-four (24) months) after closing the Hotel, but not without complying with this Agreement's other terms and conditions. The Term will be extended for the period of time during which the Hotel is closed pursuant to this Section 10.2(a), and Franchisee need not make any payments of Royalty Fees or System Services Charges while the Hotel is closed pursuant to this Section 10.2(a) unless Franchisee receives insurance proceeds compensating Franchisee for lost Gross Rooms Revenue during such period, in which case Franchisee must pay Royalty Fees on the amount of proceeds received allocable to such loss.

(b) If the cost to repair the damage from the casualty exceeds the Damage Threshold then Franchisee may elect to terminate this Agreement upon written notice to Hyatt. If Franchisee elects to terminate this Agreement pursuant to this Subsection 10.2(b), Franchisee and its Owners must sign a Termination Agreement and pay a termination fee (in lieu of liquidated damages or Brand Damages) in an amount equal to the lesser of the liquidated damages calculated pursuant to Section 16.5 and the Net Recovery, provided that if the Net Recovery is less than zero, no termination fee shall be required upon signing the Termination Agreement. If Franchisee does not elect to terminate this Agreement pursuant to this Section 10.2(b), Franchisee must repair the damage promptly according to the System Standards and this Agreement's other terms and conditions.

(c) Franchisee must provide Hyatt such documentation as Hyatt may reasonably request to calculate the Damage Threshold, the insurance proceeds Franchisee receives in connection with any casualty, and the Net Recovery Amount (if applicable). Any Termination Agreement signed pursuant to this Section 10.2(c) shall provide that if

Franchisee, any of its Affiliates, or any other entity (including any buyer of the Hotel) begins construction on or operation of a full service hotel at the Site other than a Brand Hotel or another Hyatt Network Hotel at any time during the twenty-four (24)-month period following the effective date of termination of this Agreement, then Franchisee or its Owners must pay Hyatt liquidated damages equal to the difference between (i) the amount that would have been payable pursuant to Section 16.5 at the time of termination, less (ii) the amount of liquidated damages actually paid at the time of termination pursuant to this Section 10.2(c).

ARTICLE XI

PROPRIETARY RIGHTS

11.1 **Ownership and Goodwill of Proprietary Marks, Copyrighted Materials, and Confidential Information.** Hyatt's Affiliate has licensed the Proprietary Marks, Copyrighted Materials, and Confidential Information to Hyatt to use and sublicense in franchising, developing, and operating Brand Hotels. Franchisee's right to use the Proprietary Marks, Copyrighted Materials, and Confidential Information is derived only from this Agreement and is limited to Franchisee's developing and operating the Hotel according to this Agreement and all System Standards that Hyatt prescribes during the Term. Franchisee's unauthorized use of the Proprietary Marks, Copyrighted Materials, or Confidential Information is a breach of this Agreement and infringes Hyatt's and its Affiliate's rights in them. Franchisee's use of the Proprietary Marks, Copyrighted Materials, and Confidential Information and any goodwill established by that use are exclusively for Hyatt's and its Affiliate's benefit, and this Agreement does not confer any goodwill or other interests in the Proprietary Marks, Copyrighted Materials or Confidential Information upon Franchisee, other than the right to develop and operate the Hotel under this Agreement. Franchisee may not at any time during or after the Term contest or assist any other person or entity in contesting the validity, or Hyatt's and its Affiliate's ownership, of any of the Proprietary Marks, Copyrighted Materials, or Confidential Information.

11.2 **Limitations on Franchisee's Use of Proprietary Marks.** Franchisee agrees to use the Proprietary Marks to identify the Hotel's affiliation in the manner that Hyatt periodically specifies, except that Franchisee must identify itself as the Hotel's independent owner in the manner that Hyatt periodically specifies. Franchisee may not use any Proprietary Mark: (a) as part of any corporate or legal business name; (b) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos Hyatt licenses to Franchisee); (c) in providing or selling any unauthorized services or products; (d) as part of any domain name, homepage, meta tags, keyword, electronic address, or otherwise in connection with a website (unless Hyatt has approved such use in advance); or (e) in any other manner Hyatt has not expressly authorized in writing. Franchisee (and, if applicable, any restaurant operators at the Hotel) may not use the Proprietary Marks in connection with any Hotel restaurant operations without Hyatt's prior written consent, which it will not unreasonably withhold, and complying with all System Standards relating thereto. If Hyatt discovers Franchisee's unauthorized use of the Proprietary Marks, in addition to Hyatt's other rights and remedies under this Agreement and applicable law, Hyatt may require Franchisee to destroy (with no reimbursement from Hyatt) all offending items reflecting such unauthorized use.

Franchisee may not use any Proprietary Mark in advertising the transfer, sale, or other disposition of the Hotel or an ownership interest in Franchisee or any of its Owners without Hyatt's prior written consent, which Hyatt will not unreasonably withhold. Franchisee agrees to display the Proprietary Marks as Hyatt periodically prescribes at the Hotel and on advertising and other materials Hyatt periodically designates. Franchisee agrees to give the notices of trade and service mark registrations that Hyatt periodically specifies and to obtain any fictitious or assumed name registrations required under applicable law.

11.3 Notification of Infringements and Claims. Franchisee agrees to notify Hyatt immediately of any apparent infringement or challenge to Franchisee's use of any Proprietary Mark, Copyrighted Materials, or Confidential Information, or of any person's claim of any rights in any Proprietary Mark, Copyrighted Materials, or Confidential Information, and not to communicate with any person other than Hyatt, its Affiliates, and its and their attorneys, and Franchisee's attorneys, regarding any infringement, challenge, or claim. Hyatt and its Affiliates may take the action it and they deem appropriate (including no action) and control exclusively any Proceeding arising from any infringement, challenge, or claim or otherwise concerning any Proprietary Mark, Copyrighted Materials, or Confidential Information. Franchisee agrees to sign any documents and take any other reasonable actions that, in the opinion of Hyatt's and its Affiliates' attorneys, are necessary or advisable to protect and maintain Hyatt's and its Affiliates' interests in any Proceeding or otherwise to protect and maintain Hyatt's and its Affiliates' interests in the Proprietary Marks, Copyrighted Materials, and Confidential Information. Hyatt or its Affiliate will reimburse Franchisee's reasonable out-of-pocket costs for taking any requested action.

11.4 Discontinuing Use of Proprietary Marks. If it becomes advisable at any time for Hyatt and/or Franchisee 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, Franchisee agrees to comply with Hyatt's directions within a reasonable time after receiving notice. Neither Hyatt nor its Affiliates will reimburse Franchisee for any costs or expenses incurred in connection with such directions, including expenses of changing the Hotel's signs, any loss of revenue due to any modified or discontinued Proprietary Mark, or Franchisee's expenses of promoting a modified or substitute trademark or service mark. Hyatt's rights in this Section 11.4 apply to any and all of the Proprietary Marks (and any portion of any Proprietary Mark) that this Agreement authorizes Franchisee to use.

11.5 Confidential Information. Hyatt and its Affiliates possess (and will continue to develop and acquire) Confidential Information, some of which constitutes trade secrets under applicable law. Franchisee agrees that the Confidential Information is proprietary to Hyatt and its Affiliates, includes Hyatt's and its Affiliate's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee hereby does agree, that Franchisee: (a) will not use (or allow any of its Affiliates to use) Confidential Information in any other business or capacity; (b) will keep confidential each item deemed to be a part of Confidential Information, both during and after the Term (afterward for as long as the item is not generally known in the hotel industry); (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (d) will adopt and implement reasonable procedures that Hyatt periodically specifies to prevent unauthorized use or disclosure of Confidential Information.

11.6 Guest Information. All Guest Information is Hyatt's property and part of Confidential Information. Hyatt has the right from time to time during the Term, without notice to Franchisee, to access the Hotel's property management system and other computer systems to retrieve Guest Information. Hyatt and its Affiliates may use, and allow others to use, the Guest Information in any manner that Hyatt deems appropriate (subject to applicable law).

Franchisee may use the Guest Information, and certain other information and data relating to guests and customers of other Brand Hotels and/or other Hyatt Network Hotels that Hyatt periodically specifies, during the Term only to provide services to guests and potential guests of the Hotel in accordance with the System Standards and all applicable laws, rules and regulations. Franchisee must ensure that its Affiliates may not access, and neither Franchisee nor any of its Affiliates may use, any such Guest Information or such other information and data in any other business or capacity. However, following the expiration or termination of this Agreement, Franchisee may use, and allow its Affiliates and others to use, any Guest Information that was generated at the Hotel (and not supplied to the Hotel by Hyatt or its Affiliate) during the guest's stay at the Hotel and stored in the Hotel's property management system database in any manner that Franchisee deems appropriate (subject to applicable law) at Franchisee's own risk, provided that Franchisee complies, and ensures that any recipients of that Guest Information from Franchisee (whether directly or indirectly) comply, with Hyatt's then current policies and procedures regarding the collection, storage, use, processing and transfer of personal and/or financial data. If there is a Data Breach, Franchisee must notify Hyatt promptly and Hyatt may require Franchisee to use a third party supplier designated by Hyatt, at Franchisee's sole cost and expense, to review and if necessary, remediate such breach or unauthorized access. Franchisee shall not take any action that could jeopardize Hyatt's or its 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 Hyatt or such Affiliate.

11.7 Innovations. All Innovations must be promptly disclosed to Hyatt and will be deemed to be Hyatt's and its Affiliate's sole and exclusive property, part of the Hotel System, and works made-for-hire for Hyatt and its Affiliate. However, Franchisee may not use any Innovation in operating the Hotel or otherwise without Hyatt's prior written consent. If any Innovation does not qualify as a "work made-for-hire" for Hyatt and its Affiliate, by this paragraph Franchisee assigns ownership of that Innovation, and all related intellectual property rights and other rights to that Innovation, to Hyatt and agrees to take whatever action (including signing assignment or other documents) that Hyatt requests to evidence its ownership or to help Hyatt obtain intellectual property rights in the Innovation.

11.8 Use of Tradename. The Tradename identified on Exhibit B shall be the Hotel's primary trade name and shall also include any related logos, restaurant names, spa names, and other identifiers that Franchisee (with Hyatt's approval) uses to identify the Hotel and its amenities which are not Proprietary Marks. The Hotel shall feature the Tradename identified on Exhibit B as the Hotel's primary trade name in the manner that Hyatt periodically specifies, subject to an affiliation with the Proprietary Marks in the manner that Hyatt periodically specifies. Franchisee represents and warrants that Franchisee owns or has all valid and exclusive rights to use the Tradename in the manner that this Agreement contemplates. Throughout the Term, Franchisee shall not use, or allow or authorize any third party to use, the Tradename in connection with any

hotel, resort, time share, lodging facility or other accommodations, other than the Hotel or another Brand Hotel. Franchisee acknowledges that the Tradename is not a Proprietary Mark and Hyatt makes no representation concerning the validity of or Franchisee's right to use the Tradename. Franchisee hereby grants Hyatt and its Affiliates the right to use the Tradename in connection with marketing the Hotel and otherwise performing Hyatt's obligations under this Agreement.

11.9 **Hotel IP.** Franchisee hereby grants Hyatt and its Affiliates the right to use the Hotel IP in connection with the marketing, promotion, and publicity of the Hotel, the Proprietary Marks, other Brand Hotels, Hyatt Network Hotels, and Hyatt's loyalty program(s), and otherwise to perform Hyatt's obligations under this Agreement, including use of the Hotel IP in connection with the CRS, the Hotel System Website, and any other media, technology or device now known or hereafter developed, without further authorization from or remuneration to Franchisee. As part of this license, Hyatt and its Affiliates have the right to use, copy, publish, distribute, and license others to use the Hotel IP, as needed, and may alter, retouch, crop or use in composite form the Hotel IP, in any way. Franchisee represents and warrants that Franchisee owns or has all valid rights to use the Hotel IP and that use of the Hotel IP by Hyatt and its Affiliates as permitted hereunder will not violate the rights of any third party.

ARTICLE XII

OWNERSHIP OF FRANCHISEE AND TRANSFER

12.1 **Ownership of Franchisee and Guarantors.**

(a) **Franchisee's Owners.** Franchisee represents and warrants that: (a) Exhibit F completely and accurately identifies all Owners (other than any Limited Interest Owner) and describes their ownership interests (whether direct or indirect) in Franchisee; and (b) none of Franchisee's Owners (other than a Public Owner) is a Sanctioned Person. Without limiting Hyatt's rights or Franchisee's obligations under this ARTICLE XII, upon Hyatt's reasonable request, Franchisee agrees to provide Hyatt information about the identity of the Owners (other than a Public Owner) and their ownership interests (whether direct or indirect) in Franchisee from time to time using the forms and formats that Hyatt reasonably specifies.

(b) **Guaranty.** Franchisee must ensure that one or more of the Controlling Owners which Hyatt specifies as of the Effective Date signs Hyatt's Guaranty and Assumption of Obligations (the "**Guaranty**"), the current form of which is attached as Exhibit G. Franchisee represents and warrants that at least one Guarantor satisfies the Guarantor Monetary Threshold as of the Effective Date, and Franchisee agrees to ensure that at least one Guarantor continues to satisfy the Guarantor Monetary Threshold (as it may be increased in accordance with Exhibit B) at all times during the Term. Franchisee agrees to, and shall cause its Guarantors to, reasonably cooperate with Hyatt in connection with all auditing and reporting requirements that Hyatt reasonably specifies relating to the Guarantor Monetary Threshold.

12.2 **Transfer by Franchisee – Defined.** Franchisee acknowledges that the rights and duties this Agreement creates are personal to Franchisee and its Controlling Owners and that Hyatt

has granted Franchisee the rights under this Agreement in reliance upon Hyatt's perceptions of Franchisee's and its Controlling Owners' collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, unless otherwise specified in this ARTICLE XII, neither this Agreement (or any interest in this Agreement), the Hotel or substantially all of its assets, nor any ownership interest in Franchisee or any Owner (if such Owner is a legal entity) may be transferred (as defined in Exhibit A) without complying with the terms and conditions applicable to such transfer in this ARTICLE XII. A transfer of the Hotel's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without complying with the terms and conditions applicable to such transfer in this ARTICLE XII, including Hyatt's approval (where such approval is required under this Agreement), is a breach of this Agreement.

12.3 **Non-Control Transfers**. Subject to the other provisions of this ARTICLE XII, Franchisee and/or any of its Owners may consummate any Non-Control Transfers, without seeking or receiving Hyatt's consent, if (a) neither the proposed transferee nor any of its direct and indirect owners (if the transferee is a legal entity), other than a Public Owner, is a Brand Owner or Sanctioned Person; and (b) such transfer does not, whether in one transaction or a series of related transactions (regardless of the time period over which these transactions take place), result in the transfer or creation of a direct or indirect Controlling Ownership Interest in Franchisee. Within thirty (30) days after the effective date of any Non-Control Transfer (other than transfers among then-existing Owners), Franchisee shall provide Hyatt an updated Exhibit F (if the previously effective version of Exhibit F has changed) or such other information as Hyatt reasonably requests from time to time concerning any new Non-Controlling Owners (other than Limited Interest Owners).

12.4 **Control Transfers**. Franchisee must notify Hyatt in writing at least ten (10) days in advance of Franchisee's listing the Hotel or a direct or indirect Controlling Ownership Interest in Franchisee for sale and promptly send Hyatt all information that Hyatt reasonably requests regarding any proposed sale. In connection with any proposed Control Transfer, Franchisee must submit to Hyatt, on behalf of the proposed transferee, a complete application for a new franchise agreement (the "**Change of Ownership Application**"), accompanied by payment of Hyatt's then current application fee (although no such fee is due if the transfer is to the spouse, child, parent, or sibling of the Owner(s) or from one individual or entity who is an Owner as of the Effective Date to another individual or entity who is an Owner as of the Effective Date) and information concerning any proposed replacement Guarantor. If Hyatt does not approve the Change of Ownership Application and consent to the proposed Control Transfer, Hyatt will refund any application fee paid, less Seven Thousand Five Hundred Dollars (\$7,500) for processing costs. Hyatt will process the Change of Ownership Application according to this Section 12.4 and its then current procedures. Hyatt has sixty (60) days from its receipt of the completed and signed Change of Ownership Application to consent or withhold its consent to the proposed Control Transfer. No Control Transfer may occur without Hyatt's prior written consent.

If Franchisee (and each of its Guarantors) is complying with this Agreement, then, subject to the other provisions of this ARTICLE XII, Hyatt will not unreasonably withhold its approval of a Control Transfer if all of the following conditions are met before or concurrently with the effective date of the Control Transfer:

(a) the transferee and each of its direct and indirect owners (if the transferee is a legal entity) has, in Hyatt's judgment, the necessary business experience, aptitude, and financial resources to operate the Hotel and meets Hyatt's then applicable standards for Brand Hotel franchisees;

(b) Franchisee has paid all amounts owed to Hyatt, its Affiliates and third party vendors, and has not violated any provision of this Agreement or any other agreement with Hyatt or its Affiliate, in each case during both the sixty (60)-day period before Franchisee requested Hyatt's consent to the transfer and the period between Franchisee's request and the effective date of the transfer;

(c) the transferee's general manager and other Hotel management personnel that Hyatt specifies, if different from the Hotel's general manager and management personnel, satisfactorily complete Hyatt's required brand standard training programs;

(d) the transferee and its owners (if the transfer is of this Agreement), or Franchisee and its Owners (if the transfer is of a Controlling Ownership Interest in Franchisee or one of its Controlling Owners), at Hyatt's option, either sign: (i) Hyatt's then current form of franchise agreement and related documents for use with existing Brand Hotels (including guarantees and assumptions of obligations), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty Fee and System Services Charges, and the term of which franchise agreement will be, at Hyatt's option, either twenty (20) years or the remaining unexpired portion of the Term; or (ii) the agreements and related documents (including guarantees and assumptions of obligations) that Hyatt then specifies under which they assume (or confirm the continued effectiveness of) all of Franchisee's rights and obligations under this Agreement;

(e) Franchisee signs a Termination Agreement and Franchisee and all Guarantors sign all documents Hyatt requests evidencing their agreement to remain liable or assume liability for all obligations to Hyatt and its Affiliates existing before the effective date of the transfer;

(f) Hyatt has determined that Franchisee's or the transferee's (as applicable) capital structure, debt service and overall financial status following the transfer will not adversely affect the operation of the Hotel;

(g) the transferee (if the transfer is of this Agreement) or Franchisee (if the transfer is of a Controlling Ownership Interest in Franchisee or one of its Controlling Owners) agrees (regardless of cost) to renovate, remodel and/or expand the Hotel, which may include structural alterations, adding or replacing improvements and FF&E, and otherwise modifying the Hotel, as Hyatt requires to comply with the Hotel System and System Standards then applicable for new similarly situated Brand Hotels, subject to Reasonable Deviations; and

(h) Franchisee (if Franchisee will no longer operate the Hotel) and its transferring Owners agree that they will not directly or indirectly at any time or in any

manner use any Proprietary Mark, Copyrighted Materials or Confidential Information, except as otherwise permitted under any then effective agreement with Hyatt or its Affiliate.

Hyatt may review all information regarding the Hotel that Franchisee gives the proposed transferee, correct any information that Hyatt believes is inaccurate, and give the transferee copies of any reports that Franchisee has given Hyatt or Hyatt has made regarding the Hotel.

12.5 **Permitted Control Transfers.** Notwithstanding Section 12.4:

(a) any Controlling Owner may, without Hyatt's prior written consent and without complying with the other terms and conditions of Section 12.4, transfer its interest in Franchisee (or Franchisee's Controlling Owner) to any other entity in which such Controlling Owner owns (directly or indirectly) all of the ownership interests, as long as the transferee is not a Brand Owner or blocked under any Trade Restriction Laws and Franchisee notifies Hyatt in writing of the transfer no later than thirty (30) days following the effective date of such Transfer; and

(b) Franchisee may mortgage the Hotel (but not this Agreement) to a Lender, and Franchisee's Owners may pledge their ownership interests in Franchisee or any Controlling Owner to a Lender, without having to obtain Hyatt's prior approval and without complying with the other terms and conditions of Section 12.4, provided that any foreclosure or other exercise of the Lender's remedies is subject to any applicable provisions of this ARTICLE XII; and

(c) any Owner who is an individual may, without Hyatt's prior written consent and without complying with the other terms and conditions of Section 12.4, transfer that Owner's interest in Franchisee (or Franchisee's Owner) to a trust or other entity established for estate planning purposes, as long as that Owner is a trustee of, or otherwise controls the exercise of the rights in Franchisee (or Franchisee's Owner) held by, the trust or other entity, continues to comply with and ensures the trust's or other entity's compliance with the applicable provisions of this Agreement (if such Owner is a Guarantor), and notifies Hyatt in writing of the transfer at least ten (10) days prior to its anticipated effective date. Dissolution of or transfers from any trust or other entity described in this Section 12.5(c) are subject to all applicable terms and conditions of Section 12.3 or 12.4.

12.6 **Security Interests.** Franchisee's Owners may pledge their ownership interests in any Non-Controlling Owner to a Lender, without having to obtain Hyatt's prior approval. Franchisee may mortgage or otherwise grant a Security Interest in the Hotel and its assets (but not this Agreement) to a Lender, and Franchisee's Owners may pledge their ownership interests in Franchisee or any Controlling Owner to a Lender, without having to obtain Hyatt's prior approval and without complying with the other terms and conditions of Section 12.4, provided the Lender signs Hyatt's form of comfort letter pursuant to Section 2.7. Unless otherwise specified in any then effective comfort letter, the terms and conditions of this Agreement (including Section 12.3 or 12.4) apply to any foreclosure or other exercise of any rights or remedies with respect to any Security Interest..

12.7 **Transfers of Equity Interest Upon Death.** Upon the death or mental incompetency of a person with a Controlling Ownership Interest in Franchisee or one of its Controlling Owners, that person's executor, administrator, or personal representative ("**Representative**") must, within six (6) months after the date of death or mental incompetency, transfer the Owner's interest in Franchisee or the Controlling Owner to a third party, subject to Hyatt's approval and the conditions set forth in Section 12.4. In the case of a transfer by devise or inheritance, if the heirs or beneficiaries cannot meet the conditions of Section 12.4 within this six (6)-month period, the Representative will have nine (9) months from the date of death or mental incompetency to dispose of the interest, subject to Hyatt's approval and the conditions set forth in Section 12.4. Hyatt may terminate this Agreement if this required transfer fails to occur in compliance with this Agreement within the required timeframe.

12.8 **Public Offerings and Disclosures.**

(a) **Public Offering of Securities.** Notwithstanding Sections 12.3 and 12.4, neither Franchisee nor any Controlling Owner may offer any ownership interests or other securities in a public offering for which a registration statement must be filed with the Securities and Exchange Commission or any similar regulatory agency (whether within or outside the United States) having jurisdiction over the sale of securities.

(b) **Private Placement Offering Materials.** With respect to any private placement of ownership interests in Franchisee or any Owner, Franchisee agrees to submit all Offering Materials to Hyatt for its prior approval. No Offering Materials may imply or state (by use of the Proprietary Marks or otherwise) that Hyatt or its Affiliate is participating as an underwriter, issuer, or Franchisee's (or its Owner's) representative, suggest that Hyatt or its Affiliate endorses the offering or agrees with any financial projections, or otherwise contain any information about Hyatt or its Affiliates, this Agreement, Hyatt's relationship with Franchisee or the network of Brand Hotels or other Hyatt Network Hotels (other than the Hotel) that Hyatt disapproves. Hyatt's review and approval of the Offering Materials is not its endorsement of the offering or representation that Franchisee or its Owner is complying with applicable laws. Franchisee must pay Hyatt a non-refundable fee equal to Five Thousand Dollars (\$5,000) to review the proposed Offering Materials. Hyatt may require changes to the Offering Materials for the purposes specified above and has the right to request and receive a full indemnification from all participants in the offering before issuing Hyatt's consent.

12.9 **Non-Waiver of Claims.** Hyatt's consent to a transfer is not a representation of the fairness of the terms of any contract between Franchisee (or its Owners) and the transferee, a guarantee of the Hotel's or transferee's prospects of success, or a waiver of any claims Hyatt has against Franchisee (or its Owners) or of Hyatt's right to demand the transferee's full compliance with this Agreement or any other agreement with Franchisee or the transferee.

12.10 **Transfer by Hyatt.** Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular direct or indirect owner, officer or employee remaining with Hyatt in that capacity. Hyatt may change its ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After Hyatt's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Hyatt no

longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of Hyatt and a novation with respect to this Agreement, and the assignee shall be liable to Franchisee as if it had been an original party to this Agreement.

ARTICLE XIII

SUCCESSOR FRANCHISE

13.1 **Right to a Successor Franchise Agreement.** When this Agreement expires, if Franchisee (and, as applicable, each Guarantor): (a) has substantially complied with this Agreement during its Term and is in full compliance with this Agreement (including all System Standards) as of the date upon which this Agreement expires; (b) then meets Hyatt's then applicable standards for franchisees and owners of franchisees of Brand Hotels; (c) has received passing Quality Assurance Scores (as defined in the System Standards) on all evaluations conducted during the preceding three (3)-year period; and (d) has the right to maintain possession of the Hotel for at least ten (10) years following this Agreement's expiration, then Hyatt will offer Franchisee the right to enter into a successor franchise agreement to continue operating the Hotel as a Brand Hotel for a term commencing immediately upon the expiration of this Agreement and expiring ten (10) years from that date (the "**Successor Franchise Right**") in accordance with this ARTICLE XIII. If Franchisee (or any Guarantor) does not meet the requirements of this Section 13.1, then Hyatt need not enter into a successor franchise agreement with Franchisee, whether or not Hyatt notified Franchisee of the non-compliance or had, or chose to exercise, the right to terminate this Agreement during its Term.

13.2 **Successor Franchise Notice and PIP.** Franchisee agrees to give Hyatt written notice of Franchisee's election to exercise or not to exercise the Successor Franchise Right no more than twenty-one (21) months, and no less than eighteen (18) months, before this Agreement expires. Simultaneously with submitting its notice to exercise the Successor Franchise Right, Franchisee shall pay Hyatt its then current PIP fee, which is non-refundable. Franchisee's failure to deliver such notice within such timeframe or to pay such PIP fee shall be deemed Franchisee's decision not to exercise the Successor Franchise Right. Within ninety (90) days after Hyatt receives Franchisee's notice and payment of the PIP fee, Hyatt agrees to notify Franchisee of Hyatt's decision either to:

(a) deny Franchisee's election to exercise the Successor Franchise Right based on the failure to satisfy the conditions in Section 13.1 (and Hyatt shall provide the reasons for its decision); or

(b) approve Franchisee's election to exercise Successor Franchise Right, subject to (i) Franchisee's renovating, remodeling and/or expanding the Hotel (which may include structural alterations), adding or replacing improvements and FF&E, and otherwise modifying the Hotel as Hyatt requires to comply with the Hotel System and System Standards then applicable for new similarly situated Brand Hotels (subject to Reasonable Deviations), which must be completed to Hyatt's reasonable satisfaction before the Term expires in accordance with the PIP that Hyatt prepares (including the timeframes set forth therein); and (ii) Franchisee's (and each Guarantor's) continued compliance with the other provisions of this Agreement during the remaining Term.

13.3 **Agreements/Releases.** If Franchisee satisfies all of the other conditions for a successor franchise agreement under this ARTICLE XIII, Franchisee agrees to sign the form of franchise agreement and any ancillary agreements Hyatt then customarily uses in granting franchises for Brand Hotels (modified as necessary to reflect the fact that it is for a successor franchise and that there will be no further renewal or successor franchise rights), which may contain provisions that differ materially from any and all of those contained in this Agreement, except that Hyatt will not charge a successor franchise fee. Franchisee and the Guarantors further agree to sign general releases, in a form satisfactory to Hyatt, of any and all claims against Hyatt and its Affiliates and its and their respective owners, officers, directors, managers, employees, agents, representatives, successors, and assigns.

ARTICLE XIV

DISPUTE RESOLUTION

14.1 **Arbitration.** All controversies, disputes, or claims between Hyatt (and/or its Related Parties) and Franchisee (and/or its Related Parties) arising out of or related to: (a) this Agreement or any other agreement between Franchisee and Hyatt or any of its Affiliates; (b) Hyatt's (or any of its Affiliates') relationship with Franchisee; (c) the scope or validity of this Agreement or any other agreement between Franchisee and Hyatt or any of its Affiliates, or any provision of any of those agreements (including the validity and scope of the arbitration obligation under this Section 14.1, which Hyatt and Franchisee acknowledge is to be determined by an arbitrator, not a court); or (d) any aspect of the Hotel System or any System Standard, must be submitted for binding arbitration to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by one (1) arbitrator and, except as this Section 14.1 otherwise provides, according to the AAA's then current commercial arbitration rules. The arbitrator must be a licensed attorney, have hotel industry experience, and be listed on the AAA's National Roster of Neutrals (or such other equivalent replacement roster of experienced arbitrators that the AAA designates). All proceedings shall be conducted at a suitable location chosen by the arbitrator that is within ten (10) miles of Hyatt's then current principal business address. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) and not by any state arbitration law.

The arbitrator has the right to award any relief that the arbitrator deems proper, including money damages (with interest on unpaid amounts from the date due, as well as post-award interest, in accordance with Section 6.5), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, except as expressly provided in Section 14.5 below, award any punitive, exemplary, or treble or other forms of multiple damages against either party (Hyatt and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 14.5 below, any right to or claim for any punitive, exemplary, and treble and other forms of multiple damages against the other). The award of the arbitrator shall be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction.

Hyatt and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever

expires earlier. Hyatt and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim that is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Hyatt or any of their related parties.

Hyatt and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis; that only Hyatt and Franchisee (and/or their respective Related Parties, as applicable) may be the parties to any arbitration proceedings described in this Section 14.1; and that an arbitration proceeding between Hyatt and Franchisee (and/or their respective Related Parties) may not be consolidated with any other arbitration proceeding between Hyatt and any other person or entity. Notwithstanding the foregoing or anything to the contrary in this Section 14.1 or Section 18.2, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 14.1, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this ARTICLE XIV (excluding this Section 14.1).

Despite this Section 14.1, Hyatt and Franchisee each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Hyatt and Franchisee must contemporaneously submit the dispute for arbitration on the merits as provided in this Section 14.1. The provisions of this Section 14.1 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

14.2 **Governing Law.** All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the franchise, and all claims arising from the relationship between Hyatt (and/or any of its Affiliates) and Franchisee will be governed by the laws of the State of Illinois, without regard to its conflict of laws rules, except that any Illinois law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section 14.2.

14.3 **Consent to Jurisdiction.** Subject to the parties' arbitration obligations and the provisions below, Franchisee agrees that all actions arising under this Agreement or otherwise as a result of the relationship between Franchisee and Hyatt (and/or any of its Affiliates) must be commenced in the state or federal court of general jurisdiction closest to Hyatt's then current principal business address, and Franchisee irrevocably submits to the jurisdiction of those courts and waives any objection it might have to either the jurisdiction of or venue in those courts. Nonetheless, Franchisee agrees that Hyatt may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Franchisee is domiciled or the Hotel is located.

