

# Specialist property finance

A product guide



octopus property  
A brighter way

# Welcome

Welcome to our product guide, with detailed information on our residential, commercial and development products.

## Why us?



### We're customer obsessed

We've spent ten years building a business known for putting its customers first. Our customers come back to us time and again, because they trust us to put together the right deal, at the right time.



### We're not your average lender

We provide funding to property investors and developers at every stage of the property life cycle. You won't get that type of commitment anywhere else. And we're not a bank, so don't think like one.



### We relish the unconventional

There's always a better way to do business. We take pride in achieving what others think is impossible, and our unique approach has helped us win numerous property lending awards.



### We're part of something bigger

We're proud to be part of Octopus, a group of companies that invests in the people, ideas and industries that will help to change the world.

## Your business development managers

### Local support, national coverage

Our business development team are always on hand to help, and by working with us, you'll also have direct access to the rest of our teams.

## Borrower profile



### Property developers

Typically SME firms looking to build 5 to 200 units.



### Property companies

Wide variety including UK and offshore entities, limited companies and special purpose vehicles.



### Individuals

Both domestic and international investors in UK real estate including foreign nationals, first time buyers and expats.

## Asset profile

- Houses of multiple occupation (HMOs)
- Commercial
- Land with planning
- Hotels
- Student accommodation
- Multi-unit freehold blocks
- Holiday lets
- High-rise buildings
- Ex-local
- Standard residential

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# Residential

## Bridging (Unregulated)

If your client's had funding fall through, or is waiting for another lender to be ready, bridging finance can be the difference between a transaction completing and falling apart. Bridging finance was our first-ever product, and we work quickly and flexibly, often helping clients to get finance in a matter of days.

## Limited time offer Bridging special\*

Up to 70% LTV • 0.6% pm • Loans between £100k-500k • No early repayment charge  
Minimum property value £200k • 1-12 month term • Arrangement fee 2%

\*For unregulated residential loans only. For deals over £500k please get in touch.

### We can help

- Foreign nationals, expats, first time buyers and landlords, UK and offshore company structures, adverse considered, rental shortfalls
- Auction purchases, semi-commercial, HMOs

### Key facts

No exit fees	No early repayment charges (ERCs)	No minimum income requirements	Interest can be serviced, or we can retain it	Residential investment properties only
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## Bridging (Regulated)

You must be an FCA authorised adviser (or have someone who is) to provide advice about whether this is the right product for your client.

### Key features

Min property value	£200k			
LTV	Up to 50%	50.1%–55%	55.1%–60%	60.1%–65%
Rate	0.6% p.m.	0.65% p.m.	0.7% p.m.	0.75% p.m.
Term	1–12 months			
Arrangement fee	2%			
Early repayment charge	None			

### We can help

- Foreign nationals, expats, first time buyers and landlords, adverse considered, rental shortfalls
- Auction purchases, semi-commercial, HMOs

### Key facts

No exit fees	No ERCs	No minimum income requirements	Interest is added to the loan (it can't be serviced)	Maximum term 12 months
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## Bridge-to-let

Whether your client is trying to improve a refinancing arrangement or retain a property on longer-term finance once a bridging term has ended, our bridge-to-let product is designed to give them the flexibility and breathing space they need.

### Key features

Min loan size	£500k
Max loan size	n/a
Max LTV	70%
Rate	No deferred interest 7.49% p.a. Deferred interest 5.49% p.a.
Term	24 months
Arrangement fee	2% on completion. 0.5% added to the loan after the ERC free period
ERC free period	0-12 months
Early repayment charge	1%

### We can help

- Borrowers looking to exit development finance pending sale of the asset/units
- Borrowers looking to capital raise in order to realise part of the profit within a scheme
- Borrowers looking to retain the asset longer term, whilst maintaining the option to sell if needed

### Key facts

Flexibility of a short-term bridge with the benefits of a long-term interest rate	Multiple exit options without the need to switch facilities	Interest can be serviced, or we can retain it	Residential investment properties only
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## Refurbishment

We define a refurbishment as a property of sound structure requiring internal re-configuration or improvement works that are generally non-structural. Our refurbishment loans are managed by our asset manager for a one-off fixed fee of £995, regardless of the number of drawdowns. This saves the borrower excessive quantity surveyor fees, and keeps the process simple and in house. No hidden extras or creeping charges. Simple lending at its best.

