Monthly Baron

Replacement
Prospectus

For the issue of Baron Monthly Income Limited
Redeemable Preference Shares

BARON MONTHLY INCOME LIMITED
ACN 618 502 640 | 4 FEBRUARY 2020
www.monthly.estatebaron.com
Baron Monthly Income Limited is a Corporate Authorised Representative No.001279936 under Ricard Securities Pty Ltd AFSL No.299812.

Capital is not guaranteed. All investments carry risk. Investors should seek independent financial advice.

1. Important Information

This Replacement Prospectus replaces a Prospectus dated and lodged with ASIC on 17 January 2020. For the purposes of this document, this Replacement Prospectus will be referred to as either "the Replacement Prospectus" or "this Prospectus". Some terms used in this Prospectus are defined in the Glossary.

This Prospectus is dated 17 January 2020. A copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Redeemable Preference Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on the date which is 13 months after the original Prospectus Date.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This Prospectus 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 Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the offer.

This Prospectus 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 Prospectus contains forward looking statements. Those statements are based upon the Directors' current expectations in regard to future events or results. All forecasts in this Prospectus 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 Prospectus 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 Prospectus 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 Prospectus in its entirety before deciding to invest and consider the risk factors that could affect the Company's performance.
This Prospectus is distributed electronically. Applications for Redeemable Preference Shares may only be made on the application form attached to this Prospectus and online at http://www.monthlybaron.com (Investor Platform). Instructions on how to apply for Shares are set out in section 17 of this Prospectus 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 Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus 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 Prospectus are expressed in Australian dollars unless otherwise stated. Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

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

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2. Proposed Timetable

Event	Date
Prospectus date	14th January 2020
Offer opens	20th January 2020
Offer closes (unless the offer is fully subscribed earlier)	20th February 2021
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 Baron Monthly Income Limited (Monthly Baron). The property market has long been a key source of wealth creation for generations of Australians.

Investing in real estate takes many forms. Monthly Baron intends to meet the market demand for finance in property developments. Value is created and Monthly Baron provides an investment opportunity for people looking to benefit from this niche in the property sector.

Monthly Baron will also seek to focus on lending into ethical projects that have a positive social impact such as Affordable Housing, Specialist Disability Accommodation, Allied Health, medical and hospital developments.

Property Development can have a high financial barrier to entry and requires an acute skill set. Monthly Baron enables investors to participate in the sector, utilising the management teams depth of experience in investment and property development.

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. The opportunity is for Monthly Baron to finance that gap.

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 lending mandate. This puts us in the perfect position to identify projects, oversee the development management 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. However, it should be noted that investors get their entire returns paid out before the developer sees any return. In addition, the Monthly Baron team takes an active development management role to ensure the project outcomes are realised.

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

I encourage you to read this offer 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.

CRAIG CAMERON
Managing Director

4. Summary

The following tables summarise the key features of an investment in Baron Monthly Income Limited. You should read this Prospectus in full to properly understand your investment in the offer.

MATTER	SUMMARY
SUMMARY OF OFFER	
What is being offered?	Monthly Baron is seeking to raise up to $100,000,000 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	The key objectives are providing the investor: 1. Monthly Baron will seek to focus on lending into ethical projects that will have a positive social impact; 2. The ability to invest in real estate sector with amounts smaller than would be required if you invested individually; 3. Distribution of risk across multiple loans; 4. An investment structure that sees the investor returns paid out before the developer receives any returns; 5. An investment structure that sees the investor receive returns without being liable for any senior debt taken on as part of the real estate development; and 6. Provide investors a regular 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.

<table>
<tr><td>Minimum subscription</td><td>We will only proceed with an offer where valid applications have been received for at least 125,000 Redeemable Preference Shares. The minimum subscription may be loaned into viable existing projects, which will generate a return to redeemable preference shareholders as per the structure of the offer.

Alternatively, this will allow the Company to loan money ($100,000) as a second ranking loan, for a developer to purchase a developable lot of land for $300,000, with $25,000 remaining as a cash reserve and dividend coverage inside the Company.</td></tr>
<tr><td>Purpose</td><td>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.</td></tr>
<tr><td>Investment Term (months)</td><td>• 12 months
• Dividends paid monthly
• Principle and outstanding interest paid back at end of term.
• Investors may choose to stay invested at the end of this term but will be offered the opportunity to exit.
• Terms of reinvestment 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.</td></tr>
<tr><td>Target Dividend Rate</td><td><table><tr><th>Amount invested</th><th>Target annual return</th></tr><tr><td>$20,000 - $99,000</td><td>9%</td></tr><tr><td>$100,000 - $249,000</td><td>10%</td></tr><tr><td>$250,000 +</td><td>11%</td></tr></table></td></tr>
<tr><td>Priority of payments</td><td>Investors in this offer holding Redeemable Preference Shares will receive their entire expected dividend and principal before ordinary shareholders receive any payments.</td></tr>
<tr><td>No or limited liquidity</td><td>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.</td></tr>
</table>

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 will be outlined 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; 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.
AFSL Authorisation	The Company is a Corporate Authorised Representative of Ricard Securities Pty Ltd (AFSL# 299812) with authorisation to: (a) deal in a financial product to retail and wholesale clients by applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products: (i) securities

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. 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.

