

# Octopus Choice

Quarterly factsheet as at 31 March 2020



## How it works

Octopus Choice targets 4% interest a year from a portfolio of loans backed by property. (At this time owing to Coronavirus we have waived our platform fee for this period, making the current target interest 5.5% a year). Peer-to-peer technology automatically spreads an investment across several loans, achieving diversification.

### Key facts

**£230.8m**

assets under management

**£20.6m**

interest paid to date

**£485.2m**

lent to borrowers to date

### The loanbook to date

**720**

loans funded

**329**

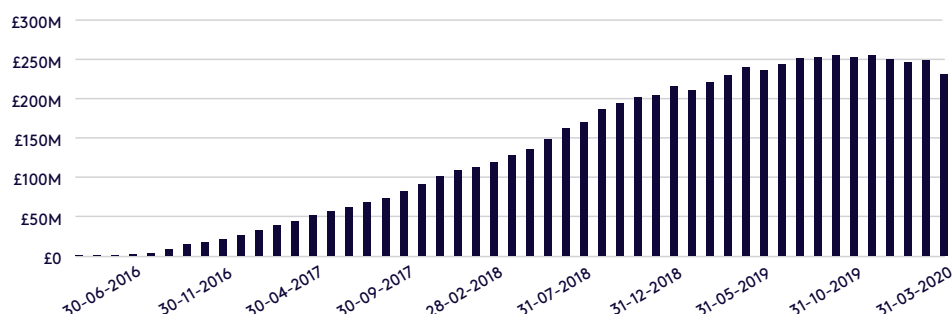
Loans have redeemed in full

**23**

Loans have gone into collection

## Assets under management

AuM (£)



## Investment performance (12-month discrete)

Year to 31 March	2017	2018	2019	2020
Amount invested	£50.6m	£108.0m	£158.2m	£99.9m
Average interest rate	4.79%	4.24%	4.10%	4.06%
Amount of interest paid	£0.6m	£3.3m	£7.2m	£9.5m
Amount withdrawn	£3.7m	£28.1m	£61.9m	£104.2m

Past performance is not a reliable indicator of future results.

The average interest rate is calculated as the average interest rate of all loans on the platform, during the period, weighted by the loan value.

## Lending statistics (12-month discrete)

Year to 31 March	2017	2018	2019	2020
Number of loans on the platform	108	296	470	534
Number of loans in debt collection	0	0	7	18
Amount of target interest lost	£0	£0	£6,903	£0
Amount of capital lost	£0	£0	£0	£0

Octopus Choice launched in March 2016, so no further discrete 12-month performance data is available.

## Key risks

- The value of an investment and any income from it, can fall or rise. You may not get back the full amount you put in.
- Peer-to-peer investments are not protected by the Financial Services Compensation Scheme (FSCS).
- Your money is invested in loans secured against property. If borrowers fail to meet the loan repayment terms, the property can be sold, and the proceeds used to repay the loan. As a result, your investment could be adversely affected by a downturn in the property market.
- Instant access to your money cannot be guaranteed.

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A brighter way

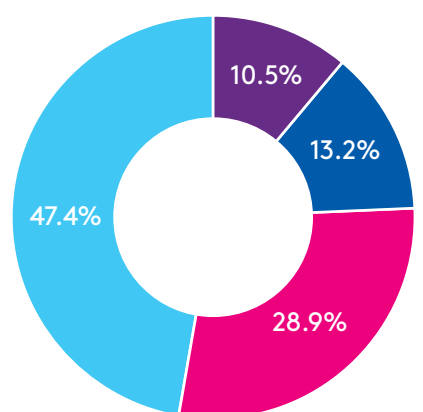
## Approach to property lending

The loanbook is managed by Octopus Real Estate. The team pride themselves on their rigorous approach to lending. Every loan involves an independent valuation backed up by a site visit from one of the team. Every borrower is comprehensively screened before a penny is lent. And the loan to value ratio (LTV) of every loan is carefully considered. The team believe in lending at a conservative LTV. This way, there's a greater cushion should a property fall in value. It's this approach that's behind the team's track record.

## About Octopus Real Estate

Octopus Real Estate has been a specialist lender since 2009. It's lent £4.7 billion to landlords, property developers and property investors. In that time, it's lost less than 0.01% (as of 31 March 2020). Past performance is not a reliable indicator of future results.

## Lending by type



■ Buy-to-let   ■ Bridge  
■ Commercial   ■ Bridge-to-let

Data correct as of 31 March 2020.

## Quarterly commentary

This quarter has seen the property market begin to show the effects of the coronavirus outbreak. We've seen around a third of Choice investors' money affected by payment holidays to date. It's important to recognise these as an interruption to payments, rather than lost interest.

We remain confident in the long-term performance of the Choice loan book. Choice loans have conservative LTVs and Octopus Real Estate take a first charge. In addition, Choice investors have the First Loss buffer in place.

## The impact of payment holidays

That said, investors should expect monthly returns (at the new target rate of 5.5%) to be uneven while interest is interrupted by payment holidays. During payment holidays, interest earnings will go down and then as borrowers catch up on missed payments later in the year, earnings should rise.

Investors can see loans with a payment holiday in the Late Paying and Payment Holidays section of each account page (General or IFISA).

The holidays are initially for three months with a six-month catch-up period, and at the end of the agreed three months we'll provide investors with loan-by-loan updates on borrower repayments.

## Limited market activity

Lending activity in the buy-to-let market is very subdued because of the pandemic. This is likely to impact the timely redemption of loan capital in the short term.

The same is true for activity in the commercial lending market. However, only two commercial loans on the Choice platform are due for redemption in 2020. As a result, the impact on Choice investors is more muted. The commercial loans on the Choice platform have an average LTV of 56.9% and less than 10% of these are exposed to retail, which has been the most impacted sector in the current environment.

Please be assured that while these challenging conditions continue, we'll continue to communicate with investors regularly.

## Enquiries

To speak to us, please call **0800 316 2295** or email [investorsupport@octopusinvestments.com](mailto:investorsupport@octopusinvestments.com).

## Important information

All information is sourced from Octopus Investments. We do not offer investment advice. Investors should read the product brochure before deciding to invest. This is available at [octopusinvestments.com](http://octopusinvestments.com). Octopus Choice is offered by Octopus Co-Lend Limited, which is fully authorised and regulated by the Financial Conduct Authority. Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London EC1N 2HT. Registered in England and Wales No. 03942880. We record telephone calls. Issued: April 2020. CAM009542-2004