

Buy to let range

# Helping the unconventional with buy-to-let

Example scenarios

**octopus** real estate

A brighter way



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# Buy-to-let range

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## Specialised solutions

Our buy-to-let product is focused on solutions for more unconventional cases. Borrowers include portfolio landlords, first-time buyers, foreign nationals, expats, and investors in semi-commercial properties.

We're a specialist lender and these are specialist products, that can combine several borrower complexities in one simple product. The process is streamlined, making it more convenient for introducers to work with us.

## Deferred interest

The interest rate charged on our products reflects the risk and increased complexity of the loan. That includes more extensive underwriting, while still maintaining fast turnaround times. Therefore, we have designed the product in a way which allows the customer to defer some of the interest until redemption. This means that we keep monthly costs as low as possible, freeing up cash flow for our customers.

Find out more about our residential lending products, including all our rates at [octopus-realestate.com/residential-lending/](https://octopus-realestate.com/residential-lending/)

# About Octopus Real Estate

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Octopus Real Estate is a leading specialist real estate investor, with a team of 90 professionals. We provide award-winning finance for UK property investment and development.

We have over £3.7 billion under management on behalf of institutional and retail investors, with a focus on the property lending and healthcare sectors.

The property lending team provides bespoke, customer focused financing solutions across the residential, commercial and development sectors. The team has lent more than £5.7 billion across over 4,100 loans, providing competitively priced financing throughout the UK and spanning the property investment lifecycle, with loans typically ranging from £100,000 to £50 million.

The healthcare team manages over £1 billion of investments, with a focus on care homes and retirement communities – sectors requiring significant investment given the UK's ageing population. The team also creates strategic partnerships with leading healthcare operators, to deliver exceptional healthcare facilities you'd choose for your loved ones.

With both offices in London and Manchester, we offer regional coverage and continue to deliver on behalf of all our partners.

# Client scenarios





# Helping foreign nationals obtain finance

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## Scenario

Arun is a client from Singapore, due to the high costs associated with property ownership in Singapore he doesn't currently own a property. He does however earn a reasonable salary and is looking to purchase a property in the UK.

Having attended some property workshops, he has seen a two-bed terraced property in Manchester that is currently let out on an AST. The property generates a gross yield of 6%, and whilst the cost of borrowing has recently risen the weaker pound makes the UK an attractive option for long term investment.

## Our solution

As a first time buyer / first time landlord, non UK borrowers have limited options for raising mortgage finance. At Octopus we are happy to support international borrowers looking to acquire investment property in the UK.

We have a range of solutions available to our borrowers starting with terms of just two years, allowing them to gain experience in order to re-finance to a broader range of lenders in the short to medium future.



# Helping first time buyers become buy-to-let landlords

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## Scenario

James is a young professional working in financial services. He lives with his partner in rented accommodation in London. The two hope to own their own home one day, but at this stage London prices are out of reach. However, with disposable income and an annual bonus, James is in a position to look at other options.

James already knows that there is a good market outside London, for example in Leeds, for houses of multiple occupation (HMOs). He can see that this kind of investment would be a first step on the property ladder. It will also provide a healthy return.

James does his homework, including going to property networking events. This brings him an opportunity to buy a five-bedroom HMO property near Manchester. It will be let to professionals; the rental income is set to produce a healthy yield and he can use a local lettings agent to manage the property for him.

## Our solution

We're pleased to be able to lend to first-time buyers. And we do it knowing that there is always more risk while first timers gain experience. But as specialists in unconventional cases, we consider each case on its own individual merits.

In this scenario James has enough additional income to cover any potential voids in lettings. He is also buying a high quality property in an area with a track record of demand for HMOs.



# Supporting investment in semi-commercial assets

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## Scenario

Claire is an experienced landlord who already owns several residential buy-to-let properties. She has recently been looking at adding to her portfolio. Having factored in stamp duty costs, she doesn't feel that adding another completely residential buy-to-let property is the best way to use funds.

Claire has instead been looking into semi-commercial, and a local property has become available within walking distance of the high street. It has an estate agent on the ground floor, with separate access to two flats above and a commercial lease for a further five years. The property is near a train station, which in Claire's view makes it a great position for the estate agent as well as for tenants who commute. Although Claire has never owned a commercial property before, she is convinced that this will be a strong addition to her portfolio.

## Our solution

We're happy to be able to lend to landlords looking at alternative strategies for their portfolios. And we do things differently from mainstream lenders that may offer mortgages on mixed-use properties, but with a raft of additional criteria. In contrast, we work to make the lending process as quick and efficient as possible.



# Helping expats fund properties in the UK

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## Scenario

Bob, who works for a global hedge fund in the City, has been asked to head up its new office in Hong Kong. His contract will see him working abroad for the next five years. When he returns to the UK he aims to continue growing his property portfolio.

Bob owns his home along with four rental properties that he has been letting out for four years. On advice from his accountant, Bob has decided to buy more, but through a new Special Purpose Vehicle (SPV) limited company. Bob has recently seen a multi-unit freehold, consisting of four one-bedroom flats, that he thinks would be an ideal purchase. He plans to buy and has a 30% deposit.

## Our solution

While Bob might fall outside other lenders' criteria as an expat, we're focused on the fact that he has a UK profile. He is also an experienced landlord who already owns several properties, and we can accommodate his intended purchase through our unrestricted approach to assets. This includes lending tailored specifically to multi-unit freehold blocks (MUFBs).

This enables him to continue with his plan: buying the flats and expanding his portfolio in preparation for his return to the UK.



# Helping clients who have experienced adverse credit

## Scenario

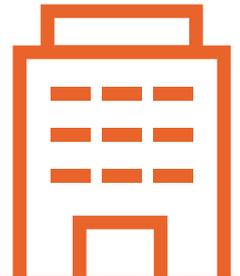
Valerie is a UK resident working full time, who owns her one-bedroom flat. She has the chance to buy the property next to hers, another one-bedroom flat. As a local resident, Valerie knows the area well. And, living next door, she will be able to maintain the flat and monitor tenants' activities. The property has an open market value of £450,000 and Valerie needs £275,000 to fund the purchase.

However, Valerie is at a disadvantage due a £4,250 county court judgement (CCJ) that has been served against her. She is not directly responsible for the CCJ, which is due to previous business dealings with her brother. Despite having now settled the CCJ, it keeps her in a higher risk category. As a result, despite being a UK homeowner and taxpayer, as well as supplying a full credit report, Valerie has not been able to obtain financing from mainstream lenders.

## Our solution

We can often find a home for cases that fall outside mainstream lending criteria. That's because we treat each client as an individual and apply a common-sense approach to lending.

In assessing Valerie's situation, we see that she does not have an extensive history of adverse credit. We can also consider that her planned purchase, alongside her work and home, could strengthen her financial position over the long-term.



# Octopus through and through

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Octopus is a group of innovative, entrepreneurial businesses investing in the people, ideas and industries that will help to change the world. We are experts in financial services and energy, transforming these markets by offering our customers access to smart and simple solutions that do what we say they will. Today we manage more than £12 billion on behalf of retail and institutional investors. Octopus Energy, Octopus Investments, Octopus Renewables, Octopus Real Estate, Octopus Ventures and Octopus Wealth are all part of Octopus Group.

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