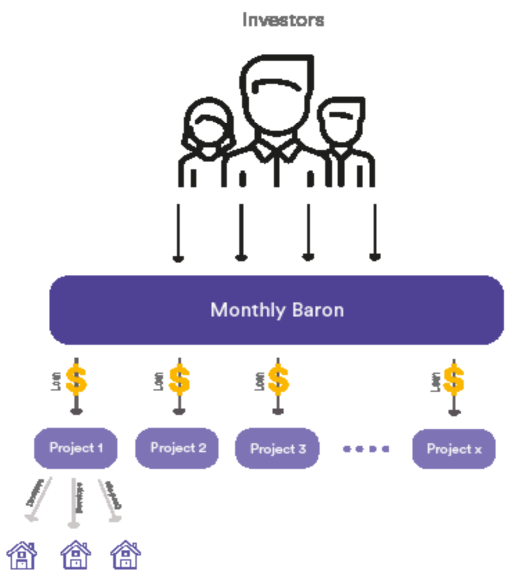
The investment objective includes:

- The ability to invest in real estate related opportunities with amounts smaller than would be required if you invested 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 provides 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.



5.2. Previous Offers from the Company

Prior to the lodgement of this offer, the Company has previously sought to raise capital for the same purposes as detailed in this prospectus. The previous offer documents are outlined below:

Prospectus
Dated 15 May 2017, this offer document sought to raise up to $50 million by offering investors a target rate of return of 7% per annum. This offer document was not marketed as a retail offer, rather a potential fund to fund model and ran until expiration. $53,000 was the total capital raised under this offer and all dividends were paid at the target rate from a combination of interest payments accrued and paid back to the Company and the capital reserves of the Company. 36,000 preference shares have been redeemed from this offer to date.

Offer Information Statement
Dated 17 December 2018, this offer document sought to raise up to $10 million under a tiered structure of returns from investors. This was to offer a higher return to investors who invest a larger amount with the Company. A total of $4,393,500 was raised under this offer and all dividends were paid at the target rates from a combination of interest payments accrued and paid back to the Company and the capital reserves of the Company. 20,000 preference shares have been redeemed from this offer to date.

As at the date of this Prospectus all returns to investors have met the previously advertised target rates i.e. any investors who invested under the original Prospectus have been paid the target rate of 7% per annum, distributed monthly, of their investment made. Similarly, any investors who invested under the Offer Information Statement have been paid the target rate of 10%, 12% or 14% per annum, distributed monthly, based on the amount of their investment made under the tiered return structure. These returns have been paid from interest payments accrued and paid back to the Company ($50,000 as at the date of this Prospectus) and the capital reserves of the Company.

The capital raised under both previous offer documents have been used as follows:

Development Name	Development Loan/Status	Loan amount to date	Loan repaid	Loan maturity date	Forecast loan repayment date
Paddington 27 Unit Trust	Under construction - due for completion Apr 2020	$450,000	$0	15 Apr 2020	15 Apr 2020
Paddington 35 Pty Ltd	Development approval - first sale due Feb 2020	$950,000	$0	15 Apr 2020	15 Mar 2020
The Mayflower Development, Rockbank	Pre-sales - commencing construction Mar 2020	$2,314,802	$0	15 Apr 2020	15 Apr 2020
Paddington 10	Construction complete. Awaiting final loan settlement Feb 2020	$144,501	$0	15 Apr 2020	29 Feb 2020

Further to the audited financial statements up to 30 June 2019 on page 50 of this Prospectus, the following additional information is provided in respect to the loans receivable:

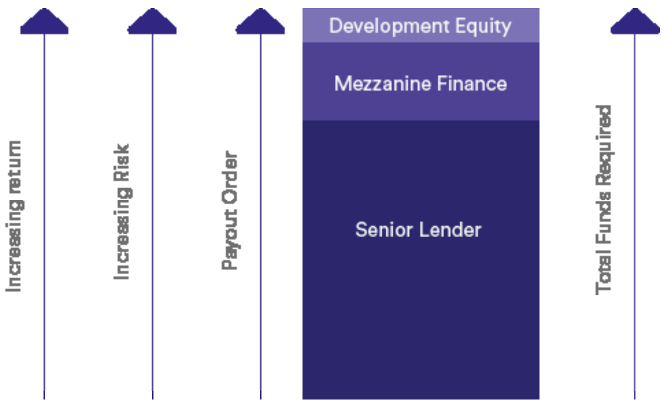
- Paddington 27 Unit Trust - a refinance offer through Prime Capital is expected to be finalised by mid-February 2020.
- Paddington 35 Pty Ltd - the company has entered into a contract of sale of a block of land in the amount of $880,000 with expected settlement in March 2020. The project will then be refinanced for construction.
- Mayflower Estate Victoria Pty Ltd - pre-sales slowed somewhat during December and January but seem to be gaining momentum heading into February 2020. It is expected that construction funding will be available in March 2020.
- Smart Capital Paddington 10 Limited - a luxury house renovation awaiting final settlement

5.3. SPV Projects

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 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.

5.4. 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 $1,250,000
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.

5.5. 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.

5.6. 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.

5.7. 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 need 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.

5.8. Mezzanine Gap

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 would 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.

5.9. Payout Order and Risk vs Return

The below 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 5.9.

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.

5.10. Investor Dividend Rationale

The proposed dividend return of 9%, 10% and 11% per annum is based upon the rationale that the Company is lending invested funds at a higher rate (15%+) to developments. Those loans, coupled with capital inflow and a cash reserve enables the Company to manage the dividend returns to redeemable preference share holders.

The Company has done its due diligence on the project lending and investment market. The target rates on offer for the second ranking position are commensurate, in the Company's view, with the risk and the investor expectation of return. First mortgage investment returns are lower than 9% per annum based on the Company's research. It cannot therefore be commercially expected that investors take on a higher risk than first mortgage for a lower return on investment.

