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Zepsight

ZEPS’ QUARTERLY NEWS ROUNDUP

ISSUE 09

JANUARY 2026

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Zenzic Estate Planning Service, known as ZEPS, is a discretionary investment portfolio service, advised by Zenzic Capital.

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Life can only be understood backwards; but it must be lived forwards

January is named after the Roman god Janus, who presides over all beginnings and transitions. He is often depicted with two heads: one looking forward; the other reviewing what has passed. As we start 2026, that framing feels particularly apt.

Looking back first: 2025 felt like a turning point in private credit markets, a quiet rebalancing after two years of caution across both property and credit. Easing inflation, four interest-rate cuts, and a tentative improvement in sentiment brought banks and non-bank lenders back to the market in a meaningful way.

Much of this activity was concentrated in refinancing rather than new origination, and while capital availability improved, it remained uneven. Credit premiums were still available for lenders operating outside the largest and most “vanilla” segments.

Against that backdrop, 2025 was a strong year for ZEPS. We maintained a robust origination and deployment pace, albeit with more competition than in 2024. Our ZEPS vehicle ended the year up 6.01%, despite the four interest-rate cuts, reflecting the pricing power and higher margins we were able to secure in 2024, when capital was scarcer. We are proud of the consistency of that performance and of the role ZEPS continues to play for investors and estate planners.

That progress was reflected in ZEPS being shortlisted for four awards at the Growth Investor Awards, held on **6 November 2025**. Following 2024's success, winning *Best New Service* and being named *One to Watch for Best BR Service – Emerging*, we were

delighted to be recognised again:

- Growth Investor of the Year
- Best BR Investment Manager – Unlisted
- Best BR Service – Emerging
- Best New Product or Service

Looking forward, the starting monetary conditions appear relatively supportive for real assets. The Bank of England base rate stands at 3.75% at the time of writing, the lowest level in over two years. UK gilt yields have, so far, resisted the ever-present predictions of a sovereign gilt crisis. In our view, the market is underweighting the likelihood of further cuts in 2026: as the UK becomes less of an inflation outlier and recent fiscal measures prove restrictive, the case for easing strengthens. We expect three further cuts over the year. All else equal, a declining rate environment should be broadly stimulative for real estate asset prices, while also supporting liquidity and transaction activity, both of which remained notably tested through 2025. A further positive is that we are starting to see signs of construction costs cooling after a sustained post-COVID inflationary period.

Fiscal policy, however, continues to dampen sentiment and activity, while introducing uncertainty at a time when underlying conditions remain fragile. If 2026 proves relatively quiet from a fiscal perspective, the hope is that improving sentiment translates into tangible economic momentum. The Government's housing policy

initiatives are encouraging and, for the first time in many years, there appears to be genuine intent to address the structural roadblocks holding back activity, particularly for SME homebuilders. There remains much to do to unclog the planning system, but if the political will holds, the opportunity for material improvement should not be discounted.

If fiscal uncertainty was a theme of 2025, one note of constancy is that the incidence and impact of inheritance tax (IHT) continues to rise. The effect of recent IHT threshold freezes is that more estates will be brought within the ambit of the tax and receipts will continue to grow. £8.2bn was collected in 2024/25, compared to £7.5bn the year before, and estimates for 2026 suggest that upward trajectory continues.

As 2026 begins, we therefore look ahead with cautious optimism. The headwinds have not vanished, but the environment appears to be shifting from defence to opportunity. Regardless of market conditions, ZEPS' aim remains the same: to help investors and estate planners build secure, real asset-backed portfolios with strong and consistent year-on-year appreciation. That has been our goal each and every year, and if Janus were looking solely at that, he would only have needed one head.

