

CASE STUDY

Melbourne Montessori School Community Finance Fund



Size of Fund: \$1,800,000

THE FUND

About the fund	<p>The Melbourne Montessori School Community Fund (MMS Community Finance Fund) was established to provide financial support for the Melbourne Montessori School, a not-for-profit charitable entity that provides education using the Maria Montessori method. In 2014 the School purchased its Brighton Campus and adjoining grounds from the Uniting Church for \$5,000,000 to provide for the growing student program. The School purchased the property by borrowing \$2,500,000 from Commonwealth Bank, as well as receiving a Commonwealth government grant of \$500,000 and private investment by members of the School community. To repay these bridging loans and costs associated with the property purchase, the School established the Fund and offered investors '3 year fixed unsubordinated education notes' during an offer period from 1 September to 16 October 2015. The trustee of the Fund raised \$1,800,000 from the offer, and loaned that money to the School so that the School could transfer the property to the Fund. As at 3 June 2015, the property was valued at \$6,500,000 and was the Fund's major asset.</p>
About the manager	The trustee of the Fund is MMS School Pty Ltd
Area of impact	Education
Geography	Melbourne, Victoria, Australia
Scale of impact	The Melbourne Montessori School currently provides education to 400 students across pre-primary, primary and secondary.
Investors	Private investors
Major investment	<p>The funds raised from the offer will be loaned by the trustee of the Fund to the School for repayment of bridging loans and costs associated with the School's purchase of property in Brighton, Victoria so that the School can transfer the property to the trustee of the Fund. As at 3 June 2015, the property was valued at \$6,500,000 and the trustee of the Fund will earn income leasing the property to the School. It is proposed that the rental income will at least cover the coupon payments accruing on the educational notes.</p>

Asset class	Alternative Assets
Fees	The set up costs for the Fund were paid for by the School. Investors could acquire notes issued by the trustee of the Fund for \$10,000. There is no management fee associated with holding the notes.
Liquidity	The educational notes issued by the trustee of the Fund were not listed or quoted on any stock exchange. There was also no established secondary market and no withdrawal rights, so investors had to commit for the three year term.

THE IMPACT

Social, cultural or environmental impact	<p>Montessori is a scientifically developed non-religious education system used in over 22,000 schools and education centres world-wide. Developed by Maria Montessori, the system is based on a deep understanding of child development from birth to adulthood and involves four planes of development. Before the land at Brighton was purchased by the School, Melbourne Montessori School was outgrowing its Caulfield campus and there was uncertainty of tenure at the Brighton campus.</p> <p>By purchasing the Brighton campus and the adjoining property under a time sensitive offer in 2014, the School was able to provide more space and facilities for its growing student base. The establishment of the Fund then enabled the broader community to invest in the future of the School and provide flexibility in financing options for the School to ensure its longevity. Additionally, the Fund ensures the impact created by purchasing the property can be maintained in a sustainable and affordable way, and also provides a mechanism for future growth as the School expands.</p>
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FINANCIAL RETURNS

Financial returns	The offer to subscribe to the educational notes closed in October 2015 and \$1,800,000 was raised through this issue. Investors will receive a fixed return of 5.75% per annum over three years.
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MORE INFORMATION

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