

200,000 Shares @ \$1.00 Per Share = \$200,000 Original Investment

See Page 2 For Email From Company Advising That Company Has Self-Assessed As An ESIC

imco

Share Certificate

17 April 2021

The Index Mortgage Company Limited

ACN: 642 665 718

This is to certify that Mariva Investments Pty Limited as trustee of the Mariva Property Trust of 2504/12 Cunningham Street, Newstead, Queensland holds 200,000 fully paid ordinary shares in the capital of The Index Mortgage Company Limited (ACN: 642 665 718).

EXECUTED by THE INDEX MORTGAGE COMPANY
LIMITED ACN 642 665 718 in accordance with the
Corporations Act 2001 (Cth) by these Directors:



Brendan Green

From: Nick Valente <panick@bigpond.net.au>
Sent: Friday, 23 April 2021 12:47 PM
To: Melissa Harvey
Subject: FW: ESIC Tax Material
Attachments: IMCO_ESICGuide_20210422-min.pdf; Untitled attachment 00007.html; 7153B1A4-05E3-45DE-99EC-1051D813A3AF.jpeg; Untitled attachment 00010.html

From: Scott Tyne [mailto:scott.tyne@index.mortgage]
Sent: Friday, 23 April 2021 12:14 PM
To: Scott Tyne <scott.tyne@index.mortgage>
Cc: Brett Torossi <brett@newinsights.com.au>; Hamish Stewart <hamish@flare-design.com.au>; Hayden Schneider <HSchneider@ords.com.au>; Nick Valente <panick@bigpond.net.au>; Ross Chidgey <ross@fireandsafety.com.au>; Ian Hough <ianh@iconpacific.com.au>; Jaco Freysen <jaco@esteemclinic.com.au>; Clint Tee <clinttee@safetymate.com.au>; Tim Brusasco <tbrusasc@bigpond.net.au>; Nick Wilde <ntwilde63@outlook.com>; Cathy Lyall <cathryn.lyall@gmail.com>; Peter Ward <peter@hex720.com>; Terrence Scamp <terrence@esteemclinic.com.au>; Tony Meakin <jemkit75@batelco.com.bh>; Dave Garnier <dave@newinsights.com.au>
Subject: ESIC Tax Material

Dear Shareholders,

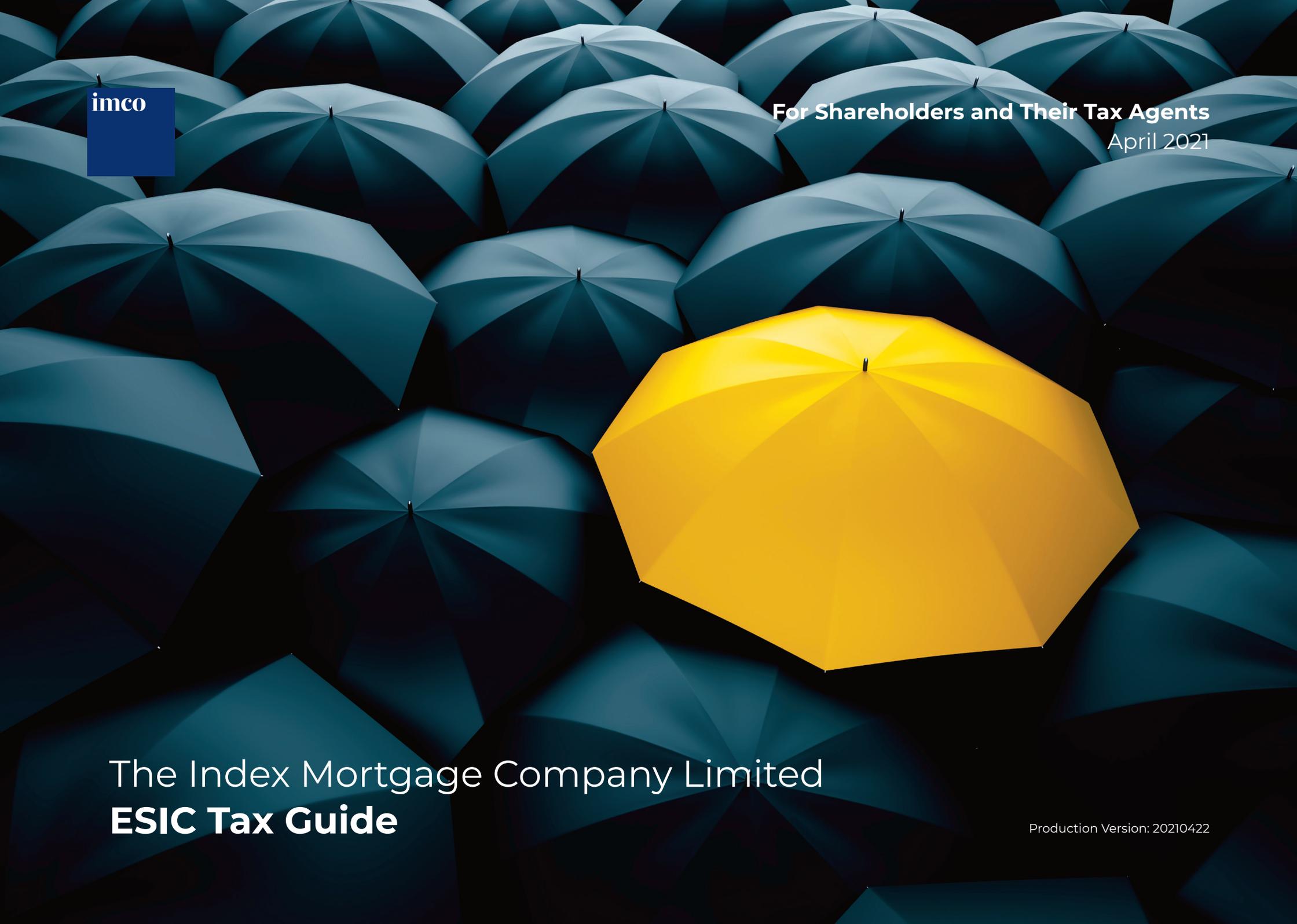
IMCO has now closed its capital raise, which was oversubscribed. We accepted a small amount of over subscription funds. Apropos, you should by now have received your Share Certificate by e-mail. Please respond to me if that is not the case.

