Jeff Robinson is a real estate developer who specializes in residential apartments. A complex of 40 run-down apartments has recently come on the market for $645,500. Robinson predicts that after remodeling, the 20 one-bedroom units will rent for $500 per month and the 20 two-bedroom apartments for $600. He budgets 20% of the rental fees for repairs and maintenance. It should be 30 years before the apartments need remolding again, if the work is done well. Remodeling costs are $12,000 per apartment. Both purchase price and remodeling costs qualify as 27.5-year MACRS property. Assume that the MACRS schedule assigns an equal amount of depreciation to each of the first 27 years and one-half year to year 28. Robinson does not believe he will keep the apartment complex for its entire 30-year life. Most likely he will sell it just after the end of the 12th year. His predicted sale price is $2,000,000. Robinson’s after-tax required rate of return is 10%, and his tax rate is 35%. Should Robinson buy the apartment complex? What is the after-tax NPV? Ignore tax complications, such as capital gains.