NADINE BUCKLAND
Chief Executive Officer

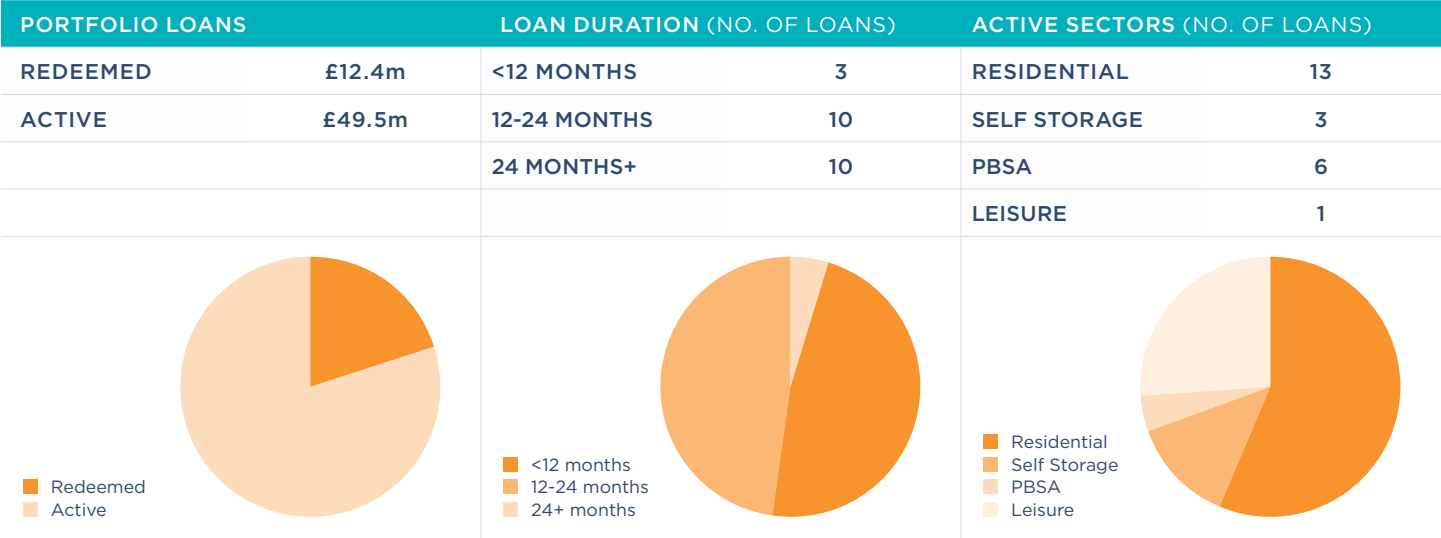


PORTFOLIO

Summary and Pipeline

Summary

As at 31st December 2025

 Residential

KEY STATISTICS	
AVERAGE LOAN DURATION	27 MONTHS
ANNUAL RETURN SINCE INCEPTION	5.53%

Pipeline

Below are a selection of projects we are currently reviewing.

PROJECT SUMMARY	Loan to assist with land acquisition and development finance for 9 houses, comprised of 6 new terraced houses and 3 houses within a converted building	Loan to assist with Development Finance for 6 new detached and semi-detached houses	Loan to assist with Development Finance for 19 new apartments and 1 commercial unit across 2 buildings
LOAN TYPE	Stretch Senior Development Loan	Stretch Senior Development Loan	Stretch Senior Development Loan
LOAN AMOUNT	£3,955,000	£3,200,000	£4,400,000
LTGDV	75%	72%	72.5%
TERM	18 months	8 months	24 months
EXIT	Sale of the completed dwellings on the Open Market	Sale of the completed dwellings on the Open Market	Mixed Strategy Sale of 10 units on the Open Market, Refinance and Retention of 9 units, and Forward Sale of the Commercial unit

PORTFOLIO

Latest Transaction and Redemption

LATEST TRANSACTION:
HILL TOP, BREADSALL

Recent completion on £2,850,000 Development Loan for an experienced Property Developer and Investor to deliver 6 new-build bungalows a short distance from Derby City, and to provide site finance funding for an adjacent prospective Development site.

Valuers and local agents have opined that the product will be well received by the local market. Zenzic refinancing an existing loan on the Property, and funding 100% of development costs. Development works are currently well underway.

TYPE	Stretch Senior Refinance and Development Loan
AMOUNT	£2,850,000
LTGDV	74.56%
TERM	8 months
EXIT	Retention and Refinance of completed new bungalows, Refinance of adjacent land into new Development Loan



LATEST REDEMPTION:
SCORTON NORTH YORKSHIRE

We are pleased to confirm full redemption of the loan facility for the Stags Way scheme in Scorton, North Yorkshire.

Zenzic supported the development of five detached homes with a £1.5m Stretched Senior Facility at 75% LTGDV. Fully secured and to be repaid through open market sales, this marks our third project with the developer as they expand from PBSA into residential schemes.