Going forward I will be publishing regular updates to shareholders. The purpose of this e-mail however is to provide you with some material regarding the ESIC tax status of IMCO..

In short, there are significant tax concessions available to investors in young Australian companies that are developing innovative products and services (so-called “ESIC” companies). The relevant legislation (Division 360-A of the 1997 Tax Act) can be found [here](#).

The directors believe that IMCO qualifies as an ESIC pursuant to the “principles based test” in s.360-40(1)(e). However, to claim the concession you (as a self assessing taxpayer) must reach that conclusion for yourself, preferably after taking independent tax advice. To assist in that determination IMCO has prepared the following memorandum. Please advise if we can further assist in this regard.

Best,

The background of the entire page is a dense field of blue umbrellas, viewed from a slightly elevated angle. In the lower right quadrant, a single yellow umbrella stands out prominently, being the only one of its color and slightly larger than the others. The lighting creates soft shadows and highlights on the fabric of the umbrellas.

imco

For Shareholders and Their Tax Agents

April 2021

The Index Mortgage Company Limited
ESIC Tax Guide

Production Version: 20210422



Important Information

You must read the following notices ("Disclaimer") before reading the remainder of this document (the "Confidential Material").

The Confidential Material is: (a) issued by The Index Mortgage Company Limited (ACN: 642 665 718) ("IMCO") solely for informational purposes; (b) intended only for shareholders of IMCO and their registered tax agents; (c) is confidential; and (d) must not be copied or communicated without the prior written consent of IMCO. By accessing the Confidential Material you acknowledge that you have read, understood, accepted and satisfied the terms of this Disclaimer. If you do not accept these terms you must immediately return the Confidential Material to IMCO.

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Background and Purpose

Sub-Division 360A Tax Act

Section 360-5 Income Tax Assessment Act 1997 (Cth) ("Tax Act") provides: "You may be entitled to a tax offset if you are, or a trust or partnership of which you are a member is, issued with certain kinds of equity interests in a small Australian company with high-growth potential that is engaging in innovative activities". Section 360-50 Tax Act offers concessional capital gains taxation treatment to qualifying shareholders in such companies.

IMCO considers that it is a "small Australian company with high-growth potential that is engaging in innovative activities". Such a company is widely referred to as an "ESIC".

For the shareholders to an ESIC to qualify for concessional taxation treatment, the company itself must meet certain criteria. These are set out in ss.360-40(1)(a) to (e) Tax Act. IMCO believes that it meets the criteria in ss.360-40(1)(a) to (d) and that it meets the "principles based" test in s.360-40(1)(e) (that being the alternative to the "100 point test").

Qualifying Investors

IMCO's satisfaction of these criteria is a necessary, but not sufficient, condition for the tax concession. In addition, the shareholder must be a qualifying investor, as contemplated by ss. 360-15 to 360-25. You should take independent advice as to whether you are a qualifying investor for these purposes.

This Document

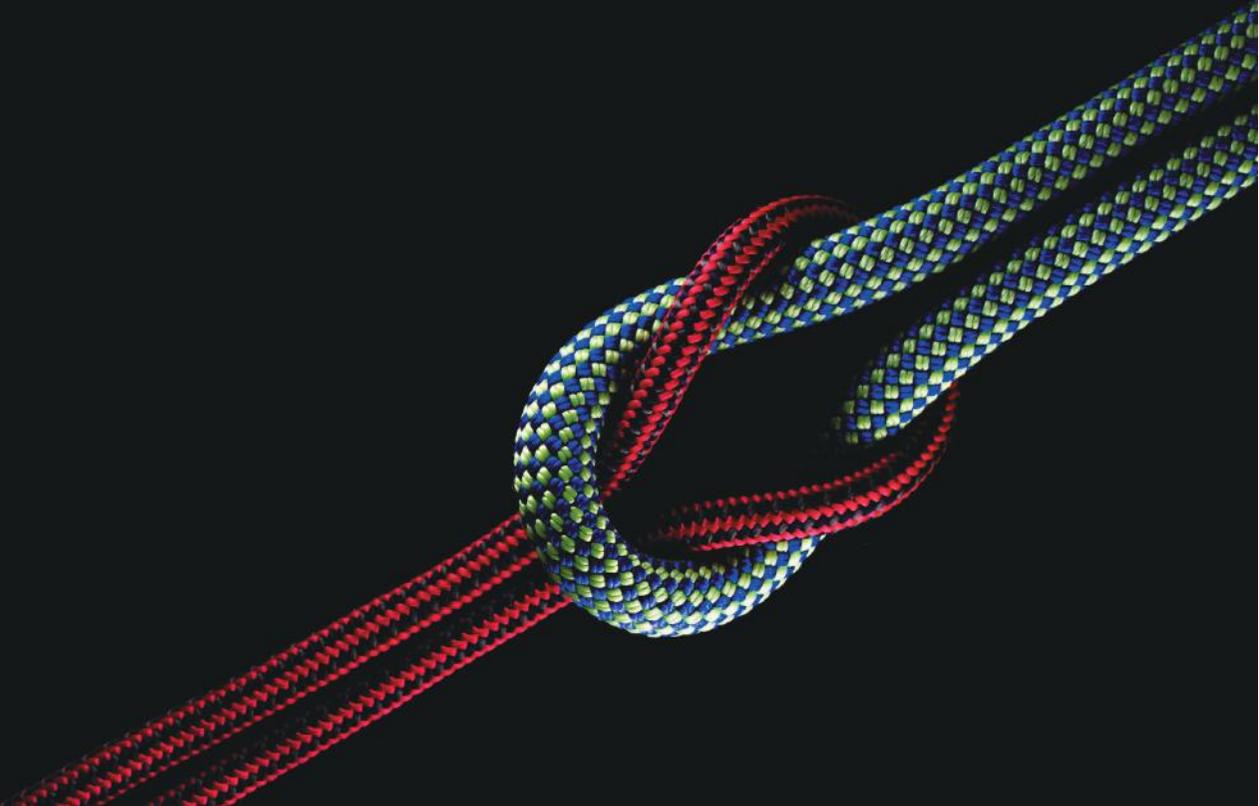
Under Australian law, putative taxpayers initially assess their own liability to tax. If you claim the tax concessions offered by Sub-Division 360A you or your tax agent will have to make a determination as to IMCO's satisfaction of the criteria in s.360-40. This paper is designed to assist in that process.