14.4 **Attorneys' Fees.** If either party initiates a formal legal proceeding under or relating to this Agreement or the relationship between Franchisee and Hyatt (and/or any of its Affiliates), the non-prevailing party in that proceeding (as determined by the judge or arbitrator, as applicable) must reimburse the prevailing party for all of the prevailing party's costs and expenses that it incurs, including reasonable accounting, attorneys', arbitrators', and related fees.

14.5 **Waiver Of Punitive Damages And Jury Trial.** EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS FOR THIRD PARTY CLAIMS UNDER SECTIONS 8.3 AND 8.4, AND EXCEPT FOR PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, HYATT AND FRANCHISEE WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN HYATT AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES (INCLUDING LIQUIDATED DAMAGES) IT SUSTAINS.

SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS, HYATT AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER HYATT OR FRANCHISEE.

14.6 **Limitations of Claims.** EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES HYATT OR ANY OF ITS AFFILIATES, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR HYATT'S (OR ANY OF ITS AFFILIATES') RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A LEGAL PROCEEDING (IN THE REQUIRED OR PERMITTED FORUM) IS COMMENCED WITHIN EIGHTEEN (18) MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

ARTICLE XV

DEFAULT AND TERMINATION

15.1 **Termination by Hyatt After Opportunity to Cure.** Hyatt has the right to terminate this Agreement, effective on the date stated in Hyatt's written notice (or the earliest date permitted by applicable law), if:

(a) Hyatt determines that a serious threat or danger to public health or safety results from the construction, maintenance, or operation of the Hotel, such that an immediate shutdown of the Hotel or construction site is necessary to avoid a substantial liability or loss of goodwill to the Hotel System, and Franchisee fails to shut down the Hotel or construction site within twenty-four (24) hours after delivery of Hyatt's written notice to Franchisee;

(b) Franchisee fails to pay Hyatt or any of its Affiliates any fees or other amounts due under this Agreement or any other agreement, and does not cure that default within ten (10) days after delivery of Hyatt's written notice of default to Franchisee;

(c) Franchisee does not buy, maintain, or send Hyatt evidence of required insurance coverage and does not cure that default within ten (10) days after delivery of Hyatt's written notice of default to Franchisee;

(d) Franchisee fails to pay when due any financial obligation to a Provider or otherwise fails to comply with any other provision of this Agreement, any aspect of the Hotel System or any System Standard, and does not cure that default within thirty (30) days after delivery of Hyatt's written notice of default to Franchisee;

(e) Franchisee fails to comply with any other agreement with Hyatt or its Affiliates relating to the Hotel and does not cure that default within thirty (30) days (or such shorter time period that the other agreement specifies for curing that default) after delivery of Hyatt's written notice of default to Franchisee; or

(f) Franchisee fails to ensure that at least one Guarantor satisfies the Guarantor Monetary Threshold and does not cure that default (by providing the financial statements demonstrating that at least one Guarantor then satisfies the Guarantor Monetary Threshold) within sixty (60) days after delivery of Hyatt's written notice of default to Franchisee.

15.2 **Termination by Hyatt Without Opportunity to Cure.** Hyatt may terminate this Agreement immediately, without giving Franchisee an opportunity to cure the default, effective upon delivery of written notice to Franchisee (or such later date as required by law), if:

(a) Franchisee or any Guarantor admits its inability to pay its debts as they become due or makes a general assignment for the benefit of creditors; suffers an action to dissolve or liquidate; commences or consents to any case, proceeding, or action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of debts under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors; suffers an appointment of a receiver, trustee, custodian, or other official for any portion of its property or the Hotel; takes any corporate or other action to authorize any of the actions set forth above in this Section 15.2(a); has any case, proceeding, or other action commenced against it as debtor seeking an order for relief, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other official for it or any portion of its property or the Hotel, and such case, proceeding, or other action results in an order for relief against it that is not fully stayed within seven (7) business days after being entered or remains un-dismissed for forty-five (45) days; has an attachment of Fifty Thousand Dollars (\$50,000) or more on all or any part of the Hotel or any of its assets that remains for at least ninety (90) days; or fails, within sixty (60) days after the entry of a final judgment against it in any amount exceeding One Hundred Thousand Dollars (\$100,000), to discharge, vacate, or reverse the judgment, to stay its execution, or, if appealed, to discharge the judgment within thirty (30) days after a final adverse decision in the appeal;

(b) Franchisee ceases operating the Hotel at the Site in affiliation with the Proprietary Marks, fails to identify the Hotel to the public as a Destination by Hyatt® Hotel, or loses possession of or the right to possess all or a significant part of the Hotel, for any reason except as otherwise provided in this Agreement;

(c) Franchisee or any of its Affiliates contests in any court or other Proceeding Hyatt's or its Affiliate's ownership of all or any portion of the Hotel System or the validity of any Proprietary Mark, Copyrighted Materials, or Confidential Information, or registers or attempts to register any Proprietary Mark or a derivative thereof;

(d) Franchisee (or any of its Owners) makes a transfer in violation of ARTICLE XII;

(e) Franchisee or any of its Owners or Guarantors is, or is discovered to have been, convicted of a felony or enters or is discovered to have entered a plea of no contest to a felony, unless (i) the Owner is a Limited Interest Owner; and (ii) such Owner divests all of such Owner's direct and indirect ownership interests in Franchisee within sixty (60) days after the date of the conviction or plea;

(f) Franchisee or any of its Owners or Guarantors commits (or is discovered to have committed) any action or any other offense likely in Hyatt's reasonable opinion to reflect materially adversely upon Hyatt, its Affiliates, the Hotel System, or the Proprietary Marks, unless (i) the Owner is a Limited Interest Owner; and (ii) such Owner divests all of such Owner's direct and indirect ownership interests in Franchisee within sixty (60) days after notice from Hyatt;

(g) Franchisee knowingly maintains false books and records of account or knowingly submits false or misleading reports or information to Hyatt or its Affiliate, including any information Franchisee provided or failed to provide on its franchise application;

(h) Franchisee (or any of its Owners) knowingly makes any unauthorized use or disclosure of any part of the System Standards or any other Confidential Information;

(i) Franchisee violates any law, ordinance, or regulation and does not begin to cure the violation immediately after receiving notice from Hyatt or any other party and to complete the cure as soon as is reasonably practicable or within the timeframe allowed by law, whichever is shorter;

(j) Franchisee (1) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether the failures relate to the same or different obligations under this Agreement and whether or not Hyatt provides formal written notice to Franchisee of or Franchisee corrects the failures; or (2) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not Hyatt provides formal written notice to Franchisee of or Franchisee corrects the failures; or

(k) Franchisee's or any of its Owners' (other than a Public Owner's) assets, property, or interests are blocked under any Trade Restriction Law, or Franchisee or any of its Owners (other than a Public Owner) otherwise violate any Trade Restriction Law.

15.3 Suspension of Rights and Services. Upon Franchisee's failure to remedy any default or failure to comply with this Agreement specified in any written notice issued to Franchisee under Section 15.1 (following any cure period specified for such default or failure in Section 15.1) or Section 15.2, Hyatt has the right, until Franchisee remedies such default or failure to Hyatt's satisfaction, to (a) suspend Franchisee's right to use, and Franchisee's access to, the CRS, the GDS and ADS, and/or other System Services; (b) remove the Hotel from Hyatt's advertising publications and programs and/or remove the Hotel's webpage from the Hotel System Website; (c) suspend or terminate any temporary or other fee reductions to which Hyatt might have agreed in this Agreement or any amendment(s) to this Agreement; and/or (d) refuse to provide any operational support that this Agreement otherwise requires. If Hyatt suspends Franchisee from the CRS, Hyatt has the right to divert reservations previously made for the Hotel to other Brand Hotels or Hyatt Network Hotels. If Hyatt exercises its right to suspend Franchisee's access to the CRS or other System Services, such suspension will last no more than six (6) months, after which time Hyatt shall either reinstate Franchisee's access or terminate this Agreement. Hyatt's exercise of this right will not constitute an actual or constructive termination of this Agreement nor be Hyatt's sole and exclusive remedy for Franchisee's default or failure to comply with this Agreement. If Hyatt exercises its right not to terminate this Agreement but to implement any remedies in this Section 15.3, Hyatt may at any time after the appropriate cure period under the written notice has lapsed (if any) terminate this Agreement without giving Franchisee any additional corrective or cure period. During any suspension period, Franchisee must continue to pay all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Hyatt's exercise of its rights under this Section 15.3 will not be a waiver by Hyatt of any breach of this Agreement. If Hyatt rescinds any suspension of Franchisee's rights, Franchisee will not be entitled to any compensation for any fees, expenses or losses Franchisee might have incurred due to Hyatt's exercise of any suspension right provided in this Section 15.3.

15.4 General Provisions Concerning Default and Termination. In any arbitration or other proceeding in which the validity of any termination of this Agreement or Hyatt's refusal to enter into a successor franchise agreement is contested, each party may cite to and rely upon all defaults or violations of this Agreement, not only the defaults or violations referenced in any written notice. Franchisee agrees that Hyatt has the right and authority (but not the obligation) to notify Franchisee's Lender and any or all of Franchisee's Owners, creditors and/or suppliers if Franchisee is in default under, or Hyatt has terminated, this Agreement.

ARTICLE XVI

RIGHTS AND OBLIGATIONS UPON EXPIRATION OR TERMINATION

16.1 De-Identification. Beginning on the date upon which this Agreement terminates or expires, Franchisee must immediately cease using the Hotel System and begin to de-identify the Hotel by taking whatever action Hyatt deems necessary to ensure that the Hotel no longer is identified as a Brand Hotel. Franchisee agrees to take the following steps, among other actions that Hyatt then specifies, to de-identify the Hotel:

(a) return to Hyatt all Copyrighted Materials, and all materials containing Confidential Information (other than Guest Information stored in the Hotel's property management system database that Franchisee is permitted to use after this Agreement's expiration or termination pursuant to Section 11.6) or bearing any of the Proprietary Marks, and cease using all such items;

(b) remove all structures and items identifying the Hotel System, including all elements of the trade dress and other distinctive features, devices, and/or items associated with the Hotel System, such as (for example) FF&E that is uniquely identified with a Brand Hotel and/or other Hyatt Network Hotels, interior signage, phone face plates, memo pads, pens, cups, glasses, and all other materials bearing one or more of the Proprietary Marks. With respect to the Hotel's exterior signage, Franchisee must (i) immediately schedule the permanent removal of all exterior signage bearing any of the Proprietary Marks and give Hyatt written evidence of that schedule, (ii) immediately cover all such exterior signage in a professional manner, and (iii) permanently remove all such exterior signage within thirty (30) days after this Agreement expires or terminates. In addition, Franchisee must make at its expense such specific additional changes that Hyatt reasonably requests to de-identify the Hotel;

(c) stop all uses of the Proprietary Marks, Confidential Information and other aspects of the Hotel System in connection with any F&B Operations or Spa Operations;

(d) change the Hotel's telephone listing and immediately stop answering the telephone in any way that would lead a current or prospective customer, vendor, or other person to believe that the Hotel still is affiliated with Destination by Hyatt® or with Hyatt;

(e) stop all uses of the Proprietary Marks on any Hotel-Specific Website and Franchisee Organization Website and require all third party websites to remove any references that directly or indirectly associate the Hotel with the Proprietary Marks;

(f) cancel all fictitious, assumed, or other business name registrations relating to Franchisee's use of the Proprietary Marks; and

(g) permit Hyatt's representatives to enter the Hotel on no less than twenty-four (24) hours' prior notice to conduct inspections on a periodic basis until de-identification is completed to Hyatt's satisfaction.

Beginning on the date upon which this Agreement terminates or expires and continuing until de-identification is completed to Hyatt's satisfaction, Franchisee must maintain a conspicuous sign at the registration desk in a form that Hyatt specifies stating that the Hotel no longer is associated with the Destination by Hyatt® Hotel. Franchisee and its Affiliates may not, without Hyatt's permission, represent to Hotel customers, prospective customers or the public that the Hotel is or was a Brand Hotel, or otherwise hold itself out to the public as a former franchisee of Hyatt's or as the former operator of a Brand Hotel, except in the limited case of informing investors, prospective investors, or lenders that Franchisee has general experience in operating a Brand Hotel. Subject to the terms of Subsection (b) above with respect to exterior signage, Franchisee shall complete all de-identification obligations under this Section 16.1 to Hyatt's

satisfaction, and provide a written certification to Hyatt indicating such completion, on or before the date which is fifteen (15) days after this Agreement terminates or expires. If Franchisee fails to comply with any of the de-identification provisions in this Section 16.1, Franchisee agrees to: (i) pay Hyatt a royalty fee of Five Thousand Dollars (\$5,000) per day until de-identification is completed to Hyatt's satisfaction; and (ii) permit Hyatt's representatives to enter the Hotel to complete the de-identification process at Franchisee's expense.

16.2 **Pay Amounts Owed.** Unless otherwise provided in this Agreement, within five (5) days after the termination or expiration of this Agreement, Franchisee must pay all amounts owed to Hyatt and its Affiliates under this Agreement or any other agreement.

16.3 **Contacting Customers.** Upon this Agreement's termination or expiration for any reason, Hyatt has the right to contact those individuals or entities who have reserved rooms with Franchisee through the CRS, and any other Hotel customers, and inform them that Franchisee's lodging facility no longer is part of the Destination by Hyatt® Hotel. Hyatt also has the right to inform those individuals, entities and customers of other Brand Hotels and Hyatt Network Hotels that are proximately located to Franchisee's lodging facility in case they prefer to change their reservations so that they can stay at a Hyatt Network Hotel. Hyatt's exercise of these rights will not constitute an interference with Franchisee's contractual or business relationships. Franchisee acknowledges that the individuals and entities that made reservations with Franchisee's lodging facility when it was a Brand Hotel under this Agreement constitute Hyatt's customers.

16.4 **Survival.** The following provisions of this Agreement shall survive termination or expiration of this Agreement regardless of the circumstances: Sections 6.5, 6.7, 7.4, 8.1, 8.3, 8.4, 11.1, 11.5, 11.6, 11.7 and 15.4 and ARTICLE IX, ARTICLE XIV, ARTICLE XVI, ARTICLE XVII and ARTICLE XVIII. Additionally, all of Hyatt's and Franchisee's obligations that by their terms or by implication are to be performed after the termination or expiration of the Term shall survive such termination or expiration.

16.5 **Liquidated Damages.** Franchisee acknowledges and confirms that Hyatt will suffer substantial damages as a result of the termination of this Agreement before the Term expires, including Brand Damages. Hyatt and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Hyatt. Therefore, upon termination of this Agreement before the Term expires for any reason (subject to ARTICLE X), Franchisee agrees to pay Hyatt, within fifteen (15) days after the date of such termination, liquidated damages in a lump sum equal to (a) the lesser of sixty (60) or the number of months then remaining in this Agreement's term had it not been terminated, multiplied by (b) the sum of (i) the Average Monthly Revenue times three and one-half percent (3.5%), plus (ii) the Average Monthly Revenue generated from Channel Bookings times seven percent (7%).

Notwithstanding the foregoing, if this Agreement is terminated because of a Consequential Termination, then the liquidated damages are one hundred fifty percent (150%) of the amount calculated in the preceding paragraph.

Franchisee agrees that the liquidated damages calculated under this Section 16.5 represent the best estimate of Hyatt's Brand Damages arising from any termination of this Agreement before

the Term expires. Franchisee's payment of the liquidated damages to Hyatt will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Hyatt for the Brand Damages Hyatt will incur because this Agreement did not continue for the Term's full length.

Franchisee acknowledges that Franchisee's payment of liquidated damages is full compensation to Hyatt only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Hyatt under this Agreement as of the date of termination and to comply strictly with the de-identification procedures of Section 16.1 and Franchisee's other post-termination obligations.

If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, and/or Hyatt's right to receive, the liquidated damages for which Franchisee is obligated under this Section 16.5, then Franchisee shall be liable to Hyatt for any and all Brand Damages Hyatt incurs, now or in the future, as a result of Franchisee's breach of this Agreement.

16.6 **System Services.** Beginning on the date that this Agreement terminates or expires, Hyatt and its Affiliates shall stop providing System Services to the Hotel.

ARTICLE XVII

NOTICES

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the System Standards will be deemed to be delivered (whether or not delivery is accepted): (a) at the time delivered by hand; (b) at the time delivered via computer transmission if the sender has confirmation of a successful transmission, and, in the case of the Royalty Fees, System Services Charges, and other amounts due, at the time Hyatt actually receives payment via EFT; (c) one (1) business day after transmission by email or other electronic system if the sender has confirmation of successful transmission; (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (e) three (3) business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Either Hyatt or Franchisee may change the person and/or address for notice by giving thirty (30) days' prior notice to the other party by any of the means specified in subparagraphs (a) through (e) above.

Notices to Hyatt Franchising, L.L.C.
Hyatt: 150 North Riverside Plaza
Chicago, Illinois 60606
Attention: General Counsel
E-mail:
office.of.general.counsel@hyatt.com

Notices to [ENTITYNAMECAPS]
Franchisee : [PCADDRESS1]
[PCADDRESS2]
Attention: [PCNAME]
E-mail: _____

ARTICLE XVIII

GENERAL

18.1 **The Exercise of Hyatt's Judgment.** Hyatt has the right from time to time to develop, operate, and change the Hotel System and System Standards in any manner not specifically prohibited by this Agreement. Whenever Hyatt has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action, Hyatt may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to it and its judgment of what is in the best interests of Hyatt and its Affiliates, the Destination by Hyatt® Hotel network generally, or the Hotel System at the time its decision is made, without regard to whether Hyatt could have made other reasonable or even arguably preferable alternative decisions or whether its decision promotes Hyatt's (or its Affiliates') financial or other individual interest. Except where this Agreement expressly obligates Hyatt reasonably to approve or not unreasonably to withhold its approval of any of Franchisee's actions or requests, Hyatt has the absolute right to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed, initiated, or completed actions that require its approval. However, Hyatt may withhold its consent, whenever and wherever otherwise required, if Franchisee is in default under this Agreement.

18.2 **Severability and Interpretation.** Except as expressly provided to the contrary in this Agreement (including in Section 14.1), each section, subsection, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of Hyatt's refusal to offer Franchisee the Successor Franchise Right, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and Hyatt may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits that is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.3 **Waiver of Obligations and Force Majeure.** Hyatt and Franchisee may unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement only by a signed written instrument, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights Hyatt or Franchisee have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

Hyatt and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including Hyatt's right to demand compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice that varies from this Agreement's terms; Hyatt's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard; Hyatt's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Brand Hotels; the existence of franchise agreements for other Brand Hotels that contain provisions differing from those contained in this Agreement; or Hyatt's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to either party will be a waiver, compromise, settlement, or accord and satisfaction. The receiving party is authorized to remove any legend or endorsement, and it will have no effect.

Neither Hyatt nor Franchisee will be liable for loss or damage or be in breach of this Agreement, including Franchisee's obligations to develop and open the Hotel under ARTICLE II, if Hyatt's or Franchisee's failure to perform its obligations results from Force Majeure. Any delay resulting from Force Majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that Force Majeure will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees, System Services Charges or other payments due afterward.

18.4 **Binding Effect.** This Agreement is valid and enforceable only when signed by Franchisee and signed and accepted by Hyatt at its office in Chicago, Illinois, whether signed by original or electronic signature. This Agreement may be executed in one or more counterparts, which, when taken as a whole, shall constitute a single agreement.

18.5 **Entire Agreement and Construction.** This Agreement is binding upon Hyatt and Franchisee and their respective permitted assigns and successors in interest. Subject to Hyatt's right to modify the Hotel System, System Standards, System Services and System Services Charges (including the methods of allocating costs for System Services), from time to time, this Agreement may not be modified except by a written agreement signed by both Hyatt's and Franchisee's duly-authorized officers. The Preliminary Statement and Exhibits, the attached PIP (if applicable), any state-specific Rider to this Agreement signed by Hyatt and Franchisee at the same time as this Agreement, and the Franchise Application that Franchisee (or its Owner or Affiliate) submitted to Hyatt relating to the Hotel, are a part of this Agreement, which constitutes Hyatt's and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between Hyatt and Franchisee, and no other oral or written representations by Hyatt, relating to the subject matter of this Agreement, the franchise relationship, or the Hotel (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Franchisee may not rely on any alleged oral or written understandings, agreements, or representations not contained in this Agreement. Notwithstanding the foregoing, nothing in this Agreement or any related agreement shall disclaim or require Franchisee to waive reliance on any representation that Hyatt made in the most recent franchise disclosure document (including its exhibits and amendments) that Hyatt delivered to Franchisee or its representative.

Any policies that Hyatt adopts and implements from time to time to guide Hyatt in its decision-making are subject to change, are not a part of this Agreement, and are not binding on Hyatt. Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

References in this Agreement to “Hyatt” with respect to all of Hyatt’s rights and all of Franchisee’s obligations to Hyatt under this Agreement include any of Hyatt’s Affiliates, and its and their successors and assigns, with whom Franchisee deals. The headings in this Agreement are for convenience only and will not control or affect the meaning or construction of any provision. Time is of the essence in this Agreement, and all provisions of this Agreement shall be so interpreted.

18.6 **Cumulative Remedies.** Hyatt’s and Franchisee’s rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy that they are entitled by law to enforce.

ARTICLE XIX

ACKNOWLEDGEMENTS

19.1 **Franchisee Acknowledgments.** To induce Hyatt to sign this Agreement and grant Franchisee the rights under this Agreement, Franchisee represents, warrants and acknowledges that:

(a) Hyatt’s approval of the Site is not a guarantee or warranty, express or implied, of the success or profitability of a Brand Hotel at that location.

(b) all statements Franchisee has made and all materials (including ownership information and descriptions of Franchisee’s and/or its Affiliates’ ownership structure(s)) it has given Hyatt in acquiring the rights under this Agreement are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining those rights.

(c) Franchisee is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and Franchisee’s execution and delivery of this Agreement and performance of its obligations hereunder (i) have been duly authorized by all necessary company action, (ii) do not and will not violate or result in a breach or default under any applicable law or any agreement to which Franchisee is a party or by which it is bound, and (iii) do not require the consent of any third party that has not been obtained.

(d) In accordance with an exemption available under the Federal Trade Commission’s Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning Franchising,” 16 C.F.R. Section 436.8(a)(5)(ii), Franchisee, or its parent or any of its Affiliates, is an entity that has been in business for at least five (5) years and has a net worth of at least \$6,165,500.

19.2 **Franchisee Acknowledgments in Certain States.** The following representations, warranties and acknowledgments shall be made by and binding on Franchisee, unless this Agreement and/or the relationship between Hyatt and Franchisee is subject to state franchise registration and/or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

(a) Franchisee represents, warrants and acknowledges that it has independently investigated and evaluated the opportunity of investing in the hotel industry generally and specifically the Brand Hotel franchise opportunity, including the current and potential market conditions and competitive factors and risks, and recognizes that, like any other business, the nature of a Brand Hotel's business will evolve and change over time.

(b) Franchisee represents, warrants and acknowledges that, except as expressly set forth in the franchise disclosure document that Hyatt delivered to Franchisee or its representative, Franchisee has not received from Hyatt, and is not relying upon, and that Hyatt expressly disclaims making, any representation, warranty or guaranty, express or implied, as to the actual or potential volume, sales, income or profits of the Hotel or any other Brand Hotel, and any information Franchisee has acquired from other Brand Hotel owners, including information regarding their sales, profits or cash flows, is not information obtained from Hyatt, and Hyatt makes no representation about that information's accuracy.

(c) Franchisee represents, warrants and acknowledges that it has no knowledge of any representations made about the Brand Hotel franchise opportunity by Hyatt, its Affiliates or any of their respective officers, directors, managers, owners or agents that are contrary to the statements made in Hyatt's franchise disclosure document or to the terms and conditions of this Agreement.

(d) Franchisee represents, warrants and acknowledges that it is relying solely on Hyatt, and not on any Affiliate of Hyatt, with regard to Hyatt's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Hyatt has made any statement or promise to the effect that Hyatt's Affiliates guarantee Hyatt's performance or financially back Hyatt.

19.3 **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Hyatt, any franchise seller, or any other person acting on behalf of Hyatt. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the dates set forth by their signatures, to be effective as of the Effective Date (regardless of the dates of the parties' signatures).

FRANCHISEE:

[ENTITYNAMECAPS]

By: _____

Name: _____

Title: _____

Date: _____

HYATT FRANCHISING, L.L.C.

By: _____

Name: _____

Title: _____

[Signature Page to Franchise Agreement]

EXHIBIT A
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

DEFINED TERMS

In addition to any other terms defined in this Agreement, the following terms shall have the respective meanings as indicated below.

“**Accessibility Laws**” means the Americans with Disabilities Act and other laws, rules, regulations and ordinances governing accommodations for or relationships with persons with disabilities or similar individuals, as in effect from time to time.

“**ADS**” means the online travel agencies and other alternative distribution systems that Hyatt may periodically authorize or require for Franchisee’s Hotel and other similarly situated Brand Hotels (subject to Reasonable Deviations).

“**Affiliate**” means, with respect to a party, any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling, such party. For purposes of this definition, “**control**” means the power to direct or cause the direction of management and policies.

“**Anti-Corruption Laws**” means any laws, rules or regulations relating to anti-corruption, anti-bribery, anti-money laundering, or similar prohibited conduct or otherwise relating to the maintenance of accurate books and records and internal controls.

“**Average Monthly Revenues**” means:

(i) if, as of the effective date of termination, at least sixty (60) months have elapsed since the Opening Date, the average monthly Gross Rooms Revenue of the Hotel during the twelve (12) full calendar months preceding the month of termination; or

(ii) if, as of the effective date of termination, the Opening Date has not yet occurred, the average monthly Gross Rooms Revenue per available guest room for all Brand Hotels in the United States (including those that Hyatt and its Affiliates own, manage, and franchise) during the twelve (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 Opening Date has occurred but less than sixty (60) months have elapsed since the 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 Opening Date until the effective date of termination, whichever of (a) or (b) is greater.

Notwithstanding the foregoing, if “Average Monthly Revenues” as determined pursuant to any part of (i) through (iii) above has been materially and negatively impacted during the preceding twelve (12) full calendar month period by a disruption in Hotel operations resulting from Force

Majeure, casualty, suspension of operations (whether or not consented to by Hyatt), renovation of the Hotel, or any other similar circumstances, “Average Monthly Revenue” shall be determined by reference to the most recent twelve (12) full calendar month period preceding termination, during which the Hotel performance was not so impacted.

“**Brand Damages**” means lost Royalty Fees, lost System Services Charges, lost market penetration and goodwill, loss of Hotel System representation in the Hotel’s market area, confusion of national accounts and individual customers, disadvantage in competing for national accounts and other types of bookings for Brand Hotels, lost opportunity costs, and expenses that Hyatt will incur in developing or finding another franchisee to develop another Brand Hotel in the Hotel’s market area.

“**Brand Hotel**” means a hotel that (a) offers multiple rooms for overnight accommodation by transient guests from a single building or a series of inter-connected buildings on one property; (b) operates under a separate tradename owned by the Hotel’s owner but affiliates all of the rooms at that building or series of buildings with the “Destination by Hyatt® Hotel” brand and other Proprietary Marks; and (c) operates under the Hotel System. For the avoidance of doubt, “Brand Hotel” does not include any hospitality affiliations which are affiliated with the “Destination by Hyatt® Hotel” brand but which do not have as their primary function the provision to lodging to transient guests, such as safaris and theme parks, even if there is a hotel offering rooms for overnight accommodation by transient guests which is associated with that hospitality affiliation.

“**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 five (5) hotels operating under that concept’s trade name anywhere in the world and that, in Hyatt’s reasonable opinion, competes with Brand Hotels. For the avoidance of doubt, Franchisee shall not be deemed a Brand Owner under this Agreement merely because Franchisee’s Affiliates operate (as franchisees and/or managers) hotels of multiple Competing Brands.

“**Channel Bookings**” means bookings from all reservation channels and other means for booking Hotel reservations or guest stays at the Hotel excluding OTA Bookings.

“**Comfort Letter Party**” means each Lender, each Ground Lessor (if applicable), the owner of fee simple title to the Hotel’s real property or building and improvements (if Franchisee is 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.

“**Confidential Information**” means (a) site selection criteria; (b) the substance, design, and construction of Brand Hotels and the Design and Construction Standards; (c) training and operations materials and modules, including the System Standards; (d) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Brand Hotels; (e) marketing, advertising and promotional programs for Brand Hotels; (f) Guest Information and any information and data relating to guests and customers of other Brand Hotels and/or other Hyatt Network Hotels; (g) knowledge of specifications for and suppliers of FF&E and other products and supplies that

are uniquely identified with Brand Hotels and/or other Hyatt Network Hotels; (h) any part of the Technology System and other computer software or other technology that is proprietary to Hyatt, its 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; (i) knowledge of the operating results and financial performance of Brand Hotels other than the Hotel; (j) graphic designs and related intellectual property; and (k) any negotiated provisions of this Agreement (including any amendment to this Agreement) and any other difference between the terms of this Agreement (including any amendment to this Agreement) and the terms of the standard form of Franchise Agreement in the Destination by Hyatt® Hotel franchise disclosure document. However, Confidential Information does not include information, knowledge, or know-how that Franchisee can demonstrate lawfully came to its attention before Hyatt or its Affiliate provided it to Franchisee or its Affiliate directly or indirectly; that, at the time Hyatt or its Affiliate disclosed it to Franchisee, already had lawfully become generally known in the hotel industry through publication or communication by others (without violating an obligation to Hyatt or its Affiliate); or that, after Hyatt or its Affiliate disclose it to Franchisee, lawfully becomes generally known in the hotel industry through publication or communication by others (without violating an obligation to Hyatt or its Affiliate). If Hyatt includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in the preceding sentence is satisfied.

“Consequential Termination” means a termination of this Agreement if (a) such termination involves a transfer of the Hotel or its assets, or a Controlling Ownership Interest in Franchisee or its Controlling Owner, to a Competitor; or (b) there are three (3) or more franchise agreements for Hyatt-Related Full Service Brand (defined below) hotels (including this Agreement) with Franchisee or its Affiliates that Hyatt (or its Affiliate) terminates because of Franchisee’s (or its Affiliate’s) default or Franchisee (or its Affiliate) terminates in breach of the applicable agreement. For purposes of this definition, a **“Hyatt-Related Full Service Brand”** means any brand under which or in affiliation with which a full service Hyatt Network Hotel operates. For purposes of this definition, 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 full service (*i.e.*, typically offers to hotel guests three (3) meals per day) hotel brand, trade name or service mark for a system of at least four (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 sixty percent (60%) of the average daily room rate for Brand Hotels operating in the U.S.

“Control Transfer” means any transfer (as defined in this Exhibit A) of (a) this Agreement (or any interest in this Agreement), (b) the Hotel or all or substantially all of its assets, (c) a Controlling Ownership Interest in Franchisee, whether in one transaction or a series of related transactions (regardless of the time period over which these transactions take place), or (d) a Controlling Ownership Interest in any Controlling Owner (if such Owner is a legal entity), whether in one transaction or a series of related transactions (regardless of the time period over which these transactions take place).

“Controlling Owner” means an individual or legal entity holding a direct or indirect Controlling Ownership Interest in Franchisee.

