

B&B and Apartment Investment Summary

Property Summary

Total Asking Price: \$3,000,000

FF&E: \$65,000

Goodwill: \$250,000

Total Net Operating Income (NOI): \$210,000

Real Estate Value (excluding FF&E and Goodwill): \$2,685,000

Apartments (7 Units)

Rent per unit: \$1,125/month

Occupancy: 100%

Operating Expense Ratio: 35%

Annual Gross Rent: \$94,500

Operating Expenses: \$33,075

NOI (Apartments): \$61,425

B&B (5 Rooms)

ADR: \$380

Occupancy: 50%

Operating Expense Ratio: 55%

Room-nights/year: 912.5

Gross Revenue: \$346,750

Operating Expenses: \$190,712.50

NOI (B&B): \$156,037.50

Total NOI Breakdown

Apartments NOI: \$61,425 (29.25%)

B&B NOI: \$156,038 (70.75%)

Total NOI: \$217,463 (rounded to stated \$210,000)

Valuation Allocation Based on NOI

Real Estate Value: \$2,685,000

B&B Value: \$1,994,655 (74.3%)

Apartments Value: \$690,345 (25.7%)

Cap Rate Calculations

B&B Cap Rate: 7.82%

Apartments Cap Rate: 8.89%

Blended Cap Rate: 7.82%

Interpretation

Apartments provide higher cap rate and lower risk.

B&B contributes majority of income with more operational complexity.

Blended 7.82% cap rate = moderately attractive investment.

Real estate value should be used for yield analysis (excludes \$315,000 in FF&E and goodwill).