Based on the Company's client feedback and market experience, investors with a larger amount seek a higher return for their additional risk, which is why we continue to provide a tiered payoff structure.
Value is created through the act of lending and developing property assets. This is a commonplace financial mechanism seen daily in the banking and financial sector.

The Company met its target dividend rate to investors on previous ASIC registered capital raisings by using interest payments accrued and paid back to the Company along with the capital reserves of the Company. Investors recieved monthly remittance as well as end of financial year statements.

5.11. Lending Mandate:

What type of real estate development projects will we lend to?

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

1. Prioritise projects that have an ethical component.

2. Stage, type, and location of projects lent to be based on the target loan portfolio in section 5.11

3. A project return of at least 15%. Refer section 5.3 for an explanation on project return

4. An annual return on equity of at least 20%. Refer section 5.4 for an explanation on annual return on equity

5. 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

6. 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

7. 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

8. 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

9. The developer is willing to accept the Monthly Baron team members as Development managers for the project.

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

All 10 factors should be satisfied for a project to be considered by the Company.

The Company plans to offer investors a target return, 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.

5.12. 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 5.3.

The higher the LVR, the more risk the project is deemed to have, 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.

5.13. 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.

By Stage

By Stage	Range %
Land Acquisition	25 - 75%
Pre-DA	25 - 75%
Post-DA	25 - 75%

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.

By Type

By Type	Range %
Land Development	25 - 75%
Residential	25 - 75%
Commercial/Mixed Use	25 - 75%

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.

By Location

City/Region	Range %
Melbourne and surrounding suburbs	20 - 80%
Brisbane and surrounding suburbs	20 - 80%
Other Capital Cities	5 - 20%

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.

5.14. 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 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 the 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 December 2019

	Change in dwelling values			Total	Median
	Month	Quarter	Annual	return	value
Sydney	1.7%	6.2%	5.3%	8.9%	$840,072
Melbourne	1.4%	6.1%	5.3%	8.7%	$666,883
Brisbane	0.7%	2.4%	0.3%	5.0%	$497,491
Adelaide	0.5%	1.4%	-0.2%	4.3%	$433,845
Perth	0.0%	-0.1%	-6.8%	-2.8%	$437,080
Hobart	0.2%	3.4%	3.9%	9.3%	$474,186
Darwin	-0.5%	-1.4%	-9.7%	-1.9%	$388,018
Canberra	0.1%	2.3%	3.1%	7.8%	$611,841
Combined capitals	1.2%	4.7%	3.0%	6.7%	$622,346
Combined regional	0.5%	1.5%	-0.5%	4.4%	$380,657
National	1.1%	4.0%	2.3%	6.3%	$537,506

Source: CoreLogic

Ethical Developments
Affordable Housing

A substantial portion of Australia's population benefits from affordable housing. Affordable housing caters to everyday Australians contributing to society within industry fields such as nursing and teaching, to ensure housing costs are manageable and proportional to their salaries and lifestyles. Affordable housing is open to a broader range of household incomes than social housing, enabling eligible participants to earn more income and still qualify (NSW Government, 2018).

As reported by the UNSW City Futures Research Centre, there is a combined social and affordable housing shortfall of around 651,300 homes which is set to almost double by 2036.

Specialist Disability Accommodation

In March 2018 the Summer Foundation, in conjunction with PricewaterhouseCoopers, produced a market report reinforcing the significant need for Specialist Disability Accommodation throughout Australia. This report stated that there was a 60% increase required in suitable accommodation to adequately house those on waiting lists, including 6,000 young people nationwide. Many of these young people are currently living in not fit-for-purpose accommodation such as aged care facilities or hospitals.

Allied Health/Medical/Hospitals

Allied health professionals provide a broad range of diagnostic, technical, therapeutic and direct health services to improve the health and wellbeing of the consumers they support. Australia's 195,000 allied health professionals represent more than a quarter of the health workforce and deliver an estimated 200 million health services annually (Allied Health Professions Australia, 2019). Additionally, there is high demand for medical facilities across the country in response to the growing number of Australians needing specialist care.

5.15. 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 lent to will have to accept a nominated person from the Lending Review Committee to oversee the development manager and act as a representative on behalf of the investors.

In terms of the primary roles and responsibilities, each member 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 Craig Cameron.

Similarly, the role of overseeing the development manager which the Company appoints to each project that the Company lends to will be performed by team members from the Smart Capital Property & Development team led by Lee Phethean.

Robert Parton will focus on quality assurance and compliance across the Monthly Baron product and the opportunities it lends to.

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.

Craig Cameron, Lee Phethean and Brent Stevens 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.

5.16. Why We Oversee the 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.

Development managers are typically separate to the developers and are paid a fee as a consultant to the project. 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.

5.17. 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.

5.18. Marketing Strategy

The bulk of the marketing effort will be focused on online channels such as Facebook, Google, Twitter, search engine optimisation (SEO) and email marketing to a database of 30,000 people. 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. 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 6.1. Below are some general risks related to investing that you should also consider alongside other information contained in this Prospectus.

6.1. Specific Investment Risks

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.

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.

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.