### Key features

Min loan size	£200k
Works budget	£50k-£1m
Max LTV (net)	75%
Max LTC	90%
Max LTGDV	70%
Rate	0.8% p.m.
Term	1-23 months
Arrangement fee	2%
Exit fee	0%

### We can help

- Borrowers converting a house into flats
- Borrowers converting a commercial asset into residential
- A full internal rework of a house in need of more than a bit of TLC

### Key facts

An exciting blend of gearing and pricing	No non-utilisation fees. It's only fair you pay for what you use	Interest is added to the loan monthly and compounded	All refurbishment costs are funded in arrears, so your client will need to put the first amount in to start the works
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# Development

## Development light

Some lenders won't provide loans on smaller development schemes. Not us. We can help with 'light' development projects ranging anywhere from two houses to a permitted development conversion. These schemes do not always require the same level of monitoring as larger schemes, so we will consider light touch quantity surveyor monitoring.

### Key features

Min construction budget	£500k
Max construction budget	£2m
Min loan size	£1m
Max initial LTV (net)	75%
Max LTGDV	70%
Max LTC (net)	85%
Term	12-24 months
Rate	8% p.a.
Arrangement fee	2% p.a.
Exit fee	1% p.a.

### We can help

- Ground-up, commercial conversions, permitted developments, change of use conversions (single to multi-use) and heavy refurbishment

### Key facts

Light-touch quantity surveyor monitoring, with lighter reporting, which cuts down quantity surveyor reporting costs. Monitoring is still required for drawdown, although, will be significantly cheaper

We'll use an asset manager where possible (conversions and refurbishments only)

Interest can be serviced, or it can be rolled

## Senior development

From small housing projects to large student accommodation developments, we support developments of all sizes, all across the UK. Since 2014, our development finance has supported the construction of over 3,000 new homes. We like to work with developers who have experience of delivering similar projects in the past so will ask about your client's track record.

### Key features

Min loan size	£3m	£2m
Max initial LTV (net)	70%	70%
Max LTGDV	60%	65%
Max LTC (net)	80%	80%
Term	12–30 months	
Rate	6.25% p.a.	7.5% p.a.
Arrangement fee	1%	
Exit fee	From 1% of the loan amount	

### We can help

- Developers looking for a first charge facility at 80% LTC

### Key facts

Get an allowance for planning uplift (capped at 50%) enabling your client to maximise the use of their cash

Flexibility on terms to meet your client's needs

Interest is added to the loan monthly and compounded

## Stretched senior

We know from experience that sometimes developers need to secure a higher level of borrowing in order to proceed with a scheme. Which is why we were one of the first lenders to launch a senior product to market.

### Key features

Min loan size	£2m
Max initial LTV (net)	70%
LTGDV	70%
LTC	85%
Term	Typically 12–30 months
Rate	8.5% p.a.
Arrangement Fee	0–1%
Exit fee	c1.5% of the loan amount

### We can help

- Developers looking for us to cover an enlarged lending facility at 85% LTC

### Key facts

Maximising your client's gearing. This can also include an uplift gained on planning, allowing your client to make the most of their cash

Flexible on terms to meet your client's needs

## Development exit

Our development exit product was designed to meet the needs of clients who wanted to refinance completed development sites. It allows developers to improve their financing terms, giving them the time they need to make a sale, and the flexibility to release equity for future projects.

### Key features

Min loan size	£500k
Max loan size	n/a
Max LTV	70%
Rate	No deferred interest 7.49% p.a. Deferred interest 5.49% p.a.
Term	24 months
Arrangement fee	2% on completion. 0.5% added to the loan after the ERC free period
ERC free period	0–12 months
Early repayment charge	1%

### We can help

- Developers looking for time to sell completed schemes, release equity on day one and release equity from each unit sale

### Key facts

Flexibility of a short-term bridge with the benefits of a long-term interest rate	Multiple exit options without the need to switch facilities	Allows developers to capital raise on completed developments
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# Commercial

## Bridging

Working across the commercial spectrum, our flexible bridging loans are structured around individual needs, to fund acquisitions, refinances and equity release.