“Controlling Ownership Interest” in a legal entity means, whether directly or indirectly, either (a) the record or beneficial ownership of, or right to control, fifty percent (50%) or more of the investment capital, equity, rights to receive profits or losses, or other rights to participate in the results of the entity, or (b) the effective control of the power to direct or cause the direction of that entity’s management and policies, including a general partnership interest (with respect to an entity that is a partnership) and a manager or managing member interest (with respect to an entity that is a limited liability company), or the power to appoint or remove any such party. 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.

“Copyrighted Materials” means all copyrightable materials that Hyatt or its Affiliate periodically develops and Hyatt periodically designates for use in connection with the Hotel System, including the contents of Hyatt’s secure extranet, electronic media, marketing materials (including advertising, marketing, promotional, public relations materials, and business and marketing plans), the Design and Construction Standards, sample architectural plans, drawings, designs, and layouts such as, without limitation, site, floor, plumbing, lobby, electrical, and landscape plans and building designs, whether or not registered with the U.S. Copyright Office.

“Core Management” means the general manager, rooms director, director of sales, engineering director, director of food and beverage, director of catering, and the executive chef for the Hotel.

“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, as published by the U.S. Department of Labor, Bureau of Labor Statistics (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 Effective Date or used for the most recent increase (whichever is later). If the Base Index is no longer published, Hyatt may designate another reasonably comparable index for calculating changes in the cost of living or purchasing power for consumers.

“CRS” means the central reservations system and related services for Brand Hotels, as Hyatt may periodically modify it.

“Damage Threshold” means the greater of (a) sixty percent (60%) of the market value of the Hotel immediately prior to the time of fire, flood, accident, hurricane or other casualty, or (b) the amount of insurance proceeds made available to Franchisee in connection with the casualty.

“Data Breach” means 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.

“Design and Construction Standards” means the standards that Hyatt periodically prescribes detailing certain design criteria to be incorporated into the design and layout of the Hotel, and Hyatt’s minimum standards for engineering and construction of newly constructed, renovated, or adapted Destination by Hyatt® Hotels, all as Hyatt determines them.

“Effective Date” means the date listed on page one of this Agreement, regardless of the date upon which Hyatt and Franchisee sign this Agreement.

“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; and (c) all other food, beverage and related services at the Hotel.

“F&B Operations Plan” means the plan for conducting and administering the F&B Operations at the Hotel that Franchisee prepares subject to Hyatt’s approval.

“F&B Operator” means the restaurant operator or other operator of some or all F&B Operations at the Hotel, other than Franchisee or the Management Company.

“FF&E” means all fixtures; equipment; furnishings; furniture; telephone systems; communications systems; copiers; signs; the Technology System and other property management, revenue optimization, in-room entertainment, and other computer and technology systems; and other similar items that Hyatt periodically specifies for the Hotel.

“Force Majeure” means (a) compliance with the orders, requests or recommendations of any federal, state, or municipal government, unless such order, request or recommendation arises because of Hyatt’s or Franchisee’s failure to comply with any applicable law, regulation or ordinance; (b) fire, flood, accident, hurricane, or other calamity or act of God; (c) strikes, embargoes, war, civil disturbance, acts of terrorism or similar events; or (d) any other similar event or cause.

“Franchisee Indemnified Parties” means Franchisee, its Affiliates, and its and their respective owners, officers, directors, managers, agents, employees, representatives, successors, and assigns.

“Franchisee Organization Website” means a website that mentions the Hotel and other hotels in which Franchisee and its Affiliates have an interest as part of Franchisee’s and its Affiliates’ portfolio of properties and that has a primary purpose of promoting the entire portfolio (rather than only promoting the Hotel).

“GDS” means the global distribution systems that Hyatt periodically authorizes or requires for Franchisee’s Hotel and other similarly situated Brand Hotels (subject to Reasonable Deviations).

“Gross Rooms Revenue” means “Total Rooms Revenue,” or the equivalent thereof, as determined in accordance with the Uniform System of Accounts.

“Ground Lessor” means any person or entity (including any Affiliate of Franchisee) that, directly or through one or more other people or entities, leases or subleases all or any part of the Hotel’s real property or improvements to Franchisee or that otherwise has any fee simple ownership or leasehold interest in the Site or the Hotel.

“Guarantor” means each individual or entity who from time to time guarantees Franchisee’s obligations under this Agreement.

“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 in accordance with 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 Term. The amount of the Guarantor Monetary Threshold as of the Effective Date is listed in Exhibit B.

“Guest Information” means information and data relating to or derived from the Hotel’s guests and other customers during the 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.

“Hotel” means the hotel operated under the Tradename and affiliated with the Proprietary Marks located at the Site that Franchisee will operate pursuant to this Agreement. The Hotel includes all structures, facilities, appurtenances, FF&E, entrances, exits, and parking areas located on the Site or any other real property that Hyatt approves for Hotel expansion, signage, or other facilities.

“Hotel IP” means, to the extent not part of the Hotel System, all images, videos, renderings, recordings, text, restaurant, gift shop, spa and other outlet or amenity names, or other content relating to the Hotel and the Non-Hotel Components provided to Hyatt or its Affiliate by Franchisee or its Affiliate.

“Hotel System” means the concept and system associated with the establishment and operation of Brand Hotels, as Hyatt periodically modifies it. The Hotel System now includes: (a) the Proprietary Marks; (b) all Copyrighted Materials; (c) all Confidential Information; (d) the Design and Construction Standards; (e) the CRS; (f) the required or authorized GDS and ADS; (g) management, personnel, and operational training programs, materials, and procedures; (h) System Standards; (i) marketing, advertising, and promotional programs; and (j) Mandatory Services and Non-Mandatory Services.

“Hotel System Website” means a website that Hyatt or one or more members of the Hyatt Group develops, maintains and/or authorizes for all or a certain group of Brand Hotels that Hyatt periodically specifies (and, at Hyatt’s option, other Hyatt Network Hotels).

“Hyatt Group” means Hyatt and any of its Affiliates who from time to time provide goods or services to Franchisee and/or other Participating Hotels.

“Hyatt Indemnified Parties” means Hyatt, its Affiliates, and its and their respective owners, officers, directors, managers, agents, employees, representatives, successors, and assigns.

“Hyatt Network Hotels” means the Brand Hotels and other hotels, resorts, lodging facilities and other accommodations and hospitality affiliations that from time to time are owned and/or operated by Hyatt, its Affiliates, or its or their franchisees or licensees under the name “Hyatt” or another brand owned by any of Hyatt’s Affiliates, regardless of whether those brands utilize the “Hyatt” mark in their names.

“**Include**” and “**including**,” whenever used in this Agreement, whether capitalized or not, will mean “including, by way of example, but without limitation.”

“**Innovations**” means all inventions, innovations and discoveries relating to a Brand 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 Franchisee or its contractors develop for the Hotel, whether or not protectable intellectual property and whether created by or for Franchisee, its Affiliates or contractors, or its or their employees.

“**IT Project Management Services**” means the services described in Exhibit E to this Agreement.

“**Lender**” means each financial institution or other party (including an Affiliate of Franchisee), if any, that provided or provides any financing for Franchisee’s acquisition, development, and/or operation of the Hotel, including any mortgagee or trustee under any deed of trust and any mezzanine lender or other party that takes a pledge of Franchisee’s or any Controlling Owner’s ownership interests as security for the repayment of any such financing.

“**Limited Interest Owner**” means any Non-Controlling Owner who is not a Guarantor and who owns (directly or indirectly) ten percent (10%) or less of the ownership interests in Franchisee.

“**Losses**” means any and all losses, expenses, obligations, diminutions in value, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an indemnified party incurs. For purposes of this definition, defense costs include accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

“**Management Arrangement**” means any lease, management agreement, or other similar arrangement with any entity for the management or other oversight of all or a part of the Hotel’s operation.

“**Management Company**” means any entity (including any Affiliate of Franchisee) that Hyatt approves as the Hotel’s manager pursuant to a Management Arrangement.

“**Mandatory Services**” means those mandatory System Services that one or more members of the Hyatt Group provides to the Hotel and certain other Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines must acquire those Mandatory Services only from the Hyatt Group.

“**Mixed-Use Site**” means a site (whether newly constructed or adapted) that is owned or developed by Franchisee, its Owner or Affiliate, which includes in addition to the Hotel any Non-Hotel Components.

“**Net Recovery**” means the aggregate insurance proceeds that Franchisee and its Affiliates receive or are entitled to receive relating directly or indirectly to the casualty impacting the Hotel, less the aggregate of (a) the portion of such proceeds that Franchisee and its Affiliates are required to pay to Lenders (or that Lenders are permitted to collect) under any applicable loan or credit

agreement covering the Hotel, and (b) the portion of such proceeds that Franchisee and its Affiliates are required to pay to Owners under any partnership agreement, limited liability company operating agreement or similar governing document in effect prior to the casualty in order to return to such Owners any unreturned capital investment they made in connection with the development of the Hotel.

“Non-Control Transfer” means any transfer (as defined in this Exhibit A) of (a) a non-Controlling Ownership Interest in Franchisee, (b) a non-Controlling Ownership Interest in any Controlling Owner (if such Owner is a legal entity), or (c) a Controlling Ownership Interest or non-Controlling Ownership Interest in any Non-Controlling Owner (if such Owner is a legal entity).

“Non-Controlling Owner” means any Owner which is not a Controlling Owner.

“Non-Hotel Components” means any residential, retail, restaurant, commercial or public space that operates separate from the Hotel as part of a Mixed-Use Site.

“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 Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines will be offered the option, but will not be required, to acquire those Non-Mandatory Services from the Hyatt Group.

“Offering Materials” means all disclosure documents and other written or electronic materials that Franchisee or any Owner (or any of their agents or representatives) intends to provide to any offeree or prospective purchaser of any ownership interests or other securities in Franchisee or any Owner (if that owner is an entity) which contain information about Hyatt or its Affiliates, this Agreement, Hyatt’s relationship with Franchisee, or the network of Brand Hotels or other Hyatt Network Hotels (other than the Hotel).

“Opening Date” means (a) for purposes of calculating the Term pursuant to Section 1.2 of this Agreement, the date upon which Franchisee has first opened the Hotel for business as a hotel affiliated with the “Destination by Hyatt® Hotel” name with at least ninety percent (90%) of the number guest rooms specified in Exhibit B available as inventory in the CRS and (b) for all other purposes under this Agreement, the date upon which Franchisee first opens the Hotel for business as a hotel affiliated with the “Destination by Hyatt® Hotel” name.

“OTA Bookings” means bookings made by third party travel agencies as Hyatt determines them from time to time such as, but not limited to, booking.com, expedia, and similar companies, but not including travel agency bookings placed under an incentive program administered by the Hyatt Group. For the avoidance of doubt, in no event will OTA Bookings include reservations placed on the Hotel System Website, cross-bookings at Hyatt Network Hotels, reservations placed using Hyatt’s customer contact centers, reservations placed by travel agents participating in the Hyatt Privé program, bookings referred to the Hotel via Hyatt group sales systems including the Envision system, bookings made through GDS, bookings made through Hyatt loyalty programs, or bookings made through group booking tools such as Passkey.

“Owner” means any person or entity holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee, including any person

or entity who has a direct or indirect interest in Franchisee, this Agreement, the franchise, or the Hotel and any person or entity who has any other legal or equitable interest, or the power to vest in themselves any legal or equitable interest, in their revenue, profits, rights, or assets or any capital appreciation relating thereto.

“Participating Hotels” means, with respect to any System Services, those other Brand Hotels and Hyatt Network Hotels that Hyatt reasonably determines from time to time are similarly situated with the Hotel (subject to Reasonable Deviations) and that participate in such System Services in the same manner.

“Person” or **“persons”** as the context requires, means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a joint venture, a firm, a company, a corporation, a government or any department or agency thereof, a trustee, a trust, an unincorporated organization, or any other legal entity of whatever kind or nature.

“PIP” means Property Improvement Plan.

“Pre-Opening Sales Office” means a temporary or permanent sales office at the Site to solicit and accept reservations before the Opening Date for stays after the Opening Date.

“Privacy Laws” means any international, national, state, local or other law, code, rule or regulation that regulates the collection, processing, storage, transmission or use of Guest Information or other personally-identifiable information in any way, including data protection laws, laws regulating marketing or electronic communications, and information security regulations.

“Proceeding” means any claim asserted or inquiry made (whether formally or informally), and any legal action, investigation or other proceeding (including any arbitration proceeding) brought, by any governmental agency or other person or entity.

“Proprietary Marks” means the trade names, trademarks, and service marks the “Destination by Hyatt® Hotel” and such other trade names, trademarks, service marks, logos, slogans, trade dress, domain names, and other designations of source and origin (including all derivatives of the foregoing) that Hyatt or its Affiliate periodically develops and Hyatt periodically designates for use in connection with the Hotel System.

“Providers” means providers of products or services for the Hotel, including the then current CRS operator (if applicable), then current GDS and ADS operators (if applicable), and other suppliers to the Hotel, which may include Hyatt and/or its Affiliates.

“Public Owner” means any holder of five percent (5%) or less of any class of securities of a Non-Controlling Owner which are publicly traded on any securities exchange or quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc. or any of its successors.

“Quality Assurance Programs” means the quality assurance, compliance and guest satisfaction programs for the Hotel that Hyatt periodically develops and modifies.

“Reasonable Business Judgment” means that Hyatt’s action or inaction has a business basis that is intended to benefit the Brand Hotel network or the profitability of the network, including Hyatt and its 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.

“Reasonable Deviations” means that, if the market area or circumstances of a Brand Hotel warrant, then, in Hyatt’s Reasonable Business Judgment, Hyatt 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 Brand Hotels.

“Related Parties” means, with respect to each of Hyatt and Franchisee, each of their respective Affiliates (and, with respect to Franchisee, the Guarantors), and all of its and their respective owners, officers, directors, managers, agents and/or employees.

“Sanctioned Person” means (a) any individual, entity or organization, including any government or agency thereof, with whom either Franchisee or Hyatt is prohibited from doing business or maintaining a relationship under any Trade Restriction Law; and (b) any individual, entity or organization who is controlled by, or acting as the agent or nominee of, anyone listed in subsection (a).

“Security Interest” means any lien, charge, pledge, mortgage, security interest or other encumbrance.

“Spa Operations” means all spa and related operations and services for Hotel guests and patrons, consisting of all therapy, massage and other treatments, salon services and other spa-related services, if applicable for the Hotel.

“Spa Operator” means the operator of Spa Operations at the Hotel, other than Franchisee or the Management Company.

“System Services” means those services generally made available by the Hyatt Group from time to time on a central, regional, or other shared or group basis (whether in whole or in part) to all or certain Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines shall be provided such services, and which are categorized as either Mandatory Services or Non-Mandatory Services.

“System Services Charges” means the amounts that the Hyatt Group charges the Hotel, and Franchisee hereby agrees to 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 periodically determined by the Hyatt Group.

“System Services Costs” means, with respect to any of the System Services in which the Hotel participates (or is required to participate), all costs actually incurred or properly accrued by any member of Hyatt Group during the period of determination in respect of the provision of such System Services, including out-of-pocket expenses, costs for employees, occupancy costs, capital

costs, administrative expenses, carrying costs and other costs incurred directly or indirectly in providing System Services.

“**System Standards**” means standards, specifications, procedures, and rules for operations, marketing, construction, equipment, furnishings, and quality assurance that Hyatt implements and may periodically modify for Brand Hotels.

“**Technology System**” means certain computer systems, sales and marketing systems, communications equipment and related equipment and supplies that Hyatt or its Affiliate will require Franchisee to use in the Hotel’s operation.

“**Termination Agreement**” means Hyatt’s then current form of agreement that would terminate (or confirm the termination of) this Agreement and include a general release, in a form satisfactory to Hyatt, of any and all claims against Hyatt and its Affiliates, and its and their respective owners, officers, directors, managers, employees, agents, representatives, successors and assigns. If the Termination Agreement is required pursuant to the terms of this Agreement, it must be signed by Hyatt, Franchisee and each then current Guarantor, and, if neither Franchisee nor any then current Guarantor then maintains the Guarantor Monetary Threshold, Franchisee must require an Owner or other entity that maintains the Guarantor Monetary Threshold to assume and agree to be bound by Franchisee’s obligations under the Termination Agreement.

“**Total Operating Revenue**” shall be determined in accordance with the Uniform System of Accounts.

“**Trade Restriction Laws**” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, the list of prohibited countries, individuals, organizations and entities maintained by the U.S. Department of Treasury Office of Foreign Assets Control, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts, acts of war, trade, economic or investment sanctions or prohibitions, or similar restrictions.

“**Transaction Taxes**” means 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 Hyatt or that Hyatt is required to withhold in connection with the receipt or accrual of amounts payable by Franchisee to Hyatt under this Agreement, excluding only taxes imposed on Hyatt for the privilege of conducting business and calculated with respect to Hyatt’s net income (including Royalty Fee income), capital, net worth, gross receipts, or some other basis or combination thereof, but not excluding any gross receipts taxes imposed on Hyatt or its Affiliates for Franchisee’s payments intended to reimburse Hyatt or its Affiliates for expenditures incurred for the benefit and on behalf of Franchisee.

“**Transfer**” (whether or not such term is capitalized) means and includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in this Agreement; Franchisee; the Hotel or substantially all of its assets; any of Franchisee’s Owners (if such Owner is a legal entity); or any right to receive all or a portion of the Hotel’s, Franchisee’s, or any Owner’s profits or losses or any capital appreciation relating to the Hotel, Franchisee or any Owner. An assignment, sale, gift, or other disposition includes the following events: (a) transfer

of ownership of capital stock, a partnership or membership interest, or another form of ownership interest; (b) merger or consolidation or issuance of additional securities or other forms of ownership interest; (c) any sale or other transfer of a security or other interest convertible to an ownership interest; (d) transfer in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law; (e) transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; and (f) foreclosure upon or exercising any similar rights or remedies with respect to any Security Interest in this Agreement (to someone other than Hyatt), the Hotel or an ownership interest in Franchisee or one of its Owners, foreclosure upon the Hotel, or Franchisee's transfer, surrender, or loss of the Hotel's possession, control, or management.

“Travel Services Website” means a website operated by a third party (which is not an Affiliate of Franchisee) that promotes and sells travel-related products and services for a number of hotel brands, including other Hyatt Network Hotels.

“Uniform System of Accounts” means 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 Hyatt approves.

EXHIBIT B
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

BASIC TERMS

1. The “**Site**” means a Brand Hotel located at:
HOTELADDRESS1
HOTELADDRESS2
2. The Hotel’s Tradename is: “_____”
3. Number of Approved Guest Rooms: _____ Rooms
4. Pursuant to Section 4.2(a), Hyatt hereby approves: _____ [or **Franchisee**] as the initial Management Company to operate the Hotel.
5. The “**Guarantor Monetary Threshold**” is each of the following: (a) the amount of total assets less total liabilities (excluding Hotel assets and liabilities relating solely to the Hotel), each as calculated in accordance with U.S. generally accepted accounting principles, equal to or exceeding \$_____.00 as of the date hereof; and (b) liquid assets (consisting of cash, cash equivalents and marketable securities) equal to or exceeding \$_____.00 as of the date hereof. Each of these dollar amounts shall increase automatically each year, without notice from Hyatt, 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.
6. Franchisee paid an “**Application Fee**” of \$_____.00 before signing this Agreement.
7. Franchisee shall pay Hyatt an “**IT Project Management Services Fee**” in the fixed amount of \$_____ plus reimbursement of Hyatt’s or its Affiliate’s reasonable expenses in rendering the IT Project Management Services, including any necessary transportation, lodging and meals, plus applicable taxes thereon. The IT Project Management Services Fee (including expenses) will be invoiced by Hyatt no earlier than: (a) Hyatt’s completion of the IT Project Management Services or (b) upon Franchisee’s termination of the Hotel development project or the IT Project Management Services, for any reason, in either event regardless of whether Hyatt has approved the Hotel for opening.
8. Franchisee shall pay Hyatt a “**Design Services Review Fee**” in the fixed amount of \$_____.00, plus applicable taxes thereon, in accordance with the following schedule: (a) an initial payment in the amount of \$_____.00 will be due and payable concurrently with the execution of this Agreement and (b) the balance payable in _____ (__) equal monthly installments of \$_____.00 each, with the first such installment due and payable on _____, 20__.

9. Franchisee shall comply with the following provisions concerning the Hotel's development.

Include the following provisions only if Franchisee is not converting an existing hotel at the Site to a Brand Hotel.

(a) Franchisee shall, at its expense and with all reasonable diligence design, build, equip, furnish and decorate the Hotel according to the Preliminary Area Program (defined below) and in conformity with the Hotel System, including the Design and Construction Standards.

(b) The "**Preliminary Area Program**" means: the Hotel (including all hotel buildings and ancillary and support spaces, parking structures, and maintenance buildings) consisting of (i) the number of guest rooms set forth above, (ii) ___ restaurants and ___ bars, (iii) banquet facilities, [a ballroom,] meeting and other public rooms (of approximately _____ square feet of meeting rooms and banquet and pre-function areas), (iv) a spa and fitness center, (v) [commercial space for the sale of merchandise, goods or services,] (vi) garage or other parking space for guests and some employees (with additional parking offsite from the Hotel in a shared facility near or adjacent to the Hotel), (vii) storage and service support areas, (viii) offices for employees, (viii) a business center, and (ix) recreational facilities and areas. The Preliminary Area Program includes all millwork, installations and building systems necessary for the operation of the building for Hotel purposes including elevator, heating, ventilating, air conditioning, electrical (including lighting), plumbing (including sanitary), refrigerating, telephone and communications, safety and security, laundry storage and kitchen installations and systems, the FF&E, all public grounds, gardens and other landscaping features and facilities, and such other facilities and appurtenances, as are necessary or desirable for the operation of the Hotel under the Design and Construction Standards.

(c) Within six (6) months after the Effective Date, Franchisee's managing owner or senior operations officer must attend at Franchisee's expense a briefing virtually, at Hyatt's headquarters in Chicago, Illinois, or another location Hyatt specifies to acquaint Franchisee with Hyatt's building process and support structure.

(d) Construction must begin within twelve (12) months after the Effective Date. For purposes of this Agreement, construction of the Hotel is deemed to have begun when the vertical construction or adaptation of the Hotel portion of the building begins for mixed use projects or upon pouring concrete for the Hotel's foundation or finished slab for all other projects.

(e) The "**Opening Deadline**" means the date which is _____ (__) months after the Effective Date.

Include the following provisions only if Franchisee is converting an existing hotel at the Site to a Brand Hotel.

(a) Within three (3) months after the Effective Date, Franchisee's managing owner or senior operations officer must attend at Franchisee's expense a briefing virtually,

at Hyatt’s headquarters in Chicago, Illinois, or another location Hyatt specifies to acquaint Franchisee with Hyatt’s building process and support structure.

(b) Franchisee agrees to renovate the Hotel in conformity with the Hotel System, including the Design and Construction Standards, and in accordance with, and within the time frames set forth on, the PIP attached as Exhibit C. Franchisee 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 Hyatt’s prior written consent, which Hyatt will not unreasonably withhold.

(c) If this Agreement anticipates Franchisee’s conversion of an existing franchised or managed facility to a Brand Hotel, then before any Proprietary Marks (including signage) are installed or displayed at the Site, and before Franchisee opens a Pre-Opening Sales Office or the Hotel is authorized to open as a Brand Hotel, Franchisee must submit evidence reasonably satisfactory to Hyatt of the termination of Franchisee’s previous franchise or management agreement in accordance with applicable legal requirements.

(d) The “**Opening Deadline**” means the date which is _____ () months after the Effective Date, unless otherwise provided in the PIP.

10. The “**AOP Term**” means the period during which time the rights in the Area of Protection apply according to the terms and conditions of Section 1.3 of the Agreement, which begins on the Effective Date and ends on the earlier of: (a) the date which is _____ () years after the Opening Date; and (b) _____, 20____.

11. The “**Area of Protection**” is defined as _____.
The Area of Protection is depicted on the map attached below. However, if there is an inconsistency between the language in this Exhibit B and the attached map, the language in this Exhibit B shall control.

[Insert map here]

FRANCHISEE:

[ENTITYNAMECAPS]

By: _____

Name: _____

Title: _____

HYATT FRANCHISING, L.L.C.

By: _____

Name: _____

Title: _____

EXHIBIT C
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

DESIGN APPROVAL REVIEW PROCESS OR
PROPERTY IMPROVEMENT PLAN
(as applicable)

EXHIBIT D
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

MANAGEMENT COMPANY DOCUMENTS

MANAGEMENT COMPANY RIDER
to the Franchise Agreement dated as of _____, 2023 (“Franchise Agreement”)
between Hyatt Franchising, L.L.C. (“Hyatt”) and
_____ (“Franchisee”)

_____ (“Management Company”) has entered into a Management Agreement with Franchisee (as amended, the “Management Agreement”) under which Management Company will operate the hotel located at _____ as a hotel affiliated with the Destination by Hyatt® Hotel (the “Hotel”) in accordance with the terms and conditions of the Franchise Agreement. However, under the Franchise Agreement, Management Company may not operate the Hotel without Hyatt’s consent, and Hyatt is unwilling to provide such consent unless Franchisee and Management Company agree to the terms of this Rider.

In consideration of the rights granted to Management Company under the Management Agreement and of Hyatt’s consent (under the Franchise Agreement) to Management Company’s operation of the Hotel, Management Company hereby acknowledges and ratifies the terms and conditions of the Franchise Agreement and agrees to fully observe and be bound by all terms, conditions and restrictions regarding the management and operation of the Hotel set forth in the Franchise Agreement for as long as Management Company operates the Hotel, as if and as though Management Company had executed the Franchise Agreement as “Franchisee,” including, without limitation, all terms and conditions of ARTICLE IV and V of the Franchise Agreement (other than Section 4.2(a)). Management Company further agrees to be bound by the confidentiality and other covenants set forth in Sections 11.5, 11.6, and 11.7 of the Franchise Agreement (including all remedies available to Hyatt under the Franchise Agreement for breach thereof) during and subsequent to its tenure as manager of the Hotel. However, notwithstanding the foregoing, nothing in this Rider constitutes an agreement of Management Company: (a) to pay or assume any financial obligation of Franchisee to Hyatt or to any third party, including any obligation of Franchisee to pay Royalty Fees or System Services Charges or any liquidated damages pursuant to Section 16.5 of the Franchise Agreement; or (b) to be bound by any provision in ARTICLE XII of the Franchise Agreement. Management Company represents and warrants to Hyatt and Franchisee that Management Company is not a Brand Owner, as defined in the Franchise Agreement.

Management Company agrees that Hyatt may enforce directly against Management Company those terms and conditions of the Franchise Agreement to which Management Company has hereby agreed to be bound. Franchisee acknowledges and agrees that any act or omission of Management Company relating directly or indirectly to the Hotel will be deemed and considered the act or omission of Franchisee for purposes of Hyatt’s rights and remedies under the Franchise Agreement (including, without limitation, Franchisee’s indemnification and defense obligations

under Section 8.3 of the Franchise Agreement), any other agreement, or applicable law. ARTICLE VIII, ARTICLE XIV (including, without limitation, the arbitration provisions) and ARTICLE XVIII of the Franchise Agreement, entitled “Relationship of Parties and Indemnification,” “Dispute Resolution,” and “General,” respectively, are incorporated by reference in this Rider and will govern all aspects of Hyatt’s and Management Company’s relationship and this Rider as if fully restated within the text of this Rider, with all references to “Franchisee” interpreted as references to Management Company.

MANAGEMENT COMPANY:

HYATT FRANCHISING, L.L.C., a
Delaware limited liability company

a(n) _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

FRANCHISEE:

a(n) _____

By: _____
Name: _____
Title: _____

EXHIBIT E
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT
IT PROJECT MANAGEMENT SERVICES

[FULL SERVICE]

**HYATT IT PROJECT MANAGEMENT SERVICES AND IMPLEMENTATION AND
TRAINING FOR HYATT PROPRIETARY SYSTEMS**

1. Scope of Services, Part 1

IT Project Management Services - The overall process includes a Blueprint Review and IT Project Management & Planning. Listed below are the activities for each component which are included in the IT Project Management Services fee.

- Initial Discussion
 - Blueprint Review.
 - Provide and review IT Systems Budget, Hyatt IT Brand Standards, Consolidated Billing, Cabling Statement of Work, etc. (Collectively “IT Systems Requirements”).
- Project Management and Planning
 - Assist the franchise IT group with the following activities
 - Communicate status on an agreed upon schedule.
 - Plan and direct the overall IT Project Management activities through implementation and sign-off.
 - Provide specifications and oversight for low voltage cabling.
 - Monitor all Teams/Vendors with respect to standard work processes related to IT System installations.
 - Assist in coordinating installation of the standard IT Systems and facilitate communication between Vendor and hotel.
 - Act as the Single Point of Contact “SPOC” for IT problem escalation during Vendor installations.
- Procurement Assistance
 - Assist the IT Franchise Group with the following activities:
 - Review IT orders for accuracy and pricing (“System Proposals”).
 - Communicate IT Systems Requirements to Vendors.
- Vendor Management and Scheduling
 - Assist the IT Franchise Group with the following activities:
 - Act as the single point of contact for Hyatt IT Vendor scheduling and coordination as required.
 - Work closely with Owner Representative and/or IT Consultant to identify schedule touch points and dependencies to be addressed with General Contractor.
 - Manage Hyatt Vendor issues.
 - Schedule and facilitate Hyatt Vendor meetings as possible.
- Hyatt Network Operations consulting – VPN setup and systems whitelisting.
- Hyatt Telecom consulting – faceplate approval, Auto-attendant setup and standardization, Music on hold setup and standardization.
- On-site Visits - The following visits are approximate. Visits may be removed, combined or added as necessary.

- Visit 1 – Initial Visit during construction to review facilities (AC, plumbing, MDF, IDF(s), Guest Rooms).
- Visit 2 – Review Low Voltage Cabling at 90% installation.
- Visit 3 – End of Construction Walk-through and Computer Room setup (if needed), also onsite w/ Sound & Security system teams.
- Visit 4 – On-site for opening/Project close out.

2. Scope of Services, Part 2

Installation, configuration and training services for Hyatt proprietary systems - This process covers Hyatt's installation, configuration, and training services for the following systems which are included on Hyatt's consolidated invoice:

- Reserve Training - Remote
- Envision Sales, EAS, EMS Configuration and Revisit
- Hyatt Operational Training of Property Mgmt. Systems
- Opera Operational Excellence Revisit (conducted 90-days after opening)
- Colleague Advantage – Remote Configuration and Training
- Online Check-in/Express Check-out Service - Remote Install & Training
- Mobile Key Service - Remote Installation & Training
- Guest Request System (HotSOS, Housekeeping, ECA, and/or Zingle)

3. Out Of Scope Items

The following services are not included in the Hyatt IT Project Management Services Statement of Work:

- Installation and configuration of network, server, or workstation hardware and software
- Configuration of system interfaces to Opera
- Purchasing required hardware, software, interfaces and licenses.
- Performing upgrades to existing equipment intended for re-use in hotel opening
- Installing non-standard software or systems hardware outside of hardware detailed above
- Installation and configuration of 'off-brand' hardware or hardware not purchased within Hyatt specification
- Configuration of equipment intended for use beyond Hyatt's standard configuration (i.e., configuration of redundant/hot-swap devices)
- Configuration of Virtual Machine-based systems, to include the Domain Controller
- Setup and configuration of systems typically configured by respective vendors
- Installing or terminating any low-voltage cabling or manufacture of patch cables
- Performing training for vendor-specific systems
- Supporting hardware or systems software following install.
- Installation & configuration of server backup solution

4. Deliverables and Work Product

The Hyatt IT Systems Budget will include specified pricing for standard computer systems (the “Bid Book”). Hyatt will designate a Consultant (the “IT Project Manager”) to manage property project plans from checklists to final signoffs, manage and maintain an updated issues list, as well as review the existing documentation regularly in order to update the master based on real time adjustments. Further, the IT Project Manager will be responsible for timely delivery of IT Site Reports after on-site visits.

