



ASX Announcement 5 June 2024

Income Asset Management (**ASX:IAM**) (**IAM** or Group)

IAM REDUCES TOTAL EQUITY RIGHTS WHILE RECALIBRATING STRONG STAFF INCENTIVES

Income Asset Management Group (IAM:ASX) (IAM or Company) is pleased to provide an update on the status of equity securities on issue.

- In 2020/21 IAM remodelled its incentive and acquisition plan to attract key talent and align the growth of the Company to equity reward. Under this model, **IAM issued a total of 104,431,866 unquoted performance rights (Performance Rights)** with various hurdles and performance requirements.
- To stay in line with market convention and allow recipients more control of the timing of any taxation event, IAM has recently modernised its incentive plan by replacing most of the Performance Rights on issue with zero-exercise priced options (**ZEPOs**).
- There will be no material change to the number of unquoted securities on offer post this change, as the new issues are being made in replacement of previously issued Performance Rights.
- After allowing for the 28,021,866 performance rights that have already vested, and the significant cancellation/forfeiture of Performance Rights issued under the historical plan since 2020/21, **IAM's remodelled incentive plan currently will have only 44,775,000 unquoted options and rights** on offer, with rigorous performance hurdles attached.
- While the lower number of Performance Rights on offer reduces potential shareholder dilution, Management and the Board are confident the updated plan, including share price triggers and recipient performance requirements, continues to provide our high performing talent with an attractive incentive to maximise shareholder value.
- **The updated plan has three share price triggers (\$0.20, \$0.30 and \$0.45)** at which ZEPO's vest, subject to performance hurdles. **The first strike price requires an uplift of circa 100% in the share price in order for the trigger to be met.**

Said Mr Craig Swanger, Chair of the Company's People, Remuneration and Culture Committee: "IAM has conducted a review of remuneration for all employees and directors. This has been done to ensure three important objectives are met:

1. that IAM staff seek to maximise shareholder value and are rewarded along with shareholders should the share price hurdles be met;
2. that IAM continues to be able to attract market-leading talent to its team and that overall remuneration remains competitive; and
3. that IAM continues to use equity-based remuneration to make overall remuneration competitive, while conserving cash.



Previously used Performance Rights are being replaced with ZEPOs. This is being done to stay in line with market convention, but it also adds value to the recipient, as they have more control of the timing of any taxation event.”

Further specific detail:

- IAM requires the recipient to meet minimum service terms and for the share price to rise beyond certain trigger points.
- Share-price trigger points are “out of the money”. As noted above, the current triggers are at 20 cents per share; 30 cents per share and 45 cents per share, compared to the current 15-day volume-weighted average share price of 9.7 cents per share (as at 27 May 2024). This means that equity-based remuneration only vests if the share price rises more than 100% from current market levels.
- Minimum employment periods are significant, requiring recipients to remain with the Company for up to three years from the issue date.
- Shareholder approval will be sought for the issue of incentives to Directors and key management personnel.
- We expect to add further to this as we attract more talent.

IAM will provide an updated Remuneration Report in the Company’s FY24 Annual Report.

This announcement was approved for lodgement with ASX by the IAM Board of Directors.

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