ESIC Status

Pursuant to s.360-40(1)(e) , IMCO relevantly considers that:

- (i) it is genuinely focused on developing for commercialisation one or more new, or significantly improved, products, processes, services or marketing or organisational methods;
- (ii) it's business as regards those products, processes, services or methods has a high growth potential;
- (iii) it has the potential to successfully scale that business; and
- (iv) it has the potential to address a broader than local market through that business.

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A scenic landscape photograph of a mountain range at sunset. The sky is a gradient of blue and orange, with rays of light emanating from behind the mountains. The foreground shows dark, silhouetted mountain peaks and some sparse vegetation.

Section One: **The Index Mortgage Product**

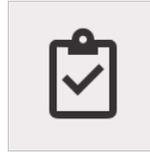


1.1 Highlights



A New Financial Product

Exposures to risk assets can be embedded within a mortgage. Keep your investments “in” your mortgage through “Linking”.



Supported By ATO Ruling

Linking is tax neutral (i.e. has no tax effect). For ATO tax ruling PR 2020/4. Click [here](#).



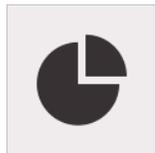
Significant Benefit to Borrower

Tax neutrality and a lower implicit cost of funds makes for compelling economics.

“

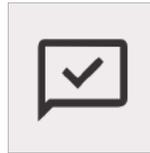
“We have no hesitation in awarding the Index Mortgage a “green” light. It has enormous potential”.

Citigate Dewe Rogerson



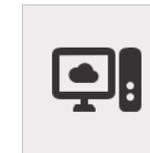
Significant Market

IMCO estimate the market for the Index Mortgage in Australia at more than \$200 billion.



Market Tested by Citigate Dewe Rogerson

Citigate Dewe Rogerson is an international communications firm specialising in financial products and services. Click [here](#).



Enabled by Proprietary Software

Novel algorithms instantiated in bespoke software. A formidable economic moat.



1.2 FAQ

What is IMCO?

IMCO is the developer, promoter and administrator of the Index Mortgage.

What is an Index Mortgage?

An Index Mortgage is a new type of financial product. Described by Citigate Dewe Rogerson¹ as “an entirely new approach” that will “drive a sea change” and “revolutionise the market”, an Index Mortgage allows a Borrower to embed an exposure to risk assets within a mortgage loan. We call this “Linking” to an Index.

What is an Index?

An Index is a time series of Index Values, reported in index points. Under an Index Mortgage, a Link marries to an Index and an Index refers to a pool of Reference Assets. The Index “stands for” (gives exposure to) that pool of Reference Assets.

What are the Index Values?

Changes in Index Values reflect the Total Return of the underlying Reference Assets, after the deduction of Costs. The difference between two Index Values reports as the Index Return.

Are taxes deducted from Index Values?

No. This means the Index Return is not diminished by Taxes.

What are the benefits of Linking as compared to the direct ownership of risk assets?

Linking is a superior mechanism by which to hold an exposure to risk assets, for three reasons. First, a Link requires no investment. Links are “synthetic”. Secondly, the implicit financing cost associated to Linking is lower than any alternative accessible by Borrower. Thirdly, Linking is “tax neutral”. In fact, Linking does not require any interaction with the tax system.

What is the consequence of Linking a mortgage loan?

Linking means the Excess Return will reflect “inversely” in the rate of interest payable under the loan. The greater the Excess Return, the lower the rate of interest payable under the mortgage.

¹ Citigate Dewe Rogerson: The Index Mortgage, LaunchSure Report.

What is the Excess Return?	The Excess Return is the Index Return less the Benchmark Rate. The Benchmark Rate is a proxy for the cost of hedging Index exposure and will be significantly lower than the cost at which a typical Borrower could fund an exposure to the Reference Assets.
Does a Link require an investment of money by Borrower?	No. All that is required is that Borrower meet certain credit criteria. Typically that will reduce to Borrower having sufficient equity in the mortgaged property.
Why no tax on Linking?	Linking transmutes the Excess Return into an interest saving or cost. If that interest saving relates to a mortgage over Borrower's principal place of residence there is no tax effect, such interest charges not being tax deductible to begin with.
Has this been affirmed by the ATO?	Yes. See Product Ruling PR 2020/4. Click here .
What is the Indexed Rate?	The Indexed Rate is the interest rate under a loan that is Linked. It is the solution to an algorithm that takes into account the Excess Return to the date of calculation.
Is the Indexed Rate capped or collared?	No. Borrower experiences the full benefit or cost of Linking through the Indexed Rate.
What type of assets can a mortgage be Linked to?	Borrowers may Link to any Index within the constellation nominated by IMCO. In theory, any financial asset traded in a liquid market can be the subject of an Index. This includes equity indexes, individual shares, exchange traded funds, currencies and commodities.
Will there be Reference Assets other than equities?	Yes. At a minimum, IMCO will establish Indexes that marry to precious metals and other commodities.
Are Indexes necessarily "long" the Reference Asset?	No. Some Indexes might be a "bear" version of the standard Index.