5. Roles and Responsibilities

Legend: O = Owns, P = Participates, R = Reviews

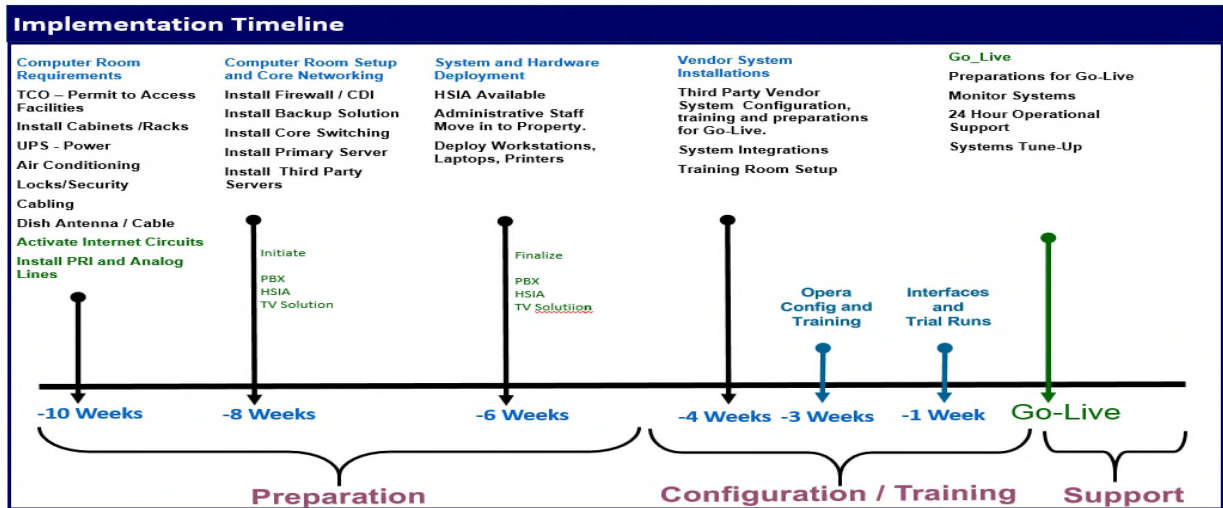
Task Description	Hotel Owner/ Mgmt	Hotel	Hyatt IT	General Contractor
Approve IT SOW	O		R	
Perform Blueprint Review	P		O	
Review Blueprint Variances	P		O	
Review IT Systems Budget and Vendor Proposals	P		O	
Assist in Selecting Vendors for systems that do not require a mandatory vendor	O		R	
Provide IT Brand Standards and Low Voltage Cabling Specifications			O	P
Review specifications of hotel selected vendors	O		R	
Generate purchase orders	O		R	
Process deposits	O		R	
Communicate construction milestones and dates	R	R	R	O
Install IT Electric and Cabling			R	O
Approve vendor change orders as needed	O		R	
Schedule IT vendor installations		O	R	
Coordinate Computer Room and Front Desk installations	O	P	R	
Schedule IT vendor training		O	P	
Post implementation walk-through	P	P	O	

6. Project Schedule

Upon approval of this Statement of Work, an IT Project Manager will be assigned to perform a Blueprint Review. An IT System Installation and Training Schedule will be produced approximately 90 days prior to the Hotel opening for business to the public.

Sample Hotel Schedule:

IT Implementation Timeline



Note: Above schedule is a sample. Actual timeframe will differ based on the property and/or permits.

7. Project Dependencies

Critical milestones for IT Systems are dependent on available electricity, conduit, core drilling and cabling in the Computer Room, Front Desk, Business Center, Meeting Rooms, etc. .

8. Completion Criteria

This Statement of Work will be deemed completed when:

- the Computer Room and IDF(s) are installed and operational;
- the Front Desk is installed and operational;
- the Hyatt Standard IT Systems are installed an operational; and
- Vendor training has been completed.

EXHIBIT F
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

FRANCHISEE'S OWNERSHIP

FRANCHISEE:

[ENTITYNAMECAPS]

By: _____

Name: _____

Title: _____

HYATT FRANCHISING, L.L.C.

By: _____

Name: _____

Title: _____

EXHIBIT G
to the
THE DESTINATION BY HYATT® HOTEL FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“**Guaranty**”) is given this ____ day of _____, 2023, by the undersigned party or parties (individually and collectively, “**Guarantor**”) in favor of HYATT FRANCHISING, L.L.C., a Delaware limited liability company (together with its successors and assigns, “**Hyatt**”).

WHEREAS, [_____] (“**Franchisee**”) owns the hotel to be known as the Destination by Hyatt® Hotel located or to be located at the Site identified in the Franchise Agreement (defined below) (the “**Hotel**”);

WHEREAS, simultaneously herewith, Franchisee is entering into a Destination by Hyatt® Hotel Franchise Agreement (as amended, modified or amended and restated from time to time, the “**Franchise Agreement**”) with Hyatt with respect to the Hotel;

WHEREAS, Guarantor is either an owner (whether direct or indirect) of Franchisee or otherwise has a direct or indirect relationship with Franchisee or its affiliates, Guarantor will benefit significantly from Hyatt’s entering into the Franchise Agreement with Franchisee, and Hyatt will not enter into the Franchise Agreement unless each of the undersigned agrees to sign and comply with the terms of this Guaranty;

WHEREAS, as a condition to entering into the Franchise Agreement, Hyatt has required that Guarantor guarantee the payment and performance of the Guaranteed Obligations (as defined herein), subject to the terms of this Guaranty.

NOW, THEREFORE, as a material inducement to Hyatt entering into the Franchise Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby does irrevocably and unconditionally warrant and represent unto and covenant as follows:

1. **Recitals; Defined Terms.** The recitals above are a part of this Guaranty, form a basis for this Guaranty, and shall be considered prima facie evidence of the facts and documents referred to therein. Defined terms used but not defined herein shall have the meanings ascribed to them in the Franchise Agreement.

2. **Guaranty.** Guarantor hereby irrevocably and unconditionally personally guarantees to Hyatt and its successors and assigns Franchisee’s punctual payment and performance of, and agrees to be personally bound by and personally liable for the breach of, each and every Guaranteed Obligation. Guarantor hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Obligations as a primary obligor.

3. **Guaranteed Obligations.** As used herein, the term "Guaranteed Obligations" means (i) Franchisee’s payment in full of all of Franchisee’s monetary obligations including but

not limited to Franchisee's payment of any liquidated damages that become due and payable pursuant to the Franchise Agreement as and when required pursuant to the Franchise Agreement, and (ii) Franchisee's performance of each and every provision in the Franchise Agreement (including any amendments or modifications of the Franchise Agreement), including, without limitation: (a) obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, without limitation, the confidentiality and transfer requirements and the prohibitions with respect to Brand Owners; and (b) the arbitration requirements and other enforcement provisions in ARTICLE XIV and ARTICLE VIII of the Franchise Agreement.

4. **Guarantor Monetary Threshold.** Guarantor represents and agrees that, at the time of signing this Guaranty and at all times during the term of the Franchise Agreement, at least one of the undersigned or another then current guarantor of Franchisee's obligations under the Franchise Agreement satisfies the Guarantor Monetary Threshold (defined below). The "**Guarantor Monetary Threshold**" means each of the following: (a) the amount of total assets less total liabilities (excluding Hotel assets and liabilities relating solely to the Hotel), each as calculated in accordance with U.S. generally accepted accounting principles, equal to or exceeding _____ Dollars (\$_____) as of the date hereof; and (b) liquid assets (consisting of cash, cash equivalents and marketable securities) equal to or exceeding _____ Dollars (\$_____) as of the date hereof. Each dollar amount in this Section 4 shall increase automatically each year, without notice from Hyatt, 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, as published by the U.S. Department of Labor, Bureau of Labor Statistics (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, Hyatt may designate another reasonably comparable index for calculating changes in the cost of living or purchasing power for consumers. Guarantor agrees to provide Hyatt on an annual basis financial statements or other documents that Hyatt reasonably specifies, certified by Guarantor in the manner that Hyatt specifies, demonstrating that at least one Guarantor satisfies the Guarantor Monetary Threshold. Upon reasonable advance notice, but no more than twice during any calendar year during the Franchise Agreement's term, Hyatt may examine the undersigned's business, bookkeeping, accounting and tax records to ascertain compliance with the Guarantor Monetary Threshold. In addition to and without limiting Hyatt's other rights and remedies under the Franchise Agreement, this Guaranty or applicable law, Guarantor acknowledges that Hyatt may terminate the Franchise Agreement (subject to the applicable notice and cure period in the Franchise Agreement) if at least one Guarantor or another guarantor of Franchisee's obligations under the Franchise Agreement does not satisfy the Guarantor Monetary Threshold at all times during the Franchise Agreement's term.

5. **Nature of Guaranty.** Guarantor consents and agrees that: (1) the representations, warranties, agreements, liabilities, and obligations of Guarantor set forth in this Guaranty shall apply to each of the undersigned parties in its individual capacity; (2) notwithstanding the foregoing, each of the undersigned's direct and immediate liability under this Guaranty will be

joint and several, both with Franchisee and among the other parties (if any) comprising Guarantor; (3) Guarantor will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; (4) this liability will not be contingent or conditioned upon Hyatt's pursuit of any remedies against Franchisee or any other person or entity; (5) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that Hyatt may from time to time grant to Franchisee or any other person or entity, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during and after the term of the Franchise Agreement (including extensions) for so long as any performance is or might be owed under the Franchise Agreement by Franchisee or any of its guarantors and for so long as Hyatt has any cause of action against Franchisee or any of its guarantors; and (6) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any direct or indirect interest in the Franchise Agreement or Franchisee, and Guarantor waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

6. **Waivers.**

(a) Guarantor hereby waives: (i) all rights to payments and claims for reimbursement or subrogation that Guarantor may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Hyatt; (ii) all rights to require Hyatt to proceed against Franchisee for any payment required under the Franchise Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by Hyatt; and (iv) acceptance and notice of acceptance by Hyatt of Guarantor's undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed (except as otherwise expressly provided herein or in the Franchise Agreement), and any other notices and legal or equitable defenses to which Guarantor may be entitled. Hyatt shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Hyatt. Without affecting the obligations of the undersigned under this Guaranty, Hyatt may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Franchise Agreement, assign the Franchise Agreement

or the right to receive any sum payable under the Franchise Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Franchise Agreement.

(b) In addition, Guarantor waives any defense arising by reason of any of the following: (i) any disability or any counterclaim or right of set-off or other defense of Franchisee, (ii) any lack of authority of Franchisee with respect to the Franchise Agreement, (iii) the cessation from any cause whatsoever of the liability of Franchisee, (iv) any circumstance whereby the Franchise Agreement shall be void or voidable as against Franchisee or any of Franchisee's creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (v) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Franchise Agreement, (vi) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (vii) any act or omission of Franchisee.

(c) Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following and Guarantor waives any common law, equitable, statutory or other rights (including, without limitation, rights to notice, other than notices required in this Guaranty) which Guarantor might otherwise have as a result of or in connection with any of the following:

(i) any increase, modification, alteration or rearrangement of all or any part of the Guaranteed Obligations, the Franchise Agreement or any other document, instrument, contract or understanding between Franchisee and Hyatt or any other parties pertaining to the Guaranteed Obligations, or any failure of Hyatt to notify Guarantor of any such action.

(ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by Hyatt to Franchisee or Guarantor.

(iii) the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Franchisee, Guarantor or any other party at any time liable for the payment or performance of all or part of the Guaranteed Obligations; or any dissolution of Franchisee or Guarantor, or any sale, lease or transfer of any or all of the assets of Franchisee or Guarantor, or any changes in the direct or indirect owners of Franchisee or Guarantor; or any reorganization of Franchisee or Guarantor.

7. **Representations**. Guarantor represents and warrants to Hyatt that (a) if it is a business entity, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and its execution and delivery of this Guaranty have been duly authorized by all necessary company action; and (b) the undersigned's execution and delivery of, and performance under, this Guaranty do not and will not violate or result in a breach or default

under any applicable law or any agreement to which the undersigned is a party or by which it is bound, and does not require the consent of any third party that has not been obtained.

8. **Expenses.** If Hyatt is required to enforce this Guaranty in a judicial or arbitration proceeding and prevails in such proceeding, Guarantor shall reimburse Hyatt for Hyatt's costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Hyatt is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Hyatt for any of the above-listed costs and expenses Hyatt incurs even if Hyatt does not commence a judicial or arbitration proceeding.

9. **Effect of Bankruptcy.** In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, Hyatt must rescind or restore any payment, or any part thereof, received by Hyatt in satisfaction of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Hyatt shall be without effect, and this Guaranty and the Guaranteed Obligations shall remain in full force and effect. It is the intention of Franchisee and Guarantor that Guarantor's obligations hereunder shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

10. **Notices.** All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes (a) at the time delivered by hand; (b) at the time delivered via computer transmission if the sender has confirmation of a successful transmission; (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission; (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (e) three (3) business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid, addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto):

If to Guarantor:

with a copy to:

If to Hyatt:

Hyatt Franchising, L.L.C.
150 North Riverside Plaza
Chicago, Illinois 60606
Attention: General Counsel
E-mail: office.of.general.counsel@hyatt.com

11. **Amendments.** This Guaranty may be amended only by an instrument in writing executed by the party or an authorized representative of the party against whom such amendment is sought to be enforced.

12. **Parties Bound; Assignment.** This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and legal representatives; provided, however, that Guarantor shall not, without the prior written consent of Hyatt, assign any of its rights, powers, duties or obligations hereunder.

13. **Counterparts.** To facilitate execution, this Guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Guaranty to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has affixed its signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

[ENTITYNAMECAPS]

By: _____

Name: _____

Title: _____

EXHIBIT D
DESIGN AND CONSTRUCTION STANDARDS

DESIGN AND CONSTRUCTION STANDARDS

The development of all full service Hyatt-branded hotels must comply with the Hyatt-established Design and Construction Standards. Accordingly, each franchisee of a full service Hyatt-branded hotel is required to design, build, equip, furnish, and decorate the Hotel in conformity with the Design and Construction Standards and consistent with the Preliminary Area Program, subject to any modifications to the Preliminary Area Program required by or approved by Hyatt in writing. All capitalized terms not defined herein shall have the meaning set forth in the Franchise Agreement.

1. DEFINITIONS

“**Approve**” and “**Approval**” each mean approval in writing, including subsequent written confirmation of previous verbal approval.

“**Consultants**” means all of the architects and design consultants enumerated in section 1.2(a) of Exhibit A and such other design consultants, contractors and specialists that may be required for any aspect of the Project enumerated in section 1.2(b) of Exhibit A, as shall be necessary and appropriate.

“**Design and Construction Standards**” include (i) the Design Approval Process set forth in Exhibit A below; (ii) the terms and conditions set forth in this document, (iii) the Brand Experience Guide for the applicable brand, as communicated by Hyatt, (iv) the brand-specific FF&E specifications (if applicable), (v) the most current edition of the United States National Fire Protection Association (“**NFPA**”) Life Safety Code 101, NFPA Standard 13 – Standard for the Installation of Sprinkler Systems, and the NFPA - National Fire Alarm and Signaling Code 72 (or such other standard for sprinkler installation as Hyatt may approve in its absolute discretion), and (vi) and any other manuals and documents as reasonably specified by Hyatt relating to the Project. For the avoidance of doubt, references to the “Design and Construction Standards” shall mean the Design and Construction Standards as of the date of the Franchise Agreement between Hyatt and Franchisee. Where the requirements of applicable country and local codes and regulations exceed the standards required by Hyatt with respect to a specific item or topic, those applicable country and local codes and regulations will apply to that item or topic. Where the country and local codes and regulations do not address a particular issue or standard or are less stringent than the Design and Construction Standards with respect to such issue or standard, the Design and Construction Standards will govern.

“**Development Timetable**” means the required schedule for development, construction and Opening Date of the Hotel, as set forth in the Franchise Agreement.

“**FF&E**” means all fixtures, equipment, furnishings, furniture, telephone systems, communications systems, copiers, signs, all property management, revenue optimization, in-room entertainment, and other computer and technology systems, and other similar items that Hyatt periodically specifies for the Hotel.

“FF&E Manager” means an on-Site manager of FF&E, selected, trained and proposed by Hyatt and Approved by Franchisee, such Approval not to be unreasonably withheld, conditioned or delayed.

“Franchise Agreement” means the applicable Franchise Agreement between Hyatt and Franchisee for the development and operation of the Hotel.

“Franchisee” means the Franchisee identified in the Franchise Agreement and its affiliates engaged in the Project.

“Franchisee’s Representative” means the person appointed by Franchisee in writing to serve as Franchisee’s representative with respect to communications, including Approvals, between Franchisee and Hyatt in connection with the Project. Franchisee shall inform Hyatt in writing of any change in such Franchisee’s Representative.

“Hotel” means the Hyatt branded or affiliated Hotel as defined and described in the Franchise Agreement.

“Hyatt” means Hyatt Franchising, L.L.C.

“Legal Requirements” means any provision of law, including, without limitation, any statute, ordinance, regulation, rule, award or order of any governmental agency or tribunal having jurisdiction over the Project, the Hotel, its operations or the construction and/or development thereof.

“Peer Review” means a professional review of drawings, calculations, samples, measurements, and the like to determine the design performance of the various systems and building components, the accuracy of the information, the coordination and conflict resolution between the various elements, the identification of errors and omissions, compliance of the information with Legal Requirements, compliance of the means and methods of intended installation and construction with safety requirements, and the like.

“Preliminary Area Program” means the Preliminary Area Program set forth in the Franchise Agreement.

“Project” means Franchisee’s and its affiliates’ project to design, build, equip, furnish, and decorate the Hotel pursuant to the Franchise Agreement.

“Project Manager” means a suitably qualified project director, project manager or project management company with substantial experience in the development and construction of full service, upscale hotels.

“Site” means the site of the Hotel, as defined in the Franchise Agreement.

2. CONSULTANTS

Franchisee must engage and retain at its own expense all Consultants required for the Project, each of whom shall be agreed upon by Franchisee and Hyatt. Hyatt may, at its option, nominate to Franchisee each category of Consultants (with the exception of structural engineers) enumerated in section 1.2 of Exhibit A. To the extent that Franchisee has any existing consultants, contractors, or other design specialists and the work quality or the performance of any such existing consultants, contractors, or specialists does not meet Hyatt's standards, or is otherwise deemed unacceptable to Hyatt, Franchisee agrees to replace such consultants, contractors, or specialists with Consultants enumerated on Exhibit A and which have been agreed to by Hyatt, promptly at Hyatt's direction.

In addition to the Consultants, Franchisee agrees to engage and retain at its own expense a Project Manager, which shall be mutually selected by Hyatt and Franchisee. Franchisee shall engage the Project Manager within three (3) months following the effective date of the Franchise Agreement.

If required by Hyatt, Franchisee shall in addition to the Project Manager and the Consultants, engage and retain at its own expense an FF&E Manager to assist Franchisee and its Consultants and contractors to meet the Design and Construction Standards. The FF&E Manager shall be selected no later than fifteen (15) months and no earlier than eighteen (18) months prior to the Opening Date. The FF&E Manager shall be an employee or independent contractor of Franchisee and shall provide monthly construction and photographic reports to Hyatt in such forms as Hyatt may reasonably require. Franchisee will be required to pay the FF&E Manager's salary, benefits, housing (in the form of a fully furnished one (1)-bedroom apartment) and other customary and usual costs incidental to their engagement (including office space and administrative assistance, reasonable transportation to and from the Site, one (1) round trip economy class air ticket to the home of FF&E Manager for each twelve (12)-month period, local income taxes and local business travel).

Franchisee shall cause all Consultants and contractors to prepare full and adequate plans, layouts, specifications, drawings and designs, both interior and exterior, and models, colored renderings and material boards of quality suitable for advertising and promotion, with respect to the Hotel. The contracts between Franchisee and all such Consultants and contractors shall require that, where appropriate, such Consultants and contractors shall provide, at Franchisee's cost and expense, adequate training to the personnel of the Hotel in the use and maintenance of the building and all systems and installations therein and shall furnish to Franchisee and Hyatt, at the conclusion of the Project, three (3) full sets of "as-built drawings" (hard copies and in electronic format) as executed, and catalog cut sheets, operating manuals and instructions.

Franchisee shall cause and ensure that its Consultants and contractors cooperate with Hyatt in every respect in connection with Hyatt's review of the Project. Hyatt shall be entitled to conclusively rely on any instructions or Approvals given to it by Franchisee's Representative as being the instructions or Approvals of Franchisee.

Franchisee shall manage all aspects of the construction of the Project. In performing these responsibilities, Franchisee, either on its own or through its Consultants or contractors, shall, without limiting any other obligations of Franchisee:

- (a) Cause qualified and professionally licensed third party consultants expert in the commissioning of fire and life safety and MEP systems to test, balance and commission such systems, and to issue written reports to Franchisee and Hyatt certifying that they have tested, balanced and commissioned such systems and that such systems are fully operational and ready for use (such reports to be received by Hyatt prior to final review by Hyatt of the Project and turnover of the Hotel in accordance with the Franchise Agreement).
- (b) Provide Hyatt with certification from a qualified, professionally licensed independent structural engineer or firm, certifying that the Hotel building as designed and constructed meets or exceeds all applicable structural requirements, including without limitation seismic, wind, storm and flood, and all other applicable Legal Requirements.
- (c) Ensure that Franchisee's Consultants and contractors conduct a final work list and punch list survey of the Project and correct all defects prior to requesting final review and Approval of the Project by Hyatt. Upon correction of all defects and completion of all remaining work items identified on the punch list, Franchisee shall provide Hyatt with a copy of the punch list signed by the Consultants and contractors reflecting that such work has been completed to Hyatt's satisfaction, and shall request a final review of the Project by Hyatt.

3. PLANS, SPECIFICATIONS, AND DESIGNS

Any changes in or departures from the agreed plans, or such other items must be Approved by Hyatt, unless such changes are so minor as to have no impact on the quality, character and operation of the Hotel (and in the case of such minor changes, no Approval by Hyatt is necessary). Hyatt may withhold its consent to any and all departures from the Approved concepts, plans, layout specifications, drawings or designs, or such other items to be Approved by Hyatt, in its sole discretion, if Hyatt determines that such departure will cause the Hotel to fail to adhere to the Design and Construction Standards.

To the extent that any of the matters in this Section 3 involve compliance with the Design and Construction Standards, Franchisee shall cause its Consultants and contractors to implement the direction provided by Hyatt during the review process in order to ensure that the Project complies with the Design and Construction Standards.

Franchisee's contracts with all Consultants and contractors shall provide that all concepts, plans, specifications and designs, and any changes thereto or departures therefrom subsequently made, shall be submitted for Approval to Franchisee and Hyatt prior to implementation. Franchisee acknowledges that Hyatt's design and construction reviews shall not consist of a Peer Review, but rather are intended only to assist Franchisee and its Consultants in complying with their obligations. Such reviews do not relieve Franchisee or its Consultants of their responsibility to determine the completeness and coordination of their documents and to ensure that the design and construction of the Project comply with applicable Legal Requirements. Peer Review shall be conducted by third party professional consultants retained by Franchisee to review the Consultants' work.

Upon completion of the Project, Franchisee shall give Hyatt a written certificate or opinion from Franchisee's architect, licensed professional engineer, or recognized expert consultant stating that the Hotel conforms to all applicable Legal Requirements (including, without limitation, requirements governing public accommodations for persons with disabilities).

At Hyatt's request, Franchisee (i) must give Hyatt copies of all certificates of architects, contractors, engineers, and designers and such other similar verifications and information Hyatt reasonably requests and (ii) make available to Hyatt copies of all reports, studies, draw requests, schedules and other documents and materials of Franchisee, its contractors, suppliers and consultants relating to the design, construction and furnishing of the Hotel.

Hyatt shall have the right to visit the Site as often as reasonably necessary to ensure the Project is being developed, constructed and equipped in accordance with the Design and Construction Standards and in accordance with the Development Timetable. Hyatt will use reasonable efforts to provide Franchisee with twenty-four (24) hours' advance notice of any visits to be made to the Site by representatives of Hyatt or its affiliates in performance of services hereunder.

For the avoidance of doubt, the fees and expenses payable to all the Consultants (including, without limitation, the salary and expenses of the Project Manager and any FF&E Manager engaged by Franchisee in connection with the planning, building, furnishing, equipping and decorating of the Hotel, and any and all costs and expenses incurred by Hyatt's IT support services personnel), shall be paid directly by Franchisee independent of any fees paid by Franchisee under the Franchise Agreement.

4. SPARE PARTS

In addition to the FF&E to be included in the Project per the final plans and specifications for the Project, Franchisee shall, at Franchisee's sole cost and expense, cause the Project to include the spare parts set forth on Exhibit B attached hereto, which shall be a part of the Hotel upon the Opening Date. The quantities listed are the minimum acceptable. All quantities are to be rounded up to the next whole number.

Franchisee shall provide Hyatt with notification of any changes to the projected opening date of the Hotel (as set forth in the Franchise Agreement) as soon as Franchisee becomes aware of any such changes. In the event of a material delay of such projected opening date, Hyatt shall have the right to evaluate the Preliminary Area Program to ensure the Project's program continues to meet the Design and Construction Standards then in effect.

5. GENERAL TERMS

The use of Design and Construction Standards for the Project shall in no way give rise to any liability on the part of Hyatt or its affiliates for any defect or deficiency. Franchisee and its affiliates, consultants and other persons using the Design and Construction Standards must verify through their own means and consultants (architect, engineers, and other professionals), their compliance with any law and adequacy for the intended purpose. Hyatt and its affiliates make no

representation whatsoever in such regard. The quality of workmanship, and the adequacy and suitability of the plans, specifications, and design data for the Project are the sole responsibility of Franchisee.

Hyatt and its affiliates do not and cannot warrant or represent that the items listed in any documents, plans or reports provided by Franchisee meet all requirements, both written or interpreted, for local, state or other governmental guidelines for accessibility to persons with disabilities or local code enforcement for any additional accessibility requirements. Franchisee shall seek appropriate counsel to ensure such compliance so that such local, state, or other governmental requirements and the Preliminary Area Program.

Hyatt will not be liable for any errors or omissions in the plans and specifications or designs for the Hotel, or for any misfeasance or malfeasance by any specialists or consultant retained by Franchisee, whether or not upon the recommendation of Hyatt, or for any defects in design, manufacture, furnishings or construction, or for any operational deficiencies in the design or construction of the Hotel (including, without limitation, life safety systems and structural integrity), or any failure of any such plans or specifications to conform to applicable Legal Requirements, it being the intention of the parties that in conducting its review and rendering assistance to Franchisee, Hyatt will be functioning solely as a consultant sharing with Franchisee the benefit of its prior experience in the franchising of first-class hotels and its knowledge of guest preferences and market demands.

Wherever Hyatt is required to give its approval or consent on plans, specifications or any other item hereunder, Hyatt will use commercially reasonable efforts to give Franchisee, within fifteen (15) business days from dated receipt in Hyatt's Chicago office or regional offices, as directed by Hyatt, of the items to be approved, its approval or consent or its disapproval or non-consent. All items required to be delivered in hard copy format pursuant to Exhibit A shall be deemed received by Hyatt only upon receipt of all items in hard copy form. If Hyatt fails to give such a notice to Franchisee within the agreed-upon period, Franchisee may treat Hyatt's failure to give such notice as constituting consent or approval by Hyatt, provided that in no event shall such tacit approval shall (i) relieve Franchisee of its obligations to comply with Hyatt's mandatory standards relating to fire and life safety or applicable Legal Requirements or (ii) serve as a consent to any change to the Preliminary Area Program. Hyatt will employ commercially reasonable efforts during the course of the Project to adhere to the Project schedule developed by the project architect and Franchisee. Drawings and specifications approved by Franchisee and submitted by the architect to Hyatt for inspection and comment shall be deemed to be approved by Hyatt and to be incorporated in the design documents unless objection or recommendation is made by Hyatt within fifteen (15) business days of the receipt of the drawings and specifications with a clear and specific notation stating the outside response date. Upon substantial completion of the Hotel, Hyatt shall have the right to review the list of deficiencies and "punch-list" items that require correction.

Wherever Hyatt gives its Approval of plans and designs or specifications, no such Approval shall imply or be deemed to constitute an opinion by Hyatt on, nor impose upon Hyatt any responsibility for, the design or construction of building elements (including, but not limited to, means, methods, techniques, sequences, procedures for construction, structural integrity or fire and life safety

requirements or the adequacy of budgets), compliance with applicable Legal Requirements (including but not limited to environmental, construction density, labor or any other kind of regulations), or the obtaining of any necessary licenses, permits or authorizations, all of which shall be the exclusive responsibility of Franchisee, to be obtained and complied with at the cost and expense of Franchisee.

The scope of Hyatt's review and Approval of plans, designs and specifications is limited solely to brand adequacy and relationship of spaces, quality standards, and the aesthetics of the building for use as a hotel of the applicable brand (a "**Brand hotel**"). All reviews and Approval by Hyatt are for the sole and exclusive benefit of Franchisee and Hyatt and no other person or party shall have the right to rely on any such reviews or Approval by Hyatt. Notwithstanding Hyatt's right of review and Approval, Franchisee and Hyatt acknowledge and agree that none of the Consultants or other contractors of Franchisee will be agents or employees of Hyatt.

The Approval of any item by Hyatt shall not constitute a waiver by Hyatt of its right to insist upon strict compliance by Franchisee with any of the other provision of the Design and Construction Standards, or prevent Hyatt from requiring Franchisee to alter, remove, replace or repair any other item which was not previously Approved by Hyatt and which does not comply with the requirements of the Design and Construction Standards or any Legal Requirements.

All materials provided by Hyatt in connection with the Design and Construction Standards and the Design Approval Process are, and at all times shall remain, the exclusive intellectual property of Hyatt (and Hyatt shall have full ownership thereof), it being understood and agreed by Franchisee that such materials are being furnished for the use of Franchisee as a licensee solely in connection with the Franchise Agreement, and shall constitute "Confidential Information" for purposes of the Franchise Agreement.

EXHIBIT A

DESIGN APPROVAL REVIEW PROCESS

1. PREFACE / INTRODUCTION

1.1 Overview. Hyatt will advise Franchisee and its Consultants in the areas of architectural and interior design, Mechanical, Electrical and Plumbing (“**MEP**”) Systems, trade equipment specifications and layouts, audio/visual systems, telecommunications Systems, security systems and project systems.

