octopus investments
A brighter way

TM Trading overview and performance update

What does TM Trading do?

TM Trading Limited operates a large scale lending business and has recently expanded its business into renewable energy generation.

Lending

Lending remains the primary activity for TM Trading. It uses its funds to lend money to corporate borrowers on short-term basis. These borrowers are typically property professionals across both residential and commercial sectors.

The company has 314 active loans. The loans are usually secured against the borrower's assets – similar to a mortgage – until the loan is repaid.

The properties are worth more than the loan, and can be sold if the loan can't be repaid. In most cases the loan will have first charge over a property. A lender with first charge on a property has priority of any funds available from the sale of the property.

Renewable energy generation

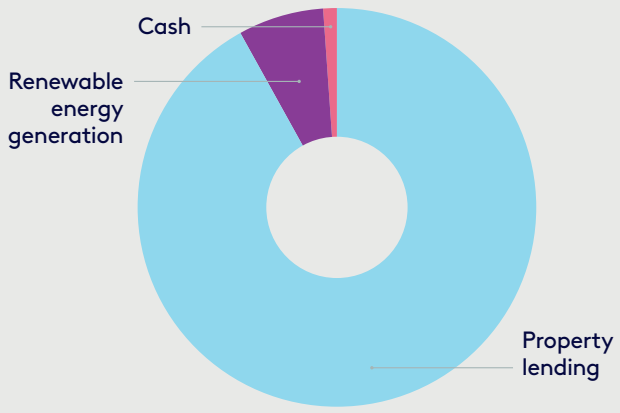
TM Trading manages and operates renewable assets in France and England. The expansion into renewables adds further diversification to the overall trade of TM Trading.

At Octopus we have more than 170 investment managers, and we have a strong track record of lending and managing renewable assets. To date we've lent more than £7 billion across energy and real estate. We have over a decade's experience in asset-backed lending and manage over 200 renewable energy sites.

TM Trading has three main aims:

- To provide regular, modest growth, that produces a return to Octopus Enterprise Investment Scheme (OEIS) investors of 3% per annum, net of OEIS annual management charges.
- To make it possible for shareholders to sell their shares in the future if they choose to do so.
- To make it possible for shareholders to retain Business Relief from inheritance tax and capital gains tax deferral as long as they continue to hold the shares.

TM Trading's business is split as follows (as at 31 March 2024):



The total value of TM Trading is £123m

- **Renewable energy generation 7%**

  Renewable assets include a 14.1MW six-turbine windfarm located in France and 2.2MW commercial rooftop solar site in England.

- **Property lending 92%**

  Loans in this sector include those to finance property development, short term bridging loans lasting between 6 and 18 months and buy-to-let loans lasting between two and three years. When first issued, the average loan to value across the property portfolio is 59%.

TM Trading is a trading business and as such the sectors it supports can change and may include sectors not shown here. The property lending sector offers a number of attractive characteristics in meeting the objectives of shareholders. We expect in the short-medium term all new loans will be issued in this space.

TM Trading performance

The table shows share price growth of TM Trading for the last five years to 31 March 2024 only. It does not take into account any fees or annual management charges associated with OEIS and should not be viewed as performance information for OEIS.

TM Trading aims to deliver a steady rate of growth each year, after running costs and charges. Returns are not capped, however investors should not expect to see returns significantly higher than 3% after fees (and of course it could return less).

Year to 31 March	2020	2021	2022	2023	2024
Annual share price growth	3.0%	2.1%	4.5%	2.86%	1.44%

Note that past performance is not a reliable indicator of future results.

The annual share price growth for TM Trading is calculated from the movement in the share price over the year to 31 March, TM Trading's full reporting period, then divided by the share price at the start of the year.

Key investment risks

- Please remember that the value of an investment in TM Trading and any income from it, can fall as well as rise and you may not get back the full amount you invested.
- Tax treatment depends on your individual circumstances and may change in the future.
- Tax reliefs available to OEIS investors depend on TM Trading maintaining its qualifying status.
- Please remember that the shares of unlisted companies we invest in could fall or rise in value more than shares listed on the main market of the London Stock Exchange (LSE).
- Investments in unlisted companies such as TM Trading are not as liquid as companies on the main market of the LSE. This means they may be harder to sell.

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Issued: June 2025. CAM009309-2506