BARON MONTHLY INCOME LIMITED

ACN 618 502 640

Supplementary Offer Information Statement

1. IMPORTANT INFORMATION

This is a supplementary disclosure document **(Supplementary OIS)** dated 17th December 2018 that was lodged with ASIC on that date. The Supplementary OIS contains particulars of changes to, and supplements the replacement OIS lodged with ASIC on 5th December 2018 **(the Replacement OIS)** by BARON MONTHLY INCOME LIMITED **(the Company)**.

This Supplementary OIS is a ***refresh document*** as defined in Section 724(3H) of the Corporations Act 2001 (the Act) and has been lodged with ASIC in accordance with Section 724(3G) of the Act.

ASIC does not take any responsibility as to the content of this Supplementary OIS.

Other than as set out in this Supplementary OIS, all details in relation to the Replacement OIS remain unchanged. In the event of inconsistencies between the Supplementary OIS and the Replacement OIS, the Supplementary OIS shall prevail. Terms defined in the Replacement OIS shall have the same meaning in this Supplementary OIS unless otherwise specifically stated. The Company will send a copy of the Supplementary OIS to all Applicants that have applied for securities under the Replacement OIS as at the date of this Supplementary OIS.

The Supplementary OIS and the Replacement OIS are available in electronic and hard copy formats. The electronic copy of the Supplementary OIS, incorporated with the Replacement OIS, is available on the Company's website at www.monthlybaron.com or directly at this link:

https://drive.google.com/file/d/16iswIywUX3O-4JvJ28ZipZ28fNUmCdiQ/view

This Supplementary OIS and the Replacement OIS are important documents that must be read in conjunction with each other. Investors should read them both in their entirety and consult their professional advisor if they do not understand any aspects of these documents.

1.1. SUMMARY – CONTENTS OF THE SUPPLEMENTARY OIS

1.1.1. PURPOSE OF THE SUPPLEMENTARY OIS

The Supplementary OIS has been prepared for the purposes of offering a higher return to investors who invest a larger amount with the Company. The Company wishes to offer investors who wish to deploy a larger amount the opportunity to earn a higher return without impacting the return earned by smaller investors. The Company believes the reduced administrative work required in acquiring larger investors would more than offset any increased returns being offered to them. The target returns are as follows:

Amount invested	Target annual return
\$20,000 - \$99,000	10%
\$100,000 - \$499,000	12%
\$500,000 and above	14%

There is no change to the Company's lending mandate, the underlying security, cash reserves, payment frequency etc. The Company management believes there should be no adverse impact to existing investors but will still offer withdrawal rights to any existing applicants yet to be issued shares as well as a buy back opportunity to existing investors.

1.2. SPECIFIC DISCLOSURES REQUIRED BY LI 2016/70

1.2.1. WITHDRAWAL RIGHTS

Any Applicant who, prior to the date of this Supplementary OIS, has lodged an Application for New Shares offered under the supplementary OIS, will be issued a copy of this supplementary OIS by the Company and has the right to withdraw their Application and be repaid their Subscription Amount without interest, provided that their request to withdraw their Application is received by the Company within 1 calendar month of the date of this Supplementary OIS.

A request to withdraw an Application under the terms of this section of the Supplementary OIS should be in writing signed by the Applicant and given to the Company using one of the same contact methods and details normally used for the Application for Shares as stated in section 1.6 of the Replacement OIS.

If you do not wish to withdraw your Application, you do not need to take any action.

1.2.2. APPLICATIONS RECEIVED

The Company advises that 11 Applications have been received as of the date of this Supplementary OIS, 17th December 2018, for a total of 227,000 Shares totalling $227,000, and that many Redeemable Preference Shares have been issued till date. The Company will also offer these 11 shareholders a buy back opportunity.

