

TM Trading overview

What does TM Trading do?

TM Trading Limited uses its funds to lend money to corporate borrowers on a short-term basis. These borrowers use the money to build solar sites and reserve power sites. The company, managed by Octopus Investments, also lends to property professionals across both residential and commercial sectors.

Loans are usually secured against the borrower's assets – similar to a mortgage – until the loan is repaid.

In most cases, the loans will have first charge over a valuable asset, such as a property, that can be sold if necessary.

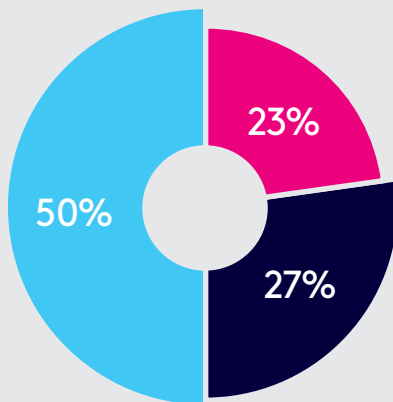
The total value of TM Trading as a business is over £136 million. The company has 155 active loans. How these loans are broken down is shown below.

At Octopus we have 150 investment managers, and we have a strong track record of lending. To date we've lent more than £3.5 billion and have over a decade's experience in asset-backed lending.

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 fees and 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 Property 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 2019):



Solar Construction Lending 23%

- Loans finance the building of solar farms which provide energy to the National Grid.
- Loans are limited to a maximum of 80% loan-to-value.

Reserve Power Construction Lending 27%

- Reserve power stations provide support to the National Grid in times of high energy demand.
- Loans are limited to a maximum of 70% loan-to-value.

Property Lending 50%

- 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.
- Average loan-to-value across the property portfolio remains under 60%.

TM Trading is a trading business and as such the sectors it supports can change and may include sectors not shown here.

TM Trading five-year performance

The table shows share price growth of TM Trading for the last five years to 31 March 2019 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 return of 3% a 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	2015	2016	2017	2018	2019
Annual share price growth	-0.9%	3.8%	3.1%	3.0%	4.0%

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

It's worth noting that prior to 8 December 2015 TM Trading was trading as a solar company which generated returns through the production and sale of solar energy.

After 8 December 2015, TM Trading changed its business. Since that date, it has focused on the lending it currently undertakes. 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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