

Enhance your financial strength through eGuarantee

EGUARANTEE'S LEASE SECURITY SOLUTION – A DIRECT BOOST TO YOUR CASH BALANCE

Tenants replace their bank guarantee with eGuarantee to



Unlock working capital



Strengthen cash position



Grow their business faster

eGuarantee is an alternate security solution to a bank guarantee. Rather than tie up cash and mortgageable assets, an eGuarantee lease bond solutions allows tenants to provide the same level of security, for just a small percentage of the bond value paid as a fee.

CASE STUDY 1

Significant Cash Boost

TENANT: Private National Third-Party Logistics Business

LOCATION: Metro

TENANT UPSIDE: Tenant received a \$500,000 cash flow boost. Loyalty and goodwill between the tenants and landlord enabled the subsequent pre-lease for a new warehouse, x5 larger with same landlord.

CASE STUDY 2

Full Incentive Value

TENANT: Financial Services

LOCATION: CBD

TENANT UPSIDE: The landlord offered a \$772,000 incentive however required 50% of this covered by a bank guarantee for 3 years. This meant our client would have only benefited from half the incentive value. By choosing eGuarantee, the tenant had access to the entire \$772,000 incentive value for just a small annual premium.

CASE STUDY 3

Additional Stock Purchase

TENANT: eBike Retailer

LOCATION: CBD

TENANT UPSIDE: The landlord requested a cash backed bank guarantee for 6 months, totalling \$111,000. By using eGuarantee, our client was able to provide the guarantee in full and use the cash to purchase additional equipment.

On average, lease security equates to 59% of total current assets and up to 200% of cash and cash equivalents on tenants balance sheets*

*As assessed by eGuarantee

CASE STUDY 4

Larger Premium Office

TENANT: Accounting Firm

LOCATION: CBD

TENANT UPSIDE: Our client was able to unlock \$238,000 of cash and redeploy into a larger office lease with a premium fit out.

Easy application process



01

Instruct your Broker

Use our simple registration process and speak with our team for a confidential discussion



02

Get approved online

Provide the documentation required, including trading history and financial statements, in a secure online environment



03

Secure your lease

We'll engage with your landlord and provide the necessary lease security

TENANT FAQs

Why is eGuarantee's lease bond solution better than a bank guarantee?

When you use a bank guarantee, either cash or asset security is used to secure the guarantee. Lease bonds do not require any type of tangible security, subject to the financial strength of the business. This means tenants can re-deploy either cash or asset security as working capital into other areas of their business.

Can eGuarantee be used mid-term in a lease?

Yes, with agreement from the landlord a tenant would be able to switch a current bank guarantee for a lease bond, thereby unlocking cash or capital to put back into the business. The landlord may request something in return, such as renewed or extended lease term.

Why are bank guarantees becoming harder to obtain?

Bank guarantees are not a large driver of revenue for banks and have strict capital adequacy requirements to cover them. With rising interest rates, banks are becoming less willing to provide this product on a wide scale. The good news is, eGuarantee is here to assist and our lease bonds are built specifically for commercial property leases.

Why does eGuarantee not affect other financing facilities?

Traditional banking and non-bank lending facilities require assets as collateral to secure against the loan. eGuarantee's lease bond solution is not secured against assets as collateral and therefore does not impact your current or future banking and non-bank lending facilities. Instead swapping your asset secured bank guarantee for an eGuarantee releases those assets which can be used as collateral for banking and non-bank loans.

What is return on working capital and how does eGuarantee help?

Return on working capital, or money invested in your business, is a ratio used in finance, valuation and accounting, to measure the profitability and value-creating potential of companies relative to the amount of money (capital) invested in your business. On average Australian and New Zealand businesses, typically achieve a return on working capital of 15% to 20% p.a. which means it is potentially significantly more valuable to switch the cash or assets secured as collateral under a bank guarantee to a lease bond (costing you approx. 3% p.a.) to reinvest in your business.

What does it cost a tenant to use an eGuarantee lease bond solution?

Tenants pay an annual fee for a lease bond. For bonds below \$200,000 the fee is 5.5% p.a. Above \$200k, the rate is generally lower and is determined by the financial assessment conducted by our underwriters. An establishment fee also applies and in some cases legal fees may be incurred, depending on the organisational structure and requirements.

Which landlords are already accepting eGuarantee?

eGuarantee is already used by over thirty leading landlords including some of the biggest names in the Australian and New Zealand commercial property sector such as Dexu, Centuria and many other listed and private landlords. To see the full list visit www.eguarantee.com.au

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