1.2.3. MINIMUM SUBSCRIPTION CONDITION

At the date of this Supplementary OIS, Minimum Subscription has been achieved under the Offers detailed in the Replacement OIS. The Minimum Subscription specified in the Replacement OIS of $125,000 remains unchanged at the date of this Supplementary OIS. The Company management believes that extending the offer by a few more weeks will allow more investors to participate without impacting the project dates adversely.

1.3. OTHER CHANGES TO THE REPLACEMENT OIS

1.3.1. REPLACEMENT PROPOSED TABLE 2 – KEY DATES AND TABLE 7 TIMETABLE OF THE OFFER

The Section 2 Proposed timetable of the Replacement OIS has been replaced with the below. Note that the only addition is the Supplementary date and rest of the timetable is unimpacted.

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 1st 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

NEW APPLICATIONS

All Applications for Shares made to the Company on or after the date of this Supplementary OIS must do so pursuant to the Replacement OIS in conjunction with this Supplementary OIS and be made on an **Application Form contained in this Supplementary OIS**. Applications must not be made on the Application Form contained in the Replacement OIS.

1.4. CONSENTS

Each consenting party identified at Section 22 of the Replacement OIS has given and has not, before lodgement of the Supplementary OIS with ASIC, withdrawn consent to the inclusion of the statements attributable to them in the Replacement OIS and in this Supplementary OIS that are specified herein in the form and context in which the statements appear.

The consenting parties identified at Section 22 of the Replacement OIS have not caused or authorised the issue of this Supplementary OIS.

1.5. DIRECTORS' AUTHORISATION

This Supplementary OIS is issued by the Company and its issue is authorised by a resolution of the Directors. The Directors believe that the Replacement OIS, when read together with this Supplementary OIS, contains all the information that would be required by Sections 710 and 711 of the Act and does not contain any material statement that is misleading or deceptive.

In accordance with Section 720 of the Act, each Director has consented to the lodgement of this Supplementary OIS with ASIC and has not withdrawn that consent.

Craig Cameron
Director
BARON MONTHLY INCOME LIMITED

1.6. 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 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

Make your cheque or bank draft payable to "BARON MONTHLY INCOME LIMITED." and crossed "Not Negotiable 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 Constitution of the Company. 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.

1.6.1. How to complete this form

Shares Applied for

Enter the number of Redeemable Preference Shares you wish to apply for. The application must be for a minimum of 1000 Shares. Applications for greater than 1000 Shares must be in multiples of 1,000 Shares. Note that 1 Redeemable Preference share is worth $1.00 so this number is also equal to the amount you wish to invest.

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.

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.

Postal Address

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

Contact Details

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

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.

MONTHLY BARON

REPLACEMENT OFFER INFORMATON STATEMENT

FOR THE ISSUE OF BARON MONTHLY INCOME LIMITED

REDEEMABLE PREFERENCE SHARES

BARON MONTHLY INCOME LIMITED
ACN 618 502 640
DECEMBER 2018
monthly.estatebaron.com

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.

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.

CONTENT

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 1st 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 DIRECTOR

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 two 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 considerable wealth for its principals, but often the large 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. 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 amount of money which the developers need beyond bank funding is now even greater. This has led to what is commonly described as the “funding gap” in the real estate development industry.

We propose a solution that matches these small investors who to date have not been able to invest in real estate development 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 have been personally involved in real estate development and know the ins and outs of the industry. This puts us in the perfect position to identify which projects will make money, manage the developments on behalf of the investors and deliver the expected outcome to those investors.

As with all investments, investing in this offer by Monthly Baron carries risks. The investment ranks behind the senior lender (explained in section 5.4) 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 take an active Development Management role to ensure the project outcomes are secured and its fees as Development Manager are also paid only after investor returns are paid.

Monthly Baron is aimed at 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
SUMMARY OF OFFER	
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 invested 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; 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; and 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 exercising 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.	

