Replacement Offer Information Statement

FOR THE ISSUE OF Baron Monthly Income Limited

Redeemable Preference Shares

This document is not a prospectus, it has a lower disclosure requirement than a prospectus and investors should obtain professional advice before accepting the offer.

Baron Monthly Income Limited ACN 618 502 640

DECEMBER 2018

1. IMPORTANT INFORMATION

This Replacement Offer information Statement (OIS) replaces a OIS dated and lodged with ASIC on 16 November 2018. For the purposes of this document, this Replacement Prospectus will be referred to as either "the Replacement OIS" or "this OIS".

Some terms used in this OIS are defined in the Glossary.

This OIS is dated 5 December 2018. A copy of this OIS was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this OIS or the merits of the investment to which this OIS relates. No Redeemable Preference Shares will be allotted or transferred on the basis of this OIS after the expiry date. This OIS expires on the date which is 13 months after the original OIS Date.

The distribution of this OIS in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This OIS is not an offer in any place where, or to any person to whom, it would not be lawful to make the offer.

No person is authorised to give any information or make representations about the offer, which is not contained in this OIS. Information or representations not contained in this OIS must not be relied on as authorised by the Company, or any other person, in connection with the offer.

This OIS provides information for investors to decide if they wish to invest in Baron Monthly Income Limited ("Monthly Baron" or "Company"). Read this document in its entirety. This OIS contains forward looking statements. Those statements are based upon the Directors' current expectations in regard to future events or results. All forecasts in this OIS are based upon the assumptions and risks described in section 6. Actual results may be materially affected by changes in circumstances, some of which may be outside the control of the Company. The reliance that investors place on the forecasts is a matter for their own commercial judgment. No representation or warranty is made that any forecast, assumption or estimate contained in this OIS will be achieved.

Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The information provided in this OIS does not constitute personal financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this OIS in its entirety before deciding to invest and consider the risk factors that could affect the Company's performance.

This OIS is distributed electronically. Applications for Redeemable Preference Shares may only be made on the application form attached to this OIS and online at http://www.monthlybaron.com (Investor Platform). Instructions on how to apply for Shares are set out in section 17 of this OIS and on the back of the application form.

Under the Corporations Act the Company must not process application forms during the seven day period after the date of lodgement of this OIS with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the OIS to be examined by market participants. application forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to application forms received during the exposure period.

Monetary amounts shown in this OIS are expressed in Australian dollars unless otherwise stated. Photographs used in this OIS without descriptions are only for illustration. The people shown are not endorsing this OIS or its contents. Diagrams used in this OIS may not be drawn to scale. The assets depicted in photographs in this OIS are not assets of the Company unless otherwise stated.

2. PROPOSED TIMETABLE

Event	DATE
OIS date	5-DECEMBER-2018
Offer opens	5-DECEMBER-2018
Offer closes (unless the offer is fully subscribed earlier)	24-DECEMBER-2019
Monthly cut off date for applications	5pm on the 25th day of each month
Anticipated date of issue of new Preference Shares	On the first business Day of each month
Preference Shareholding statements expected to be dispatched	On the 5th business Day of each month
Expected Dividend Date	On the 10th business day of each month
Expected Redeemable Preference Share Repurchase Date	12 months from the issue date of that particular share

All dates and times are subject to change and are indicative only. All times are Australian Eastern Standard Time (AEST). The Company reserves the right to vary these dates and times without prior notice. It may close the offer early, withdraw the offer, or accept late applications. Applicants are encouraged to submit their application forms as soon as possible.

3. LETTER FROM THE BOARD

DEAR INVESTOR,

On behalf of the Company, it is my pleasure to offer you the opportunity to invest in Redeemable Preference Shares in Baron Monthly Income Limited.

The property market has long been a key source of wealth creation for generations of Australians. Investing in real estate takes 2 forms, the first is the buy and hold strategy where you invest in real estate and passively wait for the market to appreciate.

The second is real estate development, which is a more active process of value creation.

Done correctly, real estate development has the potential to create large wealth for its principals, but often the enormous capital required, coupled with the lack of a development skill set and experience, has presented a barrier for many Australians to enjoy the returns that well-executed real estate development projects can provide.

A small investor may have a few thousand dollars to invest, but often the money required to execute a real estate project is far more than that, and it also requires significant skills to identify which location is best suited to develop, and whether or not the development will lead to a profitable outcome.

On the other hand, professional real estate developers with this expertise of executing a development project often struggle with lack of funds. They can source opportunities and deliver a strong outcome but even these real estate developers do not always have all the capital they need to move on a project.

In order to source the funds they typically reach out to the banks and then for the remainder (as banks will only fund a certain portion) they reach out to friends and family and high net worth investors.

This source of private capital is limited and can often come with higher return requirements and intrusive managerial control requirements that can make a project untenable for a developer.

The current lending environment with tightening requirements means that the money which the developers need beyond bank funding is now even more. This has led to what is described as the “funding gap” in the real estate development industry.

We propose a solution that matches these small investors to those with expertise in real estate development i.e developers.

Through a structure that lends the raised money to a range of real estate development projects, we are able to give investors a diversified outcome instead of having all their money tied to the outcome of one particular project.

We also intend to follow a tightly defined mandate that limits the projects that we lend to based on type of end product and stage.

Beyond lending the invested money, the Monthly Baron team will also take a development management role in the projects in their individual capacity to ensure investors money is spent properly and an outcome can be ensured for investors.

The team at Monthly Baron has been personally involved in real estate development and knows the ins and outs of the industry. This puts us in the perfect position to identify which projects will make money, development manage them on behalf of investors and deliver the expected outcome to investors.

As with all investments, investing in this offer by Monthly Baron carries risks. The investment ranks behind the senior lender (explained in section 5.7) and a range of risks can see the investors lose their returns as well as invested capital.

However, it should be noted that investors get their entire returns paid out before the developer sees any return. In addition, the Monthly Baron team takes an active development management role to ensure the project outcomes are secured and its fees as Development managers are also paid only after investor returns are paid.

Monthly Baron is aimed at an investor interested in relatively strong returns who acknowledge and are willing to accept the risks associated with real estate development ventures.

I encourage you to read this OIS carefully to understand how your funds are invested and the risks associated with the investment, and to seek independent financial advice.

If you decide that an investment in Monthly Baron is right for you, then I welcome you as an investor, and I look forward to reporting to you on our progress in the future.

Mark Greenberg

Managing Director

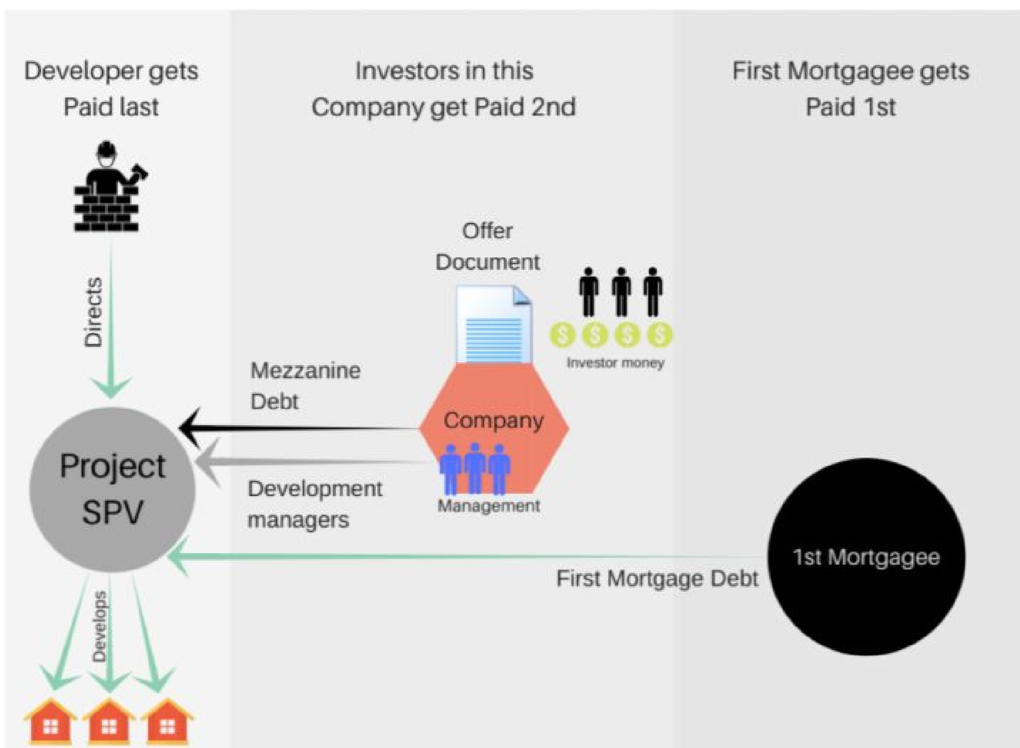
4. SUMMARY

The following tables summarise the key features of an investment in the Redeemable Preference Shares and refers to the sections of the OIS where you can find further information. You should read this OIS in full to properly understand your investment in the Platform.

Matter	Summary
What is being offered?	Monthly Baron is seeking to raise up to $10,000,000 by offering investors the opportunity to purchase Redeemable Preference Shares in Monthly Baron under the offer.
What are the Redeemable Preference Shares?	The Redeemable Preference Shares are a special class of shares referred to as redeemable preference shares. The Company aims to pay investors who own Redeemable Preference Shares Dividends as defined in section 12.
Investment objective	To provide you with investment exposure to a relatively strong return in the real estate development sector. The key objectives are providing the investor: 1. The ability to invest in real estate related opportunities with amounts smaller than would be required if you invest individually; 2. Distribution of risk across multiple loans; 3. An investment structure that sees the investor returns being paid out before the developer receives any returns; and 4. An investment structure that sees the investor receive relatively strong returns without being liable for any senior debt taken on as part of the real estate development. 5. Provide investors a regular, predictable return distributed monthly.
Issue price	The Redeemable Preference Shares are being issued at $1.00 each.
Face Value	$1.00 per Redeemable Preference Share.
Minimum investment	The minimum investment is $20,000 being an application for 20,000 Redeemable Preference Shares. Thereafter, applications must be for multiples of 1,000 Redeemable Preference Shares.
Minimum subscription	We will only proceed with an offer where valid applications have been received for at least 125,000 Redeemable Preference Shares. The Company management believes that having $125,000 to lend will allow it to lend to at least one small size real estate development project as a second ranking loan.
Purpose	The purpose of the issue is to enable the Company to: Lend the funds raised to various real estate development projects which meet the lending mandate and are approved by the Lending Review

	Committee of the Company.	
Investment Terms	**Investment Term (months)** 12 months with interest and principal paid back at the end of the investment term. Investors may choose to stay invested at the end of this term but will be offered the opportunity to exit. While the terms of reinvestment are likely to be similar they will be detailed in a new offer document at that time. The Company may also repay investors by doing a Call and paying out the interest accrued until that date if its loans were paid sooner.	**Target Dividend rate** 10% per annum distributed monthly After investor returns are paid, any remaining sums will be used to pay the Company expenses and dividends to ordinary shareholders after the cash reserve requirements are met as defined in Section 13.1. Various risks described in Section 6 and the specific risks in the Summary section could lead to a lower rate of return than the objective interest rate to be achieved. Scenarios where the loans which the Company deploys the funds towards do not perform as expected or fail could lead to an extension of the investment term beyond the expected 12 months as well as a potential loss of capital. This may effectively lead to the Redeemable Preference Shares being on issue without the call being exercised beyond 12 months. If the Company determines that it is not possible to recover an investment loss by purely extending the term it may have to issue a Call for repurchase of the Redeemable Preference Shares for a value lower than what they were issued for.
Priority of payments	Investors in this offer holding Redeemable Preference Shares will receive their entire expected Dividend and Principal before ordinary shareholders receive any payments.	
No or limited liquidity	Monthly Baron is a public unlisted company, and as such is not listed on any securities exchange, and is considered an illiquid investment. The Company will offer redemptions after an investor is invested for the term of 12 months.	
Transfer	You may transfer your Redeemable Preference Shares to another person but there will be no established secondary market (e.g. stock exchange) for the Company.	
SPECIFIC	All investments carry a risk. There are a number of risks associated with an	

INVESTMENT RISKS	investment in the Company. Some of the key specific risks that may impact on the value of your investment in the Company include: 4.1. REDEEMABLE PREFERENCE SHARES NOT GUARANTEED The Redeemable Preference Shares are not bank deposits. The repayment of the money you have invested or any particular rate of return is not guaranteed by the Company or its Directors. You may also lose some or all of the money you invest. The Company will only be able to make Dividend payments to Redeemable Preference Shareholders if it earns income. In the circumstance that the underlying funds do not deliver the expected returns or any return at all, the Company will be unable to exercise the Call until payment of such a return becomes possible. The return in such a scenario may be lower, including a potential loss of capital in the scenario where a loan is not repaid at all as detailed in the risks section. This effectively means a lower rate of return than the target interest rate being achieved. Scenarios where the loans to various real estate development projects which the Company deploys the funds towards do not perform as expected or fail could lead to an extension of the investment term beyond the expected 12 months, as well as a potential loss of capital. This may effectively lead to the Redeemable Preference Shares to be on issue without the Call being exercised beyond 12 months. If the Company determines that it is not possible to recover an investment loss by purely extending the term, it may have to issue a Call for repurchase of the Redeemable Preference Shares for a value lower than what they were issued for. 4.2. THE COMPANY MAY REDEEM AN INVESTMENT BY ISSUING A CALL AT ANY TIME The Company plans to lend the monies raised via this offer to a number of real estate development projects. The underlying projects may be able to return the money borrowed faster if the projects finish faster or they arrange a cheaper source of capital and wish to refinance in order to reduce their cost of capital. In the second scenario, the Company will allow the project SPV to exit the loan by paying the principal and interest accrued until the date of repayment. If a suitable loan that fits the lending mandate is available immediately, then the Company will redeploy the funds to that loan. However, in the scenario that no such suitable lending opportunities are available or likely to be available in a relatively short period of time, the Company will pay the Dividends accrued until that date and buy back the shares issued to the investors under this offer, as defined in section 12.10. The total amount that will be paid to the investors will be based on the

