

ZEN HOUSING LTD ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2025**



COMPANY INFORMATION

DIRECTORS

O Ingram
D Mercer
L Seary
E Riddle

COMPANY NUMBER

12534088

REGISTERED OFFICE

55 Loudoun Road
St John's Wood
London
NW8 0DL

ACCOUNTANTS

MGR Weston Kay LLP
55 Loudoun Road
St John's Wood
London
NW8 0DL



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CHAIR'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025



Zen Housing is a registered provider of social housing, dedicated to delivering and managing affordable rental tenures and shared ownership properties across Greater London, the East Midlands, and East Anglia. Our team and shareholders continue to share a unified vision: to provide sustainable, high-quality affordable housing that meets local housing needs and makes a lasting, positive contribution to communities.

During the year ended 31 December 2025, Zen continued to make strong progress in expanding its housing portfolio. We are pleased to report that 227 homes were delivered during the year, bringing the total number of homes delivered to date, as at 30 June 2026, to 386. In addition, as at 30 June 2026, Zen was contracted to deliver a further 1,195 homes through to 2029. This continued momentum reflects our disciplined and measured approach to growth and reinforces our position as an emerging, purpose-led Registered Provider. We remain committed to building on this progress and delivering high-quality affordable homes at scale.

Our growth has taken place in the context of a challenging and evolving sector. Demand for affordable housing remains high, driven by ongoing affordability pressures and limited supply. At the same time, expectations on providers continue to increase, particularly around service quality, tenant outcomes, building safety and sustainability. Recent policy and funding changes are intended to support delivery but also bring additional complexity and higher standards for Registered Providers.

Our developments are shaped by a core principle: quality must never be compromised. Even as we pursue growth, we remain dedicated to delivering and acquiring homes that meet the highest standards in design, build, and sustainability.

Zen is fully committed to meeting these expectations and is increasingly focused on using smart technology

within our homes to better understand performance and how residents are living in them. This includes monitoring factors such as heat levels, energy use and humidity, allowing us to take a more proactive approach to issues such as damp and mould while improving overall energy efficiency. We are also implementing smart technology across our operational processes to improve efficiency and the service we provide, helping to build a more responsive and data-led operating model as the business continues to grow.

We are also pleased to have expanded the group with the addition of Zen Housing 2 and Zen Rented, which will support further growth and enable the continued delivery of new homes across multiple Registered Providers.

Looking ahead, we expect continued uncertainty in the macroeconomic environment, including pressure on interest rates and delivery costs. However, there are also clear opportunities, with increased government support for housing delivery and strong underlying demand for affordable homes.

We believe Zen is well-positioned to navigate these conditions and continue scaling its impact, while remaining true to our founding values: integrity, service, and sustainability.

A handwritten signature in black ink, appearing to read 'L. Seary'.

LESLEY SEARY

30 JUNE 2026

DIRECTORS' REPORT

The directors present their report with the financial statements of the company for the year ended 31 December 2025.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the development and operation of social housing.

Zen Housing Limited (Zen) is registered as a Registered Provider with the Regulator of Social Housing (RSH). As a result, the company is able to acquire properties designated as affordable, including shared ownership, and properties which can be converted to affordable housing funded by government grants. This capability supports the delivery of much needed affordable accommodation across the UK.

DIVIDENDS

No dividends were distributed for the year ended 31 December 2025 (2024: Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2025 to the date of this report.

- Mr O Ingram
- Mr E J J Riddle
- Ms L A Seary

Other changes in directors holding office are as follows:

Mr D J Mercer - resigned 24 March 2025
Mr S Pichugin - appointed 30 April 2025
Mrs H Evans - appointed 20 June 2025
Mr A Ward - appointed 28 November 2025

THE COMPANY'S MISSION

Zen was founded to address the critical shortage of affordable accommodation across the UK. United by a shared vision, our team and shareholders are committed to providing long-term sustainable, high-quality housing that meets local needs and enriches communities. As a forward-thinking, customer-centric organisation, Zen strives to be recognised for its financial robustness and dedication to delivering exceptional housing solutions.