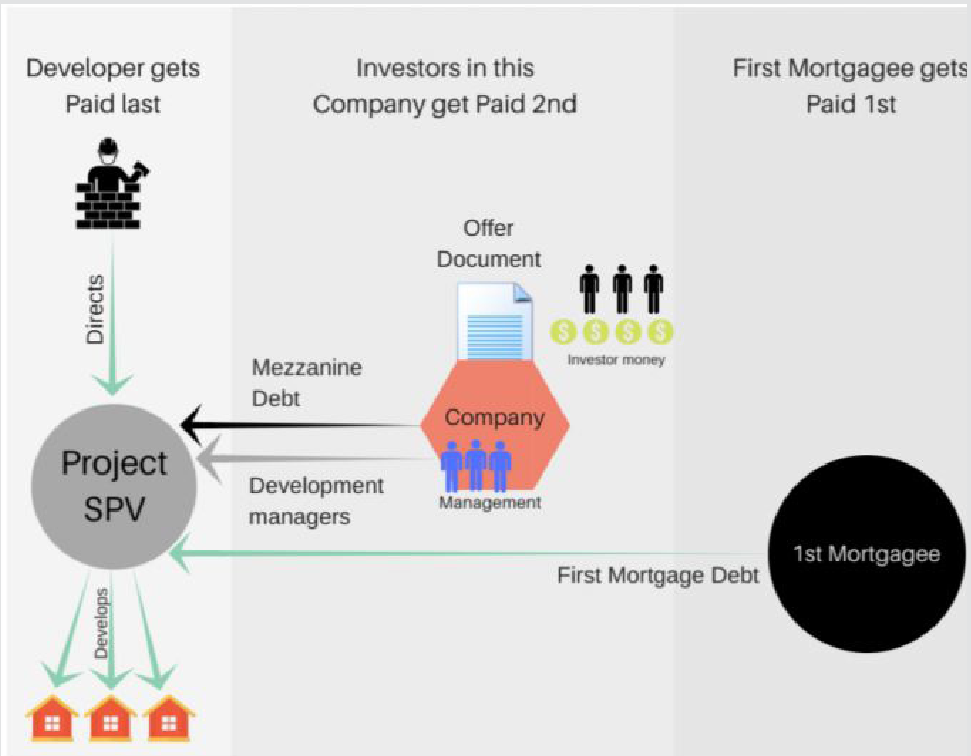
Specific Investment Risks	All investments carry a risk. There are a number of risks associated with an investment in the Company. Some of the key specific risks that may impact on the value of your investment in the Company include: 4.1. REDEEMABLE PREFERENCE SHARES NOT GUARANTEED The Redeemable Preference 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 sooner 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

Specific Investment Risks (cont.)	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 lend 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.

Specific Investment Risks (cont.)	A failure on the 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 that which they were issued for. The Company plans to provide regular updates to its investors regarding the Projects it has lent to, via its Investor Platform. The Company has also 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. However, 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 the 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 that is developed is something that the market will continue to favour, even in a potential downturn.

Specific Investment Risks (cont.)	

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 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, 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 the management team,to source and manage suitable opportunities.

It is also reliant on the management team and the Lending Review Committee to ensure 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.

Specific Investment Risks (cont.)	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 timeframe or facing objections from local residents; 5. Overpaying for construction; 6. Not achieving sales in the expected timeframe 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; and 10. Buyers who had previously committed but 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 those for which they were lent; 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; and 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;

Reporting to investors (cont.)	d) Details of loans the company makes as part of its lending mandate; and 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 constructing 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 approval. 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 set up 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 $1,250,000

This means the project can return a profit of $250,000 if someone invested $1,000,000.