	Redeemable Preference Share Exit Amount, being any accrued as defined later (pending dividend until the date of redemption, plus the original invested amount). While this may not lead to a direct financial loss to the investors, it does however mean that investors will receive their funds sooner than expected and will only receive the dividend proportionate to the time invested rather than the full expected term. Investors should carefully consider the scenario where the money which was originally planned to be invested for 12 months is repaid sooner than expected and is unable to earn the expected return for the remainder of the term. **4.3. SCENARIOS WHERE DIVIDEND RETURN MAY BE REDUCED OR CAPITAL LOSS** The Company is completely reliant on the performance of the projects it lends to. If the Projects which the Company lends to do not deliver the expected return, then the ability of the Company to deliver the desired return will be adversely impacted. The investment flow and payout hierarchy is as follows:  While as part of investing in this offer, the investors are effectively investing in a diversified pool of real estate development loans, a loss suffered in one loan will impact the overall return available to investors by reducing the

	amount available for Dividends. The Company will try to achieve its target dividend return by drawing on its cash reserves (as defined in section 13.1) but there could be a scenario where the losses suffered are too large and will necessitate a reduction in investor returns. The Company plans to do careful diligence on which projects it lends to avoid this circumstance by applying the 9 factor check as described in Section 5.13.1 It should however also be noted that the investors are not liable for any borrowings taken by the project SPV from any other senior lenders separate to the Company, which means that investors will never lose more than their invested capital in this offer. The Company does not intend to do any borrowing itself for lending to projects. A failure on part of the Company to execute its lending mandate can also lead to investment losses for the investors. All of these could lead to a lower rate of return than the target interest rate to be achieved. Scenarios where the loans to which the Company deploys the funds towards do not perform as expected or fail could lead to an extension of the investment term beyond the expected 12 months as well as a potential loss of capital. This may effectively lead to the Redeemable Preference Shares being on issue without the Call being exercised beyond 12 months. If the Company determines that it is not possible to recover an investment loss by purely extending the term it may have to issue a Call for repurchase of the Redeemable Preference Shares for a value lower than what they were issued for. The Company plans to provide regular updates to its investors via its Investor Platform on which projects it has lent to and has engaged independent auditors as part of its obligations as a Public Company. **4.4. SIGNIFICANTLY REDUCED DIVERSIFICATION IF OR WHILE ONLY MINIMUM SUBSCRIPTION OF $125,000 IS ACHIEVED** The Company plans to start lending to projects as soon as the minimum subscription is achieved and a suitable opportunity presents itself. The offer will remain open for new investors to participate and the funds invested after the first loan is made will be deployed towards the next available lending opportunity. The investors who invest earlier will receive exposure to returns from original and later loans, thus diversifying their investment. However, it is possible that there will be a period of time between when the first loan is made and the second loan is made. During this period investors will be exposed only to the first loan which will limit their diversification. If the Company is not able to raise enough funds for the second loan then again

	investors participating until that date will only be exposed to the first loan which again limits the diversification. 4.5. RELATED PARTY RISK The Directors of the Company have been involved in the real estate development sector and have long standing dealings with various industry partners. It may be possible that an opportunity presented for consideration may have connections to the management of the Company. Although, each loan will be made on commercial arm's length basis only and any loan which involves any related party dealings will be highlighted to investors as part of the continuous updates the Company provides to investors. Every loan would have to satisfy the lending mandate and go through the lending review committee's strict selection criteria. **4.6. REAL ESTATE MARKET DOWNTURN RISK** In the recent few months as of the date of this OIS, property prices in Melbourne and Sydney in particular have started reducing. Various articles in media have been heralding this as the start of a property market downturn. The Company believes that Real estate development outcomes have less to do with the state of the market but more to do how well the land is bought, whether development, construction costs are kept under control and the end product is developed is something that the market will continue to favour even in a potential downturn. The Company believes that its management skills will allow us to select the right projects that will continue to deliver profitable outcomes even in the face of a market downturn. However if the market downturn is very severe where scenarios like those witnessed in the GFC 2008 happen, sales outcomes will become harder to achieve which in turn will impact the profitability of the individual projects which in turn will flow through to investors by materially impacting their returns adversely as these projects will unable to repay the loans made by the Company as expected. **4.7. SERVICING INTEREST** The ability of the Company to distribute dividends is linked to the ability of the Projects to which money has been lent to having the ability to service the debt the Company issues. If the Project SPVs are unable to service the debt this would impair the ability of the Company to issue regular monthly dividends to investors. **4.8. COMPANY LOANS RANK BEHIND SENIOR LENDER** The loans which the Company makes to various real estate development projects will rank behind a senior lender such as a bank or another private lender who may take a first mortgage on the project.

The payout order will be:

1. Senior Lender
2. Company loan
3. Developer

As shown above, while the Company loan ranks ahead of any payouts that can be made to the Developer it does however rank behind the senior lender, which means that until the returns due to the senior lender are paid out the Company loan will not be paid out.

In the event where the project does not make the expected return or is delayed this may adversely impact the returns available to the Company as the senior lender will get paid first and what remains after may be limited or inadequate to cover the expected return to investors.

4.9. OPPORTUNITY AVAILABILITY RISK

There is a risk that the Company will not be able to source suitable real estate related projects to lend to. The performance of the Company is, therefore, reliant on the ability of management to source and manage suitable opportunities.

It is also reliant on management and the Lending Review Committee ensuring appropriate due diligence on any potential project or fund is undertaken prior to the Company making an investment. Failure by management or the Lending Review Committee to perform these tasks adequately may in turn have a negative effect on the performance of the Company and potentially result in a loss of capital.

The Company will endeavour to deploy the invested funds productively as soon as possible on an ongoing basis.

4.10 REAL ESTATE DEVELOPMENT PROJECT RISKS

Real estate development projects face a variety of risks. These include but are not limited to

1. Overpaying for land
2. Site having restrictions on development such as environmental, heritage overlays that buyer was not aware of
3. Site having soil and other contamination issues
4. Planning approvals not getting approved by council in expected time or facing objections from local residents
5. Overpaying for construction
6. Not achieving sales in the expected time or at the expected price
7. Not getting required funding from a senior lender
8. Construction running into delays due to weather, and or personnel issues
9. Key personnel associated with the project leaving midway
10. Buyers who had committed not settling on their purchase

	These are just some of the risks which a real estate development project faces. Through careful diligence, and acting as development manager the Company will try to prevent these issues. But investors should be aware that real estate development has a number of moving parts and risks can include significant losses which in turn can impact the returns the Company plans to offer the investors. 4.11 REAL ESTATE DEVELOPMENT LENDING RISKS A lending company focused on real estate development projects also faces a number of risks. Key among them are 1. Borrowers not disclosing vital facts or providing incorrect information leading to improper assumptions and decisions by the lender 2. Borrowers engaging in fraud and using the money for purposes other than what they were lent for 3. Borrowers reneging on repayment obligations 4. The projects that were lent to failing due to a variety of reasons including the ones explained in the previous risk 5. Company failing to follow the procedures it lays down for itself 6. Black swan events such as the GFC of 2008 occurring that lead to a sudden and sustained collapse in the market that impact the Company's ability to deliver on its objectives. As noted in the previous section, the Company will rely on careful due diligence to try and prevent these issues. Investors should however be aware that real estate development lending can be risky. In addition to these specific risks some additional general investment risks are specified in section 6.
Reporting to investors	You will receive: a) Confirmation of your investment in Redeemable Preference Shares; b) Quarterly updates on key investor information; c) An annual periodic statement; and d) Details of loans the company makes as part of its lending mandate e) Any development fee the Company management makes post investor returns All information and communication will be accessible exclusively via the company's website at http://www.monthlybaron.com. Investors will also receive an email notification when an update is posted.
Tax	Investing in the Company may have taxation consequences for you. We recommend you seek professional tax advice before investing in the

	Company.
Security	The Redeemable Preference Shares are not secured over the Company's assets and are not guaranteed by the Directors. No financier or person has a charge over the Company's assets. The loans made by the Company may be secured by a second ranking mortgage or a caveat on a case by case basis. The loans may also require personal guarantees from directors of the project SPVs that are being lent to.
Underwriting	This offer is not underwritten.

5. INVESTMENT OVERVIEW

While each real estate development project is unique, the process usually follows a set pattern. First the site is identified, then it is determined what can be done to develop the site. This can mean putting up new houses, apartments, renovations, subdividing etc. A budget is drawn for the purposes of this exercise which is also described as the feasibility.

In the feasibility all known costs are listed and a projection is made on how profitable the development exercise will be. The proposed plans are then presented to the local council for approvals. Once plans are approved the site is developed and then sold on the market giving the participating investors an exit based on the promised returns and performance of the project.

5.1. SPV

Typically in order to isolate the finances of each development, a separate entity is set up that will undertake the development of the project. This entity executes the project and at the end of the project is dissolved. This is also described as a Special Purpose Vehicle or SPV. This SPV can be either be setup as a proprietary company, a public company, or a form of trust relationship, depending on the specific circumstances.

The Developer driving the effort becomes the Director of the SPV and all investors either become shareholders of this SPV or become a 3rd party lender to this SPV depending on the specific investment offer.

This SPV usually owns the land or is involved in a joint venture that gives it the right to develop the land.

The Developer via the SPV will use a combination of their own funds and borrowings to cover the costs required to execute the development project.

5.2. Example

Consider a simple example.

A developer has identified a piece of land that will cost $400,000 and he can build a single house on it which can be sold for $1,125,000

The Build cost is $600,000

So the total costs are:

LAND: $400,000

+

BUILD: $600,000

= $1,000,000

And total sales or end value is $1,125,000

This means the project can return a profit of $125,000 if someone invested $1,000,000.

The Developer may not necessarily have the entire $1,000,000 at his disposal. He will approach a bank or a private lender who may chose to lend up to 60% of the end value. This ratio is also known as Loan to Value Ratio or LVR.

60% of $1,125,000 is $750,000

Such a lender will also take a mortgage on the land and is typically described as a senior lender.

This still leaves the Developer short of $125,000 to reach the desired $1,000,000 of total costs. The Developer may use his own funds which form part of his equity investment in the project.

Assuming the project is completed as expected and the sales and costs were achieved according to plan, then the Developer should be able to make a $125,000 return on his $125,000 equity investment.

Some portion of the profits will go to service the interest due to the senior lender. Assuming the interest was $50,000 on the $750,000 loan the remaining profit is $200,000.

5.3. PROJECT RETURN

In the example above we saw $200,000 profit on $1,000,000 of project costs, or a 20% return.

This is also described as the Project Return.

5.4. ANNUAL EQUITY RETURN

The Developer makes a net profit of $200,000 on his $250,000 investment or a return on equity of 80%. If the project lasts only for one year then the annual return on equity is 80%. If it lasts for 2 years then the annual return on equity is 40%. This is also described as the Internal Rate of Return (IRR) or leveraged return. We will use the term annual return on equity for its simplicity.

5.5. FUNDING GAP

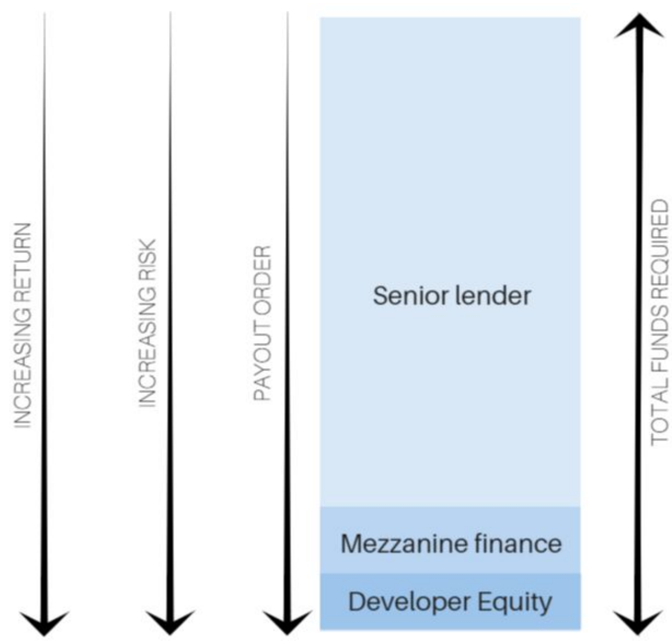
Done correctly, real estate development can be quite profitable. However it is also risky and comes with a number of unforeseen circumstances and pitfalls which needs an experienced hand to oversee.

Some Developers may have the right experience and the right real estate development opportunity but they may not have the necessary capital to deploy as their equity. In the recent months and years, banks and lenders have been reducing the overall amounts they lend to development projects which means the amount of equity a property developer needs has increased. This has led to what is described as a “funding gap” in the real estate development world.