Can Borrower Link to more than one Index at a time?	Yes.
Does Borrower Link the whole mortgage loan?	No. A Link may be for as little as \$25,000. The maximum Link we will accept depends upon certain credit criteria, most importantly the amount of equity in the mortgaged property.
Are Borrowers “locked in” to Links?	No. On any business day Borrower might instruct for a Link to be added, removed, reduced or switched. Such instructions will be actioned on an N + 1 basis, where N is the number of days required to settle an on-market trade in the underlying Reference Asset. There is no penalty for removing or reducing Link exposure.
What is the market for the Index Mortgage in Australia?	The Index Mortgage is new and its market potential must be estimated . Our analysis suggests a market in excess of \$200 billion.
What is LUM? Whys is LUM important?	“LUM” means Links under management. It is the analogue of FUM (funds under management). LUM is natural balance sheet metric for the IMCO business.
How does IMCO generate revenue?	Mortgage Lender’s Index exposure is hedged. IMCO funds and manages the underlying Hedge Book. In return, IMCO receives Asset and Performance Charges (in the form of “carry” in that Hedge Book). IMCO also receives the Hedge Spread (a margin referable to its funding the Hedge Book).
How will Index Mortgages be funded and distributed?	IMCO will promote the Index Mortgage through strategic partnerships with existing participants in the mortgage and wealth management markets.
How long before other companies offer indexed mortgage loans?	IMCO doesn’t expect to face meaningful competition in the indexed loan market for three years. During that time IMCO will build its brand and its funding and distribution channels. Consequently, IMCO expects that first mover advantages and network effects will assure its continued dominance of the indexed loan market.



1.3 Indexes and Links

Indexes

An Index is a scale by which IMCO reports the value of a pool of Reference Assets through time after Costs.

Links

IMCO decides the Reference Assets in respect of which it will publish Indexes and Borrower may choose to Link part of the mortgage loan to any or all of those Indexes. Note that Linking is not an all or nothing proposition. Most Borrowers will only Link between 10% and 30% of their mortgage loan.

Linking simply means Borrower requires that interest charges be computed by reference to the Indexed Rate. Nothing else changes, including the mortgage repayments.

Index Adjustment

Rather than continually adjust the scheduled mortgage payments to reflect changes in Index Values, the daily difference between

interest at the Indexed Rate (whatever that might be) and interest at the standard mortgage rate (the "Base Rate") is "rolled up" into a future value that we call the "Index Adjustment".

“*In the new market, at the minimum, it will become the norm to keep your investments “in” your mortgage – it would be stupid not to”.*
Citigate Dewe Rogerson

This is the benefit or cost of having Linked the loan and it is deducted from, or added to, the mortgage balance when a Link is taken off.

Link Not an Asset or a Liability

It bears repetition: a Link is an abstraction. By Linking the Borrower is simply electing for interest to be charged at the Indexed Rate.

In particular, a Link is not a new or further liability. A Borrower that Links \$100,000 of a \$1 million mortgage owes \$1 million immediately before and immediately after the Link is initiated.

Nor is a Link an asset. Linking gives the Borrower no ownership interest in the underlying Reference Assets. Rather, a Link is a personal right, indivisible from the contract that created it. That right is enforceable, and may be valuable, but it is not "property". One could not sell a Link to a third party. This is why we describe a Link as "synthetic".

This anticipates certain tax outcomes. For example, a Link isn't capable of being disposed of to yield a capital gain. And since Linking does not create a debt, no interest charge, and so no deduction for interest, arises through its initiation.

No Interaction With Tax System

Links simply aren't things that require



reporting in a tax return. This significantly reduces portfolio administration.

Link Requires No Investment

A Link is not an investment that requires funding by Borrower. Borrower does not “buy” a Link. Rather, assuming Borrower meets our credit criteria, a Link is initiated by Borrower simply “ticking a box”.

Borrower Can Link Part of Mortgage Loan

A Borrower is not obliged to Link all of the mortgage loan. We expect Borrowers will typically Link between 10% and 30% of the loan balance, but we will write Links for as little as \$25,000.

Borrower Free to Deal with Links

Once a Link is on, Borrower can add, remove, increase, decrease or switch between Links whenever they choose. There is no early termination penalty associated with removing a Link. If all Links are removed, future interest charges cease to be computed by reference to the Indexed Rate. Instead they are computed by reference to whatever rate (fixed or variable) would have applied had the mortgage loan never been Linked.

Links Under Management

Every Link position is hedged. IMCO funds and manages the Hedge Book. In return, IMCO receives Asset and Performance Charges in the form of “carry” and it earns the Hedge Spread (a margin on funding the Hedge Book). Hence, IMCO's revenue is proportionate to the value of the Hedge Book and so is proportionate to LUM. This makes LUM a fundamental metric of the IMCO business.



1.5 Tax Neutrality

If a loan is used to purchase, refinance or improve Borrower's principal place of residence ("PPR") then the loan interest charges are not tax deductible - those charges not being incurred in an effort to produce assessable income. The same is true of any loan used to further a private or domestic purpose.

It follows that a decrease or increase in the interest payable under such a loan has no tax effect to Borrower. And so a decrease or increase in the rate of interest charged under such a loan has no tax effect.

Linking inversely associates the Excess Return with the rate of interest payable under a mortgage loan. Assuming the Linked loan was used to purchase, refinance or improve Borrower's PPR (or was used for some other private or domestic purpose) then a decrease or increase in the loan interest rate on account of Linking will have no tax consequence.

If the Excess Return is positive this advantages Borrower, it having "received" alpha free of Taxes in the form of lower, non-deductible interest charges.



Once people understand the reasonably simple principle of 'you don't pay tax because you are reducing what you owe, not earning income', the Index Mortgage was a 'no brainer' (to use their words)".

Citigate Dewe Rogerson

However, the converse is also true. If the Excess Return is negative, the cost to Borrower (an increase in non-deductible interest charges) is not ameliorated by tax deductibility.

Hence, Linking is tax neutral. This is the

outworking of ATO Product Ruling PR 2020/4. Click [here](#).

That said, Linking implicitly asserts a belief that the Excess Return will be positive. We say that belief is well-founded.

The issue then is whether Linking is superior to the direct ownership of risk assets. That question involves several variables, some detailed tax analysis and some reasonably involved mathematics.

However, for the high income individuals we show that, for all reasonably conceivable parameters, we believe that Linking is the best way to hold an exposure to risk assets.