THE COMPANY'S CORE VALUES

Collaboration

We believe in strong collaboration with all our stakeholders. This means working closely with our carefully selected managing agents and local authorities.

Sustainability

Commitment to sustainability extends throughout our entire business, including the adoption of the Sustainability Reporting Standard for Social Housing

Equality & Diversity

We celebrate individuality, embrace diversity, and prioritise equality to create inclusive, high-quality services and communities.

During the reporting period, Zen entered into agreements with reputable housebuilders to deliver a further 1,330 affordable homes, of which 416 are scheduled to hand over in 2026.

Zen remains focused on its objective to deliver affordable housing, expects to have invested in 1,581 homes by the end of 2026, and continues to progress towards its overall target of delivering 5,000 homes.

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

In meeting its long-term objectives, the Directors of Zen Housing Limited ("Zen") have considered the principal risks and uncertainties that could impact the Company. Management continually monitors the key risks facing Zen, together with the controls used to manage them. Zen's risk management framework focuses on identification, assessment and ongoing monitoring of risk, with the Board formally reviewing principal risks on a quarterly basis.

The principal risks and uncertainties facing Zen are as follows:

Macroeconomic environment and housing market risk

Zen operates within a market subject to volatility in interest rates, inflation, construction costs and mortgage availability. These factors may impact property values, shared ownership demand, sales rates and residents' ability to meet rent and service charge obligations. A downturn or reduced market liquidity could adversely affect income, asset values and delivery of the business plan.

Sales risk, income collection and scheme performance

Zen's business model is dependent on the timely sale and occupation of shared ownership units. Delays in completions, slower sales rates, void periods or increased arrears may reduce income and impact forecast returns. The Board monitors sales performance, affordability metrics and arrears, and adopts prudent assumptions and experienced sales agents to mitigate this risk.

Funding, liquidity and debt servicing

Zen is reliant on external funding to support its growth strategy. There is a risk that capital availability becomes constrained, the cost of debt increases, or operational cashflows are insufficient to service interest obligations prior to portfolio stabilisation. This includes risks relating to covenant compliance (including LTV and debt yield) and interest rate exposure. These risks are mitigated through treasury management, interest rate hedging, maintenance of an interest reserve and regular monitoring of financial performance and covenant headroom.

Business planning assumptions

There is a risk that actual costs, inflation, valuations or scheme performance differ from assumptions used in Zen's financial modelling. This may impact profitability, investor returns and long-term viability. The Board reviews financial models regularly, undertakes stress testing and monitors performance against key financial indicators to ensure the business plan remains robust.

Regulatory compliance and governance

As a Registered Provider, Zen must comply with the Regulator of Social Housing's economic and consumer standards. Failure to meet these requirements could result in regulatory intervention, reputational damage and restrictions on operations. The Board maintains oversight through regular compliance assessments, governance reviews, and external specialist advice where required.

Operational reliance on third parties and asset quality

Zen relies on developers, managing agents and other third-party providers for delivery and ongoing management of its homes. Poor asset quality, inadequate handover documentation or underperformance by managing agents may result in increased costs, customer dissatisfaction and reputational risk. Zen mitigates this through due diligence, contractual protections, independent technical oversight and ongoing performance monitoring. Following the Social Housing (Regulation) Act 2023 and the new consumer standards introduced in 2024, the Board, supported by external advisors, is committed to understanding and implementing the required changes. This proactive approach will ensure compliance, strengthen tenant engagement, and maintain high standards of housing services.