5.6. MEZZANINE FINANCE

The funding gap has led to increased use of what is known as mezzanine finance, involving lenders who will lend beyond what the senior lender will lend for a real estate development project. The interest rates charged are higher than what a senior lender will charge, however the risk is also higher as the senior lender gets paid first.

5.7. PAYOUT ORDER AND RISK VS RETURN



The above image is not to scale, however it gives a general sense of how the various funding sources stack up and what their risk vs return profile looks like.

Monthly Baron intends to provide mezzanine finance to real estate development projects that satisfy its lending mandate and pass its loan review committee selection process as described in section 5.13.1

The purpose of this issue is to raise the required funds that will allow the company to lend mezzanine funding to various real estate development projects and generate a return for investors participating in this offer.

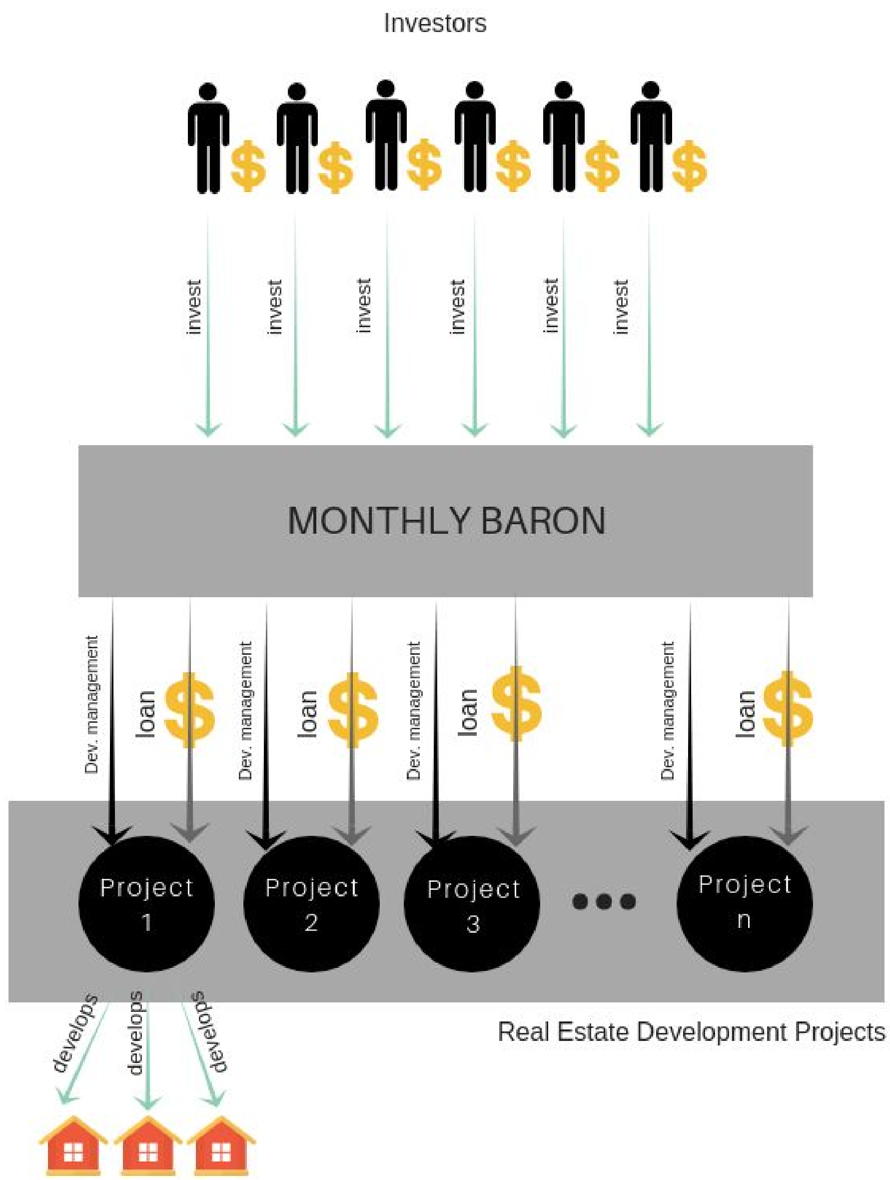
5.8. INVESTMENT OBJECTIVE

The Company's investment objective is to generate consistent returns for investors through lending mezzanine funds to a range of real estate developments. The Company will not be involved in personal lending in any form.

The investment objective includes:

- The ability to invest in real estate related opportunities with amounts smaller than would be required if you invest individually;

- Distribution of risk across multiple loans;
- An investment structure that sees the investor returns being paid out before the developer receives any returns; and
- An investment structure that sees the investor receive relatively strong returns without being liable for any senior debt taken on as part of the real estate development.
- Giving investors a regular, predictable return distributed monthly



Real estate and related projects can be a good way to invest but the amounts required are typically quite large. In addition the everyday person may not always have access to the best opportunities in the market which are presented only to a select group of those in the know and having the ability to deploy substantial amounts of capital.

Monthly Baron is setting up a structure that will allow everyone across Australia to participate in lending to real estate development projects. The Monthly Baron Lending Review Committee will select which projects to lend to and then lend the funds raised as part of this offer to various project SPVs.

Investors participating in this offer will receive an aggregate return based on the performance of various loans.

5.9. LENDING MANDATE: WHAT TYPE OF REAL ESTATE DEVELOPMENT PROJECTS WILL WE LEND TO?

Monthly Baron will only lend to property development projects which meet the following criteria:

1. Stage, type, and location of projects lent to be based on the target loan portfolio in section 5.11
2. A project return of at least 15%. Refer section 5.3 for an explanation on project return
3. An annual return on equity of at least 20%. Refer section 5.4 for an explanation on annual return on equity
4. After factoring any lenders or investors that rank ahead of the Company made loan, the project feasibility numbers should be able to still demonstrate that the interest of at least 15% annualized can be paid to the Company based on the expected profit of the project.
5. Projects with targeted completion within 12 months, likely to be profitable and return the company loans based on the current and projected market conditions and the proposed development and its associated costs structures.
6. The Project Development SPV should be able to service the interest only portion through the life of the project. This would depend on both the financials of the Project SPV, as well as its sponsor Real Estate development company.
7. Does the feasibility work in the current and future market conditions? The project is likely to be profitable and return the company loans based on the current and projected market conditions and the proposed development and its associated costs structures.
8. Is the Developer willing to accept the Monthly Baron team members as Development managers for the project.
9. Is the developer willing to provide audited accounts for the Project SPV to which the money is being lent to.

All 9 factors should be must be satisfied for a project to be considered by the Company.

Even though the Company plans to offer investors a target return of 10% annualized it will lend out at a higher rate of 15% annualized or more to the projects. Any revenue will always be used to pay out investor returns first.

The Company will target only those property development projects which are in a position to pay out the Company loan of 15% annualized and still make a profit for the Developer backing it. The Company will issue Dividends as each project SPV pays the interest. As and when loan principal is paid back it will give investors the opportunity to redeem their shares or stay invested.

After completion of this distribution, if there is another loan which fits the company's lending mandate, then a new loan will be immediately made thus redeploying investor monies.

However, if such a loan that fits the company's lending mandate is not available in a short time frame, then the company will return investors money by issuing a call to repurchase the redeemable preference shares issued under this offer, as described in section 12.10.

The Company will in time lend to more than one property development project, thus spreading the investor monies across more than one loan and giving them diversification. The Company will only lend to projects where the Developers consents to provide investors with audited accounts for the Project SPV. The Company will provide investors details of which project the money was lent to and the details of the loan when every loan is made. The Company will also work with the developers of every project to provide investors audited accounts of each project SPV to which money is being lent to.

5.10. LOAN TO VALUE RATIO

Loan to Value Ratio (LVR) is a metric typically used in real estate projects to denote the amount of debt or leverage in the project. It is calculated as the total loan amount divided by end value of the project on sale. An explanation referencing LVR can also be found in section 5.2.

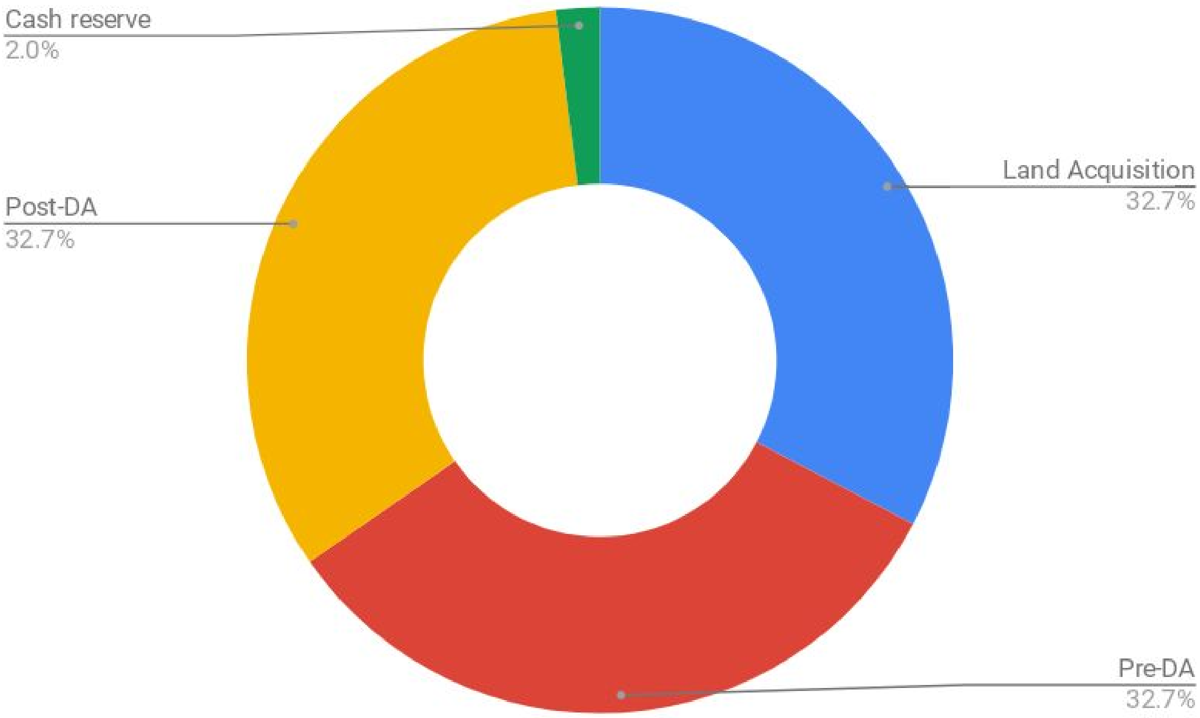
The higher the LVR, the riskier the project, as that means the principals of the project have lower personal commitments in the form of equity in the project and are also required to pay a larger interest amount due to the increased loan amounts. The Company does not have a benchmark LVR as a selection criteria for its loans but the Lending Review Committee will consider this ratio while selecting to make a particular loan.

5.11. TARGET LOAN PORTFOLIO

The Company aims to achieve the following distribution of its lent funds based on the stage and type of development projects it lends to. Note that this is a guiding long term objective and for practical reasons cannot be achieved in the early operations of the Company. Especially when the first loan and it is the only loan in deployment the below target won't be achieved immediately.

The Company's objective is to prioritise returns to investors first and in the long run allocate loans according to the below target.

5.11.1. BY STAGE

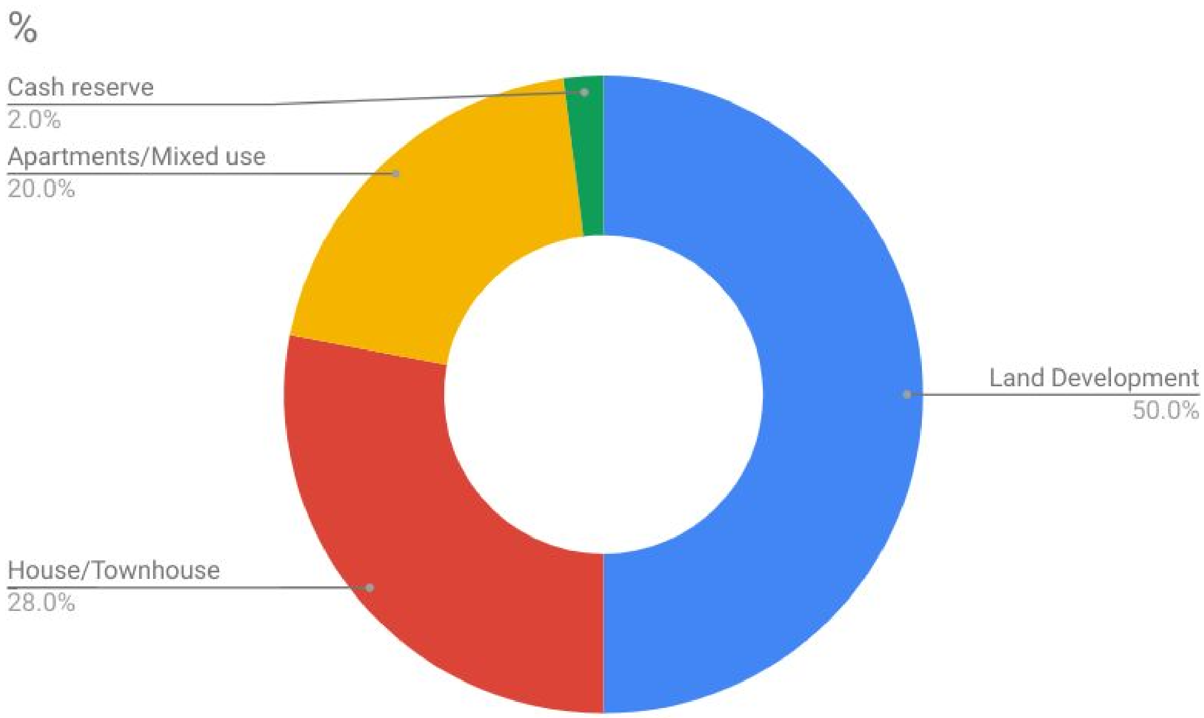


By Stage	%
Land Acquisition	32.67
Pre-DA	32.67
Post-DA	32.67
Cash reserve	2

As explained in section 5, each real estate development goes through several stages: land acquisitions, development approval, construction and sales.