1.6 Expected Benefit to Borrower

Index Adjustment

Accumulating the differences in interest charges at the Indexed Rate versus the Base Rate gives the "Index Adjustment". This is the benefit or cost of having Linked and it is deducted from, or added to, the mortgage balance when a Link is taken off. Since the Index Adjustment is solely attributable to the Excess Return, it is the "money value" of that return.

Expected Benefit

We generated 1,000 possible Index Adjustments through Monte Carlo simulation. Present valuing each of those and averaging those present values gives the "Expected Benefit" for that Index. We quote the Expected Benefit per \$100,000 of Link.

This is our best (probability weighted) estimate of the today valued benefit of Linking as compared to not Linking.

Table 1 reports the Expected Benefit of Linking \$100,000 to the ASX 200 TR Index

Table 1: Expected Benefit per \$100,000 Link

Link Term	Expected Benefit
5 Years	\$47,409
10 Years	\$121,202

“*What a story! Promotion needs to create a sense of revolution, so consumers realise that a new generation of better mortgage products are now available*”.
Citigate Dewe Rogerson

Section Two: **Australian Market Overview**

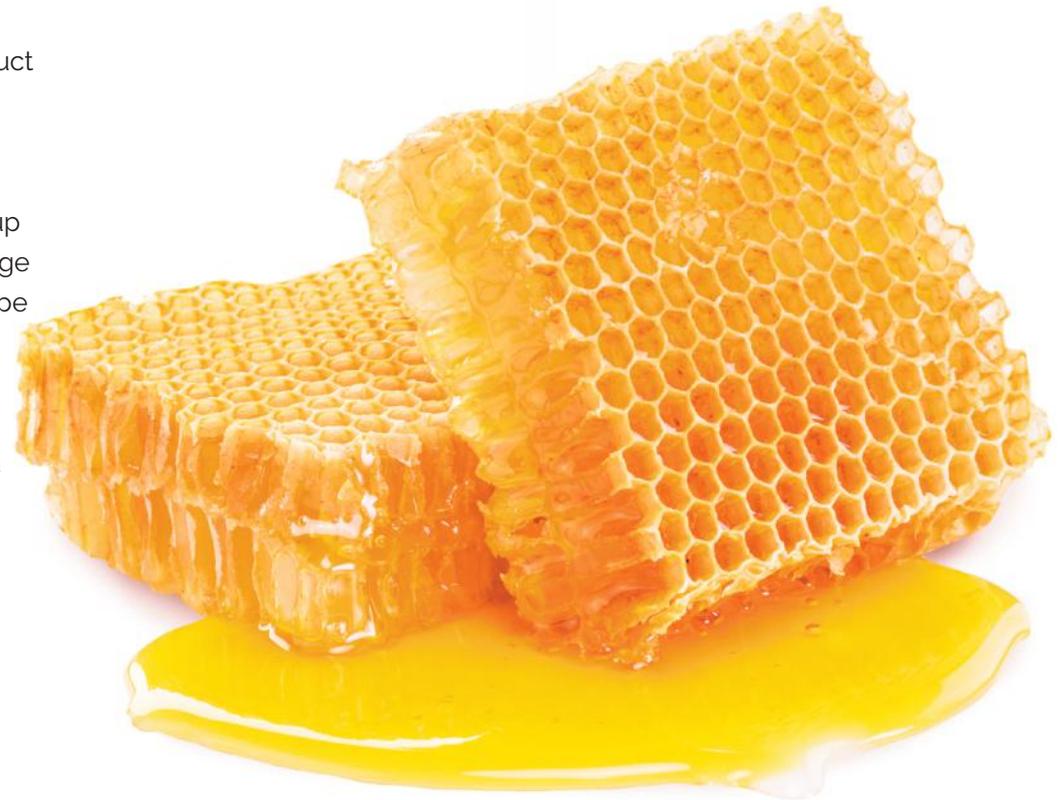
2.1 Market Potential by Analogy to Cash Offset Mortgage

The aggregate amount outstanding under all Australian residential mortgages exceeds \$1.8 trillion.¹ The PPR mortgage market is greater than \$1 trillion.² Markets of this magnitude should foster genuine product innovation, but there has not (until now) been a fundamentally new mortgage product since the cash offset mortgage.

Conceived in the 1980s, within 30 years cash-offset mortgages made up more than 35% of the market.³ Today, more than half of all PPR mortgage accounts in Australia are offsets,⁴ which remains the fastest growing type of mortgage.⁵

At July 2017 around \$125 billion was held in the deposit limb of offset mortgages written by the major banks, with most of that attributed to a “wealthy minority”.⁶

IMCO believes the Index Mortgage will become the “new offset mortgage”, ushering in revolutionary change.



¹ Deloitte: Australian Mortgage Report (2020)

² APRA: Monthly Authorised Deposit-taking Institution Statistics (June 2019).

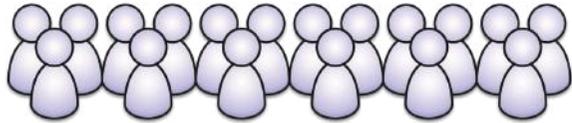
³ Haffner, Ong and Wood: Mortgage Equity Withdrawal By Older Australians: Recent Trends

⁴ RFI Group: Australia, Should mortgage holders have an offset account? (August 2018)

⁵ Deloitte: Australian Mortgage Report (2016)

⁶ MorningStar as reported by mortgagebusiness.com “Wealthy minority: offset mortgages balance debt boom” (July 2017)

2.2 Total Serviceable Market

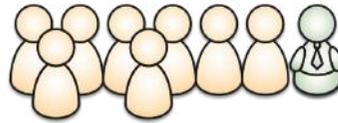


For regulatory purposes, an Index Mortgage is a “credit facility”, not a “financial product”. Defining the market by prudential measures pertaining to financial products (such loan to valuation ratios and debt servicing capacity_ gives a market for the Index mortgage in excess of 4 million persons.¹

¹ As at 2019 there were 490,000 Australian HNW’s (investable assets > USD \$1 million): PowerWrap: HNW Investor Report (2019).