Hyatt will advise Franchisee on timeframes to be mutually agreed to by the parties, taking into account the design and construction milestones set forth in Exhibit B of the Franchise Agreement:

Key Milestones	Additional Comments
Stakeholder Immersion Workshop	At Hyatt Corporate Office
Concept Design Presentation	Approval of Presentation is a Pre-Condition to further design progress
Mock-Up Room Package	Approval of Package is a Pre-Condition to further design progress
Schematic Design Presentation	Approval of Presentation is a Pre-Condition to further design progress
Kitchen & Laundry Coordination Workshop	
MEP, FLS, IT, A/V Coordination Workshop	
Mock-Up Room Review	
Design Development Presentation	Approval of Presentation is a Pre-Condition to further design progress
BOH Plans	
Revised Mock-Up Room Review	
Completion of Shell and Core	
Arrival of FF&E (FF&E Manager)	
Prototype Room Review	
Façade Completion	Pre-Condition to GM On-Boarding

Key Milestones	Additional Comments
Hotel Preliminary Opening Schedule Presentation To Franchisee	
Handover KOM With Franchisee and Operations	
Testing And Commissioning	Pre-Condition to moving on-site
FLS Inspection	Pre-Condition to moving on-site
Pre-Opening Period - On site	

Any omissions or items not specifically referenced in a Hyatt report does not constitute an Approval or Approval of missing Preliminary Area Program or the Design and Construction Standards. All Site visits are for the purpose of reviewing the general contractor's implementation of the Design and Construction Standards into the final building for the Project.

Hyatt will conduct some or all of the following activities as part of Hyatt's review of Franchisee's design and construction process for the Hotel:

- A. Provide, communicate and interpret the Design and Construction Standards for Franchisee and Franchisee's Consultants during all phases of the Project.
- B. Review the Development Timetable and Franchisee's project budget for the Project prepared by Franchisee for completeness and reasonableness.
- C. Attend design meetings and make periodic observations of the work throughout the Project in accordance with the Development Timetable Approved by Franchisee and Hyatt to advise and provide guidance to Franchisee and its Consultants in complying with the Design and Construction Standards.
- D. Provide operational and technical assistance to Franchisee in developing the Hotel in conformity with the Preliminary Area Program.
- E. Review and comment on each level of the design documents for the Project submitted by Franchisee at the completion of the design phases and the Project Schedule prior to moving onto the next step of design in accordance with the submittal process below. Any items that do not comply with the Design and Construction Standards and the Preliminary Area Program or are not otherwise aesthetically acceptable to Hyatt will be returned to Franchisee with a written explanation detailing the reasons for such non-compliance. **DESIGNS OR INCOMPLETE SUBMITTALS NOT APPROVED BY HYATT MAY NEED TO BE RESUBMITTED BY FRANCHISEE.**

- F. Upon determination by Hyatt that each level of the design documents submitted by Franchisee pursuant to the submittal process set forth in Section 11 below comply with the Design and Construction Standards, provide Hyatt's comments which may be delivered electronically, which shall constitute the acknowledgement by both parties that such documents are Approved by Hyatt, subject to such comments.
- G. Review other reports and studies provided by Franchisee's Consultants required for the design of the Project which consist of the final versions of all design documents and studies requested in prior submissions which have incorporated all Hyatt comments.
- H. Conduct a risk assessment and mitigation plan review to identify the level of potential threats and hazards to the Hotel and to determine the types and extent of security systems required to meet the Design and Construction Standards, provide on Background Drawings the location of certain security cameras and locking mechanisms, and provide review of drawings and plans from the security consultant indicating the location of security cameras and locks, and outline specifications. **"Background Drawings"** shall mean to scale floor plans, interior wall elevations and reflected ceiling plans prepared by the Approved architect clearly delineating structural grid, walls, partitions, columns, shafts and chases, such drawings generally devoid of dimensional lines and notations within perimeter walls.
- I. Consult with Franchisee to determine the appropriate quantities of operating equipment required to meet the Design and Construction Standards and needs of Hyatt to operate the Hotel.
- J. Prepare supplies documents for the operating equipment and review any substitutions thereto proposed by Franchisee.

1.2 Potential Consultants List

- a) Hyatt, at its option, may advise Franchisee regarding the selection of certain key consultants, providers and specialists for Franchisee to select and appoint, to the extent necessary and appropriate in relation to the scope including but not limited to:
 - Design Architects (Total project)
 - Working (Local) Architects, Architects of Record
 - MEP Services Consultants (Hotel)
 - Interior Design Consultant (Limited to Program Implementation)
 - Interior & Exterior Lighting Consultants (Limited to Program Implementation)
 - Landscape Designer
 - Food Service/Kitchen Consultant or Providers
 - Food & Beverage Consultant (where required)

- Audio Visual Consultant or Providers
 - Graphics and Signage Consultant or Providers
 - Communications and Information Technology Consultant or Providers
 - FF&E and Operating Equipment Purchasing Agent
 - Technical Spa Specialist, if applicable to Project
 - Branding Consultant, if applicable to Project
- b) Franchisee may be required to engage certain of the following key consultants, providers and specialists:
- Structural Engineers
 - Vertical Transportation/Elevator Consultant or Providers
 - Building Security and Fire Protection Consultant
 - Acoustics Consultant
 - Security Consultant
 - Sustainable Design Consultant
 - Fire and Life Safety/LEED Consultant
 - Testing and Commissioning Consultant
 - Artwork Consultant
 - Uniform Designer
 - Curtainwall/Façade Consultant
- c) Following Franchisee's selection of all key consultants, Hyatt will review all selections, prior to the engagement of any consultant, for Approval by Hyatt. All consultants must have previous experience with similar type projects and must provide a presentation along with resumes of key personnel that would be working on the Project. Hyatt will provide Franchisee with the Preliminary Area Program and Franchisee will provide this same information to each consultant. Hyatt will provide a detailed explanation of the Design and Construction Standards and the Preliminary Area Program information to the potential consultants or providers. Hyatt will be available for additional explanation once a short list of consultants has been established. It may be necessary for key consultants to travel to the Hyatt offices in Chicago, Illinois, USA or the Division Office if so directed by Hyatt for a final interview.

2. DESIGN PLANNING AND DEVELOPMENT

- 2.1. Hyatt may, at its option, participate in all phases of the Hotel design process in order to assist with the full and proper implementation of the relevant Design and Construction Standards, and in this connection shall provide review, recommendations, comments and approval to the key consultants relating to:
- Conceptual designs and planning exercises submitted by Franchisee's consultants for Hyatt review and approval

- Schematic documents including basis of design drawings, sketches, renderings, and short form specifications that fix and describe the size and character of the Hotel project
 - Design development documents including drawings, sketches, system schematics, schedules and specifications, material samples and specifications, FF&E layouts, samples and specifications
 - Final construction documents including fully-coordinated drawings, specifications, samples, and value engineering exercises.
- 2.2. In addition to the above, Hyatt may deliver the following services during the design planning stages:
- Inspection, review and formal recording of the mock-up room (constructed physical representation of the designed guestroom) presentation with a detailed report submittal to Franchisee
 - Inspection, review and formal recording of the prototype room (constructed physical representation of the designed guestroom) presentation with a detailed report submittal to Franchisee
 - Attendance at key design coordination meetings as mutually agreed by Franchisee and Hyatt
 - Review, recommend and comment on the plans showing functional “Back of House” layouts and key FF&E and millwork

3. FF&E SELECTION AND RECOMMENDATIONS

- 3.1. Hyatt will provide to Franchisee and the key consultants guidance on FF&E, as applicable, through some or all of the following activities:
- Review the preliminary FF&E budget prepared by Franchisee in accordance with the approved Hotel project description and design statement, Preliminary Area Program and operational concepts
 - Review and comment on the preliminary FF&E budget in accordance with approved project design development (it being understood and agreed that Hyatt and its affiliates do not and cannot warrant or guarantee that the necessary FF&E can be obtained within the parameters of the FF&E budget)
 - Participate in the selection of suppliers
 - Review of relevant consultants’ FF&E specifications and anticipated costs and preparation of review report containing approval or requirements for modification, correction and re-submittal
 - Facilitate the review of computer and telephone equipment schedules and specifications with Hyatt’s IT Support Personnel
 - Submittal of product specifications for key operational items

- Review and approval of revised FF&E specifications in the event that competitive tendering results exceeded approved FF&E budget, to the extent Hyatt has agreed that to do so is feasible without compromising the Design and Construction Standards
- Review of food and beverage and spa concepts.

3.2. Hyatt reserves the right to withhold approval of any FF&E items that:

- Exceed the approved FF&E budget
- Are operationally incorrect or unsuitable or do not meet Design and Construction Standards
- Do not meet Hyatt product specifications or design minimum standards

4. CONSTRUCTION PHASE AND PREPARATION FOR OPERATIONS

4.1. Hyatt may, for the purpose of ensuring compliance with the approved design documentation and minimum standards, engage in the following activities:

- Undertake site visits in an amount and on a schedule as mutually agreed by Franchisee and Hyatt, together with provision of reports and recommendations
- Request, as is reasonably diligent, the submittals of subcontractors' shop drawings and supply specifications together with the relevant consultants' review comments and recommendations
- Provide comments, as appropriate for design intent only, on select shop drawings and supply specifications
- Liaise with appointed Project Manager on site progress, scheduling and the inspection sequencing and the preparation for the operation of the Hotel
- Coordinate the pre-opening inspection of fire and life safety systems by a consultant that is pre-qualified by Hyatt, at Franchisee's expense
- Review and comment on system, equipment, material, and manufacturer vendor selections and submittals, especially for critical systems/equipment including, but not limited to, chillers, boilers, emergency generators, transformers, fire detection and alarm systems, building automation systems, security systems, elevators and escalators, lighting control systems, audio/visual systems, voice and data systems, TV systems, water treatment systems, air handling systems, etc.

5. FIRE AND LIFE SAFETY SYSTEMS AND MEP TESTING & COMMISSIONING

5.1. Franchisee shall ensure that all fire and life safety and MEP systems and components are completed, tested and commissioned in preparation for Hyatt's inspection prior to commencement of Hotel operations. A timetable detailing the dates and duration of each system's and components' testing and commissioning period shall be submitted to Hyatt to allow the attendance and witnessing of all testing and commissioning procedures by the relevant consultants and Hyatt.

- 5.2. Hyatt will not be able to approve any fire and life safety and MEP system or component that has not been fully tested and commissioned with recorded results. Prior to occupation and operation of the building, in whole or in part, a third party audit of the Hotel's fire and life safety systems must be completed by or on behalf of Franchisee, at Franchisee's expense. Franchisee shall provide a copy of such audit report to Hyatt. All noted deficiencies must be completed by Franchisee to Hyatt's satisfaction prior to the occupation and operation of the Hotel.

6. INSPECTION BY HYATT

- 6.1. Following receipt of a pre-opening inspection report (prepared by Consultants) and subject to a satisfactory level of completion achieved, Hyatt will conduct its own inspection and detail in a report to Franchisee:
- Variances from approved minimum standards or subsequently approved contract specifications
 - Defective architectural, fire and life safety and MEP or interior works
 - Defective, missing or incomplete FF&E
- 6.2. Hyatt will not be able to assess any areas for which a report detailing its comments has not been prepared and circulated, or with respect to any areas which have not been substantially completed and installed with FF&E.

7. APPROVAL BY HYATT / HYATT MANAGEMENT PERSONNEL

- 7.1. Hyatt will issue its approval for the Hotel's management personnel to take over provisional occupancy of the relevant area and the operation of any supporting fire and life safety and MEP system and components only following the preparation and submission to the Franchisee of Hyatt's inspection reports and the remedy of any substantial defects contained therein. Any such takeover shall not imply Hyatt's final approval of the area, system or component, which shall be subject to full load testing under operating environment and conditions and the remedy of all recorded, hidden and latent defects.
- 7.2. Hyatt will not be able to approve for the Hotel's management personnel to take over any areas in which non-hotel personnel have access. Such areas may be mutually utilized by all parties until they can be secured, completed, inspected and prepared for handover to the Hotel's management personnel.
- 7.3. All areas, which have been provisionally taken over by the Hotel's management personnel, shall be under their full control including all keying systems and issuance of keys.
- 7.4. All costs associated with the Hotel's management personnel's provisional area occupation, such as energy consumption, including that used for the testing and

commissioning of the fire and life safety and MEP systems and components, and security attendance at the project site prior to the formal opening, shall be paid for by Franchisee.

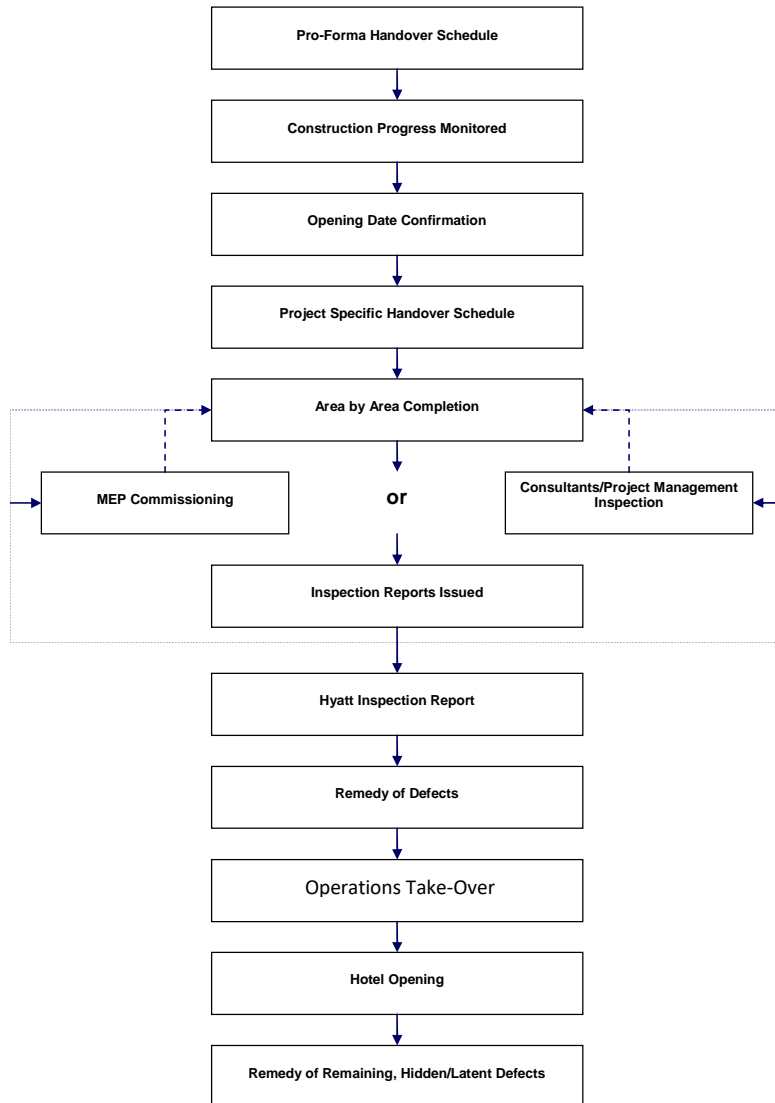
8. FORMAL OPENING OF HOTEL/PRO-FORMA HANDOVER SCHEDULE

8.1. The formal opening of the Hotel shall occur in accordance with the terms and conditions set forth in the Franchise Agreement. Construction progress shall be monitored. Hyatt and Franchisee shall mutually agree upon a handover schedule together with a diagram showing the sequence of the area-by-area handover.

8.2. The following example table will be tailored and agreed to by the parties for the Hotel project:

Ten Weeks Prior to Opening	Eight Weeks Prior to Opening	Six Weeks Prior to Opening	Four Weeks Prior to Opening	Three Weeks Prior to Opening	Two Weeks Prior to Opening	One Week Prior to Opening
Purchasing/ Materials Management Offices	All Retail Areas for Tenant Fit-Out	Indoor & outdoor pools & spa	Reception/ Concierge, Front Desk, Business Center	50% remaining Restaurants and Bars	Remaining Restaurants and Bars	Outdoor Facilities, Parking Lot, & Landscaping
Human Resources/ Training Offices Executive Offices	15% of Guestroom Count, Corridors & BOH Areas	30% of Guestroom Count, Corridors & BOH Areas (completed floors only)	50% of Guestroom Count, Corridors & BOH Areas (completed floors only)	80% of Guestroom Count, Corridors & BOH Areas (completed floors only)	Remaining Guestrooms, Corridors, & BOH Areas	
PABX Equipment Room & Operators Area	All remaining Hotel Offices in BOH & FOH Areas	Employee Lockers Employee Dining Room	Café Restaurant Receiving Areas	Fitness Center	Hotel Entry	
	All Storerooms and Workshops	Ballrooms and Meeting Rooms Support Areas	Laundry & Valet Area	Remaining Meeting Rooms	Hotel Lobby and remaining Public Areas	
Employee residences (if applicable to the Project)	Computer Equipment Room	Banquet Kitchen	Uniform Issue Area	Guestroom Elevators	Club Lounge	
Service Elevators	F&B Stores & Preparation Areas	Service Elevators	Remaining Kitchens		Remaining Elevators	

9. HOTEL PROJECT COMPLETION SEQUENCE



10. DESIGN AND CONSTRUCTION STANDARDS COMPLIANCE

- The Design and Construction Standards shall be regarded as the criteria of the minimum recommendations and requirements for the design of all new Brand hotels operated by affiliates of Hyatt, or renovations of existing facilities in such hotels. In addition, the current Design and Construction Standards for the Brand hotel shall be referenced when undertaking any new building or renovation project.
- Adherence to these standards, or other Hyatt criteria or approval, shall not relieve the architect and/or other consultants and designers of the responsibility of

conforming to all legally adopted codes and standards, other governmental requirements and good professional design practice. Where designs deviate from applicable codes and standards, approval or approval by the Authority Having Jurisdiction (AHJ) shall be documented and kept on file by Franchisee.

- Throughout the Design and Construction Standards references are made to contacting and/or obtaining approval from Hyatt. Hyatt's Representative shall be appointed at the beginning of the design process for new hotels, and shall be responsible for project oversight on behalf of Hyatt. Hyatt will designate a qualified employee of one of its affiliates to act as the Hyatt Representative and, to the extent that Hyatt does so, all references to Hyatt in this document shall be deemed to include all such employees of Hyatt's affiliates.

11. FRANCHISEE DELIVERABLES

11.1. All Franchisee deliverables described in or required under this Exhibit (the "**Franchisee Deliverables**") shall be prepared and submitted for approval by Hyatt in accordance with a schedule to be mutually agreed by Franchisee and Hyatt, and such Franchisee Deliverables shall be directed to Hyatt at: Americas.Design.Services@hyatt.com, or such other address as specified by Hyatt. The following is an outline of the required Design Review Submittal Process that will facilitate the review and release of the design plans, construction plans and specifications as well as the subsequent completion of a new Brand hotel. All reviews and releases shall be in English, in writing or Franchisee shall provide Hyatt with an English written translation. Submittal of all design and construction plans and specifications are to be made in hard copy format as follows:

A Hyatt Representative will be in attendance at key design coordination meetings as mutually agreed by Franchisee and Hyatt:

1. **Conceptual Design Submittal** – This step shall contain the conceptual designs and planning exercises and shall be submitted to Hyatt at the milestones indicated below. The conceptual design documents will include at minimum the following items, without limitation.

- Layout plans
- Sketches and conceptual imagery to illustrate the general planning and design aesthetic for the Project.
- MEP, FLS, IT Basis of Design Narrative

Unacceptable designs or incomplete submittals may need to be resubmitted. Hyatt will issue a formal review prior to moving onto the next step. A 50% concept design presentation and a 100% concept design document submittal shall be submitted by Franchisee or its Consultants according to the deadlines specified by Hyatt for the Project. After review of physical installed Mock-up Room, all final

approved FF&E and architectural finishes and designs to be installed in a Prototype Room within the hotel structure, as a first-in-place example of approved design, fit, finish, and workmanship.

2. **Schematic Design Submittal** – This step shall contain documentation sufficient to review the general building and landscape concept, guest room layouts, public space layouts, and BOH blocking and shall be submitted to Hyatt at the milestones indicated below. The schematic design documents will include at minimum the following items, without limitation.

- Completed Site Plan
- Individual Floor Plans
- All Building Elevations
- Roof Plan
- Full Building Cross Section
- Food Service Equipment Plans
- Laundry Equipment Plans
- Operations Basis of Design for Food Service and Laundry including sizing for Laundry
- MEP, FLS, IT Plans denoting major Systems and Equipment
- Material Imagery and Samples (inclusive of BOH areas)
- Furnishings Imagery
- Exterior Signage schematics

Unacceptable designs or incomplete submittals may need to be resubmitted. Hyatt will issue a formal review prior to moving onto the next step. A 50% schematic design presentation and a 100% schematic design document submittal shall be submitted by Franchisee or its Consultants according to the deadlines specified by Hyatt for the Project.

3. **Mock-up Room Submittal** – This step shall contain a complete set of all documentation necessary for construction and procurement of the mock-up rooms and corridor mock-up section and shall be submitted to Hyatt at the milestones indicated below. The mock-up room documents will include at minimum the following items, without limitation.

- Architectural Drawings
- Interior Design Drawings
- Lighting Design Drawings
- MEP Drawings
- FLS Drawings
- IT Drawings
- A/V Drawings
- Schedules and Specifications

- Material Samples and Specifications
- FF&E Layouts
- FF&E Samples and Specifications.

Unacceptable designs or incomplete submittals may need to be resubmitted. Hyatt will issue a formal review prior to moving onto the next step. A 100% mock-up room document submittal and a mock-up room review and presentation shall be submitted by Franchisee or its Consultants according to the deadlines specified by Hyatt for the Project.

4. **Design Development Submittal** – This step shall contain a complete set of all progress plans and specifications, construction documents and fire and life safety and MEP narrative, with sufficient details and dimensions to ascertain whether basic criteria is being incorporated and shall be submitted to Hyatt at the milestones indicated below. The design development documents will include at minimum the following items, without limitation.

- Architectural Drawings
- Interior Design Drawings
- Landscape Drawings
- Pool / Water Feature Drawings (if applicable)
- Lighting Design Drawings
- MEP Drawings
- FLS Drawings
- IT Drawings
- A/V Drawings
- Keyed Food Service Equipment Plans and Elevations
- Keyed Laundry Equipment Plans and Elevations
- Sketches as required
- System Schematics
- Schedules and Specifications (inclusive of BOH areas)
- Material Samples and Specifications (inclusive of BOH areas)
- FF&E layouts (inclusive of BOH areas)
- FF&E Samples and Specifications. (inclusive of BOH areas)
- Exterior Signage Drawings

Unacceptable designs or incomplete submittals may need to be resubmitted. Hyatt will issue a formal review prior to moving onto the next step. A 50% design development presentation and 100% design development document submittal shall be submitted by Franchisee or its Consultants according to the deadlines specified by Hyatt for the Project.

5. **Construction Documentation Submittal** – This step shall include a complete and fully coordinated set of final constructions documents for the

construction of the Project, for review and approval by Hyatt and shall be submitted to Hyatt at the milestones indicated below. Hyatt will review for compliance with brand standards and comment on any required modifications for permitting. The final submittal shall be properly sealed by the licensed architect of record and respective engineers. All construction documents for the Project shall be submitted to Hyatt at the milestones indicated below. The construction documents will include at minimum the following items, without limitation.

- Architectural Drawings
- Interior Design Drawings
- Landscape Drawings
- Pool / Water Feature Drawings (if applicable)
- Lighting Design Drawings
- MEP Drawings
- FLS Drawings
- IT Drawings
- A/V Drawings
- Food Service Drawings
- Laundry Drawings
- All Value Engineering Exercises
- Schedules and Specifications Material Samples and Specifications, including locations of all specified items
- Keyed FF&E Plans
- FF&E Samples and Specifications
- Exterior Signage Drawings

Incomplete or unsealed plans and specifications will not be reviewed. Hyatt will issue a formal endorsement prior to starting construction. A 90% construction documents submittal for Hyatt comment, and 100% construction documents submittal shall be submitted (for Hyatt's records only) by Franchisee or its Consultants according to the deadlines specified by Hyatt for the Project.

The Design and Construction Standards for construction material and equipment standards indicate a level of construction, performance, fit, finish and appearance of the materials and equipment designated to be installed in a Brand hotel. Products and materials manufactured by others that meet or exceed the established criteria will be considered. All deviations from those products and materials contained herein are to be reviewed by Franchisee's architect for the project who will verify, in writing to Hyatt that the requested deviations meet or exceed those products and materials noted herein within certain limitations. The Project Manager will forward the submittal along with his verification letter to Hyatt for review and consideration. Hyatt will notify the Project Manager whether or not the submittal is acceptable.

EXHIBIT B
SCHEDULE OF SPARE PARTS

The following spare parts shall be provided by Franchisee and delivered to Hyatt at the Hotel at Franchisee's cost and expense before the Opening Date. The quantities listed are the minimum acceptable. All quantities are to be rounded up to the next whole number.

<u>Item</u>	<u>Quantity</u>
Typical Guest Room lockset	Minimum of 3 per 100 Guest Rooms
Typical Guest Room TV sets	1 per 100 Guest Rooms
Guest Room telephone sets	Minimum of 3 per 100 Guest Rooms
Sprinkler heads	As per manufacturer recommendation
Complete new set of filter for all Air Handling Units (AHU) and Guestrooms Fan Coils (FCU)	
Guest Room Furniture	Minimum 1 per 100 each type installed
Carpet, Guestrooms & Corridors:	5% for each type installed.
Carpet, Public Areas:	5% or 1 full pattern repeat of each type installed.
Wallcoverings:	Minimum 5% for each type of soft good material installed.
Key Card Energizer	3 per 100 installed (if present)
Power outlets, Wall Switches, Complete set including metal/plastic plates	Minimum 5 per type installed
Shaving Outlets	5 per 100 Guest Rooms (if present)
CFL and LED Bulbs	5% each type installed. (Minimum of 10 of each type installed to be provided.)
Incandescent and Halogen Bulbs	15% each type installed. (Minimum of 15 of each type installed to be provided.)
Low Voltage Transformer for Lighting	5% each type installed. (Minimum of 5 of each type installed to be provided.)

Ballasts/Starters	5% each type installed. (Minimum of 5 of each type installed to be provided.)
Shower Heads and Shower Hoses	5% each type installed. (Minimum of 5 of each type installed to be provided.)
Laundry and Dry Cleaning Equipment	As per manufacturer recommendation
Drive Belts for HVAC	1 exchange V-Belt per unit
Room Thermostat (Guestrooms, public areas, BOH)	2% each type installed. (Minimum of 2 of each type installed to be provided.)

HVAC equipment: All systems utilizing replaceable media filters to be provided with one (1) complete spare set of filters, in addition to the new filters to be installed on approval of each unit.

Chilled & Cold Water pumps. Enough packing to repack all pumps or 1 set of mechanical seals

Diesel Generator fuel oil storage tanks and onsite LPG stationary tanks (or LPG cylinders) to be re-filled on approval of each unit

Plumbing systems: Cleaning, flushing of the systems and disinfecting required at commissioning. When chemicals &/or softener treatment plant installed, all chemicals and salt containers to be re-filled on approval of each system

All remaining decorative, FF&E unused material (including without limitation to Carpet, Wall Vinyl, Floor & Ceiling tiles, paint)

EXHIBIT E

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

**STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

Commissioner of Department of Financial
Protection & Innovation
Department of Financial Protection &
Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT F
SYSTEM STANDARDS TABLE OF CONTENTS

SYSTEM STANDARDS TABLE OF CONTENTS (5,955 Total Pages)

- Owner / Operator / Hotel Communications
 - Owner/Operator/Hotel Communications.....(17 Pages)
 - Monthly Update Webinars.....(5 Pages)
 - Hyatt Commercial Services Partner Updates.....(16 Pages)
 - Focused Improvement Policy (FIP) Office Hours.....(24 Pages)
 - Full Service Quarterly Hotel Feature(11 Pages)
- Accounting
 - Systems Reference Guide - How Do I Request Access to Hyatt's Systems?.....(28 Pages)
 - Budget Guidance.....(6 Pages)
 - EBS Production - Reference Materials.....(54 Pages)
 - Franchise Fee True Up Process.....(2 Pages)
 - Franchise Invoices on Planning Analysis Website (PAW).....(18 Pages)
 - Gift Cards & Certificates.....(10 Pages)
 - NACA - National Account Credit Approval Program.....(9 Pages)
 - Onyx - Travel Agent Commissions.....(65 Pages)
 - Planning and Analysis Website (PAW)(9 Pages)
 - Sertifi eAuthorize for Opera(69 Pages)
 - World of Hyatt Accounting(10 Pages)
- Brand Mandates & Updates
 - COVID-19 Mandates(290 Pages)
 - Recent Brand Mandates(20 Pages)
 - GBAC STAR Facility Accreditation(126 Pages)
 - Hygiene & Wellbeing Leader Certification(24 Pages)
 - HGPP-Housekeeping Guest Personal Preference - Select Service Americas(63 Pages)
- Brand Standards
 - Brand Experience Guides (BEGs).....(15 Pages)
 - Best Rate Guarantee (BRG).....(26 Pages)
 - Cyber Security Risk Management Framework (Franchise).....(19 Pages)
 - Express Housekeeping - Select Service Americas.....(77 Pages)
 - Focused Improvement Policy (FIP).....(27 Pages)
 - Global Quality Assurance Program.....(5 Pages)
 - Hyatt Email Policy(46 Pages)
 - Hyatt Technical Standards(2 Pages)
 - Reviews and Survey Guidelines(8 Pages)
- Commercial Services
 - Systems Reference Guide - How Do I Request Access to Hyatt's Systems?.....(28 Pages)
 - Commercial Services Training(7 Pages)
 - Commercial Services Resources(7 Pages)
 - Hyatt's Global Digital Content & Website Content Updates(30 Pages)

- Corporate Responsibility
 - Environmental Sustainability at Hyatt(17 Pages)
 - Change Starts Here: Supplier Diversity.....(16 Pages)
 - EcoTrack.....(13 Pages)
 - RiseHY Resources.....(305 Pages)
- Food & Beverage - Full Service
 - Food & Beverage Philosophy(4 Pages)
 - Point of Sale Systems(19 Pages)
 - Banquets & Catering.....(28 Pages)
 - EcoSure Program(176 Pages)
 - In-Hotel Benefit SOP's(104 Pages)
 - Lifestyle(117 Pages)
 - Timeless Collection(66 Pages)
- Food & Beverage - Select Service
 - Beverage.....(129 Pages)
 - Hyatt House Core Food and Beverage Standards.....(20 Pages)
 - Hyatt Place Core Food & Beverage Standards(24 Pages)
 - Point of Sale Systems(19 Pages)
- Hyatt Digital
 - Apple Wallet(190 Pages)
 - Digital Key.....(28 Pages)
 - Digital Menu(20 Pages)
 - Enhanced Online Check In.....(266 Pages)
 - Event eMenus(7 Pages)
 - Hyatt Digital
Compendium.....(16 Pages)
- Job Training
 - Global Privacy Program and Human Trafficking Training.....(83 Pages)
 - General Manager(11 Pages)
 - Assistant General Manager.....(196 Pages)
 - Director of Operations & Rooms(196 Pages)
 - Director of Housekeeping.....(130 Pages)
 - Director of Engineering.....(126 Pages)
 - Front Office Manager(186 Pages)
 - Food & Beverage.....(81 Pages)
 - Commercial Services Training(7 Pages)
 - HGPP-Housekeeping Guest Personal Preference - Select Service Americas(63 Pages)
- Operational Systems
 - Systems Reference Guide - How Do I Request Access to Hyatt's Systems?(28 Pages)
 - BOB.....(89 Pages)
 - Colleague Advantage.....(24 Pages)
 - Consumer Affairs - Care and Resolution Expert(4 Pages)
 - Guest Experience Resource Library(5 Pages)

- Hotel Heat Map & Inspection Dashboard(52 Pages)
- HyGEO(74 Pages)
- Hyatt In Room Entertainment, featuring STAYCAST(58 Pages)
- HyTune (Opera and Reserve Resource)(23 Pages)
- HySat / Medallia(9 Pages)
- Inspection Programs(32 Pages)
- Opera PMS(49 Pages)
- Opera Support(17 Pages)
- Reserve(31 Pages)
- Medallia Concierge (Formerly Zingle)(35 Pages)
- Guest Experience Management (GEM)(7 Pages)
- HotSOS Service Optimization Suite (Main Page)(44 Pages)
- SafeStays by ReloShare(52 Pages)
- People & Learning
 - Systems Reference Guide - How Do I Request Access to Hyatt's Systems?(28 Pages)
 - Colleague Discount Room Availability(11 Pages)
 - Colleague Experience Survey(4 Pages)
 - Contact Finder - Accessing & Updating Hotel Contacts(26 Pages)
 - Distribution Groups(17 Pages)
 - Headspace for Work(57 Pages)
 - Hiring & Recruiting(58 Pages)
 - Hyatt User Management (HUM)(45 Pages)
 - Minisites(26 Pages)
 - My Learning.....(59 Pages)
 - Password Resetting (SSPR/MFA)(52 Pages)
 - People Playbook Franchise Edition.....(4 Pages)
 - Posting Jobs to Hyatt's Career Site(9 Pages)
 - RiseHY Resources.....(305 Pages)
- Pre-Opening / Conversion Hotels
 - Systems Reference Guide - How Do I Request Access to Hyatt's Systems?(28 Pages)
 - GBAC STAR Facility Accreditation(126 Pages)
 - Hygiene & Wellbeing Leader Certification(24 Pages)
 - Pacer - Property Lifecycle.....(5 Pages)
 - Select Service - Pre Opening Resources(10 Pages)
- Purchasing
 - Change Starts Here: Supplier Diversity.....(16 Pages)
 - Full Service.....(31 Pages)
 - Housekeeping Personal Duress Alarms(42 Pages)
 - Select Service(31 Pages)

- Security / Emergency
 - FEI Alert Centre - Emergency Notification(8 Pages)
 - Hotel Emergency Contacts(7 Pages)
 - Hotel Systems Emergency Evacuation Procedures(10 Pages)
 - Risk Portal - Incident Intake.....(22 Pages)
- World of Hyatt
 - In-Hotel Benefit SOP's(114 Pages)
 - QAR - Quality Assurance and Relocation - World of Hyatt Program.....(270 Pages)
 - World of Hyatt Department Page(41 Pages)

EXHIBIT G
CONFIDENTIALITY AGREEMENT

G

CONFIDENTIALITY AGREEMENT

This CONFIDENTIALITY AGREEMENT (this “Agreement”) is made as of this _____ day of _____, _____, by and between _____, a[n] _____, whose address is _____ (“Company”) and HYATT FRANCHISING, L.L.C., a Delaware limited liability company, whose address is 150 North Riverside Plaza, Chicago, Illinois 60606 (“Hyatt”). Hyatt and/or Company may each also be referred to herein as a “party” or collectively as the “parties” and a party which is disclosing Confidential Information may be referred to herein as the “disclosing party” and the party which is receiving Confidential Information may be referred to herein as the “receiving party.”