The above target portfolio factors these stages and aims to construct a loan portfolio based upon them.

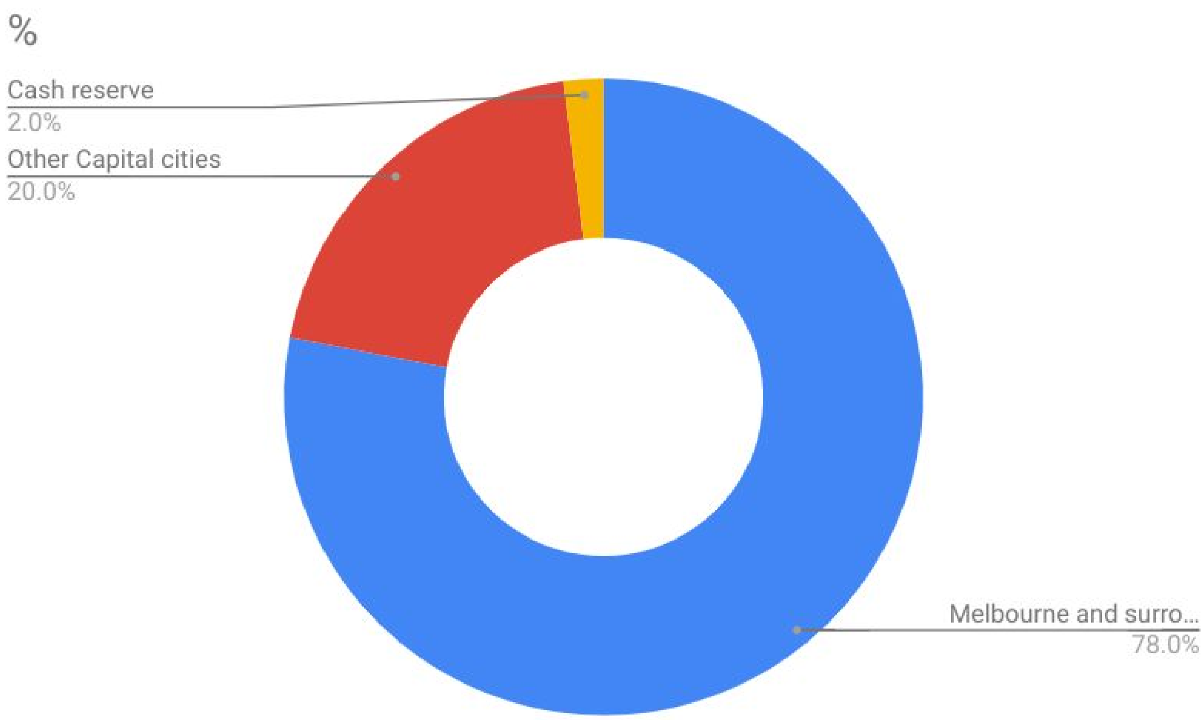
5.11.2. BY TYPE



By Stage	%
Land Development	50
House/Townhouse	28
Apartments/Mixed use	20
Cash reserve	2

Apart from the stage of the project, the Company will also factor in the type of the end product. It will distribute the loans to various projects based upon what they aim to build as defined above.

5.11.3. BY LOCATION



By Region	%
Melbourne and surrounding suburbs	78
Other Capital cities	20
Cash reserve	2

The Company plans to focus its lending activities around Melbourne and surrounding suburbs. When strong opportunities beyond Melbourne are presented the Company will also consider them for a smaller allocation of its total loan portfolio.

5.12. CURRENT AND EXPECTED STATE OF CAPITAL REAL ESTATE MARKETS

The Company believes Melbourne and other capital cities across Australia will continue to attract a population influx and in turn demand for housing. Given the possibility of a real estate market downturn, the Company believes its skills in selecting the right project to deploy the funds to and close control of execution will continue to hold it in good stead, despite any potential down turns. An extended housing market crash, however, will adversely impact investor returns, as explained in section 4.6

While the Company believes that real estate projects in Capital cities in Australia will continue to command strong demand and lead to successful outcomes, it cannot predict with certainty the exact state of real estate market in the future. We are, however, providing investor some data on the current and past state of the real estate market in these areas. Investors should note that past performance may not be necessarily achieved in the future.

Current Performance data

Index results as at September 30, 2018

	Change in dwelling values			Total return	Median value
	Month	Quarter	Annual		
Sydney	-0.6%	-1.5%	-6.1%	-3.2%	$847,948
Melbourne	-0.9%	-2.4%	-3.4%	-0.5%	$697,457
Brisbane	0.2%	0.1%	0.8%	4.9%	$495,474
Adelaide	-0.2%	0.0%	0.7%	4.9%	$438,570
Perth	-0.6%	-2.0%	-2.8%	1.0%	$452,138
Hobart	0.4%	0.3%	9.3%	14.7%	$443,711
Darwin	-0.4%	0.1%	-3.7%	1.8%	$436,936
Canberra	0.3%	1.0%	2.0%	6.6%	$598,326
Combined capitals	-0.6%	-1.5%	-3.7%	-0.6%	$642,531
Combined regional	-0.2%	-0.9%	1.2%	6.2%	$368,441
National	-0.5%	-1.4%	-2.7%	0.7%	$550,610

Source: Smart Company

5.13. LENDING REVIEW COMMITTEE

The Lending Review Committee will meet once a month to review the existing portfolio and consider any new opportunities. As new lending opportunities are presented to the Company, this committee will review if they meet the Company's lending mandate, as defined in this offer, and determine if a loan should be made.

Real estate developers with potential projects for consideration can approach the Company directly or via the online portal by submitting their projects. Opportunities for consideration are not purely limited to those in which any member of the Company management has an interest in. Any body may present projects that meet the lending criteria for consideration. However any project that is being lent to will have to accept a development manager nominated by the Company to exercise checks on behalf of the investors.

Monthly Baron is a joint venture between 3 existing business

1. Lambert Capital Pty Ltd (LC) which specializes in arranging development finance for real estate development projects
2. Smart Capital Property & Development Pty Ltd (SC) which specializes in executing projects on behalf of investors as development managers
3. Estate Baron Crowdinvest Pty Ltd (EB) which specializes in building technology solutions for the investment industry

All existing resources of these 3 entities will be available for the Company's operations as needed.

In terms of the primary roles and responsibilities, members from each group will focus on the items they specialize in. For instance the primary responsibility of performing due diligence and the final decision of whether or not a project is lent to will reside with Mark Greenberg given his prior experience with LC.

Similarly the role of development managers which the Company appoints to each project the Company lends to will be performed by team members from the SC team led by Craig Cameron.

Moresh Kokane from EB will focus on ensuring that the technology platform which is being used by the Company works optimally and reaches the widest network of investors possible.

Every member of the Lending Review Committee has the right to present new opportunities for the consideration of the company. However any member that has an existing interest in the project or will likely act as a Development manager on behalf of the Company will recuse themselves in the decision making process around making the loan to the project. Any new opportunities will be considered on the basis of a simple majority vote in case there is a difference of opinion within the Lending Review Committee regarding a particular matter.

Mark Greenberg, Ben Calmus, Genevieve Naughton, Craig Cameron will form the Lending Review Committee. Their profiles can be found in Section 9. All members of the Lending Review Committee will be available full time for the operations of the company.

5.13.1. LOAN SELECTION PROCESS: The 9 factor check

The Lending Review Committee will employ the following 9 factor check based on the lending mandate whenever an opportunity to lend to Property Development projects arises:

1. What is the stage and style of the end product? Stage and type of projects lent to be based on the target loan portfolio in section 5.11.

2. What is the project return? A project return of at least 15%. Refer section 5.3 for an explanation on project return.

3. What is the annual equity return? An annual return on equity of at least 20%. Refer section 5.4 for an explanation on annual equity return.

4. Does the feasibility stack up? After factoring any lenders or investors that rank ahead of

the Company made loan, the Project feasibility numbers should be able to still demonstrate that the interest of at least 15% annualized can be paid to the Company based on the expected profit of the project.

5. When will the project complete? Targeted completion within 12 months.

6. Does the feasibility work in the current and future market conditions? The project is likely to be profitable and return the company loans based on the current and projected market conditions and the proposed development and its associated costs structures.

7. Is the Project Development SPV able to service the interest only portion through the life of the project. Do both the financials of the Project SPV as well as its sponsor Real Estate development company stack up for this.

8. Is the Developer willing to accept the Monthly Baron team members as Development managers for the project.

9. Is the developer willing to provide audited accounts for the Project SPV to which the money is being lent to.

5.14. WHY WE ACT AS DEVELOPMENT MANAGERS

Real Estate Development is complex. The role of the developer is to identify good sites, work out if they are profitable, source the financing and put together the right team to execute the project.

The team includes planning, architects, sales and marketing, building and Development managers. While there are a number of other smaller 3rd party consultants to the project, the day to day operations, coordination among various stakeholders is managed by the development manager. Once the right opportunity is sourced, the responsibility of delivering a smooth outcome rests on the skills of the development manager.

If we lend the money to the development and it ranks behind the bank or any other senior lender, we have to ensure that the money is spent wisely and investors outcomes are secured by delivering a successful project.

We believe that the only way to achieve that is to take on the operational charge of the project as Development managers.

Development managers are typically separate to the developers and are paid a fee as a consultant to the project. The Monthly Baron team will be acting as Development managers in their individual capacity and not as the company. This fee varies based on the size and nature of the project. While typically the fee is treated as a cost to the project and gets paid out before profits are distributed, we will be choosing to get this fee paid only after investor returns are paid out to give investors confidence.

5.15. REVENUE MODEL

Monthly Baron will make revenues through the interest and distributions it receives by lending the investor monies to various development projects.

The Company will aim to first pay the returns promised to investors under this offer. Additional returns if any will be used to pay the Company expenses and dividends to ordinary shareholders, as defined in Section 13.1, after the cash reserve requirements have been met.

The Company may distribute a dividend to ordinary shareholders only from the surplus proceeds left after paying any returns as promised under this offer to Redeemable Preference Shareholders.

5.16. MARKETING STRATEGY

The bulk of the marketing effort will be focused on online channels such as Facebook, Google, Twitter, SEO Optimization etc. From time to time, the company may also conduct events such as meetups, seminars, webinars to promote the offer. The Company may also partner up with introducers and referral partners to get more visibility for its offer.

6. GENERAL INVESTMENT RISKS

All investments are subject to risk and there are a number of risks which can impact on the performance of your investment, should they occur. Investments may not perform as expected, resulting in a loss of capital or income or a failure to meet your investment objectives.

The key assumptions here are the Company will able to attract enough investors in a limited amount of time to form enough capital to conduct its lending business. It is also assumed that there will be enough demand for its lending from potential real estate developers. It is also assumed that the Company management has the required skills to perform its role and will perform it as described in this offer document.

Before you decide to invest, you should give consideration of the specific risk factors laid out in section 4.1. In addition to those specific risks, below are some general risks related to investing that you should also factor in alongside other information contained in this OIS.

6.1. LIQUIDITY

The Redeemable Preference Shares will not be listed on any stock exchange. As such, there is no secondary market to buy or sell Redeemable Preference Shares. Therefore, an investment in Redeemable Preference Shares should be considered non liquid. While the Company management may on a case by case basis try to match investors who wish to sell their Redeemable Preference Shares to others who have notified the management of a wish to buy, the Company management can make no assurances that such buyers will always exist. The Company management will not prohibit the transfer of Redeemable Preference Shares from an existing investor to another purchaser where arranged independently of the Company.

Any investor who participates in this offer should carefully consider how this lack of liquidity during the expected term of 12 months will impact their investment objectives.

6.2. CASH FLOW MANAGEMENT

The ability of the Company to manage its cash flow needs is imperative to the success of the business.

The Company's forecast cash flows are prepared based on a detailed cash model. If any of the assumptions underlying the Company's cash flow model prove to be incorrect, the Company's financial performance could be materially adversely affected.

6.3. FORWARD LOOKING STATEMENTS

This OIS contains forward looking statements. Those statements are based upon the Directors' current expectations in regard to future events or results. All forecasts in this OIS are based upon the assumptions described in section 6. Actual results may be materially affected by changes in circumstances, some of which may be outside the control of the Company. The reliance that investors place on the forecasts is a matter for their own commercial judgement. No representation or warranty is made that any forecast, assumption or estimate contained in this OIS will be achieved.