At least 3.7 million Australians are “affluent”: Research and Markets: Wealth in Australia, Sizing the Market Opportunity (2018). Of these, “aspiring professionals” (annual incomes between USD \$60,000 and USD \$500,000) make up the greater part: KPMG: The Evolving Mortgage Market (2020).

Correspondingly, more than 1 in 5 Australian households has an annual income in excess of AUD \$280,000: McCrindle: Australia’s Income and Wealth Distribution (2018).



Constraining the market by reference to concepts relevant to “financial products” (persons advised by AFS licensees and “sophisticated investors”), limits the market to 2.2+ million persons.¹

¹ “More than 2 million Australians are currently seeing a financial adviser or have seen one within the last 12 months”: Oliver Wyman: Future of Financial Advice: The Australian Renaissance (2020).

And see: Adviser Ratings: Australian Financial Advice Landscape (2019)

2.3 Target Customer

- The HNW population is projected to rise by 18% over the next 5 years.¹
- HNW’s hold over \$2 trillion in investable assets.² 30% is held in direct equities Another 7% is invested in listed funds and another 15% of in alternative asset classes such as private equity and hedge funds.³
- 86% of HNW’s hold direct equity investments.⁴
- Most of the \$125 billion in cash offset deposits is attributable to a “wealthy minority”.
- Deloitte estimate that the “mass affluent” demographic generates more

¹ Knight Frank: Australia’s ultra-wealthy population predicted to rise by 20% (April 2019)

² Cromwell Funds Management: Australian High Net Worth Investment Landscape (2017)

³ PowerWrap: HNW Investor Report (2019)

⁴ PowerWrap: HNW Investor Report (2019)

than 80% of retail banking income.⁵

- The mass affluent hold around \$4 trillion in investable assets.¹
- 55% of aspiring professionals have a mortgage. Of the remainder, 55% intend to purchase a residence within 2 years.²
- 33% of aspiring professionals with a mortgage intend to renegotiate the mortgage terms this year.³

“*From all perspectives the Index Mortgage is an exciting development, which could revolutionise the market*”.
Citigate Dewe Rogerson

¹ Oliver Wyman: *Future of Financial Advice: The Australian Renaissance*

² KPMG: *The Evolving Mortgage Market (2020)*.

³ KPMG: *The Evolving Mortgage Market (2020)*.

⁵ S&P Global Intelligence, 28 October 2020

2.4 Some Further Observations

- IMCO will not compete for market share in the indexed loan market, simply because it falls to IMCO and its partners to create that market.
- As the provider of an intangible product, deliverable via the internet, IMCO is not geographically constrained.
- Investment in a scalable, cloud-based solution and task automation software together with our partnering model means neither infrastructure nor personnel are a limiting resource.



2.5 Market Analysis by Citigate Dewe Rogerson

Citigate Dewe Rogerson ("CDR") is one of the world's premier financial and corporate communications consultancies.

Prior to the incorporation of IMCO, the directors of IMSS had CDR prepare undertake a market analysis of the Index Mortgage product in the United Kingdom, including obtaining feedback from customer focus groups. The resulting "LaunchSure Report" included the following comments: "Exciting development, ... revolutionise the market". "...allow a product provider to be positioned as transforming the mortgage industry". "... become the norm to keep your investments "in" your mortgage – it would be stupid not to". "no hesitation in awarding the Index Mortgage a "green" light. It has enormous potential". "What a story! Promotion needs to create a sense of revolution, so that consumers realise a new generation of better mortgage products are now available".

2.6 Fast Path to Scale

Heightened competition in the mortgage market has not yielded any genuine innovation in product and mortgage lenders in the prime space principally differentiate through price, fostering a “race to the bottom”.

However, any extant mortgage loan can be converted into an Index Mortgage. This allows for a rapid scaling of the IMCO business, as IMCO works with prime lenders to convert their books to Index Mortgages. There are significant benefits to a lender in doing so, namely additional income and reduced book turnover.

We consider the Index Mortgage will be well received by lenders, offering early adopters the opportunity to legitimately differentiate by product.

IMCO is also in the process of developing mortgage origination partnerships with hybrid mortgage broking/wealth management businesses, the largest of which is presently in due diligence.

“

The Index Mortgage will allow a product provider to be positioned as transforming the mortgage industry”.
Citigate Dewe Rogerson





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Section Three: **The Index Mortgage Company**

3.1 Executive Directors



Scott Tyne

Scott holds an Honours degree in Law and is strongly mathematical, having worked in the debt capital markets before joining the tax-structured finance group at Mallesons Stephen Jaques. After two years as a lawyer, Scott co-founded two boutique financial services firms and started businesses in Sydney and London. Those enterprises were highly successful, concluding significant asset based transactions with the State of Western Australia (\$250 million) and more than USD \$3 billion of capital markets based transactions with Abbey National, ABN Amro, Merrill Lynch and Royal Bank of Scotland, all of which were structured by Scott.

Whilst living in London, he developed the concepts underlying the Index Mortgage. After returning to Australia Scott obtained ATO Tax Ruling PR 2017/3. This precipitated his overseeing the development of IMSOLVER. Scott is IMCO's subject matter expert and is responsible for product development and pricing and the daily implementation of IMSOLVER to generate Indexed Rates, Index Adjustments and the trades required to maintain the Hedge Book

