

Sensitivity Analysis

Scarborough Student Centre Proposal - April 2003 Submission

Sensitivity Analysis on Financial Model

| | <u>Submitted Model</u> | <u>Low Risk Case</u> | <u>Medium Risk Case</u> | <u>Worst Case</u> | <u>Donation Shortfall only</u> | <u>Donation Shrtfl. & 7.25% Mtge</u> |
|--|------------------------|----------------------|-------------------------|-------------------|--------------------------------|--|
| Total Capital Cost | 14,777,000 | 14,777,000 | 14,777,000 | 14,777,000 | 14,777,000 | 14,777,000 |
| Project Cost Overrun | 0 | 250,000 | 500,000 | 750,000 | 0 | 0 |
| Donation Shortfall | 0 | 500,000 | 750,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Student Levy Shortfall * (due to enrollment shortfall) | 0% | 5.0% | 7.5% | 10% | 0% | 0% |
| Retail Revenue Shortfall | 0% | 0% | 5% | 10% | 0% | 0% |
| <u>Breakeven Year</u> | | | | | | |
| Annual | 1 | 12 | 18 | 23 | 11 | 7 |
| Cumulative | 1 | 20 | 26 | 29 | 18 | 1** |
| IRR | 9.05% | 7.63% | 6.73% | 5.89% | 7.75% | 7.75% |
| NPV (Cashflows before financing costs and net of total capital cost) | 792,654 | (299,579) | (1,056,693) | (1,813,806) | (207,346) | (207,346) |

* It was assumed no change in the student levy amount charged.

** The submitted financial model begins with a surplus reserve that never falls into a deficit position.