6.4. DEPENDENCE UPON KEY PERSONNEL

The Company depends on the talent and experience of the Company's personnel as its primary asset. Should any of its key personnel leave, this may have a negative impact on the Company. It may be difficult to replace them, or to do so in a timely manner or at comparable expense.

The Company's ability to attract and retain personnel will have a direct correlation upon their ability to deliver their commitments and achieve forecast revenues. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of the Company. The Company has a formal agreement in place with its Directors.

6.5. TECHNOLOGY AND INFORMATION SYSTEMS

The Company places a lot of reliance on technology to reduce its administration costs. However, there can be no guarantee that this technology will continue to serve the Company's needs into the future. The technology may experience operational problems, or be unsuitable to scale in line with the Company's growth. If the Company is required to change or update its IT systems, then these costs are likely to be significant and could adversely affect the Company's financial performance.

6.6. OPERATIONAL AND COMPLIANCE RISK

Operational risk relates to the risk of loss resulting from inadequate or failed internal control processes, information technology systems or from external service providers which may impact on the Company's business. The Company is exposed to operational risk including, but not limited to, risks arising from processing errors, fraud, information technology system failures, failure of security and physical protection systems, pricing errors and employee negligence.

6.7. STRUCTURING RISK

There is a risk that legislative changes may affect the ability of the Company to pay Dividends. This could alter the timing of the Dividends or increase the effective tax rate applied to the dividends.

6.8. CONTRACTUAL RISK

There is a risk that contractual counterparties, such as any technology developers and other project contractors, may default on their obligations to the Company or the projects lent to by the Company, thereby leading to delays in completion of the projects or a potential loss of capital and/or income.

6.9. GENERAL ECONOMIC CONDITIONS

The Company's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies.

Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

6.10. ACCOUNTING STANDARDS

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

6.11. GOVERNMENT POLICY

The financial performance of the Company may be impacted by change to or changes in interpretation of income tax legislation, GST legislation, stamp duty laws and local government regulations and by-laws related to lending and real estate related investments. Changes in, or the introduction of, any law, regulation or policy affecting the Company's business or investments (which may or may not have a retrospective effect) may have a material adverse impact on the Company's performance.

6.12. TAXATION RISKS

A change to the current taxation regime in Australia or overseas may affect the Company and its shareholders.

Personal tax liabilities are the responsibility of each investor. The Company is not responsible either for taxation consequences or penalties incurred by investors.

6.13. INTEREST RATE RISK

A reduction in overall interest rates would mean fewer opportunities for the Company to invest money profitably above the Company's target return. This would adversely impact the Company's ability to provide returns to investors.

7. EXPENSES

The Company has no major out of pocket expenses. Lending review is being led by Lambert Capital team members. Technology and distribution is being supplied by Estate Baron, while Smart Capital is leading the development management (for which they are getting a fee).

The operational costs for the personnel are being borne by the individual entities. They are not being paid a salary or other remuneration by the Company. The entities LC, EB, SC are ordinary shareholders and will receive a dividend as ordinary shareholders which comprises their return on the investment they provide in the form of resources to the Company.

There is a difference between the rate the company lends at (15% or above) and what it pays investors (10% target). The interest is being serviced monthly which means the company is effectively getting free cash flows of 5% annual distributed monthly on the amounts lent. This spread should more than cover any operational out of pocket items and leave enough for dividends to ordinary shareholders. Expenses can thus be borne out of the returns from the loans made.

Any incidental out of pocket expenses will be borne by the Company management and can be expensed after investor returns have been paid out All expenses will be borne by the Company management and will be compensated for only after investor returns who own Redeemable Preference Shares as defined in this offer have been paid and the cash reserve is maintained.

The intention behind paying expenses after investor returns are paid is more to give investors the confidence that the Company management are willing to get paid only after investor returns are met even for any out of pocket expenses.

These expenses are anticipated to include:

7.1. ESTABLISHMENT COSTS

The expenses incurred in connection with the offer of Redeemable Preference Shares including the preparation, promotion and distribution of the OIS. Some of the costs which have already been incurred and paid for by the Company management are $650 for the Company incorporation. $2000 for the OIS lodgement fee with ASIC.

7.2. OTHER EXPENSES

The expenses and liabilities incurred in connection with operating the Company. These include insurances for the management, office rents, auditor fees and any other incidental fees that may arise out of day to day operations of the company. The company does not have an estimate on these expenses as of the date of this OIS but is expecting to spend around $20,000 to $30,000. These expenses as described earlier will be borne by the Company management and then expensed after payment of investor dividends and ensuring that the cash reserve is maintained.

7.3. GST AND STAMP DUTY

All fees stated in this OIS include (if applicable):

a) GST; and

b) stamp duty.

8. TAXATION

The Australian taxation laws are complex, Investors should be aware that they may be affected by changes in taxation laws or the interpretation of these laws as well as changes in the administrative practices of the revenue authorities. Investors should obtain and rely upon their own taxation advice.

9. MANAGEMENT

Baron Monthly Income Limited is an unlisted public company incorporated in Victoria. Below are the details of its Directors.

9.1. MARK GREENBERG - Director/Lending review committee

Mark is a Chartered Accountant with direct experience in Chartered Accounting, Corporate Banking, Property Finance, Property Development and Financial Planning. He has held senior property finance roles with ANZ Corporate Property, Ashe Morgan Winthrop and Lambert Capital. His background in property development and working alongside leading property people is a major asset to our company's senior management team. Mark is a hands-on property finance and financial professional – who has directly identified, analysed and delivered many new residential and mixed-use development opportunities for clients and partners over the last 15+ years.

He has conducted feasibility studies and financial modelling from both an investment and financing point of view, and managed the budgeting, planning and project to completion. He has a Bachelor of Commerce from Melbourne University, an MBA from the Melbourne Business School, a Diploma of Financial Planning and Diploma of Financial Services.

Key skills

- Mark is a hardworking, ambitious, successful, yet conservative “hands on” professional, with excellent networks throughout the property, banking and finance industries in Melbourne and throughout Australia.
- He has a high level of commercial acumen, and excellent well-rounded experience in the Chartered Accounting profession, Property & Business Finance; Property Development; Property Investment; Funds Management; and Financial Planning.
- He is a results-driven team player and trusted advisor with a streetwise personality, and exceptional communication and interpersonal skills.
- His diverse range of highly transferable experiences and ongoing qualifications will add value as an integral member of any business’ senior management team.
- Exceptional accounting, finance, financial and business analysis skills as a CFO and CA.
- Advocacy, negotiation, facilitation, relationship management.
- General Management, system development, implementation and improvement.
- Business planning, problem solving.
- Taxation and taxation planning.
- Credit assessment and credit management skills.
- Leadership, communication, motivation and staff management skills.
- Hands-on experience managing property developments / construction stages.
- Advanced computing and analysis skills – including use of accounting packages and (eg) Excel

Education

MBA	- Melbourne Business School [University of Melbourne]
Bachelor of Commerce	- University of Melbourne

Other Qualifications

Diploma: Financial Services	- National Finance Institute
Diploma: Financial Planning	- TMA
Chartered Accountant	- Institute of Chartered Accountants (Aus)
Registered Tax Agent	- Tax Agent (Practitioners) Board
Tax Financial Adviser	- Tax Practitioners Board

9.2. CRAIG A CAMERON - DIRECTOR/LENDING REVIEW COMMITTEE

Craig began his financial services career in funds management, dealing with investors, raising capital and assisting distribution across several funds and a MDA platform. Moving into full financial advice at the height of the GFC, he managed advice and investment selection to retail, sophisticated and corporate superannuation funds. Negotiating the slow market decline and positioning client portfolios for the eventual upturn.

Progressing into Stockbroking with a national firm, he built a book of clients, managing a portfolio of $70M. There he gained exposure to IPO's, private equity, commodities trading and more in-depth investment management, risk management strategies. This experience carried over into private banking with global financial services powerhouse Citibank. He advised high net wealth clients across cash, FX, bonds and structured investment products. He has a Bachelor of International Relations from the University of Queensland, Diploma of Financial Services and Planning from FINSIA and Certificates of Investment and Portfolio Management from the University of Geneva.

Craig has a passion for investing, portfolio management and wealth creation strategies, of which he believes property is a core asset class to enable this. The strong Australian property market, people's love of property as a wealth builder, the need for gentrification of older suburbs and to meet population growth, made the transition to property development a logical choice. Enabling clients large and small to get exposure to simple projects, affordable entry levels with tangible returns on offer, is a key driver for Craig and Smart Capital Property & Development.

Craig is focused on delivering great outcomes for investors.

9.3. MORESH KOKANE – Non Executive Director And Technology Lead

Moresh is an engineer who has worked in the finance and tech industries for the last decade and previously successfully created two start-ups. An Business Analyst with an experience of more than a decade, he has expertise in Investment Accounting, Finance, Trading, Reporting and Data warehousing systems. Moresh also has qualifications in IT, Economics and Project Management. Moresh conceptualized and built from the ground up Estate Baron one of the first Real Estate Development Crowdfunding Companies in Australia. Moresh has worked as an Authorized Representative of multiple Australian Financial Services Licensees and has done his RG146 in Securities, Managed Investment Schemes as well as a Cert 4 in Mortgage Broking.

Moresh has extensive experience working for various investment banks across the world. He has worked for the Northern Trust in Chicago where he performed various roles including setting up automated technology systems to rebalance index following funds. An index following fund follows a target portfolio allocation of equities and when the index changes the funds which follow that have to adjust their equity positions by selling some and buying others to reflect the new index composition. This experience in particular will assist Moresh in setting up similar automated systems (far simpler in this context) to ensure that the Company stays on track to follow its investment mandate.

Moresh also helped set up the Investment Operations Outsourcing division for the Northern Trust for its Melbourne, Australia operations. Northern Trust offers use of its technology and accounting infrastructure to various other funds in what is effectively an Accounting as a Service model. The funds send Northern Trust their trades and Northern Trust back offices reconcile them and set up the new positions and send out daily reports for the start of next day trading. Moresh also played the role of an investment technology business analyst and technology architect for Grantham Mayo Otterloo in Boston and Nuveen investments in Chicago and Invesco in Australia. In all of the roles his focus has been making use of technology to automate a number of the repetitive administrative tasks. Moresh will be advising the company on its technology needs and will be available as per needed for the company's needs.

9.4. Genevieve Naughton – Lending review committee

Genevieve is a Finance Professional with many years experience in Financial Planning and Property Finance. She has a Bachelor of Business (Economics & Finance), an Advanced Diploma of Financial Planning, and is currently completing her Double Diploma of Building and Construction (Management) & Project Management. Genevieve specialises in credit analysis and structuring property development finance loans for property investors and developers.

9.5. Ben Kalmus – Lending review committee

Ben is a Chartered Accountant with over 7 years' experience in insolvency, credit control and accounts management. He has a Bachelor of Business majoring in Accounting and Banking & Finance with Monash University, and is currently completing his Double Diploma of Building and Construction (Management) & Project Management.

Ben specialises in property construction lending including initial due diligence, liaising with external consultants and structuring investment and development finance transactions.

9.6. James Attwood

James is a licensed builder with over 25 years' building industry experience. Since becoming a qualified builder, James has worked in the Brisbane area, building, renovating and designing residential and commercial premises. As the owner of an award winning Brisbane based renovation company for 20 years, James has built a reputation for delivering quality work and establishing trusting relationships with his clients. Over the years his underlying philosophy has been simple, "To earn the trust of my clients by delivering agreed outcomes for each and every client". It remains the same today. James and his company have received the following awards:

9.7. BRENT L STEVENS

Brent has been in the development, civil & construction industry for 23 years. Shortly after completing his carpentry apprenticeship, he started his own business and relocated to Sydney to perform contract work on the Olympic village. Once the Olympics concluded, Brent became a qualified builder and ran his own construction Company for 9 years. In 2011, he was offered a position in Brisbane to manage the civil and construction division of a development company, who specialise in syndicated property developments. During his six years working there, he managed the development process of over $50M worth of properties and became the director of the civil Company. Brent oversaw the opportunity assessment and development management division and became a board member of SMSF Property Australia Pty Ltd.

9.8. SANDRA HEEL - CAPITAL MANAGER

Sandra has worked in management services for the past 15 years. Her experience is within sales specialising in accounts and financial development, recruitment for specialised companies and business administration in a corporate environment. Attending multiple international conferences, Sandra has gained knowledge and experience over the years to help her clients have significant financial growth and successes. Sandra had a growing and impactful business over a five-year space and her achievements within a small timeframe has allowed her to thrive within the economy. With her international knowledge she has been able to successfully manage multiple portfolios spanning across Asia Pacific, USA and the UK. Sandra has a passion for helping her investors achieve their financial freedom.

9.9. GRANT DUTTON

Grant has worked in the civil and building construction industry in South East Qld for the last 15 years; the last 10 years as a Senior Civil Engineer. Grant has been involved in a diverse range of projects from commercial developments through to large residential subdivisions. He is committed to a high level of service throughout each project from conception through to completion.

9.10. RENATA SIQUEIRA - DESIGN COORDINATOR

Renata graduated in 2005 in Architecture & Urban Planning in Brazil, working on high quality architectural projects, interior design and lighting design for the following 12 years. She also qualified as a Real Estate Agent and worked in this field for 3 years. In 2017, she moved to Australia to complete the Diploma of Business and has been implementing these skills in Smart Capital Property & Development for the last 2 years.