### Key features

Max LTV	70%
Rate	From 0.75% p.m.
Term	1-24 months
Arrangement fee	From 0.5%
Procuration fee	From 1%
Early repayment charge	None

### We can help

- Commercial assets, from industrial wharfs to 5-star hotels
- Active management, turnaround and vacant assets
- Day one loans based on existing use value with further advances to reflect value enhancement through planning, refurbishment or reletting.

### Key facts

Loans can be completed  
in as little as one week

Our experienced in-house lending team are all fully qualified Chartered Surveyors who have decades of investment experience and know how to structure loans to achieve your client's objectives

## Auction

Buying a property at auction can mean a scramble to get the necessary finance together in time. Our pre-approved loans, for assets purchased at Acuitus commercial property auctions, mean investors are guaranteed the finance they need, the moment the hammer falls.

### Key features

Max LTV	50% (net day one)
Rate	0.9% p.m.
Term	6 months
Minimum property value	£500k
Arrangement fee	1%
Amortisation	Nil – interest only
Early repayment charge	0%

### We can help

- Any property sold in the Acuitus auction room
- No valuation required
- Title indemnity insurance removes the requirement for lengthy and expensive legal due diligence

### Key facts

Pre-approved finance	Subject to KYC and Title Insurance	Potential to refinance onto longer term loan or development funding
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Finance is subject only to title insurance, satisfactory credit and anti-money laundering checks.

# Octopus Property, a property company with a difference

Property finance can be improved and we think we know how. It needs to be fast, because you haven't got time to lose and needs to be flexible, because every borrower's needs are different.

Our commitment to brokers and clients is straightforward: to make quick decisions and stick by them, to offer loans at every stage of the property life cycle, and to provide unconventional solutions for unconventional needs.

We're award winning, but not complacent. An innovator in our field, with over £3bn lent to date. And we comprehensively cover the commercial, residential and property development sectors.

Our loans typically range from £150,000 to £50 million, and with access to multiple credit lines we can provide bespoke, customer focused finance to borrowers throughout the UK.

Since 2008, our team has grown to over 70 professionals, who ensure your property finance experience is simple and easy.



**£8.6bn**

under management  
in the  
Octopus Group

**70**

property  
professionals

**£3.6bn**

lent

**3,100**

loans

# Octopus through and through

Octopus is a group of companies that invests in the people, ideas and industries that will help to change the world. We've taken the spirit of entrepreneurship to build businesses with one purpose – to create something better.

Better ways to help UK businesses to grow. Better ways to look after family wealth. Better healthcare and retirement facilities. Better access to property loans. And better renewable energy generation and supply. Overall, we've helped put more than £8.2 billion into the UK economy (at 31 October 2018).

And, because our customers are at the heart of everything we do, we're making a difference to people's lives. We call it 'a brighter way', creating better futures for everyone. Octopus Investments, Octopus Ventures, Octopus Healthcare, Octopus Property, Octopus Energy and Octopus Labs are all part of Octopus Group. Visit [octopusgroup.com](http://octopusgroup.com).

## How to apply

Get **indicative terms** by filling in a quick enquiry, we will aim to respond within 4 hours

For an **agreement in principle** submit a full enquiry. Our credit team will review and aim to respond within 24 hours.



### Find out more

Call our Business Development Managers on **0800 294 6850** or visit **[octopusproperty.com](http://octopusproperty.com)**.

All data correct as at 1 January 2019.

For Professional Intermediaries Only.

Octopus Property is the trading name of Bridgeco Ltd (Reg No 6629989), Fern Trading Ltd (Reg No 6447318), Nino Ltd (Reg No 9015082), Octopus Property Lending Ltd (Reg No 7531926) and Octopus Co-Lend Ltd (Reg No 8913299), Registered Office: 33 Holborn, London EC1N 2HT, registered in England and Wales and Dragonfly Finance S.ar.l. (Reg No B189290) Registered Office: Parc d'Activité Syrdall, 6 Rue Gabriel Lippmann, L-5365, Munsbach, Luxembourg registered in Luxembourg. Octopus Property Lending Ltd and Octopus Co-Lend Ltd are authorised and regulated by the Financial Conduct Authority.