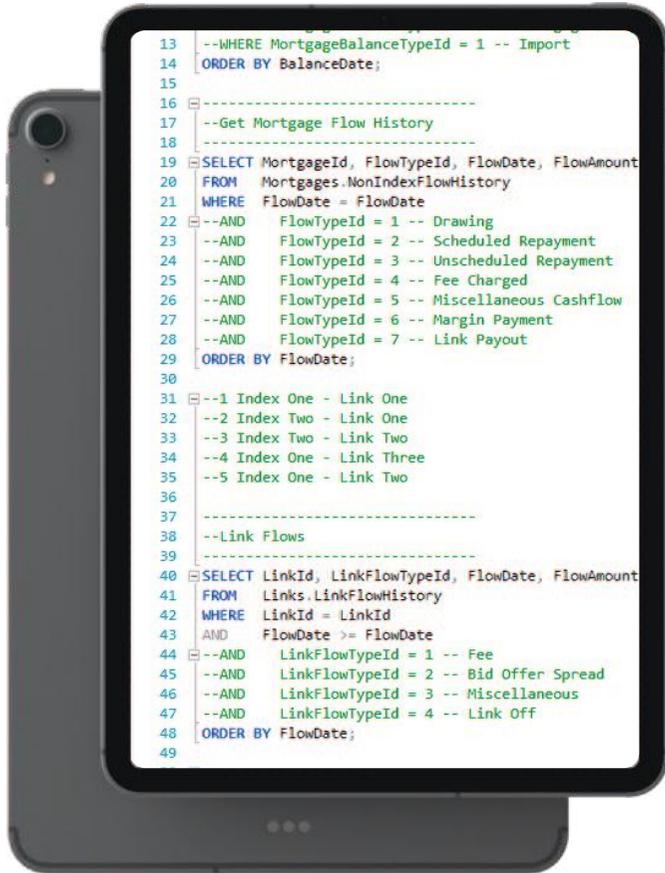


Cathryn Lyall

Leveraging her 30+ year career in capital markets as a derivatives trader, exchange executive, board member and market infrastructure specialist, Cathryn co-founded Seismic Foundry in 2017, a UK fund investing in capital markets fintech. She has held MD and C-Suite positions at Colonial State Bank, Chicago Board of Trade, CME Group, Nasdaq NLX and London Stock Exchange Curve Global, as well as serving as a non-executive director of Deutsche Bank UK.

Cathryn has been listed in Australian Business Top 30 under 30 (1999), Qantas Australian of the Year UK (2010), Cranfield FTSE Index 100 Women to Watch (2012), Financial News 100 Most Influential Women (2012 & 2013), Brummell Most Influential Women in the City (UK) (2017) and Innovate Finance Top 100 Women in Fintech and Top 30 Angel Investors (2018). She is an advisor to, and investor in, SeedSpace Venture Capital; a co-founder of Seed Money; a non-executive director of Fintech Australia and the non-executive Chair of Hutly. Known for her deep industry knowledge, positive energy and extensive network, Cathryn is responsible for expanding and maintaining IMCO's institutional relationships.

3.2 Intellectual Property



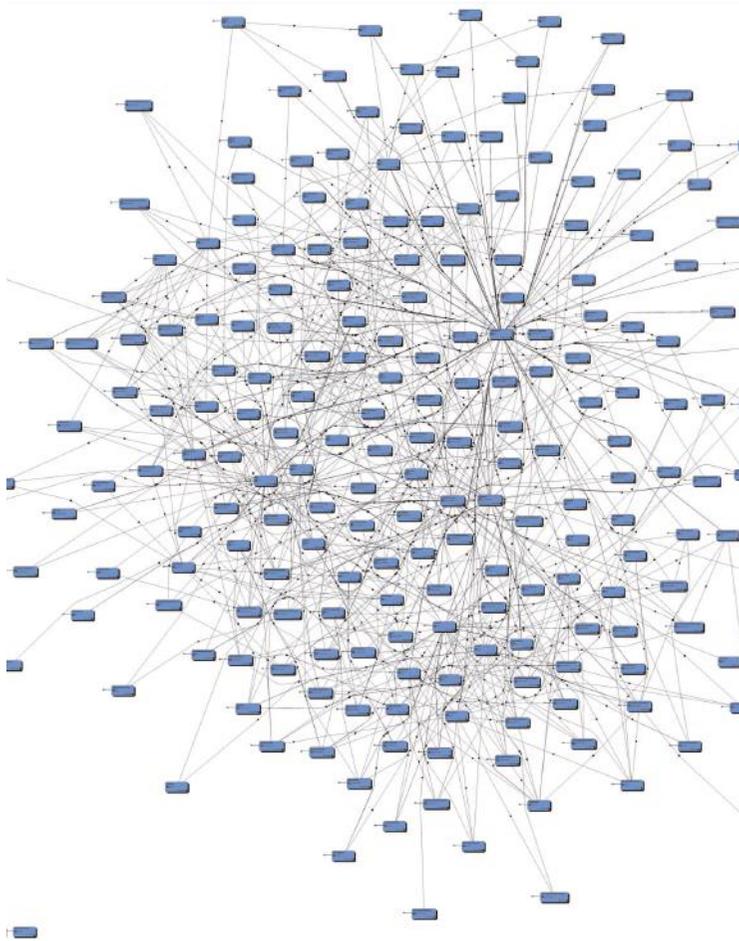
Novel Algorithm: Underlying the Index Mortgage is a novel algorithm, now instantiated in proprietary software. The algorithm is a trade secret, and the parties to whom it is disclosed must execute a non-disclosure agreement.

IMSOLVER: IMSOLVER is the calculation engine that drives the Index Mortgage, computing all aspects of indexation, from the position under individual Links to the delta of the Hedge Book. Based upon a relational database, IMSOLVER is predominantly written in T-SQL for the Azure platform. The IMSOLVER schema guarantees relational integrity, including under encryption. Financial calculations are run on the .NET CLR and engage DLL functions written by [WestClinTech](#).

Developed by IMSS, IMSOLVER is exclusively and perpetually licenced to IMCO for royalty free use in Australia pursuant to the Software Licence.

IMPORTANT: IMPORTANT will be the “plug and play” solution whereby the external world will interact with IMSOLVER, efficiently enabling permissioned information flow. IMPORTANT will comprise independent modules with secure API connections to mortgage borrowers and funders, security trustees and custodians, prime brokers, swap counterparties and auditors. This will make for ready adaptation to meet evolving needs and data sources. IMCO will develop (and own) IMPORTANT.

