

Eastborne Realty

Eastborne Realty has \$2 million available to invest in two types of new rental alternatives to be constructed by a developer

☐ Up to five townhouses can be purchased for \$282,000 each

☐ Unlimited apt. buildings can be purchased for \$400,000 each

Mgmt. can devote up to 140 hours per month to the new properties

☐ Each townhouse is expected to require 4 hours per month

☐ Each apt. building is expected to require 40 hours per month

Annual cash flow is estimated to be \$10,000 per townhouse and \$15,000 per apt. building. Eastborne's owner would like to determine the number of townhouses and the number of apt. buildings to purchase to maximize annual cash flow