



MEDIA RELEASE

Assetinsure takes strategic equity stake in eGuarantee

Highlights potential of Leasebonds to disrupt \$7bn+ market in commercial lease guarantees

Sydney, 16 May 2022 – eGuarantee, the exclusive distributor in Australasia of Assetinsure’s commercial Leasebonds today announced that Assetinsure would take a strategic 25% equity stake in eGuarantee, in a significant endorsement of the disruptive potential of Leasebonds.

Leasebonds are a digitised, non-collateralised alternative to bank guarantees traditionally used to secure commercial leases. While the product is popular in North America and Europe the Assetinsure/eGuarantee Leasebond solution, launched in early 2021, was the first to become widely available in Australia and New Zealand.

If adopted across the property industry Leasebonds would unlock more than \$7 billion in capital held by banks on behalf of commercial tenants as security over commercial leases.

Assetinsure, Australia’s ‘s leading issuer of surety bonds to the construction industry, is the underwriting agent for the Leasebond product on behalf of an international insurance and reinsurance structure.

eGuarantee co-founder and executive chair Cedric Fuchs, a property industry veteran and co-founder of property group Charter Hall, said the strategic investment by Assetinsure was a powerful endorsement of eGuarantee’s digital platform and Leasebond distribution capabilities by a leading industry participant.

“Assetinsure shares our vision for the potential to disrupt what is currently an antiquated, inefficient and costly lease guarantee system in Australia,” Mr Fuchs said.

“Leasebonds are a no-brainer for the commercial property market, providing enormous benefits to tenants, landlords and intermediaries alike. We look forward to partnering with Assetinsure to make them standard in the Australian property market,” he said.

CEO of Assetinsure, Martin McConnell, said Leasebonds were rapidly gaining acceptance as they became better understood by property market participants.

“We see enormous potential for Leasebonds in Australia and New Zealand - the market is eager for something that replaces and unlocks the capital tied up in bank guarantees,” he said.

“Locking away more than \$7 billion of working capital just to secure commercial leases makes no sense when there is an alternative available that does not require collateral. Leasebonds effectively

provide cheap access to working capital - the funds they unlock should be seen as an important stimulus tool as the economy emerges from Covid-19.

“eGuarantee is a natural long-term partner for Assetinsure in tapping this demand. Assetinsure’s expertise in surety and credit underwriting and relationships with global capacity providers make for a powerful combination with eGuarantee as the digital platform provider and distributor,” Mr McConnell said.

Since the product’s launch, eGuarantee has signed Leasebonds to the value of over \$12 million involving landlords including Dexus, Fortis, Charter Hall, Centuria, Mulpha and Irongate. Bonds issued have been for amounts ranging from \$20,000 to more than \$4 million.

A Leasebond can be used to secure leases over any commercial premise requiring security, including office, industrial and retail spaces, as well as childcare centres, data centres and healthcare facilities.

With a Leasebond, tenants pay an annual service fee of between 2.5% and 5.5% (depending on a credit assessment) and avoid having to set aside cash as collateral for a bank guarantee. This frees up cashflow and working capital for the tenant to invest in business operations and growth.

Benefits to landlords include faster lease settlements – on average Leasebonds are issued three times faster than a bank guarantee – complete digitisation of lease security records, automatic up-stamping of bond value to reflect rent increases and a reduced lease management administration burden.

eGuarantee CEO and co-founder Shaun Sergay said: “While they are common overseas, Leasebonds are new in Australia so we knew it would take time to win market acceptance. But we have been surprised at how quickly initial hesitancy among landlords and tenants has fallen away.

“We have also seen growing support from key property market intermediaries such as leasing agents, brokers and tenant representatives, who see the benefits of Leasebonds to their clients.

“Assetinsure’s strategic investment in eGuarantee is a clear sign of their confidence in our business model and the potential for Leasebonds in Australasia. The investment will allow us to invest in the eGuarantee platform for Leasebonds while exploring adjacent products and services in the future,” Mr Sergay said.

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About eGuarantee

Founded in 2020 by Cedric Fuchs and Shaun Sergay, eGuarantee digitises bank guarantees and distributes non-collateral lease bonds for commercial property leases, providing landlords with a single online registry and reducing administrative burden. eGuarantee is the exclusive distributor of the Assetinsure Leasebond product. Leasebonds are issued by Assetinsure Pty Ltd as agent for Lombard Insurance Company Ltd and are reinsured by a panel of globally rated AA/A- reinsurers. Lease bonds replace the expense and inefficiency of bank guarantees in the lease securitisation process. eGuarantee as distributor provides benefits for the entire ecosystem within the leasing agreement, including landlord, tenant, agent and broker. Find out more here:

<https://www.eguarantee.com.au/>

About Assetinsure

About Assetinsure: Assetinsure Pty Limited is an Australian company authorised by the Australian Prudential Regulation Authority (APRA) to conduct general insurance business and holds an Australian financial services Licence (AFSL). Assetinsure has been delivering a range of innovative insurance solutions to the Australia and New Zealand market since 2004 including construction surety bonds for which they are the leading provider. Assetinsure acts as Agent for the issuance of Leasebonds on behalf of Lombard Insurance Company Ltd.

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