9.11. MANAGEMENT EXPERIENCE IN PROPERTY DEVELOPMENT PROJECTS

The principals at Monthly Baron, Mark Greenberg and Craig Cameron have development managed and/or provided comprehensive loan management to several projects previously.

Below is a selection of some of them:

LOCATION	PRODUCT DETAILS	STATUS	END VALUE (AUD Million)

The Mayflower at Thornhill Park, Paynes Rd, Rockbank VIC 3335	A 144 lot land subdivision comprising of small and large lots	Under Constructio n	$46 Million
Burrell Avenue residences Burrell Avenue, Eumundi QLD 4562	A 25 lot land subdivision comprising of small and large lots	Completed	$6 Million
Campbell Grove, Hawthorn East, VIC 3123	A small subdivision comprising of two luxury homes.	Completed	$4.5 Million
31-35 Como Parade East Mentone, VIC	25 Boutique Apartments over 3 levels.	Completed	$15 Million
66S Hutchinson Drive, Lynbrook, VIC	22 Townhouses over 2 and 3 levels	Completed	$10 Million
2-4 Churchill Street, Ringwood, VIC	38 Apartments over 4 Levels	Completed	$16 Million

9.12. DEVELOPMENT MANAGEMENT FEES

The Company team members will take a development management role in each project that is being lent to. The fees for development managers can often vary, they can be a function of the Gross realized value such as 5%-7% of end sales or a function of cost to complete such as 10% of cost to complete. Or they can very well be a fixed cash payout. It often boils down to the commercial terms that end up being negotiated with the Developer.

These fees, although being a cost to the project, will only be paid after the investor returns are paid, hence do not impact the investors returns in any material way. The Company will disclose to investors what development management fees were being charged to any project when a loan as part of the regular updates it provides to the the investors by listing them on the monthlybaron.com website and notifying investors via email whenever an update is posted.

10. CAPITAL STRUCTURE

The effect of the offer on the capital structure of the Company, assuming all Shares offered under the OIS are issued, is set out below.

Shares	Number
Ordinary shares currently on issue	300

Redeemable Preference Shares to be issued pursuant to the offer	10,000,000

10.1. SUBSTANTIAL HOLDERS

The Ordinary Share on issue at the date of this OIS are held by:

Shareholder	Shares	%
Lambert Finance Advisory Pty Ltd ATFT Lambert Finance Trust	100	33.33
Smart Capital Property & Development Pty Ltd	100	33.33
Estate Baron Crowdinvest Pty Ltd	100	33.33

On completion of this offer issue there could be a change to the substantial holders based on the new shareholders that become Preference Shareholders as part of this offer.

11. TERMS OF ISSUE

11.1. THE SECURITY

11.1.1. FORM OF SECURITY

Monthly Baron Redeemable Preference Shares are fully paid shares in the capital of the Company and are issued by the Company on the terms and conditions set out in these Terms of Issue. The ordinary shareholder of the Company has issued a resolution calling for the issue of these Redeemable Preference Shares.

11.1.2. FACE VALUE AND ISSUE PRICE

Each of the Company's Redeemable Preference Shares will be issued by the Company as fully paid at an issue price of $1.00. The Face Value shall be paid in full to the Company upon application.

11.1.3. QUOTATION

The Redeemable Preference Shares will not be quoted on an exchange.

11.1.4. REGISTRATION

Entries in the shareholder register in relation to a Redeemable Preference Shareholder constitute conclusive evidence that the person so entered is the absolute owner of the Redeemable Preference Shares subject to correction for fraud or error. Except as required by law, the Company:

a) will treat the person entered in the shareholder register as the absolute owner of that the Redeemable Preference Shares; and

b) is not required to recognise:

   a. a person as holding a security on any trust; or

   b. any other interest in any security or any other right in respect of a security except an absolute right of ownership in the registered holder of a security, whether or not it has notice of the interest or right.

11.2. EXISTING PREFERENCE SHARES

As at 8 October 2018 the Company currently has $47,000 Redeemable Preference Shares issued as part of its previous Prospectus. The Redeemable Preference Shares offered under this OIS will rank equally with the existing Redeemable Preference Shares on issue. Below is a summary of the maturity profile of the existing Redeemable Preference Shares on issue as at 8 October 2018.

Month	Feb 2019	July 2019	August 2019	Sept 2019	Nov 2019	Dec 2019
$ amount to be paid	$3,000	$4,000	$10,000	$21,000	$5,000	$4,000

12. TERMS RELATED TO REDEEMABLE PREFERENCE SHARES DIVIDEND PAYMENTS

12.1. DIVIDEND CALCULATION

Subject to the Terms of Issue, the Redeemable Preference Shareholder on any record date is entitled to receive on each relevant dividend payment date a dividend calculated using the following formula:

$$\text{Dividend} = \frac{(\text{Target Dividend Return Rate} \times \text{Face Value} \times N)}{365}$$

Where:

Target Dividend Return Rate will be 10% per annum and

N = Number of days in that dividend period

12.2. NO FRANKING

Each dividend will be paid to Redeemable Preference Shareholders with no franking.

12.3. PAYMENT OF DIVIDEND

The Dividend is subject to:

a) the Directors declaring the Dividend to be payable; and

b) there being no legal impediment to the payment of the Dividend.

Dividends shall be paid by direct credit to the bank account nominated by the Redeemable Preference Shareholder or by such other means as authorised by the Directors.

Dividends are payable in arrears on any dividend payment date.

Dividends shall be paid in Australian dollars only and shall be free of any set off, deduction or counterclaim except as required by law.

The Company will aim to distributed dividends on a monthly basis.

12.4. CUMULATIVE DIVIDENDS

The entitlement of a Redeemable Preference Shareholder is to the payment of cumulative Dividends. If a Dividend is not paid in whole or part because of the provisions of any applicable law, the Company has a deferred liability to pay such Dividend. No interest accrues on any unpaid Dividends and the Redeemable Preference Shareholder has no claim or entitlement in respect of interest on any unpaid Dividends.

12.5. ROUNDING OF DIVIDEND CALCULATIONS

For the purposes of making any Dividend payment in respect of a Redeemable Preference Shareholder's total holding of the Company's Redeemable Preference Shares, any fraction of a cent will be disregarded.

Dividend calculations shall be rounded to the nearest two decimal places.

12.6. RECORD AND PAYMENT DATES

A Dividend is only payable to those persons registered as Redeemable Preference Shareholders on any record date for that Dividend.

Dividends will be paid by the Company as determined by the Board.

12.7. WITHHOLDING OBLIGATIONS

The Company will be entitled to deduct from any Dividend the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction is made and the amount of the deduction is accounted for by the Company to the relevant revenue authority and the balance of the amount payable is paid by the Company to the Redeemable Preference Shareholder concerned, then the full amount payable to such Redeemable Preference Shareholder shall be deemed to have been duly paid and satisfied by the Company. The full amount required to be deducted to the relevant revenue authority shall be paid by the Company within the time allowed for such payment.

12.8. JOINT HOLDERS OF THE COMPANY'S REDEEMABLE PREFERENCE SHARES

Where two or more persons are registered as the joint holders of the Company's Redeemable Preference Shares, then they are taken to hold the security as joint tenants with rights of survivorship, but the Company is not bound:

a) to register more than three persons as joint holders; or

b) to issue more than one certificate or holding statement in respect of the Company's Redeemable Preference Shares held.

If a Redeemable Preference Shareholder who owns Redeemable Preference Shares jointly dies, the Company will recognise only the survivor or survivors as being entitled to the Redeemable Preference Shareholders interest in the Redeemable Preference Shares. Interest or other money payable in respect of the Company's Redeemable Preference Shares that is held jointly may be paid to the Redeemable Preference Shareholder whose name appears first on the shareholder register.

If the Company's Redeemable Preference Shares are held jointly, and more than one Redeemable Preference Shareholder votes in respect of the same, only the vote of the Redeemable Preference Shareholder whose name appears first on the shareholder register will be accepted by the Company.

The joint holders of the Company's Redeemable Preference Shares are counted as a single holder for the purposes of calculating the number of Redeemable Preference Shareholders who have requisitioned a meeting.

12.9. DIVIDEND DECLARATION POLICY

It is the policy of the Company that the Directors will always declare payment of a Dividend to the Company's Redeemable Preference Shareholders unless such as declaration would breach section 254T of the Corporations Act.

12.10. CALL OPTION

12.10.1. GRANT OF CALL OPTION

The Company plans to pay back the investors by buying back the Redeemable Preference Shares at the price they were issued and paying any Dividend that was due until that day. This repurchase is described as a Call. The Company may choose to exercise this Call at any time after the issue of the Redeemable Preference Shares by paying the amount due which is inclusive of the purchase price and Dividend due until that date.

Each investor grants to the Company an irrevocable Call option for the Company or its nominees to buy the Redeemable Preference Shares held by the investor.

12.10.2. WHY THE OPTION FOR THE COMPANY TO REDEEM AN INVESTMENT AT ANY TIME EXISTS

The Company plans to lend the monies raised via this offer to a number of real estate development projects. The underlying projects may be able to return the money borrowed faster if the projects finish faster or they now have a cheaper source of capital from another source and wish to refinance in order to reduce their cost of capital. In the second scenario, the Company will allow the project SPV to exit the loan by paying the principal and interest accrued till date. If a suitable loan that fits the lending mandate is available immediately, then the Company will redeploy the funds to that loan.

However, in the scenario that no such suitable lending opportunities are available, the Company will pay the Dividends accrued till date and buy back the shares issued to the investors under this offer, as defined in section 12.10. The total amount that will be paid to the investors will be based on the Redeemable Preference Share Exit Amount, being any accrued as defined later (pending dividend until the date of redemption, plus the original invested amount).

While this may not lead to a direct financial loss to the investors, it does mean that investors will receive their funds sooner than expected and will only receive the dividend proportionate to the time invested rather than the full expected term. Investors should carefully consider the scenario where the money which was originally planned to be invested for 12 months is repaid sooner than expected and is unable to earn the expected return for the remainder of the term.

However, in either case the total amount that will be paid to the investors will be based on the Redeemable Preference Share Exit Amount, as defined below.

12.10.2.1. REDEEMABLE PREFERENCE SHARE EXIT AMOUNT

The price for a buy back pursuant to a Call is the total of the Redeemable Preference Share subscription price and the Redeemable Preference Share Dividend, if pending. If a Redeemable Preference Share Dividend has already been paid prior to the date on which a Call option exercise notice is given, then the amount payable is equal to the Redeemable Preference Share subscription price, plus any Dividend that may still may be pending. If no Dividend is pending, then the repurchase price is equal to the original subscription price.

The total repayment is described as the Redeemable Preference Share Exit Amount.

12.10.3. EXERCISE OF CALL AT THE END OF EXPECTED 12 MONTH TERM

The Company must exercise the Call option at the end of 12 month term if it has not been exercised already, provided there are no impediments to such an exercise. The Company is completely dependent on the loans it makes to several real estate development projects, as described in its lending mandate, to provide returns to its investors. If returns in the form of principal and interest have been paid to the Company by the project development SPVs it lends to as per the target rate of return, then the Company will always pass on the expected returns to the investors who participate in this offer.

However, in the circumstance that the projects that the company lends to do not deliver the expected returns and, hence, do not pay the expected returns, the Company will be unable to exercise the Call until payment of such a return becomes possible. The Dividend and return in such a scenario may be lower, including a potential loss of capital in the scenario where an underlying fund does not pay out at all, as detailed in the risks section.

This could lead to a lower rate of return than the target interest rate being achieved. Scenarios where the loans to which the Company deploys the funds towards do not perform as expected, or fail, could lead to an extension of the investment term beyond the expected 12 months, as well as a potential loss of capital. This may effectively lead to the Redeemable Preference Shares to be on issue without the Call being exercised beyond 12 months. If the Company determines that it is not possible to recover an investment loss by purely extending the term, it may have to issue a Call for repurchase of the Redeemable Preference Shares for a value lower than what they were issued for.

12.10.4. EXERCISE OF CALL OPTION

12.10.4.1. EXERCISE

The Company may exercise the Call option on any specific set of Redeemable Preference Shares at any time after the Company is entitled to issue a redemption notice in respect of Redeemable Preference Shares.

This particular clause is only to effectively separate investors who look for an exit and those who want to stay invested at the end of an investment term, where all returns have been achieved satisfactorily.

For instance, at the end of the 12 month term some investors may want to stay invested, while others may want to redeem their shares. Others may not have reached the 12 month investment term yet and are ineligible for redemption. The ability to exercise a CALL on some and not all preference shares would allow the Company to give the investors their desired and expected outcomes.

The Company will never exercise a CALL in a manner where a potential loss was only passed to certain shareholders and not others. So, in the event that a loan is not repaid and there is a loss which the Company is passing on to the shareholders, then the Company will always exercise the CALL on all redeemable preference shareholders and not selectively.

12.10.4.2. GUIDING PRINCIPLES AROUND INVESTOR REDEMPTIONS

The guiding principle of the Company when it comes to redemptions are as follows:

1. Is an investor invested for the full investment term of 12 months?

2. If yes, is the Company in a position to issue him or her the target dividend and redemption based on the projects that are complete or about to complete?

If answers to both of these questions is yes, then the Company would complete the redemption as per the target.