RECITALS

A. Company and Hyatt are discussing mutual business opportunities relating to the possible transaction (the “Transaction”) with respect to the property commonly known as _____ (the “Property”) and the hotel business conducted thereon (the “Business”) and Company and Hyatt desire to share certain Confidential Information (as defined herein) with each other, subject to the terms contained herein.

B. Hyatt and Company wish to enter into this Agreement to confirm that the Confidential Information will be treated as confidential in accordance with the terms of this Agreement, and to provide the parties hereto with certain rights and remedies in connection with the violation of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Confidential Information.** “Confidential Information” shall mean the information provided by either party to the other with respect to the Property and Business including, but not limited to, the following: (a) management and operational information, forecasts, and projections; (b) financing information; (c) proprietary know-how, data, documents, designs, photographs, plans, graphs, drawings, specifications, pro forma models, reports, contracts, customer lists, pricing information, studies, findings, and other ideas; (d) entity information relating to the disclosing party including, without limitation, any joint venture agreement, limited liability company agreement or similar arrangements; (e) documents relating to real property interests including, but not limited to, environmental reports and audits; (f) information that should be treated as confidential under the circumstances surrounding its disclosure, including without limitation, proprietary information of Hyatt; (g) any information of Hyatt clearly identified as a “Hyatt Trade Secret”; and (h) any discussion between Hyatt and the Company with respect to any of the foregoing, the Property, the Business, the possible business relationship, and this Agreement in general, including without limitation, the fact that any such discussions are taking place or any business relationship is being discussed, and the content and terms thereof.

2. **Exclusions.** The term Confidential Information does not include information which (A) was or becomes generally available to the public other than as a result, directly or indirectly, of any disclosure by the receiving party hereunder, or (B) was or becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or its employees, agent or representatives, provided that such source is not, to the receiving party’s knowledge, bound by a confidentiality agreement or otherwise prohibited from transmitting the information to the receiving party by contractual, legal or fiduciary obligations, (C) was within the possession of the receiving party prior to its being furnished to the receiving party by the disclosing party, or (D) information which is incorporated into analyses, studies or internal

reports, provided, however, such information, studies, analyses or reports shall be kept confidential in accordance with the receiving party's policies and procedures it uses to protect and safeguard its own client confidential information.

3. Covenants Regarding Confidential Information. The receiving party shall hold all Confidential Information received in confidence and take all necessary steps to keep the Confidential Information confidential with its then current protocols in order to maintain the confidential nature of the Confidential Information in accordance with the terms hereof. The receiving party may only use Confidential Information for evaluation purposes with respect to the Property and the Business in relationship to the Transaction and may not disclose the Confidential Information to any third party other than to its affiliates, related companies, partners, employees, directors, officers, legal counsel, accountants, prospective lenders, consultants, advisors, principals, and existing investors (collectively, the "Representatives") who have a need to know Confidential Information, provided that the party which shares the Confidential Information with its Representatives shall inform all such Representatives to maintain the confidentiality of the Confidential Information. Receiving party shall be liable for a breach of this Agreement by its Representatives; provided, however, the receiving party shall not be responsible for any breach of this Agreement by a Representative that has executed a separate confidentiality agreement with the disclosing party with respect to the Transaction.

4. Ownership of Confidential Information. All Confidential Information disclosed by a disclosing party, directly or indirectly, shall remain the exclusive property of such party. Further, the disclosing party does not grant any license or rights to any Confidential Information, trademark, trade name or trade secret to the other party.

5. No Representation or Warranty. The disclosing party does not (a) make any guarantee, warranty or representation whatsoever, expressed or implied, as to the accuracy or completeness of the Confidential Information, and (b) have any liability whatsoever to the receiving party relating to or resulting from the use of the Confidential Information or any errors therein or omissions therefrom. The receiving party agrees that it is not entitled to rely on the accuracy or completeness of any Confidential Information.

6. Destruction of Confidential Information by Company. Each of the parties shall immediately destroy all Confidential Information and all copies or summaries of Confidential Information at the earlier of (a) the termination of discussions between Company and Hyatt regarding the Project or (b) on the written request of the disclosing party. Notwithstanding the foregoing, receiving party and its Representatives may retain one copy of Confidential Information as may be required by (i) law, regulation or legal process, (ii) internal compliance or document retention policies, or (iii) with respect to digital media, such return or destruction is not practically feasible. Any Confidential Information so retained shall kept confidential in accordance with such party's policies and procedures it uses to protect and safeguard its own client confidential information. The receiving party shall also provide to the disclosing party a certification executed by a duly authorized officer who has supervised compliance with the foregoing indicating that the requirements of this provision have been satisfied in full.

7. Term. Except as otherwise set forth herein, the obligations set forth in this Agreement shall terminate upon the execution of definitive agreements between the parties with respect to the Transaction or two (2) years from the date of this Agreement, whichever occurs first; *provided, however*, that notwithstanding the termination of this Agreement, the confidentiality obligations of the Company with respect to a Hyatt Trade Secret shall continue until the later of (i) five (5) years from the date of this Agreement, and (ii) until such time that Hyatt has provided notice that the Hyatt Trade Secret is no longer deemed by Hyatt to be a trade secret.

8. [Indemnity]. Company acknowledges and agrees that it presented the Property and Business to Hyatt and initiated all discussions with Hyatt surrounding the Property and Business. Company agrees to

indemnify, defend and hold harmless Hyatt for, from and against any and all Claims. For purposes of this Agreement, "Claims" shall mean any and all claims, demands, actions, penalties, suits and liabilities, in connection with, arising from, or for any reason related to (i) negotiations relating to the Property or Business in violation of any existing management or similar agreement relating to the branding, operation or use of the Property (the "Existing Agreements") and/or (ii) the termination of the Existing Agreements, as a result of any such negotiations.]

9. Remedies and Waiver. The parties hereby acknowledge the importance of complying with the provisions of this Agreement. Therefore, the parties agree that money damages, which the parties agree would be substantial, would not be a sufficient remedy for any breach of this Agreement, and a party shall be entitled, in addition to money damages, to specific performance and injunctive relief and any other appropriate equitable remedies for any such breach. The party at fault agrees not to oppose the granting of equitable relief on grounds that damages are sufficient, and agrees not to require that the other party prove that damages are insufficient in order to obtain equitable relief or the posting of a bond. The party at fault agrees to waive, and to cause its Representatives to waive, any requirement for the securing or posting of any bond in connection with such remedy. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement, but shall be in addition to all other remedies available at law or in equity to a party. **THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY SUCH DISPUTE.** The prevailing party in any dispute regarding the enforcement of this Agreement shall be entitled to reasonable legal fees and expenses, which such prevailing party incurred in connection with such enforcement.

10. Compulsion by Law. If a receiving party is requested or required (by oral questions, interrogations, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, the receiving party shall, to the extent legally permissible, provide the disclosing party with immediate notice of such request(s) so that the disclosing party may seek an appropriate protective order and/or waive compliance with the provisions of this Agreement. The receiving party agrees to cooperate with the disclosing party, at the disclosing party's expense, in obtaining such a protective order. If the receiving party does not obtain such protective order or other remedy, the receiving party agrees to furnish only that portion of the Confidential Information which, in the opinion of the receiving party's counsel, the receiving party is legally compelled to disclose and the receiving party agrees to use its reasonable efforts to obtain assurance that, to the extent possible, confidential treatment will be accorded the Confidential Information.

11. Relationship. Nothing herein contained shall be construed to create an agency, joint venture, partnership or other form of business association between Hyatt, Company, and their respective affiliates, related companies, partners, employees, directors, officers, legal counsel, consultants or accountants hereto. By receiving the Confidential Information, neither party nor their respective officers, directors, employees, agents, prospective lenders, consultants, or principals are under any obligation to negotiate in respect of a transaction with respect to the Property or Business, the parties will not be bound by any verbal agreement, and either party may terminate at any time discussions with the other party, its officers, directors, employees, agents, prospective lenders or principals, at its sole and absolute discretion.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall be deemed one agreement, but no counterpart shall be binding unless an identical counterpart shall have been executed and delivered by each of the other parties hereto. Documents executed, scanned and transmitted electronically in PDF format and/or electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

13. Governing Laws. This Agreement will be governed by and construed in accordance with the laws of the State of New York and the laws of the United States applicable therein.

14. Jurisdiction. For the purposes of all legal proceedings, this Agreement will be deemed to have been performed in the State of New York and the courts of the State of New York will have jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the jurisdiction of the courts of the State of New York.

15. Notice. Any notice required under this Agreement to be given by either party to the other party shall be in writing in the English language. Any required notice shall be served by sending the same (a) via personal delivery thereof to, and actual receipt by, the other party; (b) upon facsimile or electronic mail transmission to the other party, at its facsimile number or Email address as set forth below, provided such delivery is acknowledged by the recipient confirming such receipt with respect to electronic mail transmission and provided the facsimile copy sent by the sender provides an automatic notation confirming the delivery thereof; (c) on the next business day following delivery by the sender to a recognized international courier service; or (d) three (3) business days following deposit in the United States mail to the address of the other party stated in this Agreement. All notices delivered pursuant to this Agreement shall be addressed to the parties as follows (or to such other address and to the attention of such persons as the parties may designate by like notice hereunder):

If to Company: _____

Attn: _____
Fax: _____
Email: _____

If to Hyatt: Hyatt Corporation
150 North Riverside Plaza
Chicago, IL 60606
Attn: _____
Fax:
Email:

with a copy to: Hyatt Corporation
150 North Riverside Plaza
Chicago, IL 60606
Attn: General Counsel
Fax: 312-780-5284
Email: office.of.general.counsel@hyatt.com

16. Interpretation. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but, if any provision of this Agreement shall be invalid or prohibited thereunder, such invalidity or prohibition shall be construed as if such invalid or prohibited provision had not been inserted herein and shall not affect the remainder of such provision or the remaining provisions of this Agreement.

17. Miscellaneous. The terms set out in this Agreement may be modified only in writing signed by both parties. No waiver is effective unless in writing and signed by the waiving party. No waiver is deemed a waiver of any future performance. This Agreement contains the entire understanding between the parties with respect to the Confidential Information and shall be binding upon each of the parties, and their respective employees, affiliates, third-party agents, successors, and assigns.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

HYATT FRANCHISING, L.L.C.,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT H
LIST OF CURRENT FRANCHISEES

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022

Florida

Banyan Cay Resort & Golf, LLC
Destination Banyan Cay
3200 North Congress Avenue
West Palm Beach, Florida 33401
Not open as of December 31, 2021

Illinois

JPD Oak Brook Holdings, LLC
Destination The Lodge at Oakbrook Reserve
2815 Jorie Boulevard
Oak Brook, IL 60523
*Not open as of December 31, 2022**

Washington

Suncadia Resort LLC
Suncadia Resort
3600 Suncadia Trail
Cle Elum, WA 98922
877.220.1438

* The franchisee signed a “Destination by Hyatt” Franchise Agreement but, as of December 31, 2022, the outlet was operating as a “Hyatt Hotel” without a sub-brand. The outlet has not yet launched as a “Destination by Hyatt” hotel.

EXHIBIT I
LIST OF FORMER FRANCHISEES

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2022

[NONE]

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

EXHIBIT J
HOSTING SERVICES AGREEMENT

HOSTING SERVICES AGREEMENT

This Hosting Services Agreement (“**Agreement**”) is made this _____ day of _____, 2023 (the “**Effective Date**”), by and between _____ (Name of Franchisee), a(n) _____ (“**Owner**”) and Hyatt Franchising, L.L.C., a Delaware limited liability company (“**Hyatt**”). Hyatt and Owner may be referred to herein individually as a “**Party**” or together as the “**Parties**.”

WHEREAS, Owner owns or will own the [BRAND] Hotel, which is or will be located at _____, _____, _____ (the “**Property**”), and the Property is operated pursuant to a franchise agreement between Owner and Hyatt (as it may be amended, “**Franchise Agreement**”);

WHEREAS, Owner has entered into an agreement with Oracle America, Inc. (“**Oracle**”) for the licensing of a property management system (the “**License Agreement**”); and

WHEREAS, in conjunction with the Franchise Agreement, Hyatt shall provide hosting and related services in support of the Property Management System to the extent set forth herein.

NOW, THEREFORE, in consideration of the representations and promises of the parties set forth below, and other good and valuable consideration the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Scope of Services.

a. Services. This Agreement including Schedule 1 describes the Services that Hyatt shall provide to Owner hereunder, which shall include hosting and making available the Property Management System for use by Owner and its Authorized Users, and providing and maintaining the Hosted Hardware. The Services shall also include providing upgrades and updates to: (A) the Third Party Software (to the extent provided by an applicable third party vendor and authorized for use by Hyatt); and (B) the Hosted Hardware (to the extent provided by an applicable third party vendor and authorized for use by Hyatt). Installation and configuration services will be subject to a separate agreement.

b. Restrictions. Owner may not: (i) knowingly propagate, or allow propagation of, any virus, worms, Trojan horses or other programming routine intended to damage any system or data; or (ii) knowingly store or allow for storage of defamatory, trade libelous, or otherwise unlawful data. In addition, Owner must comply with all other restrictions listed in the License Agreement.

c. Suspension. Hyatt, without prejudice to its other rights at law or in equity, may suspend the Services: (i) upon a violation of any restriction or obligation listed in Section 1(b); (ii) if any misuse of the Services or misconduct with respect to the Services on the part of Owner or its employees, agents or end users creates, in Hyatt’s sole and reasonable judgment, an imminent risk of material damage to Hyatt’s network, facilities or other property or violation of any applicable laws or legal obligations; (iii) if Owner disrupts or causes harm to Hyatt’s computers, systems, infrastructure, or provision of the Services to other parties; or (iv) upon request of a government authority. Any such suspension shall be as limited in scope and duration as possible consistent with Hyatt’s needs to protect its network, facilities and property. Except in the case of suspension upon request of government authority, Owner shall continue to pay all Fees during the suspension period. Service shall be promptly restored as soon as Hyatt determines, in its sole, reasonable discretion, that the default has been cured. In addition, and without limiting Hyatt’s other rights and remedies, if Owner fails to make any payment when due and such failure continues for forty-five (45) days or more, Hyatt may suspend Owner’s access to the Services until such amounts are paid in full.

2. Definitions

a. “**Affiliate**” means with respect to any party, any person or entity that, at any given time, directly or indirectly, controls, is controlled by, or is under common control with, such party, whether through ownership of voting securities, by contract, or otherwise.

- b. **“Agreement”** means this Agreement, including all current or future schedules.
- c. **“Authorized Users”** means: (i) Owner; and (ii) employees and agents of Owner when they are performing services for Property relating to the Property Management System.
- d. **“Cardholder Data”** means any data that relates to (i) a payment card authorized by or bearing the logo of a member of the Payment Card Industry ("PCI") Security Standards Council (the "PCI SSC"), or any similar organization that Hyatt periodically specifies, or alternative technology or non-cash transaction method relating to payment that Hyatt periodically specifies, or (ii) a person to whom such a payment card or alternative technology as described in (i) has been issued.
- e. **“Effective Date”** means the date that appears in the first paragraph of this Agreement.
- f. **“Facility”** means the physical location at which, at any given time, the Hosted Hardware resides and the hosted components of the Property Management System are hosted, or such distributed “cloud” environment as may be utilized by Hyatt or its Affiliate to host the Property Management System.
- g. **“Fees”** means the fees specified in Schedule 3 hereto.
- h. **“Flag Change”** shall have the meaning assigned to it in Section 10(c).
- i. **“Hosted Hardware”** means the file servers, network routers and switches, firewalls, and other hardware, technology, and network devices in the Facility and used by Hyatt to host the hosted components of the Property Management System and provide the Services. It does not include any hardware located outside of the Facility, including any hardware located at the Property.
- j. **“Hosted System”** means the Hosted Hardware, Property Management System and Third Party Software, collectively, hosted by Hyatt or its Affiliate and made available by Hyatt to Owner and its Authorized Users pursuant to this Agreement.
- k. **“Hotel Environment”** means the hardware and software environment for which the Owner has selected and is responsible for as set out in Hyatt’s then current Configuration Guide Technical Requirements and Operating Standards: General Requirements, which is available upon request and posted on Hyatt’s intranet site, Hyattconnect.
- l. **“License Agreement”** shall have the meaning assigned to it in the recitals.
- m. **“Order”** means an order executed by Hyatt and Owner during the term of this Agreement, setting forth the billing and payment terms for the Fees.
- n. **“PCI DSS”** means the current Payment Card Industry Data Security Standards.
- o. **“Property Management System”** means the software specified in the License Agreement.
- p. **“Services”** means all tasks and services to be performed by Hyatt hereunder and described in Schedule 1.
- q. **“Term”** has the meaning assigned to it in Section 5 hereof.
- r. **“Third Party Software”** means any software that is proprietary to a third party and that is installed and maintained on the Hosted Hardware or otherwise used in connection with the provision of the Services but does not include the Property Management System.

3. Data Ownership.

Hyatt and Owner acknowledge and agree that ownership and access rights for the data input into the Property Management System shall be as set forth in the Franchise Agreement.

4. Services

a. General. Schedule 1 specifies the Hosted System to be provided by Hyatt in connection with the performance of the Services hereunder. The Hosted System shall be installed at the Facility. As of and from the Effective Date and continuing throughout the Term, Hyatt will be responsible for daily management, monitoring, operation and maintenance of the Hosted System within the Facility, for the benefit of Owner and its Authorized Users, in accordance with the terms and conditions of this Agreement (with the exception of maintenance for the Property Management System which maintenance is governed by the License Agreement). Should such maintenance require a temporary disruption of any Services, Hyatt shall use commercially reasonable efforts to provide Owner two (2) weeks advance notice of such scheduled maintenance. The current maintenance schedule is set forth in Schedule 2. Hyatt shall update such schedule as applicable. Should any disruption be required outside of the agreed maintenance window (for example, for a critical incident), Hyatt shall provide Owner with prompt notice of such emergency maintenance. Hyatt will make every commercially reasonable effort to make any such disruptions as brief as possible and to schedule any such disruptions during the scheduled maintenance window.

b. Hotel Environment. Owner acknowledges and agrees that the performance of the Services may be dependent upon Owner providing, at its sole cost and expense, all of the elements of the Hotel Environment. Owner waives any claims including but not limited to warranty claims against Hyatt, to the extent arising from Owner's failure to provide a hardware and software environment that complies with the Hotel Environment requirements.

c. Restrictions. Owner may only use the Hosted System and Services for Owner's business at the Property. Owner will not make any representations or warranties on behalf of Hyatt that are inconsistent with the terms of this Agreement. Owner's failure to use the Property Management System, Third Party Software, Hosted Hardware, Hosted System, or Services shall not relieve Owner of any of its obligations hereunder, including without limitation payment obligations. Owner may not loan, rent, lease, resell, transfer, convey, assign or license the Services to any other party or sell information services to other parties through the use of the Property Management System, Hosted Systems or Service, whether in the form of a service bureau, reservation center, or other information processing entity.

d. Personnel. Services may be rendered by an employee or subcontractor of Hyatt or its Affiliate who (a) is not solely dedicated to the Property, and may perform similar services for other hotels; (b) may perform Services at the Property or off-site; and (c) will conform to the reasonable rules and regulations of the Property when on Property premises.

5. Term.

This Agreement is effective upon the Effective Date, and shall expire twelve (12) months from the Effective Date (the "**Initial Term**"), unless sooner terminated in accordance with the terms hereof. Thereafter, this Agreement shall automatically renew for successive 12-month renewal periods (each, a "**Renewal Term**" and, together with the Initial Term, the "**Term**") unless written notice of termination is provided by either Party to the other Party at least ninety (90) days prior to the expiration of the Initial Term or the then-applicable Renewal Term.

6. Payments and Terms.

a. Payment. In consideration of the Services to be provided by Hyatt to Owner under this Agreement, Owner shall pay Hyatt the Fees in accordance with the applicable Order. Unless otherwise expressly set forth in the applicable Order, all Fees will be invoiced and payable in U.S. Dollars. If Owner fails to make any payment when due then, in addition to all other remedies that may be available, Hyatt may charge interest on the past due amount at the rate of 1.5% per month calculated daily and compounded monthly or, if lower, the highest rate permitted under applicable law.

b. Fee Guidance. The fee for the Services is intended to cover the costs for Hyatt to provide the Services. The fee for such Services will be calculated in the same manner as the fee charged to hotels managed by a Hyatt Affiliate that are receiving similar services.

7. Warranties.

a. Hyatt represents and warrants to Owner as follows:

i. that it has the full right, power and authority to enter into this Agreement and that Hyatt's entering into this Agreement shall not result in a breach of or constitute a default under any agreement or instrument to which it is a party;

ii. Hyatt shall comply with all applicable laws, enactments, orders and regulations in connection with the performance of its obligations hereunder;

iii. all performance under this Agreement by Hyatt shall be in a professional, and workmanlike manner by appropriately qualified and experienced personnel, in accordance with industry standard practices and the provisions and requirements of this Agreement;

iv. Hyatt shall maintain compliance with the PCI DSS for the Hosted System, including the security of Cardholder Data that Hyatt stores, processes or transmits on behalf of the Owner; and

v. Hyatt shall implement a disaster recovery program and use commercially reasonable efforts to maintain such program.

b. Owner represents and warrants to Hyatt as follows:

i. it has the full right, power, and authority to enter into this Agreement and that Owner's entering into this Agreement shall not result in a breach of or constitute a default under any agreement or instrument to which it is a party;

ii. Owner shall comply with all applicable laws, enactments, orders and regulations in connection with the performance of its obligations hereunder; and

iii. Owner shall comply with standards and measures required under the PCI DSS regarding the collection, storage, use, processing and transfer of Cardholder Data and maintain the confidentiality and security of that Cardholder Data.

c. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THOSE CONCERNING MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ACCURACY OR USE. WITHOUT PREJUDICE TO THE FOREGOING WARRANTIES OR ANY OF HYATT'S EXPRESS OBLIGATIONS UNDER THIS AGREEMENT, HYATT DOES NOT WARRANT OR GUARANTEE THAT THE HOSTED HARDWARE, PROPERTY MANAGEMENT SYSTEM, OR ANY OF THE SERVICES PROVIDED HEREUNDER WILL SATISFY OWNER'S REQUIREMENTS, OR THAT THE OPERATION OF SUCH WILL BE COMPLETELY UNINTERRUPTED OR COMPLETELY ERROR FREE.

8. Indemnity.

Hyatt and Owner's indemnification obligations in the Franchise Agreement are incorporated by reference into this Agreement.

9. Limitation of Damages and Disclaimers.

a. Indirect Damages. EXCEPT AS SET FORTH IN THE FRANCHISE AGREEMENT, NO PARTY WILL BE RESPONSIBLE TO THE OTHER PARTY OR ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, BUSINESS INTERRUPTION, OR PUNITIVE DAMAGES WHETHER ARISING FROM OWNER'S USE (OR INABILITY TO USE) OF THE HOSTED HARDWARE, PROPERTY MANAGEMENT SYSTEM, SUPPORT OR SERVICES PROVIDED HEREUNDER, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

b. Damages Cap. EXCEPT AS SET FORTH IN THE FRANCHISE AGREEMENT, IN NO EVENT SHALL ANY PARTY BE LIABLE IN RESPECT OF ANY EVENT OR SERIES OF CONNECTED EVENTS FOR ANY DAMAGES UNDER THIS AGREEMENT OR IN CONNECTION WITH THE RELATIONSHIP OF THE PARTIES HEREUNDER IN EXCESS OF AN AMOUNT EQUAL TO THE SUM OF ALL FEES AND CHARGES DUE HEREUNDER, WHETHER OR NOT PAID BY OWNER FOR THE 12 MONTHS PERIOD PRIOR TO THE RELEVANT EVENT OR SERIES OF EVENTS. WITHOUT LIMITING HYATT'S EXPRESS OBLIGATIONS HEREUNDER, HYATT SHALL NOT BE RESPONSIBLE FOR AND DISCLAIMS ANY LIABILITY ASSOCIATED WITH A THIRD PARTY'S FAILURE TO PROCESS CREDIT CARD TRANSACTIONS ON BEHALF OF OWNER.

c. Hotel Security. It is Owner's responsibility to have and maintain in place virus protection software and reasonable security for its on-site systems and on-site data, which such security include firewalls, passwords, physical security, access control policies, and the like. Owner acknowledges that the security of Property's facilities and protection of its own network and the data and applications on that network, including protections against unauthorized access, is solely and entirely Owner's responsibility. Owner acknowledges that, to be effective, virus protection software, system passwords, and other security software require periodic updates, which Owner must obtain from its supplier or the manufacturer, as appropriate. Support or services hereunder necessitated by viruses introduced by Owner or its Affiliate or a third party, or by any failure or breach of Owner's security for its systems or data (not including breaches of the security of the Services or Hosted Hardware), including, without limitation, damage caused by hackers or persons lacking authorized access, is not covered, and will be supplied only upon request and on a reasonable efforts basis, on a time and material basis. Owner waives any claims against Hyatt to the extent arising from Owner's failure to have or maintain current virus protection, or to the extent arising from a failure or breach of Owner's security for its own systems. Hyatt will use commercially reasonable efforts to secure the environment from unauthorized access, which shall be no less than the efforts it takes to secure its own environment.

d. Communications. Owner will be responsible for installing and bearing the cost of all communications necessary to access the Property Management System from Owner's facilities, and implementing and maintaining any necessary or desired security for the communication process. Hyatt expressly disclaims any responsibility for or liability or problems resulting from Owner's choice of a communications service provider and any matters directly relating to Owner's connectivity or transmission of data to or from the Facility.

e. Access to Data. Owner acknowledges that its ability to access its data may be adversely affected by problems with its Internet or Owner private network provider connectivity and any mutually agreed upon scheduled maintenance outages.

10. Termination.

a. Termination by Hyatt. Notwithstanding any minimum agreed term, Hyatt may, by written notice to Owner, terminate this Agreement: (i) upon any material breach by Owner which such material breach is not remedied within thirty (30) days of written notice to Owner setting out the nature of such breach and requiring its remedy; (ii) upon the termination of the License Agreement in accordance with its terms; or (iii) at any time for any reason or no reason upon thirty (30) days written notice to Owner.

b. Termination by Owner. Owner may terminate this Agreement: (i) upon any material breach by Hyatt which such material breach is not remedied within thirty (30) days of written notice to Hyatt setting out the nature of such breach and requiring its remedy; or (ii) without cause upon six (6) months' notice to Hyatt.

c. Termination for Assignment. This Agreement shall automatically terminate upon any Flag Change by Owner. For purposes of this clause, “**Flag Change**” means any termination of Hyatt’s franchise relationship with Owner or any change resulting in the Property ceasing to be under a management, franchise or similar agreement with a direct or indirect subsidiary of Hyatt Hotels Corporation.

d. Effect of Termination of Agreement. Upon termination or expiration of this Agreement:

i. Owner shall immediately cease using the Services and Hyatt shall cease providing Services to Owner under this Agreement;

ii. Upon termination, Owner shall pay all Fees for Services provided up to the expiration/termination date.

iii. The Parties agree that Sections that by their nature, or to give effect to their meaning, must survive expiration or termination of this Agreement, shall survive any expiration or termination of this Agreement.

11. Facility. Hyatt or its Affiliate may move the Facility to another location at any time, provided in the event the new location is in a different country than the prior location, Hyatt shall notify Owner in writing of the intended move as far in advance thereof as is reasonably practicable under the circumstances (but in no event less than ninety (90) days in advance). Any relocation or moving of the Facility shall be conducted with the least disruption feasible upon Owner or any Authorized Users. Hyatt shall not be responsible to Owner for any such additional or incremental costs and expenses incurred by Owner, or any of its respective third-party service-providers or other business associates.