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

60% of $1,250,000 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 $250,000 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 $250,000 return on his $250,000 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 for only 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

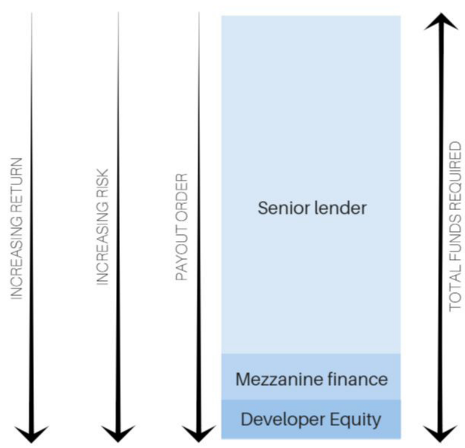
Done correctly, real estate development can be quite profitable, however, it is also risky and comes with a number of unforeseen circumstances and pitfalls which needs an experienced hand to oversee.

Some developers may have the relevant experience and the ideal 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 versus 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

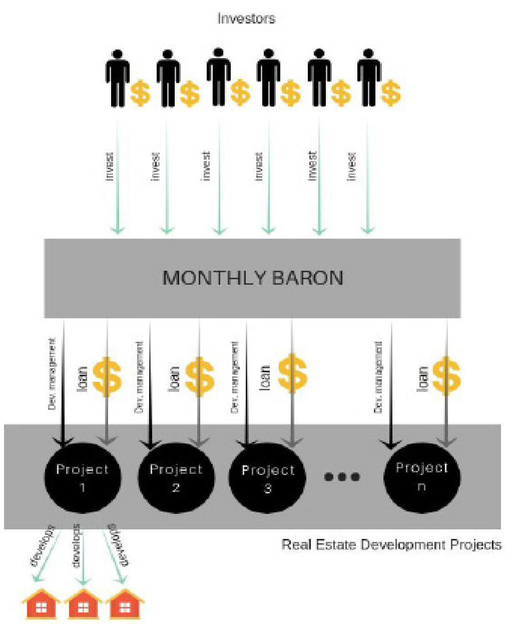
The purpose of this issue is to raise the required funds that will allow the company to lend mezzanine funding to various real estate development projects and generate a return for investors participating in this offer.

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;
- 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; and
- 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 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 24 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 at least 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 the loan principal is paid back, the investors will have 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 developer 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.

5.10. LOAN TO VALUE RATIO

Loan to Value Ratio (LVR) is a metric typically used in real estate development 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.

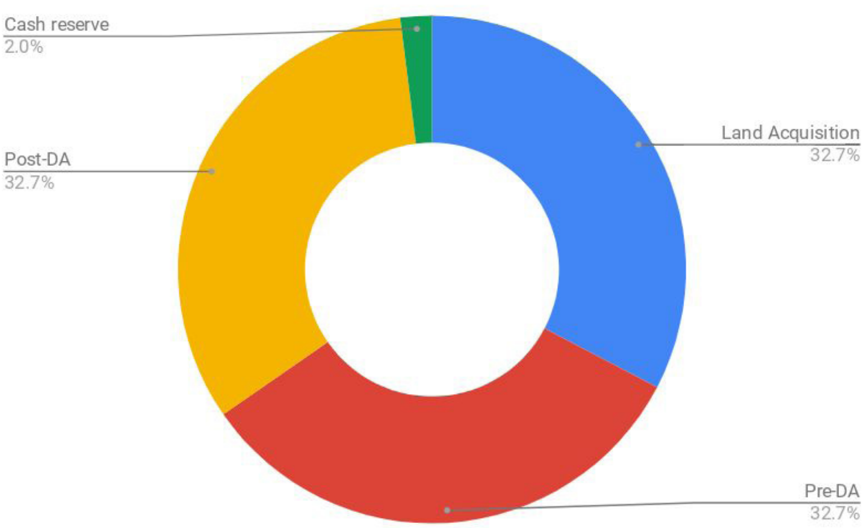
The higher the LVR, the riskier the project, as that means the principals of the project have lower personal commitments in the form of equity in the project and are also required to pay a larger interest amount due to the increased loan amounts. The Company does not have a benchmark LVR as a selection 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 to which it lends. 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

