

HYATT HOTELS CORP

FORM 8-K (Current report filing)

Filed 07/19/13 for the Period Ending 07/15/13

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| Telephone | (312) 750-1234 |
| CIK | 0001468174 |
| Symbol | H |
| SIC Code | 7011 - Hotels and Motels |
| Industry | Hotels & Motels |
| Sector | Services |
| Fiscal Year | 12/31 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 15, 2013

HYATT HOTELS CORPORATION

(exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34521
(Commission
File Number)

20-1480589
(IRS Employer
Identification No.)

**71 South Wacker Drive, 12th Floor
Chicago, Illinois**
(Address of principal executive offices)

60606
(Zip Code)

Registrant's telephone number, including area code: (312) 750-1234

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

On July 19, 2013, Hyatt Hotels Corporation (the “Company” or “Hyatt”) issued a press release announcing that the Company plans to enter the all-inclusive resort business through a wholly owned subsidiary of the Company (“Hyatt Sub”), which entered into a Subscription Agreement (the “Subscription Agreement”) on July 15, 2013 with Playa Hotels & Resorts, B.V. (“New Playa”), which is currently a wholly owned subsidiary of Playa Hotel & Resorts, S.L., an owner and developer of all-inclusive resorts (“Old Playa”). Following the consummation of the transactions further described below, New Playa will own 13 all-inclusive resorts located in Mexico, the Dominican Republic and Jamaica (the “Initial Portfolio Resorts”), six (6) of which will operate under Hyatt brands, following the completion of significant renovations.

Pursuant to the Subscription Agreement, Hyatt has agreed to invest \$325 million in New Playa on the terms and subject to the conditions set forth therein (the “Hyatt Investment”). The investment will be in the form of \$225 million convertible preferred stock and a minority interest in the common equity of New Playa. The convertible preferred stock has an initial 10% PIK coupon. At the closing of the transactions contemplated by the Subscription Agreement (the “Closing”), Hyatt Sub, the other shareholders of New Playa and New Playa will enter into an investors’ agreement regarding the governance of New Playa.

Also pursuant to the terms of the Subscription Agreement, at Closing, (i) a wholly owned subsidiary of the Company (the “Hyatt Franchisor”) and subsidiaries of New Playa will enter into franchise agreements relating to six (6) of the Initial Portfolio Resorts and, following the completion of significant renovations, such resorts will operate under Hyatt brands and (ii) New Playa and Hyatt Franchisor will enter into a master development agreement that will give New Playa certain rights to operate all-inclusive resorts franchised under Hyatt brands in five Latin American and Caribbean countries on an exclusive basis through 2018.

The Hyatt Investment is part of a series of related transactions (collectively, the “New Playa Transactions”), pursuant to which, among other things: (i) eight all-inclusive resorts located in Mexico and the Dominican Republic, together with certain asset management and marketing operations, owned by Old Playa will be transferred to New Playa in exchange for New Playa shares and cash consideration; (ii) New Playa will acquire four other all-inclusive resorts located in Mexico, together with certain hotel management operations; (iii) New Playa will acquire a resort property located in Jamaica; (iv) New Playa will enter into financing transactions; (v) Old Playa will exchange a portion of the shares of New Playa held by it for all of the Old Playa shares held by certain of its existing shareholders which will result in certain of Old Playa’s existing shareholders and/or Old Playa and Hyatt Sub being the shareholders of New Playa.

The Hyatt Investment is subject to the consummation of the New Playa Transactions and other closing conditions, including, among other things, New Playa securing new debt financing and approval by relevant authorities. The Hyatt Investment is expected to occur during the third quarter of 2013, although there can be no assurance when or if such transaction will be consummated.