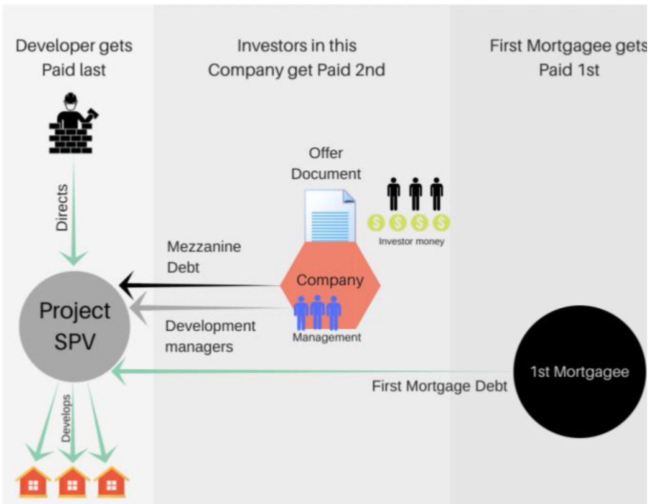
While this may not lead to a direct financial loss to the investors, it does however mean that investors will receive their funds sooner than expected and will only receive the dividend proportionate to the time invested rather than the full expected term.

Investors should carefully consider the scenario where the money which was originally planned to be invested for 12 months is repaid sooner than expected and is unable to earn the expected return for the remainder of the term.

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 10 factor check as described in Section 5.9.

It should, however, also be noted that the investors are not liable for any borrowings taken by the project SPV from any other senior lenders separate to the

Company, which means that investors will never lose more than their invested capital in this offer. The Company does not intend to do any borrowing itself for lending to projects. A failure on 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.

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.

Related Party Risk

The Company views all dealings related or not as a commercial transaction at arm's length with the integrity of the investor funds the highest priority.

The Company proposes to manage the conflicts of interest by way of contractual agreement between the borrower and the funder.
At all times the fiduciary and the ethical obligations of the directors of the Company are paramount to protect the investors.

Dealings with borrowers, although a related party must be treated with a commercial acumen and transparency in order to manage risks properly.

Should the borrower fail to perform their obligations, the Company can step in to remove the borrower, manage the projects and deliver the desired outcome for the portfolio and investors.

Risks can be greater when dealing with unknown third parties despite intensive due diligence. Risks are always present when lending, related party or not.

The Company feels it can mitigate more portfolio and lending risk by lending to a known related party where full disclosure and transparency on the project is an integral part of daily process and portfolio management.

As the funds under management grow, the Company can diversify to lending to third parties still using commercial project due diligence, analysis and borrower creditworthiness.

It should be noted that related party transactions are a common feature in business.

The nature of related party relationships and transactions, they may carry a higher risk of material misstatement in respect of:

- Risks from inappropriate accounting;
- Risks from non-identification or non-disclosure;
- Risks of fraud;
- Risks about the ability of the company to continue in business as a going concern – if the entity's interest is constantly subordinated to that of related parties.

Company accounts and transactions have independent audits to further manage related party risks such as fraud and unusual transactions.

Real Estate Market Downturn Risk

In the recent few months as of the date of this Prospectus, property prices in Melbourne and Sydney in particular have continued to rise after what was heralded the property market downturn over the last couple of years.

That being said, the Company believes that real estate development outcomes have less to do with the state of the market but more to do with 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 during potential downturns.

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.

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.

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.

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 6.2.

6.2. General Investment Risks

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.

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.

Forward Looking Statements

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

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.

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.

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.

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.

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.

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.

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.

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.

Taxation Risk

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.

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 Lending Review Committee comprises Monthly Baron directors. Technology and distribution is supplied by Estate Baron, while Smart Capital Property & Development is leading the development management. The operational costs for the personnel are being borne by the individual entities. Personnel are not being paid a salary or other remuneration by the Company. The entity Smart Capital Invest Pty Ltd owns 100% of the ordinary shares and will receive a dividend in the Company which comprises their return on the investment they provide in the form of resources to the Company. Dividends will be payable if and when profits are realised at the end of each financial year.

There is a difference between the rate the company lends at (15% or above) and what it pays investors (9% - 11% target). The interest is being serviced monthly which means the company is effectively getting free cash flows of 4% - 6% or above annually 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 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 Prospectus. Some of the costs which have already been incurred and paid for by the Company management are $650 for the Company incorporation and $3,206 for the Prospectus lodgement fee with ASIC.

7.2. Marketing Costs

The expenses incurred in connection with the advertising and marketing of the Offer. This includes costs of digital media marketing, print media and other forms of advertising. Smart Capital Invest Ltd will be entitled to claim expenses related to marketing the Offer of 2.2% (inc. GST) of the total amount of funds raised under the Offer, paid monthly in arrears from the funds raised under the Offer.

7.3. Referral Costs

The expenses incurred in connection with the promotion of the Offer through external advisors and promoters. Smart Capital Invest Ltd will be entitled to claim expenses related to promoting the Offer of 3.3% (inc. GST) of the total amount of funds raised under the Offer, paid monthly in arrears from the funds raised under the Offer.

7.4. Management Fee

Smart Capital Invest will be entitled to an annual Management Fee of 1.1% (inc. GST) of the total amount of funds raised under the Offer, paid monthly in arrears from the funds raised under the Offer. This fee will cover the cost of managing the compliance of the Offer, back office administration, disbursements, redemptions and investor services.

7.5. 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 Prospectus but is expecting to spend around $50,000 to $60,000.

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.

7.6. GST and Stamp Duty

All fees stated in this Prospectus 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:

Craig Cameron

Managing Director/Lending Review Committee

Craig has worked within financial services for 15 years with professional experience in financial advice, funds management, stockbroking, private banking, private equity and property development investment. Craig has worked in global financial institutions, SME and boutique investment companies, managing high net wealth client portfolios. Craig has a passion for investing, portfolio management and wealth creation, with Diplomas and Certificates from the University of Queensland, FINSIA and the University of Geneva.

