

ABSTRACT

Yayasan XYZ is a foundation that engaged in education and founded by one of the leading information and communication technology (ICT) company in Indonesia. To support the government in building human resources through the provision of educational institutions in the country, Yayasan XYZ has plans to establish a college "S" by considering three (3) alternative scenarios: full investment, BOT (built, operate, transfer) and full rent.

In this regard, the thesis analyzes the investment criteria of the three alternative scenarios using a financial model in the horizon of the next few years at a discount factor (r) equal to the WACC of a non-profit entity, as an entity excluded from the income tax object ($T = 0$) and it is assumed not to correlate with the risk of capital markets ($\beta = 0$).

Obtained full rent scenario as a recommended alternative to be implemented because of the lower initial investment as well as probability analysis results: $P(NPV > 0) = 96.4\%$, $P(IRR > WACC) = 92.8\%$, $P(PP > 5 \text{ year}) = 54.2\%$, $P(DPP > 5 \text{ years}) = 74.6\%$, $P(PI > 1) = 99\%$, and $P(OR > 80\%) = 77.8\%$ concluded better than both others scenarios.

Keywords: *Capital budgeting, scenario analysis, investment criteria, probability analysis, cost of capital.*