

Summary

This publication is a new and updated version of the book “Real Estate and Company Valuation – the Income Approach” issued in 2008. Version from 2008 has been sold out and going forward some of the numbers mentioned should be updated.

Real estates and companies are considered as special properties that according to the civil code are recognized as property and have all property rights. Real estates and Companies in the market economy are in most cases considered as goods that can be bought or sold. However this kind of good is significantly different comparing to other goods. Real estates and Companies as goods are described by high durability, long useful life, significant capital absorptivity, low liquidity and low pricing flexibility of demands and supplies.

Making purchase/sale transactions, contributions as well as other civil and legal activities related to real estates and companies are therefore considered as high risky and the risk becomes higher when increasing value of the activity subject. Various analysis and ranks and especially value valuations are used in order to make the real estates and companies values assessment risk lower.

Aim of the valuation in case of both real estates and companies can be divided into:

- obligatory,
- optional.

In case of real estate's there are numerous laws and in particular real estate's governance law that orders to manage real estates that belongs to the National Treasury, communities, or voivodship based on the precise rules among which the key factor is how to asses value. Obligatory aims of valuation are mainly related to this kind of real estates that were mentioned above.

Valuations are crucial in case of national companies' privatization processes.

Despite of obligatory aims of companies' valuation as well as their parts valuation the valuation is useful also in case of other management processes.

Subject of this book is related to real estates and companies' valuation methodology using profitable approach. According to legal rules and methodology conditions related to real estate's valuation when applying profitable approaches it is possible to assess the market value of the real estate. It is obvious that when we assess the value of company using profitable approach we also assess its market value.

This book consists of 8 chapters where each of them is dedicated to different aspect related to general property valuation topic.

In the first chapter the basic definitions as well as real estate and company valuation conditions have been included. This covers legal conditions as well as real estate and company market characteristics.

In the second chapter different types of real estate values have been described and in particular market values.

In the third chapter functions and aims of property valuations have been described. That covers those that are obligatory because of legislation (that is still not always commonly considered) as well as optional that is depending on management participants will. In the same chapter the real estate and companies markets have been characterized.

Fourth chapter have been dedicated to describe basic real estate and company valuation models using the profitable approach (based on the money and time value theory).

In the fifth chapter rules of income forecast specification in the process of real estate and companies valuation has been described. In this chapter the main legal conditions that impacts income from real estate hire and lease were presented. Rules of creating predictions of income related to business conduct were also described in the chapter.

Chapter six is presenting rules that are used in calculating rates that are used during valuation of real estates as well as companies' valuation. In particular the topic of commensurability of parameters selection in the valuation process was highlighted.

In the chapter seven rules of real estate valuation in the profitable approach were presented. Methodology of real estate valuation codified in the legislation laws and professional standards was described in details.

In the chapter eight methodology of companies' valuation in the profitable approach was described. This topic was in details presented in the professional literature however till now the valuation standards have been not established.

This book has been written as a result of my professional academic experience as well as a result of practical experience in the area of real estates and company's valuation. The book has been written taking into consideration all

individuals that directly and indirectly and on different levels of management are involved in the process of property (private and public) management and are making decisions regarding its destiny. The book is therefore addressed to:

- Management of private and public companies;
- Professionals hired in these companies that are responsible for economic and financial as well as legal issues;
- Professionals working in the banking sector and being responsible for credits and debts collection;
- Judges of commercial sections of courts of law, bankruptcy trustees and bailiffs;
- Selected government administration and local governments officials (responsible for public properties);
- Professionals, representatives of free professions such as lawyers, appraisers, investment advisors, tax advisors.

Despite of above the book can be also helpful in the educational process in case of university studies of economics, management, marketing, law, administration, real estate's management etc.

The book is also compendium of knowledge covering methodology of valuation for post graduate students in the area of real estate valuation in the profitable approach as well as dedicated courses of management and mediation in the real estate business.