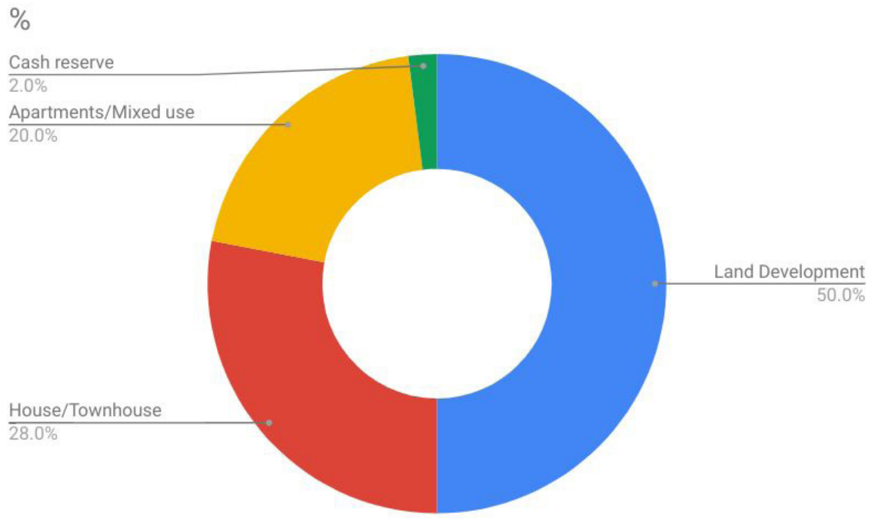


By Stage	%
Land Acquisition	32.67
Pre-DA	32.67
Post-DA	32.67
Cash reserve	2

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.

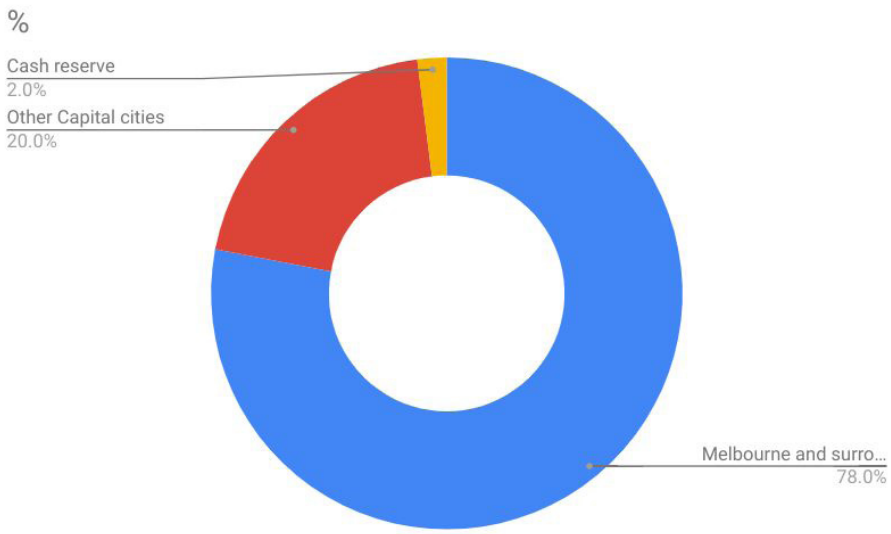
5.11.2. BY TYPE



By Type	%
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 Location	%
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 investors some data on the current and past state of the real estate market in these areas. Investors should note that past performance may not necessarily, be achieved in the future.

Current Performance data:

Index results as at September 30, 2018

	Change in dwelling values			Total	Median
	Month	Quarter	Annual	return	value
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; anybody 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 three existing businesses:

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

All existing resources of these three 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 specialise 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 manager which the Company appoints to each project that 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 and 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. 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 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 24 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. IIs 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 MANAGER

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 planners, architects, sales and marketing, building and development managers. Whilst there are a number of other smaller third party consultants to the project, the day to day operations and 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 manager.