3.3 IMSOLVER



IMSOLVER: Data dependencies and calculation flow

IMSOLVER is a bespoke calculation engine specifically designed and tested to administer portfolios of Index Mortgages with the following functionality:-

- Compute and report Index Values correspondent to the market value of the underlying Reference Assets after deduction of Costs.
- Ensure that daily movements in the Hedge Book map to daily movements in Index Participation across the Index Mortgage book.
- Translate Excess Return into Indexed Rates and compute the correspondent pending Index Adjustment for each Index Mortgage in the book.
- Compute and affirm all collateral positions to specified parameters.
- Ensure that every event is logged and that every transaction is auditable to the most granular level.
- Partition the database such that Lenders, hedge counterparties, trustees and auditors can access modular reports constrained to information properly accessible by them.

These requirements demanded a complex asset management schema instantiated in an enterprise level database. An exacting calculation flow called for advanced financial functions to be implemented at the common runtime.

IMSOLVER is functional, but not easy to use. Users must be versed in the database schema and the T-SQL programming language in order to run the various stored procedures. IMPORTAL will automate these functions and enable stored procedures to be run through a simple graphical user interface.

3.4 IMPORTAL Functionality Overview



Borrower: On demand reporting of Links and pending Index Adjustments. On demand transactions in Links.



Wealth Manager: On demand reporting of client Links and pending Index Adjustments.



Prime Broker: Automated daily trading and mark to market position reporting in Hedge Book.



Trustees and Custodians: On demand and scheduled reporting of security and collateral positions.



Lenders: On demand and scheduled reporting of pending Index Adjustments, collateral positions and other as required.



Auditor: On demand and scheduled reporting. Export to accounting packages such as Xero.



Transaction counterparties: On demand reporting of mark to market positions.



Security: All access is permissioned and subject to multi-factor authentication as required.



Section Four: **Dictionary**



Defined Terms

Words commencing with a capital in the text of this Information Memorandum have these meanings:-

Asset Charge	An impost proportioned against the daily Index Participation and experienced by Borrower as a drag upon Index performance.
ASX 200 TR Index	An example Index, the Reference Asset for which is the broad market accumulation index ticker coded AXJOA.ASX.
Base Rate	The rate of interest payable under a mortgage loan assuming that loan never was Linked (i.e. the "standard" mortgage rate, as opposed to the Indexed Rate).
Benchmark Rate	A proxy for the cost of funding the acquisition of a Reference Asset. Typically, the Benchmark Rate is the Base Rate.
Borrower	A borrower under an Index Mortgage.
Costs	The cost of maintaining an exposure to a reference Asset through Linking, principally comprising Asset Charges, Origination Fees and Performance Charges.
ESIC	Early Stage Innovation Company. Pursuant to Division 360 of the Income Tax Assessment Act 1997 (Cth), investors may receive tax concessions referable to an investment in IMCO.
Excess Return	The Index Return less the Benchmark Rate.
Expected Benefit	A probability weighted estimate of the present value benefit to Borrower referable to a Link.
FUM Hedge Book	Funds under management. The total market value of all financial assets managed on behalf of clients or as a proprietary principal.

Hedge Spread	A portfolio of assets and derivatives required to hedge the Mortgage Lender's net book exposure to loan indexation.
HNW	The difference between the Benchmark Rate and IMCO's cost of funding the Hedge Book.
IMCO	A person of high net worth, usually defined as an individual with investable assets in excess of \$1 million.
IMPORTAL	The Index Mortgage Company Limited (ACN: 642 665 718).
IMSOLVER	Proprietary software to be developed by IMCO for its exclusive use in Australia. IMPORTAL is the "gateway" to IMSOLVER, allowing Mortgage Lenders , Borrowers and others permissioned, secure access to IMSOLVER's capabilities.
IMSS	Proprietary software developed by IMSS and exclusively licensed (royalty free) to IMCO for use in Australia. IMSOLVER is the calculation engine that powers the Index Mortgage.
Index	Index Mortgage Software Solutions Limited.
Index Adjustment	A time series of values (index points) that reflect the market value of a Reference Asset.
Index Participation	The "rolled up" interest saving or cost attributable to a Link. The Index Adjustment is deducted from, or added to, the mortgage balance when the Link is taken off.
Indexed Rate	The notional exposure of a Link to an Index, expressed in dollars.
Index Return	The rate of interest payable under a mortgage loan, given that loan is or was Linked. By its algorithm IMCO computes the Indexed Rate each day.
Index Value	The difference between two Index Values, expressed as a compound annual growth rate. The Index Return is computed after deduction of Costs.

The value in index points of an Index on any given day. Index Values are computed: (a) without deduction of Taxes; (b) after deduction of Costs; (c) assuming that dividends or distributions are re-invested in Reference Assets at prevailing market prices; and (d) assuming that temporarily uninvested cash and cash receivables do not earn interest.

Link

The mathematical association of changes in Index Values to the rate of interest payable under a mortgage loan.

LUM

Links under management, equivalently aggregate Index Participation. LUM is the natural metric of IMCO's balance sheet.

Performance Charge

An impost analogous to the performance fees charged by hedge funds and experienced by Borrower as a drag upon Index performance.

PPR

Principal place of residence. A PPR mortgage is a secured loan used to finance or refinance the acquisition of a PPR or to fund improvements to it.

PR 2017/3

Australian Taxation Office Product Ruling 3 of 2017: Income tax: taxation consequences for a borrower being charged an 'Indexed Rate' of interest under a home loan. PR 2017/3 was renewed as PR 2020/4.

PR 2020/4

Australian Taxation Office Product Ruling 4 of 2020: Income tax: taxation consequences for a borrower being charged an 'Indexed Rate' of interest under a home loan. Click [here](#).

Reference Asset

A risk asset such as an equity index, exchange traded fund, listed stock or traded commodity.

Software Licence

An agreement dated 24 July 2020 between IMSS as licensor and IMCO as licensee.

Taxes

Income and capital gains taxes payable as a consequence of maintaining an exposure to a risk asset, given the means by which that exposure is held. Note: In the case of an exposure held through a Link, there are no Taxes.

Total Return

The growth in value of a pool of Reference Assets assuming all dividends or distributions are reinvested into additional assets of that type at prevailing market prices



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