

It is clear that for earlier stage companies the value of the not-yet identified projects is more important, because most of their revenues will stem from this kind of projects. Nevertheless one should remain realistic in attributing value to things that are not there. In the displayed example the feed projects altogether make up 20% of the company value. Expanding the feed to more than 25 years has virtually no influence, because these additional discovery projects, which have for its early stage a small value anyway, get discounted for another 25 years $((1+20\%)^{-25}=1\%)$. In contrast, the terminal value can be as high as 500% of the value of the present pipeline dazzling investors and creating unrealistic return expectations.