Health, safety and building compliance

Failure to meet statutory health and safety obligations, including fire safety and building compliance requirements, could result in serious harm to residents, regulatory action and financial penalties. Zen maintains a robust compliance framework, supported by third-party managing agents and regular reporting to the Board, to ensure obligations are met and risks are actively managed.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

As part of its governance framework, Zen Housing has adopted the BPF For-Profit Registered Provider of Social Housing Code of Governance 2024. As a growing Registered Provider, Zen Housing is working towards full compliance with the Code by 31 December 2026. The Board has reviewed the identified areas of non-compliance and is satisfied that none represent material non-compliance with the Code. The Board is also satisfied that Zen Housing currently meets the requirements of the Governance and Financial Viability Standard and will continue to undertake an annual self-assessment against the Code of Governance.

As a profit-making registered provider of social housing, Zen is required to comply with the Economic and Consumer Standards as set by RSH. Zen works with its advisers to ensure compliance with all the requirements. In the short term, the Board is particularly focused on strengthening the approach to the new Consumer Standards.

As part of its regulatory obligations, Zen has submitted its third annual Statistical Data Return to RSH. As at 31 December 2025, Zen owned 131 Affordable Rented homes and 120 shared ownership homes which were either being actively marketed or had been sold during the period under review.

VALUE FOR MONEY

Introduction

At Zen, our commitment to delivering Value for Money ("VfM") is reflected in our focus on providing high-quality homes and services whilst maximising efficiency. Our goal is to make the most effective use of rental income while addressing the needs of our customers and stakeholders. To achieve VfM, we maintain a strategic balance between managing costs, cost pressures, optimising efficiency, maximising enterprise value, and achieving sustainable, positive outcomes.

Despite persistent cost pressures, our continued approach to VfM involves leveraging our resources and assets to deliver on our strategic objectives, as detailed in our Business Plan and Strategy. This plan underscores the importance of ongoing investment in improving services, which not only enhances customer satisfaction but also leads to recurring cost savings to be reinvested into new and existing homes.

Maintaining a continuous focus on VfM is essential for the successful execution of our goals. By prioritising careful allocation of resources and targeted investments, we ensure operational efficiency to fulfil our growth commitment to deliver more affordable homes and long-term sustainability, driving the ongoing success of Zen.



DIRECTORS' REPORT (CONTINUED)

VALUE FOR MONEY STRATEGY

In May 2025, the Board approved Zen's Value for Money Strategy 2025-2028 with five key objectives:

STRATEGIC TARGETS	VFM METRIC(S)	2025-2028 VFM TARGET
Scaling and Property Acquisition	- Reinvestment % - New Supply Delivered	- Zen has a strong growth agenda over the current business plan period, including a total of 1,581 committed and delivered units. Zen will aim to reinvest its first tranche sales to achieve the scaling ambitions. - In light of our growth aspirations, our goal is to position ourselves within the top quartile of our sector in terms of the number of social units delivered.
Financial strength and sustainability	- Operating Margin (social housing) % - Operating Margin (overall) % - EBITDA % - Gearing % - ROCE %	- Considering that Zen Housing is at its scaling and growth stage, most of the emphasis will be made on achieving that objective. - Zen will maintain at least 18 months liquidity and will have sufficient working capital to ensure smooth operations. - Zen will aim to outperform the sector average financial performance over the next 3 years.
Development and Operations	We will seek VfM in the appointment and management of designers, architects, planning consultants and managing agents.	Zen will endeavour to procure services in accordance with the procurement policy.
Customer satisfaction and engagement	- Customer satisfaction - Headline social housing cost per unit (£)	85% customer satisfaction with services provided. - Headline social housing cost per unit, is lower than the sector median (£5,690 – 2025 Value for Money sector data) by year three. The Board recognises that the start-up costs associated with a new RP are likely to disproportionately add costs in the initial years.

RSH has defined seven VfM metrics for Registered Providers to measure against, and these are the main elements of our VfM reporting and analysis, which allow us to compare across other Registered Providers, and against our own performance. (Source: RSH VfM Metrics tables March 2026).