TERM	21 months
LTGDV	75%
EXIT	Refinance to Exit Bridge



SPOTLIGHT

In Conversation with Tom Lloyd-Jones

A CREDIT FRAME OF MIND

Credit appealed to me early in my career for two fundamental reasons. First, it prioritises downside protection over the pursuit of unbounded upside. The discipline of lending begins not with how much can be made, but with how much can be lost and how that risk is controlled. Capital preservation is not an afterthought in credit; it is the starting point.

Second, my legal background made credit a more natural fit than equity investing. Credit structures allow for far greater influence over outcomes through documentation, security, and covenant design. Terms can be negotiated, risks mitigated, and protections enforced in ways that equity ownership rarely permits. Structure matters, and in credit, structure is decisive.

Those principles shaped the creation of Zenzic. We built the business around lending where risk and reward are clearly defined, investor capital is secured against tangible collateral, and returns are driven by contractual cashflows rather than market sentiment.

Time, cashflow, and security are not theoretical concepts, they are the framework through which every investment decision is made.

A SHIFT IN THE CYCLES

For much of the past decade, senior credit was simply too cheap. Interest rates hovered near zero for years, compressing risk premiums and dulling the distinction between good lending and bad. Capital was abundant, valuations inflated easily, and optimism required little justification.

That environment has changed.

The 2020s have been defined by higher rates, tighter liquidity, and a renewed respect for fundamentals. Money once taken for granted now carries a cost again, and that cost matters. Investors still seek growth, but they are no longer willing to sacrifice transparency and resilience to pursue it.

In this new cycle, yield is not a consolation prize. It is a primary driver of return, and predictability has reclaimed its place alongside ambition. Credit, properly structured, once again earns its role at the centre of portfolio construction.

WHY PRIVATE CREDIT

Private credit plays an increasingly important and vital role in financing the real economy. Regulatory capital constraints and standardised underwriting models often prevent banks from lending to otherwise viable borrowers, particularly in asset-backed and transitional situations. Private lenders have been filling this gap since the GFC, providing structured capital directly to businesses and projects that need funding but fall outside conventional bank criteria.

This creates a more direct connection between investors and the real economy. It enables lending based on asset quality, cashflow visibility, and security and it restores lending as a relationship-driven activity, delivering capital to where it is productive, needed, and appropriately priced for risk.

Managers with specialist knowledge, particularly in real assets, can assess risk at the asset level, negotiate protections at the deal level, and price illiquidity appropriately. Relationships matter. Judgement matters. Structure matters.

ZENZIC'S APPROACH

At Zenzic, we focus on a single area of expertise: real estate credit. We lend against a variety of assets, but with a weighting towards residential/living sectors where we feel the fundamentals (population growth; lack of housing; home-building culture) will preserve a supply-demand imbalance that should support values. All our loans are secured with the majority with first charge mortgages. Our focus is on short-dated loans, generally up to 36 months, so investor capital is not locked up for long periods.

Within the Zenzic Estate Planning Service (ZEPS), investor capital is typically deployed within 30 days of receipt by the custodian. Rapid deployment keeps capital productive, while the short-dated lending model allows flexibility and regular recycling of funds.

Fees are aligned with performance. The annual management charge is assessed each year against a 6% hurdle rate. If the hurdle is not met, the management fee is not charged and cannot be rolled forward. Performance comes first.

Loan-to-value ratios are determined by borrower quality and collateral strength rather than rigid limits. The average LTV is currently c.69%, though up to 75% may be accepted for trusted developers, with lower ratios required for newer borrowers.

This flexible approach supports ZEPS's three core objectives:

- Business Relief (BR) qualification
- Capital preservation
- Real returns of 5–6% p.a.

Each opportunity is reviewed for collateral strength and risk-adjusted return. Every loan must include a clear exit plan, while diversification and liquidity reserves are actively managed to protect investors and facilitate redemptions.

MANAGING RISK THROUGH THE CYCLE

ZEPS is designed to prioritise capital preservation. The difference between the property value and the loan, typically in excess of about 30 per cent, provides an equity cushion which can protect investors against market declines. Property values would need to fall by roughly that amount before capital is at risk, even before enforcement or sale costs.

Loans are secured against sectors with steady, needs-based demand such as student accommodation, residential housing, and storage. Borrowers draw down in tranches tied to project milestones, with interest retained or rolled up to ensure ZEPS ranks high for repayment.