Lee Phethean

Director/Lending Review Committee
Lee has been working in the architectural and development sectors for over 12 years both in the UK and Australia. Lee is the General Manager of Smart Capital Property & Development. His attention to detail aligns perfectly with his strength in design, feasibility analysis and cash flow management.

Lee's architectural degrees from The University of Manchester and previous development management experience working alongside other disciplines both in Australia and the UK, enable Monthly Baron to lend to the most sought after development projects.
Lee has a multifaceted skill set which has allowed him to be involved in a variety of high level projects. He has considerable experience in site identification, project conceptualisation, feasibility, approvals and funding and has developed these skills through value-adding and optimisation of a range of projects.

Rob Parton
Director

Commencing in 1987, Robert spent 20 years providing business analysis and management at companies including BHP, Crane Group, Kraft Foods, Mitre 10 and PDL Electronics (part of the Schneider Electric Group). Since 2006, Robert has been providing corporate advisory services utilising his extensive experience in business management, project evaluation and capital raising across various sectors including cleantech, IT, real estate and manufacturing.

Brent L Stevens
Lending Review Committee

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. Management Experience in Property Development Projects

The principals at Monthly Baron have development managed and/or provided comprehensive loan management to several projects previously. This is achieved by the management team having intimate knowledge of the design, building, procurement, sub-contracting and sales strategy for the relevant projects listed below.
This skill set has been developed over decades of combined experience in that sector.
Financially, the funds are managed using a check and balance system of drawdowns based on invoices for work done signed off by independent consulting professionals. Constant cash flow monitoring inside the projects as part of the greater loan portfolio, allows the managers to mitigate or manage risks inherent to property development.

The management team is provided updates on the daily progress of the projects and goes through a weekly assessment of the projects' stages. Variations to the budget and timeframes are closely monitored with direct input where required from the management team to coordinate the finalisation of the project for the return of capital to Monthly Baron. Diversification in each project style and timeframe is one key element of the loan management process. Each sale is one part of de-risking the portfolio as well as capitalising on market trends and demand for high quality real estate in desirable locations.

Using short and medium term loans, in projects that can return or recycle capital within the overall project time frame is one strategy in generating returns to investors and mitigating exit risk. All the projects listed below have had one or more of the managers involvement or continued involvement in the lending and development management, to secure the optimal financial outcome for investors.

Although some interest has been received from the below loans, the Company is yet to receive any principal repayments from the loans it has lent out to different developments outlined in the table on the following page. The maturity dates of the loans are shown in the table on page 26.

LOCATION	PRODUCT DETAILS	STATUS	END VALUE (AUD Million)	Monthly Baron loan amount (to date)	Interest accrued from loans
The Mayflower at Thornhill Park, Paynes Rd, Rockbank VIC, 3335	A 161 lot land subdivision comprising small and large lots	Under construction - awaiting construction refinancing once targeted pre-sales are achieved. Expected loan repayment in full upon refinancing - forecast Apr 2020.	$46m	$2,314,802	$98,565
Burrell Avenue Residences Burrell Avenue, Eumundi QLD, 4562	A 25 lot land subdivision comprising small and large lots	Construction completed - awaiting final settlement. Development Management complete.	$6m	$0	$0
175 Brisbane Street, Bulimba, QLD, 4171	A small subdivision comprising one luxury house renovation, one vacant lot and a two townhouse development	Awaiting reconfiguration of lot Development Approval. Expected loan repayment $850,000 Mar 2020.	$3.9m	$950,000	$132,340
27 Great George Street, Paddington, QLD, 4064	A luxury house renovation	Under construction - expected completion Apr 2020. Expected loan repayment in full Apr 2020.	$3.3m	$450,000	$61,151
10 Bernhard Street, Paddington, QLD, 4064	A luxury house renovation	Construction completed - awaiting final settlement. Expected loan repayment in full Feb 2020.	$1.9m	$144,501	$4,654

10. Capital Structure

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

Shares	Number
Ordinary shares currently on issue	300
Redeemable Preference Shares to be issued pursuant to the offer	100,000,000
Redeemable Preference Shares currently issued from previous offers	4,370,500

10.1. Substantial Holders

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

Shareholder	Shares	%
Smart Capital Property & Development Pty Ltd	300	100%

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

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.

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.

Quotation

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

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:

i) a person as holding a security on any trust; or

ii) 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. Exisiting Preference Shares

As at 31 December 2019 the Company currently has 4,422,000 Redeemable Preference Shares issued as part of its previous Offer Information Statement. The Redeemable Preference Shares offered under this Prospectus 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 31st December 2019.

Month	Feb 2020	March 2020	April 2020	May 2020	June 2020	July 2020
$ amount to be paid	$287,000	$85,000	$650,000	$650,000	$455,000	$637,000
$ expected loans repaid	$144,501	$850,000	$2,864,802	$0	$0	$0
$ loans maturing	$0	$0	$3,859,303	$0	$0	$0
$ interest accrued/due (approx.)	$309,000	TBC*	TBC*	TBC*	TBC*	TBC*

**Dependant on redemptions and new loans*

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:

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

Where:

Target Dividend Return Rate will be 9%, 10% or 11% 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 distribute 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 a declaration would breach section 254T of the Corporations Act.

12.10. Call of Option

Grant of Call of 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.

