

Dear Friends,

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Specialists in Hotel Consulting and
Appraisal Worldwide

I am pleased to announce the introduction of the **Hotel Valuation Software Version 3.0 with Tabs** -- four sophisticated, state-of-the-art software models for performing hotel market studies, financial projections and valuations. Developed by Suzanne Mellen of HVS, Professor Jan deRoos of the Cornell Hotel School, and me, this software flash disk package is used by leading hotel chains, owners and lenders around the world to assist with their hotel investment decisions. HVS is the exclusive distributor of the more advanced "tabbed version" of the software. The tabbed version enables more enhanced financial analyses by providing the user with access to the calculation pages of the software. The modules are described as follows:

1. Market Analysis, Occupancy and Average Daily Rate Forecasting Module

This model enables the analyst to quantify the demand for transient accommodations within a defined market area. The program identifies both accommodated hotel demand and latent demand which includes unaccommodated and induced demand. This demand can be projected into the future.

The existing and proposed supply of hotel rooms are identified by the analyst and the program enables the user to evaluate the various competitive factors such as occupancy, average room rate and market segmentation of all the hotels in the local market.

This model also calculates the area-wide occupancy and average daily rate as well as the competitive market mix. Using competitive indices which measure the relative competitiveness of each hotel based on market segmentation the program produces a ten-year forecast of occupancy for each existing and proposed hotel identified by the analyst.

Based on the room night analysis, the software also performs a projection of average daily rate based on a build-up segment by segment rate analysis.

2. Income and Expense Financial Forecasting Module

This program enables the analyst to input comparable financial operating data and forecast a complete 11-year income and expense statement by defining the following inputs: the projected future occupancy and average rate levels for the subject hotel; base year operating data from the subject property or a comparable hotel; expected inflation rates for revenues and expenses.

3. Mortgage Equity - - DCF Hotel Valuation Model

A discounted cash flow valuation model utilizing the mortgage-equity technique forms the basis for this program. By inputting the terms of typical hotel financing, along with a forecast of revenue and expense, the program determines the value that provides the stated returns to the mortgage and equity components. The software allows the following assumptions:

- Mortgage component inputs -- interest, amortization, loan to value ratio, payments per year, and refinancing of debt;
- Equity inputs -- equity yield;
- General inputs -- terminal capitalization rate, selling expenses, holding period, cash flow and inflation.

The model values the cash flow based on the following three measures: loan to value ratio, debt coverage ratio and debt yield. There are two valuation software modules; one allows variable holding or projection periods, and the other incorporates an inputted refinancing at some point during the projection period.

Also on the flash disk is the HVS Library, a collection of more than 1,250 articles, research publications and textbooks written by the industry's leading professionals at HVS. Practically every topic related to the hotel and travel industry is covered including valuations and market studies, management contracts and franchising, market overviews, human resources, economic trends and cycles, gaming, architecture and interior design, asset management, finance and transactions, food and beverage, hotel management, shared and fractional ownership, risk management, convention centers, parking, sales and marketing. The HVS Library is fully searchable and user friendly. The articles and research can be downloaded from the flash disk and distributed to your business associates.

Other resources on this flash disk are: six demonstration hotel market studies and valuations, video seminars, and the *Hotel Investment Handbook*.

To review a detailed description of the Hotel Valuation Software, HVS Library and the other invaluable resources contained on the flash disk, and to also place an order [Click Here](#) .

Order now and the flash disk containing the Hotel Valuation Software, HVS Library, and the other resources will be rushed to you via Federal Express.

Sincerely,

A handwritten signature in black ink that reads 'Stephen Rushmore'. The signature is written in a cursive style with a large, stylized 'S' at the beginning.

Steve Rushmore, MAI, FRICS, CHA

President and Founder

HVS

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