The full text of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Forward-Looking Statements

Statements in this Current Report on Form 8-K, which are not historical facts, are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements about future events and involve known and unknown risks that are difficult to predict. As a result, actual results or events may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would” and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, among others, general economic uncertainty in Latin America and the Caribbean; lack of acceptance of new brands or innovation; changes in the tastes and preferences of our customers; changes in travel preferences; the financial condition of, and our relationships with franchisees and our joint venture partners; risk associated with potential acquisitions, including governmental approvals; changes in the competitive environment in our industry and the markets where we operate; changes in federal, state, local or foreign tax law; and other risks discussed in the Company’s filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K, which filings are available from the SEC. We caution you not to place undue reliance on any forward-looking statements, which are made as of the date of this filing. We undertake no obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Hyatt Hotels Corporation Press Release, dated July 19, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

HYATT HOTELS CORPORATION

By: /s/ Gebhard F. Rainer

Gebhard F. Rainer

Executive Vice President, Chief Financial Officer

Date: July 19, 2013

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|---|
| 99.1 | Hyatt Hotels Corporation Press Release, dated July 19, 2013 |

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HYATT PLANS TO ENTER THE ALL-INCLUSIVE RESORT SEGMENT

CHICAGO (July 19, 2013) – Hyatt Hotels Corporation (NYSE: H) today announced that a wholly owned Hyatt subsidiary plans to enter the all-inclusive segment in partnership with Playa Hotels & Resorts B.V. (“Playa”). Playa was created with the goal of becoming a leading owner, operator and developer of all-inclusive resorts. Hyatt expects to invest a total of \$325 million, consisting of \$100 million for an approximate 20 percent ownership stake in Playa and \$225 million for convertible preferred stock in Playa.

Playa’s hotel portfolio will include 13 resorts totaling approximately 5,800 rooms across the Dominican Republic, Mexico and Jamaica. In connection with the Hyatt investment, Playa will enter into franchise agreements with Hyatt for six of the 13 resorts, or approximately 2,800 rooms, which will operate under Hyatt brands following the completion of significant renovations.

Under an agreement with Hyatt, Playa will pursue the acquisition or development of new all-inclusive resort opportunities under Hyatt’s brands and it will also have certain rights to operate Hyatt-branded all-inclusive resorts in five Latin American and Caribbean countries on an exclusive basis through 2018.

“The all-inclusive segment has grown rapidly over the past 20 years,” said Stephen Haggerty, global head, real estate and capital strategy for Hyatt. “This transaction will position us to introduce Hyatt’s authentic hospitality to a new guest base, while offering great new resort options in sought-after destinations to our existing guests. Our agreement with Playa also provides us with a platform for future global growth in an attractive segment, and our investment is structured to generate strong returns through our common and preferred interests as well as recurring franchise fees.”

The first two Hyatt-branded all-inclusive resorts, located in Mexico, will be introduced later this year following multimillion-dollar renovations of existing properties. Four additional Hyatt-branded resorts in Jamaica, Mexico and the Dominican Republic are expected to be introduced in 2014 and 2015.

The Hyatt investment is subject to closing conditions, including, among other things, approval by relevant authorities and completing certain other transactions. The investment is expected to occur during the third quarter of 2013, although there can be no assurance when or if such transaction will be consummated.

The term “Hyatt” is used in this release for convenience to refer to Hyatt Hotels Corporation or one or more of its affiliates.

About Hyatt Hotels Corporation

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company with a proud heritage of making guests feel more than welcome. Thousands of members of the Hyatt family strive to make a difference in the lives of the guests they encounter every day by providing authentic hospitality. The Company’s subsidiaries manage, franchise, own and develop hotels and resorts under the **Hyatt**®, **Park Hyatt**®, **Andaz**®, **Grand Hyatt**®, **Hyatt Regency**®, **Hyatt Place**® and **Hyatt House**® brand names and have locations on six continents. **Hyatt Residential Group, Inc.**, a **Hyatt Hotels Corporation** subsidiary, develops, operates, markets or licenses **Hyatt Residences**™ and **Hyatt Residence Club**™. As of March 31, 2013, the Company’s worldwide portfolio consisted of 508 properties in 46 countries. For more information, please visit www.hyatt.com.

Forward-Looking Statements

Forward-Looking Statements in this press release, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would” and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, among others, general economic uncertainty in Latin America and the Caribbean; lack of acceptance of new brands or innovation; changes in the tastes and preferences of our customers; the financial condition of, and our relationships with franchisees and our joint venture partners; risk associated with potential acquisitions, including governmental approvals; changes in the competitive environment in our industry and the markets where we operate; changes in federal, state, local or foreign tax law; and other risks discussed in the Company’s filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K, which filings are available from the SEC. We caution you not to place undue reliance on any forward-looking statements, which are made as of the date of this press release. We undertake no obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.