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 cheaper 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.

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.

Exercise of Call At the End of the 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.

Exercise of Call of Option

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.

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:

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.

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.

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.

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 Prospectus) and when given, is irrevocable.

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 Prospectus 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.

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.

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

Ranking

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

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.

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.

Transfers 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.

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.

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.

Shareholder Liability

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

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.

Amendments to These Terms

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.

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 Prospectus 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

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.

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 Prospectus 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 Prospectus to be issued. If there is a material adverse change, then, in accordance with the Corporations Act, a supplementary Prospectus will be issued.

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 https://monthly.estatebaron.com/

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

Litigation

As at the date of this Prospectus, 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.

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.

Interests of Experts and Advisers

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

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

Interests of Directors

Other than set out elsewhere in this Prospectus 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.

One or more of the directors currently holds redeemable preference shares in the Company and they do intend on subscribing for more redeemable preference shares under this offer.

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.

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.

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 $60,000. This includes the following:

1. Incorporation $650
2. Prospectus lodgement fee $3,206
3. Insurances, technology, office rents, incidental expenses estimated to $50,000 to $55,000.

Note that incorporation and Prospectus 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.

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.

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.

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.

Electronic Prospectus

This Prospectus is available in electronic form at http://www.monthlybaron.com. We will send, on request, any person receiving this Prospectus electronically, a paper copy of the Prospectus 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 Prospectus.

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 Prospectus prior to completing the application form. You should read this Prospectus 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 Prospectus, or if we have reason to believe that the application form or electronic copy of the Prospectus 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 Prospectus 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 Prospectus you should immediately request a copy of the Prospectus directly from us or your adviser.

Consents

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

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

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

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

Brent Stevens has given his written consent to being named in this Prospectus in the form and context in which he is named as a team member.

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 Prospectus, 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 Prospectus 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 Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Ricard Securities Pty Ltd (AFSL# 299812) has given its written consent to being named as the provider of the Corporate Authorised Representative arrangement with the Company in this Prospectus, in the form and context in which it is named. Ricard Securities Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Governing Law

This Prospectus, 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. Director's Authorisation

This Prospectus 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 Prospectus are true and not misleading.

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

Craig Cameron
Managing Director for and on behalf of Baron Monthly Income Limited

15. Glossary

Application form
The investment application form accompanying this Prospectus; 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 https://monthly.estatebaron.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 https://monthly.estatebaron.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.

Prospectus
This Prospectus 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 Prospectus.

16. Corporate Directory

Office and Postal Address

L1, Suite 3, 4 Park Road
Milton, Queensland, 4064

Contact Details

Phone: 1300 264 937
Email: invest@smartcapital.net.au
Website: www.monthlybaron.com

Company Directors

Craig Cameron
Lee Phethean
Robert Parton

Company Secretary

Craig Cameron

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 Prospectus 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 https://monthly.estatebaron.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 Prospectus. If valid applications have not been received for the minimum number of Redeemable Preference Shares offered within three months of the date of this Prospectus, 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 Prospectus 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

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.

Application Form

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

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.

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.

BARON MONTHLY INCOME LTD

ACN: 618 502 640

Financial Report For The Year Ended 30 June 2019

BARON MONTHLY INCOME LTD

ACN: 618 502 640

Financial Report For The Year Ended 30 June 2019

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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 2019.

Directors

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

Craig Adam Cameron
Mark Kevin Greenberg - appointed 5 September 2018
Lee Eric Phethean - appointed 23 May 2019
Robert Norman Parton - appointed 31 May 2019
Moresh J Kokane - resigned 31 May 2019
James Scott Attwood - resigned 5 September 2018
Mark Kevin Greenberg - resigned 15 May 2019

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 loss of the company for the financial year after providing for income tax amounted to $213,398 (2018: $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.

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

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:

Craig Adam Cameron
Director

Date:

AH Jackson & Co
CHARTERED ACCOUNTANTS

Partners:
Emmanuel Georga
Elias Manicaros
Ben Odgers

Level 3 HQ South Tower
520 Wickham Street
PO Box 1252
Fortitude Valley QLD 4006

Phone: 07 3253 1500
Fax: 07 3257 2667
Web: www.ahjackson.com
ABN: 51 698 074 811

BARON MONTHLY INCOME LTD
ACN: 618 502 640

Auditor's Independence Declaration Under S 307c Of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Baron Monthly Income Ltd during the year.

AH Jackson & Co

Elias Manicaros
Partner
Brisbane
21 November 2019

BARON MONTHLY INCOME LTD
ACN: 618 502 640
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue	2	47,545	1,492
Finance costs	8	(54,070)	(1,053)
Directors' fees		(1,210)	-
External Consultancy Fees		(200,548)	-
Other expenses		(5,116)	(1,472)
Profit (Loss) before income tax		(213,398)	(1,033)
Tax expense	3	-	-
Profit (Loss) for the year		(213,398)	(1,033)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(213,398)	(1,033)
Total comprehensive income attributable to owners of the entity		(213,398)	(1,033)

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 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	78,614	4,435
Trade and other receivables	5	48,126	100
Financial assets	6	1,800,000	-
TOTAL CURRENT ASSETS		1,926,740	4,535
NON-CURRENT ASSETS			
Financial assets	6	-	41,000
TOTAL NON-CURRENT ASSETS		-	41,000
TOTAL ASSETS		1,926,740	45,535
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	19,054	1,451
TOTAL CURRENT LIABILITIES		19,054	1,451
NON-CURRENT LIABILITIES			
Borrowings	8	2,122,000	45,000
TOTAL NON-CURRENT LIABILITIES		2,122,000	45,000
TOTAL LIABILITIES		2,141,054	46,451
NET ASSETS		**(214,314)**	**(916)**
EQUITY			
Issued capital	9	100	100
Retained earnings		(214,414)	(1,016)
TOTAL EQUITY		**(214,314)**	**(916)**

