





# Erhverv Poul Erik Bech

EDC Erhverv Poul Erik Bech is one of Denmark's leading commercial estate agents, providing clients with expert advice and specialising in sale, rental, and valuation of:

- Cooperative housing associations
- Mixed properties
- Shop flats
- Retail outlets
- Residential properties
- Industrial building plots
- Investment properties
- Office complexes
- Warehouse, production and logistics premises
- Clinics
- Hotels and restaurants

Our local knowledge and nationwide network of branches, staffed by 60 highly specialised commercial estate agents, are our greatest strengths. Our chartered estate agents, valuers and surveyors specialise in brokering commercial properties.

EDC Erhverv Poul Erik Bech, members of RICS, is a nationwide company with branches in Copenhagen, Herlev, Kolding, Southern Jutland, Esbjerg, Århus, Silkeborg and Aalborg.

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# Operational or financial leasing

Sale & Lease Back leasing contracts can cover either operational or financial leasing agreements. Financial leasing agreements are practically the same as standard loans, the only real difference being that ownership is transferred to the leasing company for the duration of the contract. Financial leasing agreements are treated in company accounts as loans.

Operational leasing agreements for buildings on the other hand correspond to common long-term non-terminable leasing contracts, allowing buildings to be deleted from company balance sheets. As the core business areas of most companies have little to do with building administration, operational leasing agreements will often result in annual accounts and financial highlights giving a fairer presentation of the company's financial position and growth potential.

## Financial leasing:

### Considerations

- Alternative to taking a standard loan

### Characteristics:

- Ownership rights are transferred to the lessee on expiry of the contract period
- The lessee is given a purchase option in the contract which is considered so favourable that it will in all likelihood be used
- The present value of the minimum lease payments stated in the contract is greater than, or to all intents and purposes equal to, the present value of the leased asset
- The leasing contract usually runs for most of the economic life of the asset
- The leasing contract covers a special asset, which only the lessee can utilise unless it is altered significantly

## Operational leasing:

### Considerations

- Optimum investment of capital resources
- Increased transparency of company value
- Expedient allocation of available capital
- Maximum return on invested capital

### Relevant in the following situations among others

- Capital provision for growth strategy implementation
- Ownership transition
- Turnaround
- Greater financial transparency
- Optimisation of professional investment capital
- Several owners with different attitudes to capital investment in property
- Financial highlights
- Tax reduction
- Preparation of company for sale