If, however, a loan made by the Company is not performing as per expectations then the Company would delay or reduce dividends and redemptions until such a time that another loan that becomes due, makes it possible to issue them. More details below:

12.10.4.3. STAGGERED COMPLETION OF PROJECTS

The Company will be lending to projects on an ongoing basis. The projects would reach completion at different times. On the other side investors would keep on subscribing to shares as long as the offer is open.

Consider a scenario where investor Adam invests $20,000 in the Company, the Company makes a loan to project Alpha immediately after.

After 3 months another investor Bob invests $30,000 and the Company makes another loan to project Beta. 12 months from when John has invested, project Alpha reaches completion and is repaying the loan as expected.

At that point, Adam would have the right to redeem his shares as his term of 12 months is complete. The Company would offer Adam the option to redeem his shares and, if he chooses to exercise his right, the Company would do a call option on his shares. Given that Adam's investment term is complete, he will also be paid the target dividend.

Bob, on the other hand, would not have been invested for 12 months and would not get the right to redeem his or her shares just yet.

27 months from day 1, project Beta would complete and at that point Bob would also be eligible for redemption of his shares given that his investment term of 12 months is also complete.

Note that the above example is simplistic as the Company will end up making more than a few loans as and when it is in a position to do so, rather than each time when every investor invests. In the event that Adam or Bob or both of them chose not to redeem their shares when they are eligible, they would stay invested and continue to received dividends.

12.10.4.4. HANDLING A LOSS

The Company will employ the following procedures in the event a project that the Company has made a loan to is unable to repay.

The Company lends money at a rate that is higher than the rate of return it promises investors. A portion of which goes into the cash reserve. In the event that a loan is unable to be repaid, the Company will first dip into the cash reserves to smoothen out the return.

At the end of the 12 month investment term when any investor is eligible for their redemption and dividends if a project that is due to complete has not yet completed, then the Company would extend the investment term if it believes that the expected returns can be achieved by providing more time.

This would impact any shareholders that are due for their redemptions. But if another project that was lent to after completes and achieves its returns, then the investors who were due for returns would be offered their redemptions in a First in First out basis. The diversified nature of the Company's lending would ensure that even if one project does not achieve the expected outcomes, other projects as they complete would allow the investors to limit the losses and get paid a return (although delayed).

This mechanism also ensures that if a delay does happen then that delay would ripple through all future investors. Given that we are treating investors in a First in First out basis, if the first set of investors get their returns delayed and get paid through a future projects returns, then the next set of investors also would get delayed till a future project makes it possible for their returns to get paid.

If there are additional funds remaining after the first set of investors are paid, then the other investors would be paid on a parri passu basis for the remainder amount if their investment term is also complete.

If a project suffers extensive losses and is unable to repay the principal it was lent to as well in that case the Company would first hold off on the dividend and redemption payments as they come due and try to back fill it with other projects that achieve successful outcomes. If however the Company forms a view that other projects are also suffering losses and are unable to repay the returns as expected (consider a significant property market downturn), then the Company would employ a CALL on all the shareholders and return them a reduced capital which would be the maximum the Company possibly can under the circumstances.

All records of which project the Company lends to, what development fees are being charged to the project, when a dividend or redemption is being exercised will be public and accessible on the Company's website for all investors to review.

12.10.4.5. NOTICE OF EXERCISE

To exercise the Call Option, the Company must give the Redeemable Preference Shareholder an exercise notice signed by the Director of the Company. This may be done by posting the signed notice document on the Investor Platform which is accessible to the Redeemable Preference Shareholder.

12.10.5. EXERCISE NOTICE IS IRREVOCABLE

An exercise notice is effective when it is posted on the Investor Platform (provided it is exercised in accordance with this OIS) and when given, is irrevocable.

12.10.6. CALL OPTIONS NOT INTERDEPENDENT

The Company can choose to exercise the Call option at its discretion. The Company is not required to exercise the Call option on all Redeemable Preference Shares at the the same time or in any specific order. At the end of the investment period the Company will pay the Dividend and offer investors redemptions according to the terms described in this OIS especially in section 12.

Investors may continue to stay invested by not taking the redemption opportunity or may exit their investment via the redemption when it is due.

Not having to exercise the Call option on all investors at the same time allows investors who want to stay invested to do so. The Company will always treat all redeemable preference shareholders equally in terms of their entitlement to dividends, as well as buybacks.

If an investor continues to stay invested then their investment will continue as per the terms offered as part of this offer.

Investors interested in the future may either get the same offer if they apply while this offer is still open or may be presented with a new disclosure document if this offer has expired and the Company wishes to continue raising funds.

12.10.7. EFFECT OF EXERCISE OF OPTIONS

If the Call option is exercised, an agreement will be constituted between the Company and the Redeemable Preference Shareholder for the sale and purchase of the Redeemable Preference Shares held by the Redeemable Preference Shareholder free from all encumbrances.

12.10.8. COMPLETION

Completion of the sale and purchase must take place within 10 Business Days after the Shareholder gives the exercise notices or such earlier date nominated by the Company. At completion, the Redeemable Preference Shareholder must:

(a) deliver or cause to be delivered to the Company the Redeemable Preference Share certificate issued to the Redeemable Preference Shareholder; and

(b) deliver a Redeemable Preference Share transfer form executed by or on behalf of the Redeemable Preference Shareholder;

(c) if necessary, procure a release from all registered and unregistered security holders in the form of a deed of release and an undertaking from registered security holders to amend any securities register by lodging any necessary document in respect of the Redeemable Preference Shares registered in the Redeemable Preference Shareholder’s name, or to otherwise provide evidence satisfactory to the Company that the Redeemable Preference Shares are free from all encumbrances;

and

(d) the Company must pay the Redeemable Preference Share Exit Amount in immediately available funds to the Redeemable Preference Shareholder on whose Redeemable Preference Shares the Call option was exercised.

12.11. GENERAL RIGHTS ATTACHING TO REDEEMABLE PREFERENCE SHARES

12.11.1. RANKING

The Redeemable Preference Shares to be issued pursuant to this OIS will rank equally among themselves and ahead of existing ordinary shares with respect to any Dividend payments.

12.11.2. VOTING

Redeemable Preference Shareholders have the right to receive notice of and to attend any meeting of shareholders of the Company but will only be entitled to vote in the following circumstances:

1. On a proposal which affects the rights attached to Redeemable Preference Shares, to reduce the share capital of the Company, to wind up the Company or for the disposal of the whole of the property, business and undertaking of the Company;
2. During the winding up of the Company.

In circumstances where Redeemable Preference Shareholders are entitled to vote, they may cast one vote for each Redeemable Preference Share held. For such resolutions, ordinary shareholders and Redeemable Preference Shareholders will have the same voting rights.

In addition, under the Corporations Act, any proposal that might affect the rights attached to Redeemable Preference Shares must be approved by special resolution (75% of votes cast) of Redeemable Preference Shareholders and a separate resolution passed by special resolution of both ordinary shareholders and Redeemable Preference Shareholders.

12.11.3. DIVIDENDS

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be payable on the Redeemable Preference Shares and ordinary shares in accordance with the Corporations Act and as per the terms of this offer. As detailed earlier, no Dividend may be issued to ordinary shareholders until the expected Dividend is paid to Redeemable Preference Shareholders as described in Section 12

12.11.4. TRANSFER OF SHARES

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Corporations Act for the purpose of facilitating transfers in shares or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of shares, other than a market transfer.

12.11.5. MEETINGS AND NOTICE

Each Redeemable Preference Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Corporations Act.

12.11.6. WINDING UP

The Company has only issued two classes of shares, ordinary and Preference which all rank equally in the event of liquidation.

A liquidator may, with the authority of a special resolution of Shareholders, divide among the shareholders in kind the whole or any part of the assets of the Company, and may for that purpose set such value as he considers fair upon any assets to be so divided, and may determine how the division is to be carried out as between the shareholders.

The liquidator can, with the sanction of a special resolution of the Company's shareholders, vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other shares in respect of which there is any liability.

12.11.7. SHAREHOLDER LIABILITY

As the Redeemable Preference Shares under the OIS are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

12.11.8. THE CONSTITUTION AND ISSUE OF REDEEMABLE PREFERENCE SHARES

The Company does not have a Constitution in place and will be relying on replaceable rules. The ordinary shareholder has passed a resolution for the issue of the Redeemable Preference Shares under this offer.

12.12. AMENDMENTS TO THESE TERMS OF ISSUE

Subject to complying with all applicable laws, the Company may without the authority, assent or approval of shareholders amend or add to these Terms of Issue if such amendment or addition is, in the opinion of the directors:

a) of a formal, minor or technical nature;

b) made to correct a manifest error or ambiguity;

c) made to comply with the Corporations Act; or

d) not likely (taken as a whole and in conjunction with any other proposed modifications) to be materially prejudicial to the interests of shareholders.

12.13. INTERPRETATION

Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms of Issue, and the provisions of replaceable rules which the company relies on for its operations, then, to the maximum extent permitted by law, the provisions of these Terms of Issue will prevail.

Unless otherwise specified, the Directors may exercise all powers of the Company that are not, by the Corporations Act, required to be exercised by the Company in general meeting.

A reference to $, dollars or cents is a reference to Australian currency.

Notices may be given by the Company to a shareholder in the manner prescribed by the replaceable rules for the giving of notices to members of the Company and the relevant provisions of the replaceable rules apply with all necessary modification to notices to shareholders.

If an event must occur on a stipulated day which is not a Business day, then the stipulated day for that event will be taken to be the next Business Day.

If a calculation is required, unless the contrary intention is expressed, the calculation will be rounded to two decimal places.

Calculations, elections and determinations made by the Company are binding on shareholders in the absence of manifest error.

The terms 'takeover bid', 'relevant interest' and 'arrangement' when used in this OIS have the meaning given in the Corporations Act.

A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

The singular includes the plural and vice versa.

Where a word or phrase is defined its other grammatical forms have a corresponding meaning.

A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.

A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.

A reference to any instrument or document includes any variation or replacement of it. A term not specifically defined has the meaning given to it in the Corporations Act.

The Glossary in this OIS sets out the meaning of some particular words and expressions.

Definitions and interpretation under replaceable rules will apply to the terms of the

Redeemable Preference Shares unless the contrary intention is expressed.

If any provision of the Terms of Issue is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of the Terms of Issue are of full force and effect.

13. ADDITIONAL INFORMATION AND CASH RESERVE

13.1. 2% CASH RESERVE

The Company plans to build a cash reserve of upto 2% of total invested money. These funds will be used for contingencies, smoothen out investor returns and offer those investors who want to exit before the term of 12 months is complete a potential opportunity to do so.

While the first project is yet to complete and deliver returns, the company will keep aside 2% of all application money to add to the cash reserve.

Once the first project completes and completes the investor redemptions, the Company will then add 50% of the remainder to the cash reserve. Only after that is done the Company will pay out any expenses and ordinary shareholder dividends.

Adding to the cash reserve money from returns from the project would mean that for future applications, the Company would not have to keep aside funds from investor application money. And all of the future application money would then be deployed to loans in question.

If a certain project does not meet the target returns, then the Company would dip into the cash reserves to pay the target dividends to investors. Investors should however note that under exceptional circumstances the losses could be so large that the cash reserve would not be enough to cover them.

Any time the cash reserve dips below the target 2% it would then again be replenished first using investor application money and later out of returns from loans made to projects that are getting paid out.

13.2. UPDATED INFORMATION

Where there is a change to information which is not material to investors, we will make this updated information available on the Monthly Baron Platform website at http://www.monthlybaron.com (Updated Information).

If you require a paper copy of any updated information please contact us on 02 8015 2858 and it will be provided without charge on request.

While this OIS and any updated information are up to date at the time of preparation, changes may be made to the Company from time to time. You should ensure that you keep up to date with the latest information on the Company.

The changes refer only to those which will not be material to investors. Any change which is material will require a supplementary OIS to be issued. If there is a material adverse change, then, in accordance with the Corporations Act, a supplementary OIS will be issued.

13.3. DISCLOSING ENTITY

The Company may become a disclosing entity in which case the following arrangements will apply.

As a disclosing entity, the Company will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You will have the right to obtain various financial reports lodged with ASIC for the Company.

We will satisfy our continuous disclosure obligations for the Company by publishing material information on the Monthly Baron Platform website at http://www.monthlybaron.com

Any material information affecting the Company will be placed on our website.

13.4. LITIGATION

As at the date of this OIS, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.5. FINANCIAL FORECASTS

The Company is relying on the historical performance of the real estate development projects as one of its criteria to decide if it should lend the money raised using this offer in those projects or projects of that kind. However historical performance cannot be relied on to predict future performance.

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

13.6. INTERESTS OF EXPERTS AND ADVISERS

Except as set out in this OIS, no person named in this OIS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this OIS:

a) has any interest or has had any interest during the last two years, in the formation or promotion of, or in real estate acquired or proposed to be acquired by in connection with its formation or promotion, or the offer of the Redeemable Preference Shares; and

b) The Company may pay a capital raising or introduction fee to referral partners for introducing investors to the Company

13.7. INTERESTS OF DIRECTORS

Other than set out elsewhere in this OIS:

a) no Director or proposed Director of the Company has, or has had in the two years before lodgement of this OIS, any interest in the formation or promotion of, or the offer of Redeemable Preference Shares, or in any loan proposed to be made in connection with information or promotion of the offer of the Redeemable Preference Shares; and

b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of the Company either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of the Company or the offer of Redeemable Preference Shares.

The Directors may apply for Redeemable Preference Shares under the offer.