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 manager 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, search engine optimisation (SEO) etc. From time to time, the Company may also conduct events such as meetups, seminars and webinars to promote the offer. The Company may also partner up with introducers and referral partners to increase 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 that the Company will be 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. Below are some general risks related to investing that you should also consider 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 5. 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 and $2,000 for the OIS lodgement fee with ASIC.

7.2. OTHER EXPENSES

The expenses and liabilities incurred in connection with operating the Company 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 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 and 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 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. A 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. 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. Moresh also played the role of an investment technology business analyst and technology architect for Grantham Mayo Otterloo in Boston, Nuveen Investments in Chicago and Invesco in Australia. In all of the roles his focus has been making use of technology to automate 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

Development Manager

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 Construction	$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. Alternatively, they can be a fixed cash payout. It often depends on 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 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 are 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 sooner if the projects finish faster or if they can acquire 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 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 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 lend to do not deliver the expected returns and, 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 the answer 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.

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 up to 2% of total invested money. These funds will be used for contingencies, smooth 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 $1,924
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

BARON MONTHLY INCOME LTD

ACN: 618 502 640

Financial Report For The Year Ended
30 June 2018

BARON MONTHLY INCOME LTD

ACN: 618 502 640

Financial Report For The Year Ended
30 June 2018

CONTENTS **Page**

BARON MONTHLY INCOME LTD
ACN: 618 502 640
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Moresh J Kokane
Craig Cameron (appointed 1 August 2017)
James Attwood (appointed 1 August 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to $-1,033.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were to raise finance capital and invest funds in real estate related investments.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends have been paid or declared since the start of the financial. Dividends paid to holders of reedemable preferences shares are considered interest paid and included in the Statement of Profit and Loss and Other Comprehensive Income.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 3.

The directors' report is signed in accordance with a resolution of the Board of Directors:

Moresh J Kokane
Director

Dated: 17 September 2018

BARON MONTHLY INCOME LTD ACN: 618 502 640
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BARON MONTHLY INCOME LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

AH Jackson + Co

AH Jackson & Co
Level 3, HQ South
520 Wickham Street
Fortitude Valley, QLD

Elias Manicaros
Partner

Dated: 17 September 2018

BARON MONTHLY INCOME LTD
ACN: 618 502 640
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		$	$
Revenue		1,492	17
Accountancy expense		(250)	-
ASIC Fees		(1,201)	-
Bank Fees		(21)	-
Finance costs		(1,053)	-
Profit before income tax	2	(1,033)	17
Tax expense	3	0	-
Profit for the year	2	(1,033)	17
Total comprehensive income for the year		(1,033)	17
Profit attributable to owners of the entity		(1,033)	17
Total comprehensive income attributable to owners of the entity		(1,033)	17

The accompanying notes form part of these financial statements.

BARON MONTHLY INCOME LTD
ACN: 618 502 640
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,435	117
Trade and other receivables	5	100	-
TOTAL CURRENT ASSETS		4,535	117
NON-CURRENT ASSETS			
Financial assets	6	41,000	-
TOTAL NON-CURRENT ASSETS		41,000	-
TOTAL ASSETS		45,535	117
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,451	-
TOTAL CURRENT LIABILITIES		1,451	-
NON-CURRENT LIABILITIES			
Borrowings	8	45,000	-
TOTAL NON-CURRENT LIABILITIES		45,000	-
TOTAL LIABILITIES		46,451	-
NET ASSETS		**(916)**	**117**
EQUITY			
Issued capital	9	100	100
Retained earnings		(1,016)	17
TOTAL EQUITY		**(916)**	**117**

The accompanying notes form part of these financial statements.

