Decision tree calculation

Outcome	Probability	EVA	Expand	
200,000.00	0.70			
80,000.00	0.30	164,000.00		
300,000.00	0.70			
50,000.00	0.30	225,000.00		

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			

Decision point			Change event	ayoff * Probabili	Probability		
EVA-Cost	Situation	Cost	Expected value	Partials	%	Situation	Payoff
	Warehouse			1,200,000	0.60	Market Growth	2,000,000
490,000		-800,000	1,290,000				
							Payoff
				90,000	0.4	No Market Growth	225,000

Compare 116000 and 49000

Decision point		Situation	Change event		Probability	
EVA-Cost	Cost if purchase land	Growth (in 3 years 0 payoff)	Expected value	Partials	%	Situation
	-200,000		1,360,000	1,044,000	0.60	Market Growth
1,160,000						
		No Growth (in 3 years 0 payoff)		316,000	0.4	No Market Growth
		Situation				

Decision point			Change event	Payoff * Probability	Probability		
EVA-Cost	Situation	Cost	Expected value	Partials	%	Situation	Payoff
	Warehouse			2,400,000	0.80	Market Growth	3,000,000
1,740,000		-800,000	2,540,000				
							Payoff
				140,000	0.2	No Market Growth	700,000
							Payoff
			450,000				450,000
			Sell lend				
			Situation				

Decision point			Change event	Payoff * Probability	Probability		
EVA-Cost	Situation	Cost	Expected value	Partials	%	Situation	Payoff
	Sell land			690,000	0.30	Market Growth	2,300,000
790,000		790,000	-600,000	1,390,000			
							Payoff
				700,000	0.7	No Market Growth	1,000,000
							Payoff
			210,000				210,000
			Sell lend				
			Situation				