13.7.1. PAYMENTS TO DIRECTORS

The expenses of operating the Company and putting this offer together are being paid by the Directors from their personal funds and they will be compensated for this out of the profits remaining after the Redeemable Preference Shareholders are paid and ensuring that the cash reserve is maintained.

Any payment by the Company to Directors will take the form only of Dividends that are issued to ordinary shareholders. No separate Directors fees or salaries will be paid by the Company to the Directors of the Company.

13.8. RELATED PARTY TRANSACTIONS

The Directors of the Company have been involved in the real estate development sector and have long standing dealings with various industry partners. It may be possible that an opportunity presented for consideration may have connections to the management of the Company. Although each loan will be made on commercial arm's length basis only and any loan which involves any related party dealings will be highlighted to investors as part of the continuous updates the Company provides to investors. Every loan would have to satisfy the lending mandate and go through the lending review committee's strict selection criteria.

13.9. EXPENSES OF THE OFFER

The total estimated expenses of the offer payable by the Company, including ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately $30,000. This includes the following:

1. Incorporation $650
2. OIS lodgement fee $1924

3. Insurances, technology, office rents, incidental expenses estimated to $25,000 to $30,000.

Note that incorporation and OIS lodgement fee has already been paid for however the third item (insurances, rents etc) is only an estimate at this point and will be paid for in the course of the company's operations.

The ordinary shareholders and the Company management will bear the operational costs of the Company on an ongoing basis.

13.10. PRIVACY

Investors will be required to provide personal information to make an investment in the Company.

The Company and their service providers may collect, hold and use potential investors' personal information in order to assess applications, service the needs of prospective and actual investors, service the needs of the Company and for other purposes permitted under the Privacy Act 1998 (Cth).

Tax and company law also require some specific information to be collected in connection with applications and to provide this to certain Government authorities.

13.11. REPORTING AND CERTIFICATION

Your investment balance and transactions will be recorded on the Monthly Baron online platform which will be accessible using your username and password.

When you make a successful investment in the Company, you will be provided with an electronic share certificate showing your holdings in the Company. In addition to balance and transactions available on the Monthly Baron online platform, you will also be provided with the following periodic reports:

a) An annual report; and

b) Quarterly Update reports with any repayments and/or any updates about the Company's investments.

13.12. ELECTRONIC INSTRUCTIONS

If an investor instructs the Company by electronic means, such as facsimile, email or internet the investor releases the Company from and indemnifies the Company against, all losses and liabilities arising from any payment or action the Company makes based on any instruction (even if not genuine) that the Company receives by an electronic communication bearing your representation and which appears to indicate to the Company that the communication has been provided by the investor eg. a signature which is apparently the investor's and that of an authorised signatory for the investment or an email address which is apparently the investor's. The investor also agrees that neither they nor anyone claiming through them has any claim against the Company or the Monthly Baron Platform in relation to such payments or actions. There is a risk that a fraudulent withdrawal request can be made by someone who has access to an investor's username and password and a copy of their signature or email address. Please exercise caution.

13.13. ELECTRONIC OIS

This OIS is available in electronic form at http://www.monthlybaron.com. We will send, on request, any person receiving this OIS electronically, a paper copy of the OIS free of charge during the period of the offer. Applications must be made by completing the application form online in accordance with the instructions in this OIS.

Redeemable Preference Shares cannot be issued to you unless you complete the application form online. The application form contains a declaration that you have personally received the complete and unaltered OIS prior to completing the application form. You should read this OIS in its entirety before completing the application form.

We will not accept a completed application form if we have reason to believe that the applicant has not received a complete paper copy or electronic copy of the OIS, or if we have reason to believe that the application form or electronic copy of the OIS has been altered or tampered with in any way.

While we believe that it is extremely unlikely that during the period of the offer the electronic version of this OIS will be tampered with or altered in any way, we cannot give any absolute assurance that this will not occur. If you are in doubt about the validity or integrity of an electronic copy of the OIS you should immediately request a copy of the OIS directly from us or your adviser.

13.14. CONSENTS

The directors have given and have not, before the lodgement of this OIS, withdrawn their written consent to the issue of this OIS with ASIC.

Mark Greenberg has given his written consent to being named as Director in this OIS, in the form and context in which it is named. Mark Greenberg has not withdrawn his consent prior to the lodgement of this OIS with the ASIC.

Moresh Kokane has given his written consent to being named as Director in this OIS, in the form and context in which it is named. Moresh Kokane has not withdrawn her consent prior to the lodgement of this OIS with the ASIC.

Craig Cameron has given his written consent to being named as Director and Company Secretary in this OIS, in the form and context in which it is named. Craig Cameron has not withdrawn his consent prior to the lodgement of this OIS with the ASIC.

Brent Stevens, James Attwood, Sandra Heel, Renata Sequeira, Ben Calmus, Genevieve Naughton have given their written consent to being named in this OIS in the form and context in which they are named as team members.

AH Jackson and Co. has given its written consent to being named as Auditor of Baron Monthly Income Limited (ACN 626 620 157) in this OIS, in the form and context in which it is named.

Specialised Audit & Assurance Services has not withdrawn its consent prior to the lodgement of this OIS with the ASIC.

Each of the parties referred to in this Section, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this OIS other than a reference to its name and a statement included in this OIS with the consent of that party as specified in this Section.

13.15. GOVERNING LAW

This OIS, the offer and the contracts formed by the acceptance of applications under the offer are governed by the laws in force in the State of Victoria. The Company and each Applicant submit to the exclusive jurisdiction of the courts of Victoria.

14. DIRECTORS' AUTHORISATION

This OIS is issued by the Company and its issue has been authorised by a resolution of the Directors. The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements by the Directors in this OIS are true and not misleading.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this OIS with the ASIC.

Mark Greenberg

Director

For and on behalf of

Baron Monthly Income Limited

15. GLOSSARY

Application form

The investment application form accompanying this OIS; which you must complete in order to become an Investor in the Company. The application form must be completed online via the Monthly Baron Platform at http://www.monthlybaron.com

ASIC

The Australian Securities and Investments Commission.

Business Day

A day which is not a Saturday, Sunday or a gazetted public holiday in Melbourne.

Company

Baron Monthly Income Limited.

Investor Platform / Monthly Baron Platform

The Monthly Baron Platform; which investors have access to for managing their accounts. You can access the Investor Platform via the Company's website at http://www.monthlybaron.com.

LVR

The Loan to Value ratio applicable to a Loan. This is expressed as a percentage by dividing the principal outstanding of the Loan by the value of the Real Estate associated with the Loan (calculated at the time the Loan is advanced).

Monthly Baron

Baron Monthly Income Limited.

OIS

This OIS relating to an investment in the Company.

Redeemable Preference Shares

The class of shares in Baron Monthly Income Limited that is being offered to investors under this OIS.

16. CORPORATE DIRECTORY

16.1. OFFICE AND POSTAL ADDRESS

L1, Suite 3, 4 Park Road

Milton, Queensland, 4064

16.2. CONTACT DETAILS

Phone: 1300 264 937

Email: info@smartcapitalprojects.net.au

Website: http://www.monthlybaron.com

16.3. COMPANY DIRECTORS

Mark Greenberg

Craig Cameron

Moresh Kokane

16.4. COMPANY SECRETARY

Craig Cameron

16.5. AUDITOR

AH Jackson and Co.

Level 3 HQ South Tower

520 Wickham Street

PO Box 1252

Fortitude Valley QLD 4006

t. 07 3253 1500

f. 07 3257 2667

e. E.Manicaros@ahjackson.com

w. www.ahjackson.com

17. HOW TO INVEST

To invest in the Redeemable Preference Shares, please read the OIS and complete and submit the online application form referred to in section 18 in accordance with the instructions on that form.

The online application process is operated under the Monthly Baron Platform at http://www.monthlybaron.com.

The Company uses the Investor Platform to administer all the investors, issue share certificates and keep track of investor funds and provide them regular updates. Payment of application money must be made electronically by EFT to the following account within 48 hours of completing the online application form.

Name of Account	Baron Monthly Income Limited
BSB	033157
Account Number	545982
Bank	Westpac
Reference Number	<Investor Name> (Use this while setting up a transfer)

The application form also contains details of how to pay your application money by EFT.

When you apply to invest in the Company, your money is held in an applications account until we accept your application. We have an absolute discretion to reject any application and are not required to give a reason.

We will only proceed with an offer where valid applications have been received for the minimum number of Redeemable Preference Shares offered under this OIS. If valid applications have not been received for the minimum number of Redeemable Preference Shares offered within three months of the date of this OIS, we will repay all application moneys in their entirety, so that you will not receive less than the amount of your application money, or extend the offer period subject to compliance with the Corporations Act.

Similarly, if your application is declined, your application money will be returned promptly, so that you will not receive less than the amount of your application money.

Redeemable Preference Shares will be issued prior to completion of the offer to which this OIS relates.

Any interest earned on the application money for which Redeemable Preference Shares are issued will form part of the assets of the Company.

17.1. FURTHER INFORMATION ABOUT THE APPLICATION PROCESS

17.1.1. AML-CTF

As a part of the application, investors will be required to provide client identification materials to comply with Anti-Money Laundering and Counter Terrorism Financing legislation. In addition to the client identification material and documents required to be included with an investor's application form, the Company may require further information or documentation from an investor at any time in order to satisfy obligations under Anti-Money Laundering and Counter Terrorism Financing legislation.

17.1.2. APPLICATION FORM

By completing and submitting the online application form, applicants provide certain acknowledgements to the Company, such as having read and understood the OIS and specifically the risk factors. A copy of the application form can be found at the end of this OIS and on the Investor Platform.

17.1.3. ACCEPTANCE OF APPLICATIONS

The Company may decide in its absolute discretion to accept or reject an investor's application for Redeemable Preference Shares or may decide not to proceed with the investment.

17.1.4. INVESTMENT IN THE COMPANY

Applications to invest in the Company will be processed on a "first come, first served" basis. Depending on the demand for the investment, an investor's investment in the Company may be reduced or refused.

17.2. REPORTING

You will receive written confirmation of your purchase of Redeemable Preference Shares as well as the following regular updates:

- a quarterly update on key investor information containing information relating to your Redeemable Preference Shares and the status of the Company's operations; and
- an annual periodic statement.

The Company's annual financial statements can, when available, be downloaded from the Monthly Baron Platform website at http://www.monthlybaron.com.

18. APPLICATION FORM

This application form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire OIS carefully before completing this application form. To meet the requirements of the Corporations Act, this application form must not be distributed unless included in, or accompanied by, the OIS.

I/we apply for

____

Number of Shares in Baron Monthly Income Limited at $1 per Share or such lesser number of Shares which may be allocated to me/us

I/we lodge full application money

$_____________________________________

Are you investing as

a. Individual investor
b. Joint Investor
c. Company or Trust

Individual/Joint applications - refer to naming standards for correct forms of registrable title(s)

Title or Company Name

____

Given Name(s)

____

Surname

____

Joint Applicant 2

____

Enter your Postal Address

Unit

Street number

Street name

City/Suburb/Town

State

Post Code

Enter your Contact Details

Contact Name

Phone number

NOMINATED DISTRIBUTIONS ACCOUNT

Please provide details of your bank account where you would like to receive distributions

NAME

BSB

Account Number

Bank Name

Would you like us to debit your account directly to complete your investment funding?

Yes/No

If yes, please provide Bank Account details to charge your investment amount to. Please make sure that sufficient funds are available in the account over the next few days when we will process your investment

NAME

BSB

Account Number

Bank Name

____

If you wish to do a transfer yourself, make your cheque or bank draft payable to "Baron Monthly Income Limited" and crossed "Not Negotiable" and deposit in the following account, or do an EFT transfer to:

Name of Account	Baron Monthly Income Limited
BSB	033157
Account Number	545982
Bank	Westpac
Reference Number	<Investor Name> (Use this while setting up a transfer)

By submitting this application form, I/we declare that this application is completed and lodged according to the OIS and the declarations/statements on the reverse of this application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this application form) are complete and accurate. I/we agree to be bound by the the terms of this OIS. I/We confirm that I/We have not been provided Personal or General Financial Advice by Tech Baron Pty Ltd which provides technology services as platform operator. I/We have relied only on the contents of this OIS in deciding to invest and will seek independent adviser from my financial adviser if needed.

18.1. HOW TO COMPLETE THIS FORM

18.1.1. SHARES APPLIED FOR

Enter the number of Redeemable Preference Shares you wish to apply for. The application must be for a minimum of 20,000 Shares. Applications for greater than 20,000 Shares must be in multiples of 1,000 Shares. Note that 1 Redeemable Preference Share is priced $1.00 so this number is also equal to the amount you wish to invest.

18.1.2. APPLICATION MONIES

Enter the amount of application monies. Note that 1 Redeemable Preference Share is worth $1.00 so this number is also equal to the amount of shares you wish to purchase.

18.1.3. APPLICANT NAME(S)

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 2 joint applicants may register.

18.1.4. POST ADDRESS

Enter your postal address for all correspondence. All communications to you regarding the share register will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

18.1.5. CONTACT DETAILS

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

18.1.6. PAYMENT

If you are using EFT, please use the instructions mentioned above for bank account details. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your application being rejected.

The Company via its online platform provide the investors to give it the authority to debit the investor's bank account for the required funds rather than have to do a separate manual transfer.

19. AUDITED FINANCIAL STATEMENTS