BARON MONTHLY INCOME LTD
ACN: 618 502 640
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued Capital Ordinary $	Retained Earnings $	Total $
Balance at 1 July 2016		-	-	-
Comprehensive Income				
Profit for the year		-	17	17
Total comprehensive income for the year attributable to owners of the entity		-	17	17
Transactions with owners, in their capacity as owners, and other transfers				
Issue of Ordinary Shares		100	-	100
Total transactions with owners		100	-	100
Balance at 30 June 2017		**100**	**17**	**117**
Balance at 1 July 2017		100	17	117
Comprehensive Income				
Profit for the year		-	(1,033)	(1,033)
Total comprehensive income for the year attributable to owners of the entity		-	(1,033)	(1,033)
Balance at 30 June 2018		**100**	**(1,016)**	**(916)**

The accompanying notes form part of these financial statements.

BARON MONTHLY INCOME LTD
ACN: 618 502 640
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from investments		1,492	17
Payments to suppliers and employees		(21)	-
Interest paid		(1,053)	-
Net cash provided by/(used in) operating activities	11a	418	17
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale investments		(41,000)	-
Loan payments made to related parties		(100)	-
Net cash provided by/(used in) investing activities		(41,100)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - other		53,000	10,000
Proceeds from issue of ordinary shares		-	100
Repayment of borrowings - other		(8,000)	(10,000)
Net cash provided by/(used in) financing activities		45,000	100
Net increase/(decrease) in cash held		4,318	117
Cash and cash equivalents at beginning of financial year		117	-
Cash and cash equivalents at end of financial year	4	4,435	117

The accompanying notes form part of these financial statements.

BARON MONTHLY INCOME LTD
ACN: 618 502 640
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The consolidated financial statements cover Baron Monthly Income Ltd as a single economic entity. Baron Monthly Income Ltd is a company limited by shares, incorporated and domiciled in Australia.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going Concern

The financial report has been prepared on the basis that the company is a going concern and will maintain continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business. The directors of the company are confident external funds can be sourced or financial arrangements made , if required, so that company can secure additional funds and can continue to meet its debts as and when they fall due.

(a) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the company's ownership interests in subsidiaries that do not result in the company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the company loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the company had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards)

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the company holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The company can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the company determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the company's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 1(u) for further details on changes in accounting policy.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are recognised against fair value reserves directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Leases (the company as lessee)

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company's accounting policy.

The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: Business Combinations applies, designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

The net gain or loss recognised in profit and loss includes any dividend or interest earned of the financial asset and is included in other gains and losses of the face of the statement of profit and loss and other comprehensive income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies is classified as a financial liability and measured at fair value through profit or loss.

Impairment
At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

At the end of each reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

Financial guarantees
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Intangible Assets Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

(k) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the company in those goods.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established except for dividends received from associates, which are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

(o) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(p) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(s) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(t) Critical Accounting Estimates and Judgements
The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. There were no material estimates or judgements that impacted upon the financial statements.

(u) New Accounting Standards for Application in Future Periods
The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

  The key changes that may affect the company on initial application of include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The group has established a AASB 9 project team and is in the process of completing its impact assessment of AASB 9. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the group.

— AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.
  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  — identify the contract(s) with a customer;
  — identify the performance obligations in the contract(s);
  — determine the transaction price;
  — allocate the transaction price to the performance obligations in the contract(s); and
  — recognise revenue when (or as) the performance obligations are satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The group has established a AASB 15 project team and is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the group.

— AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The group has established a AASB 16 project team and is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and product type, the effect of AASB 16 is not expected to have a material effect on the group. It is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Revenue and Other Income

	2018 $	2017 $
Revenue		
Investment Income received	1,492	17
Total revenue and other income	1,492	17

Note 3 Tax Expense

	2018 $	2017 $
(a) The components of tax (expense) income comprise:		
Current tax	-	-
	-	-
(b) The prima facie tax on profit before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit before income tax at 27.5% (2017: 27.5%)	(284)	-
Add:		
Tax effect of:		
— Deferred Tax Asset not recognised	284	-
	284	-
Income tax attributable to entity	(0)	-

Note 4 Cash and Cash Equivalents

	Note	2018 $	2017 $
Cash at bank and on hand		4,435	117
		4,435	117

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2018 $	2017 $
Cash and cash equivalents	4,435	117
	4,435	117

Note 5 Trade and Other Receivables

	Note	2018 $	2017 $
CURRENT			
Trade receivables		100	-
Total current trade and other receivables		100	-

Note 6 Financial Assets

	Note	2018 $	2017 $
Non-current			
Available-for-sale financial assets	6(a)	41,000	-

(a) Available-for-sale financial assets comprise:

Listed investments, at fair value		
— shares in listed corporations	-	-
Unlisted investments, at fair value	41,000	-
Total available-for-sale financial assets	41,000	-

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. The directors have no intention to dispose of any unlisted available-for-sale financial assets held at 30 June 2018.

Note 7 Trade and Other Payables

	Note	2018 $	2017 $
CURRENT			
Unsecured liabilities:			
Trade payables		1,451	-
		1,451	-

Note 8 Borrowings

		2018	2017
NON-CURRENT			
Reedeemable Preference Shares	(a)	45,000	-
Total non-current borrowings		45,000	-
Total borrowings		45,000	-

(a) Redeemable preference Shares:
The Redeemable Preference Shares are a special class of shares distinct from other classes of shares. The Company agrees to pay investors who own Redeemable Preference Shares, dividends monthly in arrears on the Investment Amount. The shares were issued at $1.00 each with an investment term up to 18 months. The company can execrise a call option on the shares at any time but must exercise the call option at the end of the 18 Month term from the issue date of that particular share parcel. Investors holding Reedemable Preference Shares received dividends and principal before ordinary shareholders receive any payments. The ATO views the Reedemable Preference shares as debt instruments, and accordingly, the company has classified the issue of these shares as non current liabilities and dividends paid as interest paid.

Note 9 Issued Capital

	2018 $	2017 $
100 (2017: 100) fully paid ordinary shares	100	100
	100	100

Ordinary shares	2018 No.	2017 No.
At the beginning of the reporting period		
At the end of the reporting period	100	100

Ordinary shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 10 Events after the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 11 Cash Flow Information

	2018 $	2017 $
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	(1,033)	17
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— Increase/(decrease) in tax liabilities	1,451	
Net cash provided by operating activities	418	17

Note 12 Company Details

The registered office of the company is:
Baron Monthly Income Ltd
Level 3 HQ South
520 Wickham Street
Fortitude Valley QLD 4006

The principal place of business is:
Baron Monthly Income Ltd
Level 1 Suite 3
4 Park Road
Milton QLD 4064

BARON MONTHLY INCOME LTD
ACN: 618 502 640
DIRECTOR'S DECLARATION

In accordance with a resolution of the director of Baron Monthly Income Ltd, the director declares that:

1. The financial statements and notes, as set out on pages 4 to 17, are in accordance with the Corporations Act 2001 and:

   (a) are in accordance with Australian Account Standards (including Australian Accounting Interpretations);

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Moresh J Kokane
Director

Dated: 17 September 2018

BARON MONTHLY INCOME LTD
ACN: 618 502 640
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARON MONTHLY INCOME LTD

Report on the Audit of the Financial Report

Opinion

We have audited the consolidated financial report of Baron Monthly Income Ltd (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

a. the accompanying financial report of Baron Monthly Income Ltd is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Baron Monthly Income Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

BARON MONTHLY INCOME LTD
ACN: 618 502 640
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARON MONTHLY INCOME LTD

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AH Jackson + Co

AH Jackson & Co
Level 3, HQ South
520 Wickham Street
Fortitude Valley, QLD

Elias Manicaros
Partner

Dated: 17 September 2018