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 2019

	Issued Capital Ordinary	Retained Earnings	Total
	$	$	$
Balance at 1 July 2017	100	17	117
Profit (Loss) for the year		(1,033)	(1,033)
Other comprehensive income for the year		-	-
Total comprehensive income for the year	-	(1,033)	(1,033)
Balance at 30 June 2018	**100**	**(1,016)**	**(916)**
Balance at 1 July 2018	100	(1,016)	(916)
Profit (Loss) for the year		(213,398)	(213,398)
Other comprehensive income for the year		-	-
Total comprehensive income for the year	-	(213,398)	(213,398)
Balance at 30 June 2019	**100**	**(214,414)**	**(214,314)**
	Note 9		

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 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,219	1,492
Payments to suppliers and employees		(208,469)	(21)
Interest paid		(36,571)	(1,053)
Net cash provided by/(used in) operating activities	11	(243,821)	418
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of available-for-sale investments		41,000	-
Purchase of available-for-sale investments		-	(41,000)
Loan payments made to related parties		(1,800,000)	(100)
Net cash provided by/(used in) investing activities		(1,759,000)	(41,100)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,100,000	53,000
Repayment of borrowings		(23,000)	(8,000)
Net cash provided by/(used in) financing activities		2,077,000	45,000
Net increase/(decrease) in cash held		74,179	4,318
Cash and cash equivalents at beginning of financial year		4,435	117
Cash and cash equivalents at end of financial year	4	**78,614**	**4,435**

The accompanying notes form part of these financial statements.

The financial statements cover Baron Monthly Income Ltd as an individual 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.

(a) 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.

(b) Revenue and Other Income

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

(c) 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.

(d) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Critical Accounting Estimates and Judgements

The recoverability of the loans made to Mayflower Estate Victoria Pty Ltd, Paddington 27 Unit Trust and Paddington 35 Pty Ltd is dependent upon securing next phase construction financing and/or the successful completion of the real estate projects and is subject to the various inherent risks as described in the Prospectus (lodged with ASIC on 15 May 2017) and the Supplementary Offer Information Statement (lodged with ASIC on 17 December 2018) to the redeemable preference shares. These entities are not required to be audited and have not been audited.

Note 2 Revenue and Other Income

	2019 $	2018 $
Investment income received	47,545	1,492

Note 3 Tax Expense

	2019 $	2018 $
Prima facie tax payable on profit before income tax at 27.5% (2018: 27.5%)	(58,685)	(284)
Less tax effect of:		
– Deferred tax asset not recognised	(58,685)	(284)
Income tax attributable to entity	-	-

Note 4 Cash and Cash Equivalents

	2019 $	2018 $
Cash at bank	78,614	4,435

Note 5 Trade and Other Receivables

	2019 $	2018 $
Director loans	100	100
Interest accrued *(see note 6)*	46,326	-
GST receivable	1,700	-
	48,126	**100**

Note 6 Financial Assets

	2019 $	2018 $
Unlisted investments, at fair value	-	41,000
Unsecured loans:		
Mayflower Estate Victoria Pty Ltd	500,000	-
Paddington 27 Unit Trust	350,000	-
Paddington 35 Pty Ltd	950,000	-
	1,800,000	**41,000**
Total interest payable on the above loans	360,000	-
Interest accrued up to 30 June 2019 (see note 5)	(46,326)	-
Interest not recognised in the financial statements	**313,674**	**-**

Conditions of the loans

The payment date of these loans is the earlier of the last date of the term or the date the borrower repays the loan to the lender in full. For Mayflower Estate Victoria Pty Ltd and Paddington 35 Pty Ltd the term of this loan is 12 months and for Paddington 27 Unit Trust the term is 6 months, with a provision to extend the period until final settlement of the property has been achieved.

Interest receivable

Interest of 20% is payable on the term of the loan for each of the above entities. Interest have been accrued for up to 30 June 2019.

Note 7 Trade and Other Payables

	2019 $	2018 $
Sundry creditors	1,555	1,451
Finance cost: Dividends payable on redeemable preference shares	17,499	-
	19,054	**1,451**

Note 8 Borrowings

	2019 $	2018 $
Redeemable Preference Shares		
Issued in terms of Prospectus (date 15 May 2017)	17,000	45,000
Issued in terms of Supplementary Offer Information Statement (date 17 December 2018)	2,105,000	-
	2,122,000	**45,000**
Finance cost: Dividends payable on redeemable preference shares		
Issued in terms of Prospectus date 15 May 2017	1,190	1,053
Issued in terms of Supplementary Offer Information Statement (date 17 December 2018)	52,880	-
	54,070	**1,053**

The purpose of these shares were to raise money to be invested in multiple real estate related investments.

8 (a) Preference shares issued in terms of the Prospectus (Date lodged with ASIC: 15 May 2017):

The expected investment timeframe at the date the prospectus was raised, was 18 months from the issue date of the particular shares. Investors may choose to stay invested at the end of this term but will be offered the opportunity to exit. The company may exercise a call option on the shares before the 18 months have lapsed.

Dividends are payable on the 15th business day of each month. The investors annualised distributions is capped at 7%.