12. No Assignment. Owner may not assign or transfer this Agreement or its rights and obligations hereunder, without the prior written consent of Hyatt. Any unpermitted assignment shall be null and void. Hyatt reserves the right at any time to transfer or assign this Agreement, or a portion thereof, without notice or consent.

13. Force Majeure. Neither Party shall be responsible for delay in performance resulting from events beyond its reasonable control and that were not avoidable through the exercise of due care, which shall include but not limited to acts of God, fire, earthquakes, war, civil unrest, accident, power fluctuations or outages, telecommunication fluctuations, outages or delays, utility failures, mechanical defects or other events beyond the control of a Party.

14. Independent Contractor. Hyatt is an independent contractor and all persons employed to furnish Services hereunder are employees or subcontractors of Hyatt and not of Owner.

15. Incorporation of Franchise Agreement Provisions. Articles XIV, XVII and XVIII of the Franchise Agreement, entitled Dispute Resolution (including, but not limited to Arbitration), Notices and General, respectively, are incorporated by this reference into this Agreement.

16. Binding. This Agreement shall inure to and bind the successors, assigns and representatives of the parties.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

HYATT FRANCHISING, L.L.C.

[Insert Name of Franchisee]

By: _____

By: _____

Name:

Name: _____

Title:

Title: _____

Date: _____

Date: _____

LIST OF SCHEDULES

Schedule 1	Hosted System and Services
Schedule 2	Maintenance Schedule
Schedule 3	Fees

Schedule 1

HOSTED SYSTEM AND SERVICES

HOSTED SYSTEM

OPERA Property Management System (PMS)
Applicable Property Interfaces

SERVICES

Hyatt shall be responsible for:

- (i) Installation of the Hosted Hardware at the Facility.
- (ii) Hosting and monitoring of the Property Management System.
- (iii) Hosting, monitoring, maintenance and support of the Third Party Software, and the Hosted Hardware.
- (iv) For clarity, with regard to the Hosted System: (i) scheduled maintenance; (ii) security and intrusion detection; and (iii) event reporting.

All Hosted Hardware shall be continually monitored and managed by Hyatt on a 24 x 7 x 365 basis.

As between Owner and Hyatt, all connectivity from the Owner's network to the Hosted System components in the Facility is the sole responsibility of Owner. All connectivity within the Facility is the sole responsibility of Hyatt. Owner's primary point of contact for support with respect to the Property Management System shall be Oracle, unless Owner is located in a region where Oracle does not provide support, in which case Owner's primary point of contact for such support shall be Oracle's designated support partner. If Owner is not able to obtain support from Oracle (or an Oracle designated support partner, as applicable), Owner may open a support ticket with the Hyatt Service Desk.

Schedule 2

MAINTENANCE SCHEDULE

Hyatt's maintenance schedule is subject to change. Emergency maintenance may be performed at any time. Hyatt's current maintenance schedule for scheduled and non-emergency maintenance is as follows:

Maintenance Task Calendar

The calendar below highlights the days when maintenance tasks may occur during the month.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Color	Description
Green	Available for scheduled maintenance.
Yellow	Prior to performing any scheduled maintenance, additional discretion will be applied in order to avoid impact to business on these days.

Schedule 3

FEES

The fee for the Services is a portion of and included in the System Services Charges (as defined in the Franchise Agreement). The fee for the Services will fluctuate monthly, subject to Section 6b of this Agreement.

EXHIBIT K
COMFORT LETTER

K



150 North Riverside Plaza
Chicago, IL 60606

Tel: 312.750.1234

_____, 2023

Re: Franchise Agreement dated as of _____, 2023 (the “**Franchise Agreement**”), by and between Hyatt Franchising, L.L.C., a Delaware limited liability company, (“**Hyatt**”) and _____, a(n) _____ (“**Franchisee**”).

Dear Sir or Madam:

Reference is made to the Franchise Agreement pursuant to which Franchisee operates or will operate the [Brand] Hotel located at _____ (the “**Hotel**”). The arrangement represented by the Franchise Agreement is called the “Franchise.” Franchisee has represented that (1) Franchisee and _____ (“**Lender**”) have entered into, or are about to enter into, a loan agreement pursuant to which the Hotel will secure certain indebtedness owed by Franchisee to Lender, which indebtedness will be evidenced by a promissory note made by Franchisee in favor of Lender (together with the other loan documents evidencing or securing such indebtedness, as amended, restated or otherwise modified from time to time, the “**Loan Documents**”) and (2) that the loan proceeds will be used for the direct benefit of the Hotel. Franchisee and Lender have requested that Hyatt enter into this letter agreement (this “**Comfort Letter**”). Franchisee or Lender shall pay to Hyatt a fee in the amount of Two Thousand Five Hundred Dollars (\$2,500) in connection with this Comfort Letter, prior to or simultaneous with its execution. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Franchise Agreement.

Hyatt, Franchisee, and Lender agree as follows:

1. While Lender has a valid first mortgage on the Hotel during the term of the Franchise Agreement, Hyatt agrees to use commercially reasonable efforts to (a) give Lender thirty (30) days prior written notice of any voluntary surrender by Franchisee of the Franchise (to the extent that Hyatt is aware in advance of any such voluntary surrender) and (b) furnish Lender with copies of default notices sent by Hyatt to Franchisee. In the event of a default by Franchisee under

the Franchise Agreement Hyatt shall allow Lender thirty (30) days from the date of any such notice to cure or cause to be cured the default(s) specified in such notice. If such default is of a non-monetary nature and cannot be cured within said thirty (30) day period by reason of the time necessary for Lender to exercise its rights and remedies pursuant to the Loan Documents or applicable law, then Lender shall have such additional period of time, as is reasonably necessary to complete the exercise of its rights and remedies, provided that Lender proceeds with and continues to cure such non-monetary default and exercise of remedies with due diligence, but in no event shall such period exceed one hundred and eighty (180) days following notice to Lender. Notwithstanding any of the foregoing: (a) in the event of a health or life safety default, the cure period shall be three (3) days; and (b) Lender does not have the ability to cure the following defaults by Franchisee: bankruptcy, assignment for the benefit of creditors, appointment of a receiver or trustee, breach of restrictions on Control Transfers, or breach of Trade Restriction Laws, but foreclosure of Lender's mortgage by Lender shall constitute curing of such defaults solely for the purpose of this Comfort Letter and commencement of foreclosure proceedings shall constitute commencement of cure solely for the purpose of this Comfort Letter; provided, however, if Lender petitions for the appointment of a receiver or trustee, Lender (a) shall not thereafter consent to any sale or transfer of the Hotel to a third party unless Hyatt has approved the transferee in accordance with Section 12.4 of the Franchise Agreement and (b) any receiver or trustee must be approved in writing by Hyatt and meet Hyatt's then current requirements for operators of Hyatt-affiliated hotels. For the avoidance of doubt, Lender is not required to cure any default by Franchisee under the Franchise Agreement except as set forth below in connection with an Acquisition.

2. If Lender should acquire the Hotel through foreclosure, conveyance in lieu of foreclosure, or any similar transaction (an "**Acquisition**") while the Franchise Agreement is in full force and effect, Hyatt and Lender shall, within thirty (30) days following such Acquisition and in any event prior to any subsequent sale of the Hotel by Lender, either (a) sign an assignment and assumption agreement in a form that Hyatt reasonably specifies under which Lender shall take an assignment of and assume all of Franchisee's rights and obligations under the Franchise Agreement, or (b) enter into a new Franchise Agreement with Hyatt to operate the Hotel for a term equal to Franchisee's remaining term of the Franchise Agreement in accordance with Hyatt's then prevailing standards, rates, requirements, and terms; provided however that in either event (i) Lender shall not be charged any Application Fee (as same is described in Hyatt's then current Franchise Disclosure Document for prospective franchisees); (ii) Lender shall not be required to perform a renovation or upgrading of the Hotel (although Lender will be required to cure any quality deficiencies as shown on the most current quality inspection report and shall be subject to ongoing renovation or upgrading requirements that may be required by Hyatt in accordance with the Franchise Agreement, including but not limited to standard cycle renovations); (iii) Lender shall have no personal responsibility for the payment of liquidated damages or termination fees which Franchisee may be obligated to pay under the terms of the Franchise Agreement as a result of the Acquisition; (iv) Lender shall agree to cure any existing defaults under the Franchise

Agreement by Franchisee within the times specified by Hyatt and bring current all payments due and owing to Hyatt and its affiliated companies, except for any amounts specifically excluded under this Section 2; and (v) Lender shall assume the obligation to repay Hyatt unamortized “key money,” if any, as described in the Franchise Agreement, although any such amounts shall (if applicable) continue to amortize in the manner set forth in the Franchise Agreement. Hyatt acknowledges and agrees that an Acquisition by Lender shall not be subject to any right of first refusal or right of first offer contained in the Franchise Agreement.

Notwithstanding the foregoing, Hyatt is not obligated to enter into a Franchise Agreement with Lender pursuant to this Section 2 if Lender fails to comply with the requirements of Section 3 below within the times provided therein or if Lender is a Brand Owner or Hyatt is prohibited from transacting with Lender under any Trade Restriction Law. If Lender should acquire the Hotel, Lender shall appoint an agent or management company to operate the Hotel and such agent or management company must (i) be approved in writing by Hyatt; (ii) meet Hyatt’s then current requirements for such agents or management companies, including by signing such agreements and other documents as Hyatt periodically specifies; and (iii) cause the Hotel’s general manager and other personnel (if different from the Hotel personnel in place prior to the Acquisition) to complete Hyatt’s then current training requirements in accordance with the Franchise Agreement.

3. Lender agrees:

(i) to provide Hyatt with written notice twenty (20) days in advance of: (a) the commencement of any proceedings by Lender regarding an Acquisition of the Hotel; (b) the petition by Lender for appointment of a receiver, or to obtain the entry of an order for relief or take any action under federal or state bankruptcy laws or similar laws with regard to the Hotel; (c) the acceptance by Lender of a conveyance of the Hotel in lieu of foreclosure; or (d) Lender taking ownership or possession of the Hotel in any manner; and

(ii) to notify Hyatt in writing of the commencement by another party of foreclosure proceedings or the filing of an action for the appointment of a receiver or petition for relief under state or federal bankruptcy laws, within thirty (30) days after Lender receives notice of commencement of such proceedings.

4. Except as set forth in paragraphs 5 and 6 below, this Comfort Letter and the rights hereunder are not assignable by Lender or Franchisee, and neither Lender nor Franchisee has any right or authority to sell, transfer, or assign, or in any manner convey to any third party the Franchise Agreement or any rights under this Comfort Letter, except as provided in the Franchise Agreement. If a third party should become the owner of the Hotel, that third party may apply to Hyatt for a new Franchise to operate the Hotel, and such application shall be considered in accordance with the same standards by Hyatt with respect to other franchise applications unless otherwise required by law.

5. Lender may assign the Comfort Letter to any subsequent holder or holders of all or any portion of the Loan Documents (the “**Assignee**”) without Hyatt’s consent; provided that the Assignee (i) is a commercial bank, investment bank, pension fund, finance company, insurance company, trustee in a securitization or other financial company, or other financial institution or such other type of established organization (so long as such established organization is not a Brand Owner or does not exclusively lend to a Brand Owner) primarily engaged in the business of making or holding loans and any fund or trust managed or serviced by any of the foregoing and (ii) does not own, directly or indirectly, any equity interest in Franchisee or its constituent owners; provided further that upon the sale or transfer of the Loan Documents, Lender pays to Hyatt a processing charge of \$7,500 and that promptly upon the sale or transfer of the Loan Documents to the Assignee, Lender, Assignee, and Franchisee shall execute and deliver to Hyatt an assignment and assumption agreement (the “**Assignment**”), and provided further that, in the event there is more than one Assignee, such Assignees shall have (i) designated one representative to receive notices, negotiate on behalf of and bind each such Assignee in connection with this Comfort Letter and any Assignment thereof, and (ii) acknowledged that Hyatt shall be entitled to rely on such designation and deal solely with such representative without the necessity of notifying, negotiating with, or obtaining the consent of, each such Assignee.

6. The rights and obligations which accrue to Lender under this Comfort Letter upon the taking of title to the Hotel’s premises by foreclosure or deed in lieu thereof shall also accrue to any wholly-owned subsidiary or commonly controlled affiliate of Lender that takes title to the premises by foreclosure or deed in lieu thereof, and Lender guarantees all obligations to Hyatt of such subsidiary. For avoidance of doubt, Lender’s obligations under this Comfort Letter shall also apply to and bind any designee of Lender who acquires the Hotel or its premises through an Acquisition.

7. All notices required under this Comfort Letter shall be in writing, sent by certified mail, return receipt requested, or by Federal Express or other express service and addressed, if to Lender, to _____, if to Hyatt, to Hyatt Franchising, L.L.C., 150 North Riverside Plaza, Chicago, Illinois 60606, with a copy via e-mail to office.of.general.counsel@hyatt.com, and if to Franchisee, _____. Any notice sent pursuant to this Comfort Letter shall be deemed to be given three (3) days after mailing or on the day of delivery by hand.

8. By its signature below, Franchisee acknowledges that this Comfort Letter was provided to Lender at Franchisee’s request and in consideration thereof, Franchisee hereby (i) releases Lender and Hyatt, as well as each of their respective subsidiaries, parents, divisions, successors, assigns, heirs and representatives, including but not limited to their respective employees, agents, officers, directors and owners, of and from any and all actions, causes of action, suits, claims, demands, contingencies, debts, accounts and judgments whatsoever, at law or in equity, whether known or unknown, arising from the exercise by Lender or Hyatt (as applicable)

of any of the rights granted hereunder and the recognition and compliance with such exercise by Hyatt or Lender (as applicable) and (ii) agrees that Hyatt may discuss with Lender or its designee the status of the Hotel, the Franchise Agreement, or any matter to which Lender or Hyatt is entitled to notice under the terms of this Comfort Letter or the Franchise Agreement.

9. The provisions of this Comfort Letter are not intended to, and do not in any way, alter, modify or amend the Franchise as between Hyatt and Franchisee.

10. It is further acknowledged and agreed that Hyatt shall be entitled to rely upon any written notice or request by Lender made pursuant to the provisions hereof without requirement of necessitating the accuracy or authenticity of such written notice or any facts or allegations contained therein. Lender shall notify Hyatt promptly upon the satisfaction or cancellation of Lender's mortgage on the Hotel.

11. Lender's rights under this Comfort Letter shall terminate if Lender has been taken over in any manner by any state or federal agency or is in a receivership, conservatorship, reorganization, or liquidation, or Lender or any of its officers or directors have entered into or are subject to a cease and desist order or any other formal or informal written agreement with a federal or state regulatory agency.

12. This Comfort Letter may be executed in multiple counterparts and by .pdf or facsimile transmission, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. An executed copy will be returned to both Lender and Franchisee.

[Signature pages follow]

[LENDER]

_____, 2023

Page 6

HYATT FRANCHISING, L.L.C.
a Delaware limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

LENDER

By: _____

Name: _____

Title: _____

EXHIBIT L

FIELD MARKETING PROGRAM OPT-IN AGREEMENT

FIELD MARKETING PROGRAM OPT-IN AGREEMENT

*This version is only for use with franchised locations
in the U.S., Canada & the islands of the Caribbean*

THIS FIELD MARKETING PROGRAM OPT-IN AGREEMENT (“**Agreement**”) is made effective as of [INSERT DATE] (“**Effective Date**”), by and between [Insert Owner’s Contracting Entity] (“**Owner**”) and Hyatt Corporation located at 150 North Riverside Plaza, Chicago, Illinois 60606 (“**Hyatt**”).

WITNESSETH:

WHEREAS, Owner owns a property known as [Insert Hotel Name] located at [Insert Owner Address] (the “**Property**”), and the Property is operated pursuant to a franchise agreement with Hyatt or its affiliate (as it may be amended, “**Franchise Agreement**”);

WHEREAS, Owner has requested that Hyatt provide certain Services, as defined below, to Owner in connection with the Property, pursuant to the field marketing program offered by Hyatt to Hyatt branded and affiliated hotels (the “**Field Marketing Program**”); and

WHEREAS, Hyatt has agreed to provide such Services according to the terms and under the conditions set forth herein.

NOW, THEREFORE, the parties hereby mutually agree as follows:

1. Term / Termination.

The services set forth in this Agreement shall be for a term commencing on the later of [INSERT DATE] or the first day of the first quarter that is at least thirty (30) days following the Effective Date (or such other date as the parties may mutually agree in writing (email shall suffice)) (“**Service Effective Date**”) and continuing until terminated in accordance with this section. This Agreement may be terminated as follows:

- a. Either party may terminate the Agreement for any reason or no reason by notifying the other party in writing at least days ninety (90) days in advance. Notwithstanding the foregoing, in the event of termination by Owner pursuant to this subsection 1a the effective date of such termination shall be no earlier than [Insert Date];
- b. This Agreement shall automatically terminate if the Franchise Agreement expires or is terminated and Owner does not enter into a hotel management agreement or hotel services agreement with Hyatt or its affiliate such that the Property continues to operate under a Hyatt brand or Hyatt affiliation immediately following such termination; and
- c. If either party commits a material breach of any provision of this Agreement and has failed to cure such breach within ten (10) days of receiving written notice, the other party may terminate this Agreement immediately upon written notice.

Upon termination of this Agreement, Owner shall remit to Hyatt payment for Services rendered through the effective date of termination.

2. **Scope of Service.**

Hyatt shall provide the Property with certain Field Marketing Program services (“**Services**”), as more specifically outlined in Exhibit A attached hereto. For any subsequent year during the term of this Agreement, Hyatt may update Exhibit A for the following year by providing the Property an updated Exhibit A (“**Updated Services Exhibit**”) by September 30th of the year before the Updated Services Agreement will take effect.

3. **Personnel.**

Services may be rendered by an employee or subcontractor of Hyatt or its affiliate who (a) is not solely dedicated to the Property and may perform similar services for other owners; (b) may perform Services at the Property or off-site; and (c) will conform to the reasonable rules and regulations of the Property when on the Property’s premises.

4. **Fees.**

In consideration of the Services, Owner agrees to pay Hyatt the fees set forth in Exhibit A, or the then-current Updated Services Exhibit, as applicable.

5. **Feedback.**

If Owner provides Hyatt with information, ideas, or feedback regarding the Services (“**Feedback**”), Owner hereby grants Hyatt a perpetual, irrevocable, royalty-free, worldwide, sublicensable and transferrable right and license to use, reproduce, disclose, distribute, modify and otherwise exploit such Feedback without restriction. Section 5 shall survive termination or expiration of this Agreement.

6. **Confidentiality.**

- a. Each party (a “**Receiving Party**”) acknowledges that it and its employees, subcontractors or agents may, in the course of satisfying its obligations hereunder, be exposed to or acquire information that is proprietary to or confidential to the other party (a “**Disclosing Party**”). Any and all confidential information of any form obtained by a Receiving Party or its employees, subcontractors or agents in the performance of the Services or the satisfaction of such party’s obligations hereunder, including but not limited to the financial terms of this Agreement, product and business plans, unpublished financial information, trade secrets, know-how and information regarding processes, shall be deemed to be the confidential and proprietary information (“**Confidential Information**”) of the Disclosing Party. The Receiving Party agrees (i) to hold all Confidential Information in strict confidence; (ii) to disclose Confidential Information only to employees of the Receiving Party who have a need to know such Confidential Information and who are advised to hold such Confidential Information in strict confidence; and (iii) not to copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give or disclose such Confidential Information to third parties, or to use such Confidential Information for any purposes whatsoever other than in connection with the Receiving Party’s performance under this Agreement. Notwithstanding anything in this Agreement, the Receiving Party shall not copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give or disclose the Disclosing Party's Confidential Information to a competitor of the Disclosing Party without the prior written consent of the Disclosing Party.

- b. Confidential Information shall exclude all information, which (a) is at the time of disclosure, or thereafter becomes, a part of the public domain through no act or omission of the other party, its employees or agents; (b) was in the other party's possession as shown by written records prior to the disclosure and had not been obtained by such party either directly or indirectly from the Disclosing Party; (c) is hereafter disclosed to the other party by a third party who did not acquire the information directly or indirectly from the Disclosing Party hereunder; or (d) was independently developed by the other party without use of the Confidential Information, as evidenced by written records.

7. **Compliance with Laws.**

In performing the Services, Hyatt will, at its expense, fully comply with all applicable federal, state and/or local laws, rules, regulations and ordinances.

8. **Insurance.**

Owner shall maintain insurance as set forth in the Franchise Agreement. To the extent the Franchise Agreement does not address Owner's insurance obligations, Owner shall procure and at all times during the term of this Agreement maintain such insurance covering the risks, in the amounts, and with the deductibles, retentions and other provisions, as reasonably designated by Hyatt from time to time for recipients of the Services, including but not limited to advertising liability and contractual liability coverage in a minimum amount of \$2,000,000.00 per occurrence or the then-current minimum coverage amount designated by Hyatt. All insurance must by endorsement specifically name Hyatt and its Affiliates (and Hyatt's and their employees and agents) as additional insureds. Owner must purchase each policy from an insurance company reasonably acceptable to Hyatt. Either the insurer or Owner must provide at least thirty (30) days' prior written notice to Hyatt of any insurance policy's cancellation, non-renewal or material change. Owner must deliver to Hyatt a certificate of insurance (or certified copy of such insurance policy if Hyatt requests) evidencing the required coverages and setting forth the amount of any deductibles not less than ten (10) days after their respective inception dates. If Owner fails for any reason to procure or maintain the insurance required by this Agreement, Hyatt shall have the right and authority (although without any obligation to do so) to procure such insurance and to charge Owner the cost together with a reasonable fee for Hyatt's expenses.

Section 8 shall survive termination or expiration of this Agreement.

9. **Indemnification and Limitation of Liability.**

- a. IF ANY, HYATT'S INDEMNIFICATION OBLIGATIONS IN THE FRANCHISE AGREEMENT ARE INCORPORATED BY THIS REFERENCE INTO THIS AGREEMENT.
- b. IF ANY, OWNER'S INDEMNIFICATION OBLIGATIONS IN THE FRANCHISE AGREEMENT ARE INCORPORATED BY THIS REFERENCE INTO THIS AGREEMENT.
- c. EXCEPT IN FULFILLMENT OF ANY INDEMNIFICATION OBLIGATIONS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR LOSS OF USE DAMAGES) ARISING OUT OF THE SERVICES OR ANY OBLIGATIONS UNDER THIS AGREEMENT, WHETHER SUCH CLAIM IS BASED UPON BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE) OR

ANY OTHER LEGAL THEORY, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES. EXCEPT IN FULFILLMENT OF ANY INDEMNIFICATION OBLIGATIONS, EACH PARTY'S LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO AND WILL NOT EXCEED THE SUM WHICH EQUALS THE FEES PAID TO HYATT UNDER THIS AGREEMENT.

- d. SECTION 9 SHALL SURVIVE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

10. **Independent Contractor.**

Hyatt is an independent contractor and all persons employed to furnish Services hereunder are employees or subcontractors of Hyatt or its affiliates and not of Owner.

11. **Incorporation of Franchise Agreement Provisions.**

The article entitled Dispute Resolution and the sections entitled Notices, and Governing Law of the Franchise Agreement (if any and even if identified differently) are incorporated by this reference into this Agreement.

12. **Force Majeure.**

Neither party shall be liable to the other for any loss or damage due to delays or failure to perform hereunder resulting from events beyond the reasonable control of such party, including without limitation acts of God, action by any governmental entity, pandemic, fire, flood, telecommunication failures or labor disputes ("Force Majeure Event"). In the event that a Force Majeure Event prevents Hyatt from delivering the Services for a period of more than thirty (30) days, either party shall have the right to terminate this Agreement upon notice to the other party.

13. **Binding/Assignment.**

Except in the event of termination of this Agreement as set forth in Section 1, this Agreement shall inure to and bind the successors, assigns and representatives of the parties. Owner shall not assign this Agreement, except to an affiliate, without the prior written approval of Hyatt. Hyatt may assign this Agreement, including to any of its affiliates, without the prior consent of Owner.

14. **Entire Agreement.**

This contains the entire agreement between the parties, and supersedes any prior agreement, promises and understandings between them, concerning the subject matter hereto. No representations, promises or agreements, oral or otherwise, not embodied herein, shall be of any force or effect.

15. **Execution / Amendment of Agreement.**

This Agreement may be executed in separate counterparts, each of which, when fully executed, shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via electronic transmission (including PDF) with the same force and effect as if it were executed and delivered by the Parties simultaneously in the presence of one another. This Agreement may be amended only by a written or electronic instrument signed by the parties hereto.

16. **Exhibits.**

This Agreement shall prevail over any inconsistent terms in any exhibit attached hereto.

17. **Headings.**

The headings in this Agreement are for convenience only and do not affect any provision hereof.

IN WITNESS WHEREOF, the parties executed this Agreement as of the Effective Date.

[Insert Owner's Contracting Entity]

Hyatt Corporation

By: _____

By: _____

Name: _____

Name: Asad Ahmed

Title: _____

Title: SVP Commercial Services, Americas

Date: _____

Date: _____

Exhibit A To Field Marketing Agreement Program Opt-In Agreement
[For Tier 1 Agreements]

This Exhibit A is subject to and part of the Field Marketing Program Opt-in Agreement entered into by the parties (the “**Agreement**”). All capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement.

From the Service Effective Date until the Agreement is terminated or until this Exhibit A is replaced with an updated Exhibit A that sets forth new Services or fees, each party shall fulfill its obligations hereunder.

1. **Services.** As part of Hyatt’s optional Field Marketing Program, Hyatt shall provide the following services:
 - **Digital Media Management and Budget Maintenance** – Hyatt Top-Up monthly bid management and budget optimizations in Koddi.
 - **SEO** – Provide quarterly tactics to increase website visibility and quarterly performance review.
 - **Agency Oversight** – Manager to join up to two (2) calls per year to provide strategic recommendations for paid media, outside of TOP-UP, to include paid search, display and social media, including budget recommendations and performance review (only applicable if the Property is working with a 3rd party outside agency).
 - **Social Media Guidance** - Provide general support and ongoing consultation and best practices to leverage in Property-level social media management. There may be opportunities to pilot paid social tools and capabilities.
 - **Destination + Email Marketing** – Opportunity for the Property to be merchandized via local and/or regional promotions for select markets.
 - **Strategy Calls** - Field Marketing to participate in up to one (1) Property-specific strategy call/meeting per quarter to align on Property strategy and marketing recommendations.
 - **Ownership Support** – Manager to participate in up to (1) one ownership review/deep dive per quarter (upon request/if applicable).
 - **Reporting** – Field Marketing program manager to provide monthly Property-specific reporting to the Property regarding Field Marketing performance.
 - **Enhanced Content** – On-going site maintenance including management of the upload tool and Hyatt Brand Manager.
 - **Merchandising** – Support of merchandising for Property-specific offers including Field Marketing emails, destination landing pages, Personalization Engine, brand and loyalty incentives.
 - **Third-Party Profiles** – Audit and maintenance of Google Business Profile including quarterly posts. Review and management of TripAdvisor and Yelp Property profile only (does not include outlet profiles).
 - **Additional Tier Level support:**
 - Quarterly marketing strategy meetings
 - Monthly reporting/quarterly analysis
 - Monthly digital optimizations
2. **Compensation.** Subject to Section 4 of the Agreement, Owner shall pay \$920 USD per month commencing on the Service Effective Date.

Exhibit A To Field Marketing Agreement Program Opt-In Agreement
[For Tier 2 Agreements]

This Exhibit A is subject to and part of the Field Marketing Program Opt-in Agreement entered into by the parties (the “**Agreement**”). All capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement.

From the Service Effective Date until the Agreement is terminated or until this Exhibit A is replaced with an updated Exhibit A that sets forth new Services or fees, each party shall fulfill its obligations hereunder.

1. **Services.** As part of Hyatt’s optional Field Marketing Program, Hyatt shall provide the following services:
 - **Digital Media Management and Budget Maintenance** – Hyatt Top-Up bi-weekly (2x per month) bid management and budget optimizations in Koddi.
 - **SEO** – Provide quarterly tactics to increase website visibility and quarterly performance review.
 - **Agency Oversight** – Manager to join up to one (1) call per quarter to provide strategic recommendations for paid media, outside of TOP-UP, to include paid search, display and social media, including budget recommendations and performance review. (only applicable if the Property is working with a 3rd party outside agency).
 - **Social Media Guidance** - Provide general support and ongoing consultation and best practices to leverage in their Property-level social media management. There may be opportunities to pilot paid social tools and capabilities.
 - **Destination + Email Marketing** – Opportunity for the Property to be merchandized via local and/or regional promotions for select markets.
 - **Strategy Calls** - Field Marketing to participate in up to one (1) Property specific strategy call/meeting per month to align on Property strategy and marketing recommendations.
 - **Ownership Support** – Manager to participate in up to (1) one ownership review/deep dive bi-monthly (up to 6 per year) (upon request/if applicable).
 - **Reporting** – Field Marketing program manager to provide monthly Property-specific reporting to the Property regarding Field Marketing performance.
 - **Enhanced Content** – On-going site maintenance including management of the upload tool and Hyatt Brand Manager.
 - **Merchandising** – Support of merchandising for property-specific offers including Field Marketing emails, destination landing pages, Personalization Engine, brand and loyalty incentives.
 - **Third-Party Profiles** – Audit and maintenance of Google Business Profile including quarterly posts. Review and management of TripAdvisor and Yelp Property profile only (does not include outlet profiles).
 - **Additional Tier Level support:**
 - Monthly marketing strategy meetings
 - Monthly reporting/monthly analysis
 - Bi-weekly digital optimizations
2. **Compensation.** Subject to Section 4 of the Agreement, Owner shall pay \$1,725 USD per month commencing on the Service Effective Date.

Exhibit A To Field Marketing Agreement Program Opt-In Agreement
[For Tier 3 Agreements]

This Exhibit A is subject to and part of the Field Marketing Program Opt-in Agreement entered into by the parties (the “**Agreement**”). All capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement.

From the Service Effective Date until the Agreement is terminated or until this Exhibit A is replaced with an updated Exhibit A that sets forth new Services or fees, each party shall fulfill its obligations hereunder.