Should a borrower default, the underlying asset can be repossessed and sold, supported by its ongoing use and income potential.

If markets weaken, ZEPS can pause or pivot new lending as loans redeem, temporarily holding cash if needed. Although BR rules limit how long this can continue, it provides flexibility to adapt prudently rather than persist with unsuitable strategies.

With disciplined underwriting and short durations, well-secured loans can deliver attractive, risk-adjusted returns even when property values fall. Market dislocation can also create opportunity when banks retreat and credit re-prices in favour of lenders.

As a non-bank platform, ZEPS can capture those wider margins while maintaining conservative LTVs.

Liquidity is managed carefully. With loans typically maturing within two years, repayments begin within the first, allowing investors to receive income and reduce exposure over time. ZEPS normally holds 5-10% in cash to support liquidity and has maintained steady net inflows.

It is not dependent on new subscriptions; as a genuine lending trade, it recycles capital from maturing loans while maintaining BR qualification.

CREDIT'S ROLE IN ESTATE PLANNING

In Business Relief planning, both equity and credit strategies have their place. Equity-based services allow investors to share in growth and innovation; credit-based services, such as ZEPS, aim to provide steadier, more predictable returns anchored to real-estate collateral with measurable value and income.

ZEPS is structured around secured, short-dated property lending. Each loan is backed by tangible collateral, actively managed, and designed to generate a stable yield while preserving capital. The approach qualifies for BR without relying on market sentiment and offers investors a clear line of sight between their capital and the underlying assets.

Many advisers find that credit-based BR services complement equity-focused ones, helping diversify clients' estate-planning portfolios and smooth returns through the cycle. In a market still recalibrating after years of cheap capital, that combination of stability, access, and tax efficiency is a valuable tool for preserving wealth across generations.

TOM LLOYD-JONES
Chief Investment Officer



This communication is provided for information only and does not constitute investment advice or a recommendation to participate in the rights issue.

SPOTLIGHT

ZEPS Rights Issue

Following continued consultation with our advisers and in response to sustained demand for real estate finance, particularly within the SME sector, our current transaction pipeline has reached a record high.

Against this backdrop, Zenzic is pleased to confirm that on 15 January 2026 we launched our third pre-emption offer (commonly referred to as a rights issue).

The offer, made exclusively to existing shareholders, is intended to enable ZEPS to capitalise on a strong and expanding pipeline of new lending opportunities. At the same time, it provides investors with the opportunity to consolidate the ownership periods of both existing and newly subscribed shares, which may accelerate the attainment of the two-year Business Relief (BR) qualification threshold.

The rights issue opened to existing investors on 15 January 2026 and will close at 12:00 noon on Friday, 27 March 2026, providing an extended two-month subscription period.

For further information or should you have any questions, please do not hesitate to contact us.

NEWS

Growth Investor Awards

We're delighted to announce that we were shortlisted for **four prestigious categories** at the 2025 Growth Investor Awards, which took place on **6th November at the London Hilton on Park Lane**. These awards are among the most respected in the UK investment industry, celebrating firms that champion innovation, deliver outstanding returns, and make a real impact on the SME ecosystem.

Following our success in late 2024 - winning **Best New Service** and being named **One to Watch for Best BR Service - Emerging**, we were thrilled to be recognised again, this time in even more categories:

GROWTH INVESTOR 2025 | AWARDS | **Finalist**
Growth Investor of the Year

GROWTH INVESTOR 2025 | AWARDS | **Finalist**
Best BR Investment Manager - Unlisted

GROWTH INVESTOR 2025 | AWARDS | **Finalist**
Best BR Service - Emerging

GROWTH INVESTOR 2025 | AWARDS | **Finalist**
Best New Product or Service

We're in excellent company, sharing the stage with some of the most influential names in the sector, including Albion Capital, Deepbridge, Octopus Investments, Parkwalk Advisors, Foresight Group, Praetura Investments to name just a few. Being shortlisted alongside such outstanding peers is an honour in itself and a testament to the strength and quality of our offering.

This recognition wouldn't be possible without our incredible team, whose dedication and expertise drive everything we do, and our investors, whose trust and support enable us to keep pushing boundaries. Thank you for being part of this journey with us.

Whilst we didn't win, we aim to build on last year's achievements and couldn't be more excited for what's ahead!