8 (b) Preference shares issued in terms of the Offer Information Statement (Date lodged with ASIC: 5 December 2018):

The expected redeemable preference share repurchase date is 12 months from the issue date of that particular share.

Dividends are payable on the 10th business day of each month. The targeted annual return of investments between $20,000 and $99,000 is 10%, for investments between $100,000 and $499,000 is 12% and for investments above $500,000 is 14%.

Note 9 Issued Capital

	2019	2018
100 (2018: 100) fully paid ordinary shares	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 following additional information is provided in respect to the loans receivable:

- Paddington 27 Unit Trust - a refinance offer through Prime Capital is expected to be finalised by the end of November 2019.
- Paddington 35 Pty Ltd - the company has entered into a contract of sale of a block of land in the amount of $880,000 with expected settlement in January 2020. The project will then be refinanced for construction.
- Mayflower Estate Victoria Pty Ltd - presales are on track and it is expected that construction funding will be available in January 2020.

Note 11 Cash Flow Information

Reconciliation of cash flows from operating activities with profit after income tax

	2019	2018
Profit (Loss) after income tax	(213,398)	(1,033)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— (Increase)/decrease in trade and other receivables	(48,026)	
— Increase/(decrease) in trade and other payables	17,603	1,451
Net cash provided by operating activities	(243,821)	418

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
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Baron Monthly Income Ltd, the directors declare that:

1. The financial statements and notes, as set out on pages 4 to 12, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company.

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.

Craig Adam Cameron
Director

Date:

AH Jackson & Co
CHARTERED ACCOUNTANTS

Partners:
Emmanuel Georga
Elias Manicaros
Ben Odgers

Level 3 HQ South Tower
520 Wickham Street
PO Box 1252
Fortitude Valley QLD 4006

Phone: 07 3253 1500
Fax: 07 3257 2667
Web: www.ahjackson.com
ABN: 51 698 074 811

Independent Audit Report

To the members of Baron Monthly Income Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Baron Monthly Income Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2019 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

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 the 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.

Emphasis of Matter – Going Concern and Critical Accounting Estimates and Judgements

We draw attention to Note 1(a) and Note 1(j) to the financial report, which describes the going concern assumption and critical accounting estimates and judgements made in the preparation of this financial report. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors of the Baron Monthly Income Ltd are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a 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

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 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 the 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.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AH Jackson & Co

Elias Manicaros
Partner
Brisbane
21 November 2019

Balance sheet

Baron Monthly Income Ltd

As at 31 Dec 2019

The Company was incorporated for the purpose of providing mezzanine or second mortgage equivalent loans to a selection of real estate development projects. The previous financial year's audited financial statements are attached to this Prospectus. The unaudited balance sheet of the Company at 31 December 2019 is summarised hereunder together with a pro-forma balance sheet that adjusts the assets and liabilities of the Company at that date and reflects the offer and the issue of Redeemable Preference Shares pursuant to this Prospectus.

Pro-Forma

		Unaudited ($A)		(Minimum Subscription)		(Maximum Subscription)
Assumptions		31/12/2019		31/12/2019		31/12/2019
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$	96,999	$	96,999	$	96,999
Trade and other recivables	$	327,865	$	327,865	$	327,865
Financial assets	$	3,799,207	$	3,924,207	$	103,799,207
TOTAL CURRENT ASSETS	$	4,224,071	$	4,349,071	$	104,224,071
NON-CURRENT ASSETS						
Loans to SPV's	$	-	$	-	$	-
TOTAL NON-CURRENT ASSETS						
TOTAL ASSETS	$	4,224,071	$	4,349,071	$	104,224,071
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	$	50,315	$	50,315	$	50,315
Income tax payable	$	-	$	-	$	-
TOTAL LIABILITIES	$	50,315	$	50,315	$	50,315
NON-CURRENT LIABILITIES						
Borrowings	$	4,370,500	$	4,495,500	$	104,370,500
TOTAL NON-CURRENT LIABILITIES	$	4,370,500	$	4,495,500	$	104,370,500
TOTAL LIABILITIES	$	4,420,815	$	4,545,815	$	104,420,815
NET ASSETS	$	(196,744)	$	(196,744)	$	(196,744)
EQUITY						
Contributed equity	$	300	$	300	$	300
Reserves	$	-	$	-	$	-
Retained earnings	$	(197,044)	$	(197,044)	$	(197,044)
TOTAL EQUITY	$	(196,744)	$	(196,744)	$	(196,744)

ASSUMPTIONS USED IN COMPLETING THE PRO-FORMA BALANCE SHEET

The pro-forma balance sheet has been prepared consistently with the Company's accounting policies.

The pro-forma balance sheet shows the financial effects on the Company as if the following transactions had taken place as of 31 December 2019:

Receipt of $125,000 from the offer (Minimum Subscription)

Receipt of $100,000,000 from the offer (Maximum Subscription)

19. 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 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.

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 two joint applicants may register.

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.

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.

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.

19.1 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 Prospectus 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 Prospectus.

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

1. Individual investor
2. Joint Investor
3. 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

Email Address

Tax File Number (applicable to Australian investors only)

You are not required to provide your TFN, but in it being unavailable we will be required to withhold tax at the highest marginal rate of 49.5%

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 Ltd
BSB	033157
Account Number	545982
Bank	Westpac
Reference Number	BMI <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 Prospectus 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 Prospectus in deciding to invest and will seek independent adviser from my financial adviser if needed.

Signature 1

Print Name:

Print Name:

Signature 2

Monthly Baron