1. **Services.** As part of Hyatt’s optional Field Marketing Program, Hyatt shall provide the following services:
 - **Digital Media Management and Budget Maintenance** – Hyatt Top-Up weekly bid management and budget optimizations in Koddi.
 - **SEO** – Provide quarterly tactics to increase website visibility and quarterly performance review.
 - **Agency Oversight** – Manager to join up to one (1) call per month to provide strategic recommendations for paid media, outside of TOP-UP, to include paid search, display and social media, including budget recommendations and performance review. (only applicable if the Property is working with a 3rd party outside agency).
 - **Social Media Guidance** - Provide general support and ongoing consultation and best practices to leverage in their Property-level social media management. There may be opportunities to pilot paid social tools and capabilities.
 - **Destination + Email Marketing** – Opportunity for the Property to be merchandized via local and/or regional promotions for select markets.
 - **Strategy Calls** - Field Marketing to participate in up to two (2) Property-specific strategy call/meeting per month to align on Property strategy and marketing recommendations.
 - **Ownership Support** – Manager to participate in up to (1) one ownership review/deep dive bi-monthly (up to 6 per year) (upon request/if applicable).
 - **Reporting** – Field Marketing program manager to provide monthly Property-specific reporting to the Property regarding Field Marketing performance.
 - **Enhanced Content** – On-going site maintenance including management of the upload tool and Hyatt Brand Manager.
 - **Merchandising** – Support of merchandising for Property-specific offers including Field Marketing emails, destination landing pages, Personalization Engine, brand and loyalty incentives.
 - **Third-Party Profiles** – Audit and maintenance of Google Business Profile including quarterly posts. Review and management of TripAdvisor and Yelp Property profile only (does not include outlet profiles).
 - **Additional Tier Level support:**
 - Bi-weekly marketing strategy meetings
 - Monthly reporting/monthly analysis
 - Weekly digital optimizations
2. **Compensation.** Subject to Section 4 of the Agreement, Owner shall pay \$2,540 USD per month commencing on the Service Effective Date.

EXHIBIT M

SERVICE AGREEMENT FOR REVENUE MANAGEMENT SERVICES

SERVICE AGREEMENT FOR REVENUE MANAGEMENT SERVICES

THIS SERVICE AGREEMENT FOR REVENUE MANAGEMENT SERVICES (the “Agreement”) is made this ____ day of _____, 2023 (the “Effective Date”), by and between _____, a(n) _____ limited liability company located at _____ (“Owner”) and Hyatt Franchising, L.L.C., a Delaware limited liability company located at 150 North Riverside Plaza, Chicago, Illinois 60606 (“Hyatt”).

BACKGROUND:

Owner owns the _____ Hotel, which is or will be located at _____ (the “Hotel”) and operated pursuant to a franchise agreement dated _____, between Hyatt and Owner (as it may be amended, the “Franchise Agreement”). Owner desires to retain revenue management services from Hyatt in connection with Owner’s operation of the Hotel. The parties, therefore, hereby mutually agree as follows. Capitalized terms used herein but not defined shall have the meaning ascribed to them in the Franchise Agreement.

1. **Term and Termination.** This Agreement shall be for a term (the “Term”) commencing on the Effective Date and ending upon the expiration or termination of the Franchise Agreement, unless sooner terminated pursuant to the terms of this Agreement (the “Expiration Date”). The Services provided by Hyatt shall commence: (a) if the Hotel is already operating as of the date of this Agreement, on a date Hyatt determines not less than ninety (90) days following execution of this Agreement or (b) if this Agreement is being executed in connection with the development of a new hotel, on a date Hyatt determines approximately ninety (90) days prior to the anticipated or scheduled opening of the Hotel for the “Tactical” or “Essential” service tier level service or one hundred twenty (120) days prior to the anticipated or scheduled opening of the Hotel for the “Premium” service tier level service (unless, in either case, Hyatt consents to an earlier date) (the “Service Commencement Date”).

This Agreement may be terminated as follows:

- a. Either party may terminate this Agreement for any reason or no reason by notifying the other party in writing at least ninety (90) days in advance. Notwithstanding the foregoing, Owner may not terminate this Agreement pursuant to this Subsection 1(a), or select a service tier level lower than the [“Essential” or “Premium”] tier, for an effective date of termination that is earlier than ____ (__) months after the later of Service Commencement Date or the last day of Opening Month;
- b. This Agreement shall automatically terminate if the Franchise Agreement expires or is terminated and Owner does not enter into a hotel management agreement or hotel services agreement with Hyatt or its affiliate such that the Hotel continues to operate under a Hyatt brand or Hyatt affiliation immediately following such termination; and
- c. If either party commits a material breach of any provision of this Agreement and has failed to cure such breach within ten (10) days of receiving written notice

thereof, the other party may terminate this Agreement immediately upon written notice.

Upon termination of this Agreement, Owner shall remit to Hyatt payment for Services rendered through the effective date of termination.

2. Scope of Service. Commencing on the Service Commencement Date, Hyatt will provide revenue management services for the Hotel according to the service tier level (“Tactical,” “Essential” or “Premium,” as Hyatt defines them from time to time) then in effect (the “Services”). As of the Service Commencement Date, the applicable service tier level is or will be the [**“Tactical,” “Essential” or “Premium”**] service tier level. Subject to Section 1(a) above, Owner may change its service tier level by providing a minimum of sixty (60) days written notice to Hyatt, provided that Hyatt may agree to a shorter notice period at its sole determination. Hyatt will, upon Owner’s request, use commercially reasonable efforts to provide Owner with information regarding the scope and levels of service provided by Hyatt for each service tier level.

Notwithstanding Hyatt’s provision of the Services, Owner is solely responsible for all decisions relating to the revenue management and other aspects of the day-to-day control of the Hotel’s operations.

3. Schedule; Personnel. Hyatt will provide the Services on a schedule and using such personnel as Hyatt determines. The Services may be rendered by one or more employees or contractors of Hyatt or its affiliates, as Hyatt determines, and such person(s): (a) may not be solely dedicated to the Hotel, and may perform similar services for other hotels; (b) may perform Services on site at the Hotel or remotely; and (c) will conform to the reasonable rules and regulations of the Hotel when on Hotel premises. Owner hereby designates as Owner’s representative to direct the provision of the Services (as defined below) with respect to the Hotel:

[Name, Title]

[email]

[telephone]

4. Equipment and Material. Owner will provide and maintain adequate office space, equipment, systems, reports and materials at the Hotel in accordance with the System Standards (as defined in the Franchise Agreement) including, but not limited to, access to Smith Travel Reports and to the Hotel proprietary systems to permit timely performance and completion of the Services.

5. Fees and Reimbursements. Commencing on the Service Commencement Date, Owner will pay Hyatt services fees according to the service tier level then in effect (the “Fees”). As the date of this Agreement, the fees for each service tier level are as follows:

- (a) For “Tactical” Tier Level: One Thousand Five Hundred Dollars (\$1,500) per month;
- (b) For “Essential” Tier Level: One Thousand Dollars (\$1,000) per month for calendar months preceding the Opening Month (if applicable) and Two Thousand Dollars (\$2,000) per month from and after the Opening Month; and

- (c) For “Premium” Tier Level: One Thousand Seven Hundred and Fifty Dollars (\$1,750) per month for calendar months preceding the Opening Month (if applicable) and Three Thousand Five Hundred Dollars (\$3,500) per month from and after the Opening Month.

For purposes of this Section 5, “Opening Month” means the calendar month in which the Hotel first opens to the public as a Hyatt branded or affiliated hotel, provided that if such date occurs after the 16th day of the month, then the “Opening Month” is the immediately following calendar month.

Hyatt may periodically increase the Fees at any time upon thirty (30) days’ prior written notice to Owner, provided that Hyatt may not increase the Fees by more than ten percent (10%) per calendar year.

In addition to payment of the Fees, Hyatt reserves the right to charge Owner for reimbursement of expenses reasonably incurred by Hyatt in rendering the Services, including for transportation and related expenses, printing, photocopying, postage, and delivery services.

6. Compliance with Laws. In performing the Services, Hyatt will, at its expense, fully comply with all federal, state and/or local laws, rules, regulations and ordinances.

7. Indemnification. Owner will defend, indemnify and hold harmless Hyatt, its affiliates, and its and their respective officers, directors, agents and employees, representatives, successors and assigns (the “Indemnified Parties”) against, and will reimburse any one or more of the Indemnified Parties for, all Losses (as defined in the Franchise Agreement) directly or indirectly arising out of, resulting from, or in connection with the performance of the Services or the presence of Hyatt’s personnel at the Hotel, including, but not limited to, all Losses from or arising out of any bodily injuries to or the death of any of Hyatt’s employees working at the Hotel, however caused or occasioned. However, Owner has no obligation to indemnify under this Section 7 if a court of competent jurisdiction makes a final decision not subject to further appeal that Hyatt, its affiliate, or any of their respective employees directly engaged in willful misconduct or gross negligence or intentionally caused the property damage or bodily injury that is the subject of the claim, so long as the claim is not asserted on the basis of a theory of vicarious liability (including agency, apparent agency or employment), which are claims to which the Indemnified Parties are entitled to indemnification under this Section. The provisions of this Section 7 shall survive termination or expiration of this Agreement.

8. Insurance. Owner shall maintain insurance as set forth in the Franchise Agreement. To the extent the Franchise Agreement does not address Owner’s insurance obligations, Owner shall procure prior to the Service Commencement Date and for the remainder of the Term maintain such insurance covering the risks, in the amounts, and with the deductibles, retentions and other provisions, as reasonably designated by Hyatt from time to time for recipients of the Services, including but not limited to advertising liability and contractual liability coverage in a minimum amount of \$2,000,000.00 per occurrence or the then-current minimum coverage amount designated by Hyatt. All insurance must by endorsement specifically name Hyatt and its affiliates (and Hyatt’s and their employees and agents) as additional insureds. Owner must purchase each policy from an insurance company reasonably acceptable to Hyatt. Either the insurer or Owner

must provide at least thirty (30) days' prior written notice to Hyatt of any insurance policy's cancellation, non-renewal or material change. Owner must deliver to Hyatt a certificate of insurance (or certified copy of such insurance policy if Hyatt requests) evidencing the required coverages and setting forth the amount of any deductibles not less than ten (10) days after their respective inception dates. If Owner fails for any reason to procure or maintain the insurance required by this Agreement, Hyatt shall have the right and authority (although without any obligation to do so) to procure such insurance and to charge Owner the cost together with a reasonable fee for Hyatt's expenses. Section 8 shall survive termination or expiration of this Agreement.

9. Indemnification and Limitation of Liability.

- a. IF ANY, HYATT'S INDEMNIFICATION OBLIGATIONS IN THE FRANCHISE AGREEMENT ARE INCORPORATED BY THIS REFERENCE INTO THIS AGREEMENT.
- b. IF ANY, OWNER'S INDEMNIFICATION OBLIGATIONS IN THE FRANCHISE AGREEMENT ARE INCORPORATED BY THIS REFERENCE INTO THIS AGREEMENT.
- c. EXCEPT IN FULFILLMENT OF ANY INDEMNIFICATION OBLIGATIONS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR LOSS OF USE DAMAGES) ARISING OUT OF THE SERVICES OR ANY OBLIGATIONS UNDER THIS AGREEMENT, WHETHER SUCH CLAIM IS BASED UPON BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER LEGAL THEORY, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES. EXCEPT IN FULFILLMENT OF ANY INDEMNIFICATION OBLIGATIONS, EACH PARTY'S LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO AND WILL NOT EXCEED THE SUM WHICH EQUALS THE FEES PAID TO HYATT UNDER THIS AGREEMENT.
- d. THIS SECTION 9 SHALL SURVIVE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

10. Confidentiality. Hyatt and its affiliates have in the past acquired and developed, and in the future may acquire and develop, a substantial amount of commercially useful Proprietary Information (defined below) which gives them competitive advantages over those who do not have, or would have to expend significant efforts to compile, comparable information, including but not limited to revenue management practices and material. "Proprietary Information" includes, but is not limited to, (i) information concerning both successful and unsuccessful tests and ideas and technologies, (ii) information concerning Hyatt's and its affiliates' business or business plans, (iii) information which Hyatt compiles and maintains in databases for its internal business purposes, including, but not limited to, information regarding Hyatt's customers, (iv) information disclosed by Hyatt's personnel in conversations verbally noted as "confidential" or in documents marked "confidential", (v) any reports, materials, program materials, software, flowcharts, notes, outlines and the like, used, created or developed by Hyatt or its affiliates in connection herewith

(“Work Product”), and (vi) any other information which Owner is informed or reasonably ought to know Hyatt regards as confidential. Owner will keep all Proprietary Information and Work Product confidential at all times, and further, Owner does not have right, title, interest or copyright in any Proprietary Information, Work Product or Hyatt confidential information, nor any license to use, sell, exploit, copy or further develop such Proprietary Information, Work Product or confidential information. This provision will survive the expiration or earlier termination of this Agreement.

11. Independent Contractor. Hyatt is an independent contractor and all persons employed to furnish Services hereunder are employees or subcontractors of Hyatt or its affiliates and not of Owner.

12. Incorporation of Franchise Agreement Provisions. The article entitled Dispute Resolution and the sections entitled Notices, and Governing Law of the Franchise Agreement (if any and even if identified differently) are incorporated by this reference into this Agreement.

13. Force Majeure. Neither party shall be liable to the other for any loss or damage due to delays or failure to perform hereunder resulting from events beyond the reasonable control of such party, including without limitation acts of God, action by any governmental entity, pandemic, fire, flood, telecommunication failures or labor disputes.

14. Binding/Assignment. Except in the event of termination of this Agreement as set forth in Section 1, this Agreement shall inure to and bind the successors, assigns and representatives of the parties. Owner shall not assign this Agreement, except to an affiliate, without the prior written approval of Hyatt. Hyatt may assign this agreement, including to any of its affiliates, without the prior consent of Owner.

15. Entire Agreement. This contains the entire agreement between the parties, and supersedes any prior agreement, promises and understandings between them, concerning the subject matter hereto. No representations, promises or agreements, oral or otherwise, not embodied herein, shall be of any force or effect.

16. Execution / Amendment of Agreement. This Agreement may be executed in separate counterparts, each of which, when fully executed, shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via electronic transmission (including PDF) with the same force and effect as if it were executed and delivered by the Parties simultaneously in the presence of one another. This Agreement may be amended only by a written or electronic instrument signed by the parties hereto.

17. Headings. The headings in this Agreement are for convenience only and do not affect any provision hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

(OWNER)

HYATT FRANCHISING, L.L.C.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT N

STATE-SPECIFIC ADDITIONAL DISCLOSURES AND RIDERS

**ADDITIONAL DISCLOSURES TO THE
HYATT FRANCHISING, L.L.C.
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT
FOR DESTINATION BY HYATT HOTELS**

The following are additional disclosures to the Hyatt Franchising, L.L.C. Multi-state Franchise Disclosure Document for the Brand Hotels required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

Item 21 of the Disclosure Document is amended to add Hyatt Franchising, L.L.C.'s unaudited balance sheet as of December 31, 2022, its most recent fiscal year end, as follows:

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Hyatt Franchising, L.L.C.

Unaudited Balance Sheet as of December 31, 2022

HYATT FRANCHISING, L.L.C.
UNAUDITED BALANCE SHEET

As of December 31, 2022

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 5,215,821
Receivables, net of allowance of \$2,032,517	6,849,985
Total current assets	12,065,806
Financing receivables	20,253,048
Franchise agreement assets constituting payments to customers	121,052,388
Franchise agreement intangibles, net	6,850,745
Deferred tax assets	809,805
TOTAL ASSETS	<u>\$ 161,031,792</u>
LIABILITIES AND MEMBER'S EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 3,611,272
Current contract liabilities	270,290
Total current liabilities	3,881,562
Long-term contract liabilities	7,364,319
Income tax payable	9,439,552
Total liabilities	20,685,433
MEMBER'S EQUITY	140,346,359
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 161,031,792</u>

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

MARYLAND

1. The following language is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added to the end of the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The following language is added to the end of the “Summary” section of Item 17(v), entitled **Choice of forum**:

Franchisee may, subject to any arbitration obligations, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law to the extent required by the Maryland Franchise Registration and Disclosure Law, unless preempted by the Federal Arbitration Act.

4. The following language is added to the end of the “Summary” section of Item 17(w), entitled **Choice of law**:

; however, to the extent required by the Maryland Franchise Registration and Disclosure Law, subject to your arbitration obligation, you may bring an action in Maryland.

5. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA

The following is added at the end of the chart in Item 17:

For franchises governed by Minnesota law, we will comply with Minn. Stat. §80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by law for claims arising under Minn. Rule 2860.4400D.

Minn. Rule Part 2860.4400J prohibits a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (subject to your arbitration obligation) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

NORTH DAKOTA

1. The following is added to the end of the “Remarks” column of the rows in the Item 6 chart entitled “Royalty fee upon termination,” “Liquidated damages upon condemnation,” and “Liquidated damages upon termination”:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

2. the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer by franchisee**:

Any release will not apply to the extent prohibited by applicable law to claims arising under the North Dakota Franchise Investment Law.

3. The “Summary” section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, is deleted and replaced with the following:

Except for certain claims, we and you must arbitrate all disputes at a location the arbitrator chooses within 10 miles of our then current principal business address; however, to the extent required by the North Dakota Franchise investment Law (unless preempted by the Federal Arbitration Act), we and you will arbitrate at a site to which we and you mutually agree.

4. The following is added to the end of the “Summary” section of Item 17(v), entitled **Choice of forum**:

; however, to the extent required by applicable law, subject to your arbitration obligation, you may bring an action in North Dakota.

5. The following is added to the end of the “Summary” section of Item 17(w), entitled **Choice of law:**

Except for Federal Arbitration Act and other federal law, to the extent required by law, North Dakota law applies.

RHODE ISLAND

1. The “Summary” section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

Subject to arbitration obligation, litigation generally must be in our home state, except as otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except for Federal Arbitration Act and other federal law, Illinois law generally applies, except as otherwise required by law for claims which arise under the Rhode Island Franchise Investment Act.

3. Item 17 v. and 17 w. are hereby amended by the addition of the following:

A provision in a franchise agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act § 19-28.1-14.

VIRGINIA

The “Summary” section of Item 17(h) of the Franchise Agreement chart is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**RIDER TO THE HYATT FRANCHISING, L.L.C.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider is made and entered into as of _____, 2023 (this “**Agreement**”) by and between _____, a _____ (“**Franchisee**”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“**Hyatt**”).

1. **BACKGROUND.** Hyatt and Franchisee are parties to that certain Franchise Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of Maryland, or (b) the Brand Hotel will be located or operated in Maryland.

2. **RELEASES.** The following language is added to the end of Section 12.4 and the end of the second sentence of Section 13.3 of the Franchise Agreement:

; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **DISPUTE RESOLUTION.** The following sentence is added to the end of the first paragraph of Section 14.1:

Franchisee may, subject to any arbitration obligations, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law to the extent required by the Maryland Franchise Registration and Disclosure Law, unless preempted by the Federal Arbitration Act.

4. **GOVERNING LAW.** The following sentence is added to the end of Section 14.2:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **LIMITATIONS OF CLAIMS.** The following sentence is added to the end of Section 14.6 of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

6. **ACKNOWLEDGMENTS.** The following language is added to the end of Article XIX of the Franchise Agreement:

Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have signed this Rider as of the dates set forth by their signatures, to be effective as of the Effective Date.

FRANCHISEE:

ENTITYNAMECAPS

By: _____
 SIGNEENAME
 SIGNEETITLE

Date: _____

HYATT FRANCHISING, L.L.C.

By: _____

Date: _____

**RIDER TO THE HYATT FRANCHISING, L.L.C.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is made and entered into as of _____, 2023 (this “**Agreement**”) by and between _____, a _____ (“**Franchisee**”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“**Hyatt**”).

1. **Background.** Hyatt and Franchisee are parties to that certain Franchise Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Brand Hotel that Franchisee will operate under the Franchise Agreement was made in the State of Minnesota, and/or (b) the Brand Hotel will be located or operated in Minnesota.

2. **Termination Penalties/Liquidated Damages.** The following language is added to the end of Sections 10.1, 10.2, 16.1 and 16.5 of the Franchise Agreement

Hyatt and Franchisee acknowledge that certain parts of these provisions are not enforceable under Minn. Rule Part 2860.4400J; however, the parties will enforce these provisions to the extent the law allows.

3. **Releases.** The following language is added to the end of Section 12.4 and the end of the second sentence of Section 13.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **Termination and Renewal.** The following language is added to the end of Sections 13.2 and 15.3 of the Franchise Agreement:

Minnesota law provides Franchisee with certain termination and non-renewal rights. Minn. Stat. §80C.14 Subds. 3, 4 and 5 require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of this Agreement.

5. **Governing Law/Consent to Jurisdiction.** The following sentence is added to the end of Sections 14.2 and 14.3 of the Franchise Agreement:

PURSUANT TO MINN. STAT. §80C.21 AND MINN. RULE PART 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE FRANCHISEE’S RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING, SUBJECT TO THE PARTIES’ ARBITRATION OBLIGATION, THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

6. **Waiver of Punitive Damages and Jury Trial.** If required by the Minnesota Franchises Law, Section 14.5 of the Franchise Agreement is deleted.

7. **Limitations of Claims.** The following sentence is added to the end of Section 14.6 of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

IN WITNESS WHEREOF, the parties have signed this Rider as of the dates set forth by their signatures, to be effective as of the Effective Date.

FRANCHISEE:

ENTITYNAMECAPS

By: _____
SIGNEENAME
SIGNEETITLE

Date: _____

HYATT FRANCHISING, L.L.C.

By: _____

Date: _____

**RIDER TO THE HYATT FRANCHISING, L.L.C.
MUTUAL CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is made and entered into as of _____, 2023 by and among _____, _____, and _____ (collectively, “Interested Party”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“Hyatt”).

1. **Background.** Hyatt and Interested Party are parties to that certain Confidentiality and Non-Disclosure Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Confidentiality and Non-Disclosure Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Brand Hotel that Interested Party would operate under a franchise agreement was made in the State of Minnesota, and/or (b) the Brand Hotel would be located or operated in Minnesota.

2. **Enforcement.** The following sentence is added to the end of Section 8(c) of the Confidentiality and Non-Disclosure Agreement:

Pursuant to Minn. Stat. §80C.21 and Minn. Rule Part 2860.4400J, this Section shall not in any way abrogate or reduce Interested Party’s rights as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

IN WITNESS WHEREOF, Interested Party has signed this Agreement as of the date first written above.

a(n) _____

By: _____

Name: _____

Title: _____

**RIDER TO THE HYATT FRANCHISING, L.L.C.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is made and entered into as of _____, 2023 (this “**Agreement**”) by and between _____, a _____ (“**Franchisee**”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“**Hyatt**”).

1. **Background.** Hyatt and Franchisee are parties to that certain Franchise Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Brand Hotel Franchisee will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) Franchisee is a resident of North Dakota and will operate the Brand Hotel in North Dakota.

2. **Liquidated Damages.** The following language is added to the end of Sections 10.1, 10.2, 16.1 and 16.5 of the Franchise Agreement:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, Hyatt and Franchisee agree to enforce these provisions to the extent the law allows.

3. **Releases.** The following language is added to the end of the first sentence of Section 10.1.2, the end of Section 12.4(e) and the end of the second sentence of Section 13.3 of the Franchise Agreement:

Any release will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

4. **Arbitration.** The fourth sentence of Section 14.1 of the Franchise Agreement is deleted and replaced with the following:

All proceedings will be conducted at a suitable location chosen by the arbitrator that is within ten (10) miles of Hyatt’s then current principal business address; however, if required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), Hyatt and Franchisee will arbitrate at a site to which Hyatt and Franchisee mutually agree.

5. **Governing Law.** The following language is added to the end of Section 14.2 of the Franchise Agreement:

HOWEVER, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, NORTH DAKOTA LAW APPLIES TO THIS AGREEMENT.

6. **Consent to Jurisdiction.** The following language is added to the end of Section 14.3 of the Franchise Agreement:

HOWEVER, SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, FRANCHISEE MAY BRING AN ACTION IN NORTH DAKOTA.

7. **Waiver of Punitive Damages and Jury Trial.** If required by the North Dakota Franchise Investment Law, Section 14.5 of the Franchise Agreement is deleted.

8. **Limitations of Claims.** The following is added to the end of Section 14.6 of the Franchise Agreement:

The time limitations set forth in this Section might be modified by the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, the parties have signed this Rider as of the dates set forth by their signatures, to be effective as of the Effective Date.

FRANCHISEE:

ENTITYNAMECAPS

By: _____
SIGNEENAME
SIGNEETITLE

Date: _____

HYATT FRANCHISING, L.L.C.

By: _____

Date: _____

**RIDER TO THE HYATT FRANCHISING, L.L.C.
MUTUAL CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is made and entered into as of _____, 2023 by and among _____, _____, and _____ (collectively, “Interested Party”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“Hyatt”).

1. **Background.** Hyatt and Interested Party are parties to that certain Confidentiality and Non-Disclosure Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Confidentiality and Non-Disclosure Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Brand Hotel Interested Party would operate under a franchise agreement was made in the State of North Dakota, and/or (b) Interested Party is a resident of North Dakota and would operate the Brand Hotel in North Dakota.

2. **Enforcement.** The following language is added to the end of Section 8(c) of the Confidentiality and Non-Disclosure Agreement:

Despite this provision, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

IN WITNESS WHEREOF, Interested Party has signed this Agreement as of the date first written above.

a(n) _____

By: _____
Name: _____
Title: _____

**RIDER TO THE HYATT FRANCHISING, L.L.C.
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is made and entered into as of _____, 2023 (this “**Agreement**”) by and between _____, a _____ (“**Franchisee**”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“**Hyatt**”).

1. **Background.** Hyatt and Franchisee are parties to that certain Franchise Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Brand Hotel Franchisee will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) Franchisee is a resident of Rhode Island and will operate the Brand Hotel in Rhode Island.

2. **Governing Law.** Section 14.2 of the Franchise Agreement is deleted in its entirety and replaced with the following language:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, and except as otherwise required by law for any claims arising under the Rhode Island Franchise Investment Act, this Agreement, the franchise, and all claims arising from the relationship between Hyatt (and/or any of its Affiliates) and Franchisee will be governed by the laws of the State of Illinois, without regard to its conflict of laws rules, except that any Illinois law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section.

3. **Consent to Jurisdiction.** The following language is added to the end of Section 14.3 of the Franchise Agreement:

However, subject to the parties’ arbitration obligations, nothing in this Section affects Franchisee’s right, to the extent required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, to sue in Rhode Island for claims arising under that Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed this Rider as of the dates set forth by their signatures, to be effective as of the Effective Date.

FRANCHISEE:

ENTITYNAMECAPS

By: _____
SIGNEENAME
SIGNEETITLE

Date: _____

HYATT FRANCHISING, L.L.C.

By: _____

Date: _____

**RIDER TO THE HYATT FRANCHISING, L.L.C.
MUTUAL CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is made and entered into as of _____, 2023 by and among _____, _____, and _____ (collectively, “Interested Party”) and **HYATT FRANCHISING, L.L.C.**, a Delaware limited liability company (“Hyatt”).

1. **Background.** Hyatt and Interested Party are parties to that certain Franchise Agreement dated _____, 2023 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Confidentiality and Non-Disclosure Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Brand Hotel Interested Party would operate under a franchise agreement was made in the State of Rhode Island, and/or (b) Interested Party is a resident of Rhode Island and would operate the Brand Hotel in Rhode Island.

2. **Enforcement.** The following language is added to the end of Section 8(c) of the Confidentiality and Non-Disclosure Agreement:

, except as otherwise required by law for any claims arising under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, Interested Party has signed this Agreement as of the date first written above.

a(n) _____

By: _____
Name: _____
Title: _____

HYATT FRANCHISING, L.L.C.

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

HYATT FRANCHISING, L.L.C. (“we,” “us,” or “our”) and the undersigned franchisee, _____ (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated _____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your affiliates, and your and their respective owners, officers, directors, partners, managers, employees, representatives and agents, and all of your and their respective successors, heirs, executors, administrators, personal representatives and assigns (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former affiliates, and our and their respective owners, officers, directors, partners, managers, employees, representatives and agents, and all of our and their respective successors, heirs, executors, administrators, personal representatives and assigns (collectively, the “Hyatt Parties”), from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you or any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Hyatt Parties (1) arising out of or related to the Releasing Parties’ rights or the Hyatt Parties’ obligations under the Franchise Agreement or any related agreement, or (2) otherwise arising from or related to your or any of the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Hyatt Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Hyatt Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

[Signature Page Follows]

FRANCHISEE:

ENTITYNAMECAPS

By: _____

SIGNEENAME

SIGNEETITLE

Date: _____

HYATT FRANCHISING, L.L.C.

By: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	March 27, 2023 (Exempt)
Hawaii	Pending
Illinois	March 27, 2023 (Exempt)
Indiana	March 28, 2023
Maryland	Pending (Exempt)
Michigan	March 27, 2023
Minnesota	Pending
New York	March 28, 2023 (Exempt)
North Dakota	Pending (Exempt)
Rhode Island	Pending
South Dakota	March 28, 2023
Virginia	March 28, 2023
Washington	Pending (Exempt)
Wisconsin	March 28, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Hyatt Franchising, L.L.C. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hyatt Franchising, L.L.C. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit E.

The franchisor is Hyatt Franchising, L.L.C. located at 150 North Riverside Plaza, Chicago, Illinois 60606. Its telephone number is (312) 750-1234.

The franchise sellers for this offering are: Jim Chu, Executive Vice President – Global Franchising and Development, Hyatt Franchising, L.L.C., 150 North Riverside Plaza, Chicago, Illinois 60606, (312) 780-5891; and

James K. Bertram
5 Embarcadero Center
San Francisco, California 9411
(415) 675-6229

David Peters
150 North Riverside Plaza
Chicago, Illinois 60606
(312) 750-1234

Rika Lisslo
152 West 57th Street, Floor 5
New York, New York 10019
(917) 273-4341

David Tarr
150 North Riverside Plaza
Chicago, Illinois 60606
(312) 750-1234

Camilo Bolanos
396 Alhambra Circle, Suite 788
Coral Gables, Florida 33134
(304) 777-1234

Ryan McNamara
150 North Riverside Plaza
Chicago, Illinois 60606
(312) 750-1234

Issuance Date: March 27, 2023.

Hyatt Franchising, L.L.C. authorizes the respective state agents identified on Exhibit E to receive service of process for it in the particular states. I received a disclosure document from Hyatt Franchising, L.L.C. dated as of March 27, 2023, that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Application
Exhibit C	Franchise Agreement
Exhibit D	Design and Construction Standards
Exhibit E	State Administrators/Agents for Service of Process
Exhibit F	System Standards Table of Contents
Exhibit G	Confidentiality Agreement
Exhibit H	List of Franchisees
Exhibit I	List of Former Franchisees
Exhibit J	Hosting Services Agreement
Exhibit K	Comfort Letter
Exhibit L	Field Marketing Program Opt-In Agreement
Exhibit M	Service Agreement for Revenue Management Services
Exhibit N	State-Specific Disclosures and Riders

Date

Prospective Franchisee Name

Authorized Signature

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Hyatt Franchising, L.L.C. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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5 Embarcadero Center
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Rika Lisslo
152 West 57th Street, Floor 5
New York, New York 10019
(917) 273-4341

David Tarr
150 North Riverside Plaza
Chicago, Illinois 60606
(312) 750-1234

Camilo Bolanos
396 Alhambra Circle, Suite 788
Coral Gables, Florida 33134
(304) 777-1234

Ryan McNamara
150 North Riverside Plaza
Chicago, Illinois 60606
(312) 750-1234

Issuance Date: March 27, 2023.

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Exhibit L	Field Marketing Program Opt-In Agreement
Exhibit M	Service Agreement for Revenue Management Services
Exhibit N	State-Specific Disclosures and Riders

Date

Prospective Franchisee Name

Authorized Signature

After signing and dating the Receipt, you may return it to us (to the attention of Jim Chu) by sending the original via overnight courier or 1st class mail to our address above or by emailing a scanned copy to Jim.Chu@hyatt.com