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Valuing large engineering projects under uncertainty: private risk effects and real options

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exploration and development example, it is demonstrated that the methods chosen for

pricing private risks can lead to decisively different real option values, exercise strategies and development policies. Effectively, the difference in real option values can be interpreted as a form of private risk premium.

Keywords:

Decision analysis | private risk | real option | risk | valuation

Related Research Data

Understanding and Managing Risks in Large Engineering Projects

Source: SSRN Electronic Journal

Using real option and decision analysis to evaluate investments in the architecture, construction and engineering industry

Source: Construction Management and Economics

Time to build, option value, and investment decisions

Source: Journal of Financial Economics

Investment under Uncertainty

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Real Options Analysis: Where Are the Emperor's Clothes?
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Option pricing: A simplified approach
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Petroleum Property Valuation: A Binomial Lattice Implementation of Option Pricing Theory
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