

Decision tree calculation

Outcomes	Probability	EVA	Expand	
3,000,000.00	0.80			
700,000.00	0.20	2,540,000.00		
2,540,000.00		1,740,000.00	-800,000.00	
1,740,000.00	0.60			
790,000.00	0.40	1,360,000.00		
1,360,000.00		1,160,000.00	-200,000.00	Purchase land
1,290,000.00		490,000.00	-800,000.00	Expand

First example

2,300,000.00	0.30			
1,000,000.00	0.70	1,390,000.00		
1,390,000.00		790,000.00	-600,000.00	
1,740,000.00	0.60			
790,000.00	0.40	1,360,000.00		
2,000,000.00	0.60	1,200,000.00		Upper branch
225,000.00	0.40	90,000.00		
		1,290,000.00		