DIRECTORS' REPORT (CONTINUED)

VALUE FOR MONEY METRICS

METRIC	2025	INDUSTRY / SECTOR MEDIAN	2024
1. Reinvestment (%)	100.0%	7.5%	0%
2. New supply delivered (%)	90.4%	1.6%	0%
3. Gearing (%)	106.5%	45.5%	231.0%
4. EBITDA MRI – interest cover (%)	54.3%	113.0%	(182.61%)
5. Headline social housing cost per unit (£)	£5,816	£5,688	£26,222
6a. Operating margin – social housing lettings (%)	58.0%	20%	(86.33%)
6b. Operating margin – overall (%)	17.5%	17.4%	(86.33%)
7. Return on capital employed (%)	16.5%	3.0%	N/A

METRIC 1: REINVESTMENT (%)

This metric measures investment in housing properties, including both existing stock and new supply, as a percentage of the total value of properties held.

For the year ended 31 December 2025, Zen invested £49.6m in newly developed affordable housing properties. The metric is based on completed and delivered homes only and resulted in a reinvestment metric of 100% for the year, significantly above the sector median of 7.5%. This strong performance reflects the substantial level of capital investment made during the year relative to the size of Zen's existing housing asset base, as the organisation continues to implement its growth and development strategy.

The result demonstrates Zen's continued commitment to increasing the supply of affordable housing and expanding its operational portfolio. The elevated reinvestment percentage is reflective of the Company's current accelerated growth phase and strategic objective to scale its housing portfolio significantly over the 2025–2028 period. As the portfolio matures and the targeted growth objectives are achieved, the Board anticipates that reinvestment levels will progressively reduce towards more typical sector levels over the longer term.

METRIC 2: NEW SUPPLY DELIVERED (%)

This metric considers the number of new housing units acquired or built in the year as a proportion of total units owned at year end.

During the year ended 31 December 2025, Zen Housing delivered 227 affordable housing units, resulting in a new supply delivered metric of 90.4%, significantly exceeding the sector median of 1.6%. This strong performance reflects Zen's continued commitment to expanding the supply of affordable housing and delivering against its strategic growth objectives.

As Zen continues to progress its development and acquisition programme, the organisation expects to deliver additional affordable homes throughout 2026 and anticipates maintaining performance above the sector average in future reporting periods.

Zen does not own or manage non-social housing homes in line with its growth strategy to continue to invest in only social housing. The ratio for this metric is therefore 0%.

DIRECTORS' REPORT (CONTINUED)

METRIC 3: GEARING

As at 31 December 2025, the Company's gearing ratio was 106.5% (2024: 231%). The Company's debt position comprises a facility provided by Deutsche Bank, together with both interest-free and interest-bearing shareholder loans. Zen is required to ensure that the projected debt yield is no less than 6.25%, and that the loan to value ratio does not exceed 75.0% at any time.

Although above the sector median of 45.5%, the Board remains satisfied with performance against this metric and considers the current level of gearing to be appropriate in supporting the Company's growth strategy while protecting its long-term financial viability. The Board will continue to monitor future interest obligations and covenant requirements to ensure that leverage levels remain sustainable and do not expose the business to undue financial risk.

METRIC 4: EBITDA MRI - INTEREST COVER (%)

This metric is a prudent measure and seeks to measure Zen's ability to cover ongoing finance costs from its operating activities after major repairs expenditure and as such is a key indicator for liquidity and investment capacity.

For this financial period, the company's EBITDA was £1,031,047, with interest payable and financing costs amounting to £1,901,209. This results in an EBITDA to Interest Cover ratio of 54.2%, which is below the sector median of 113%. Zen's ratio reflects its current growth and investment phase, characterised by continued development activity aimed at supporting long-term value creation and future operating income generation. As the portfolio continues to mature and the proportion of income-generating assets increases, the position is expected to strengthen further.

METRIC 5: HEADLINE SOCIAL HOUSING COST PER UNIT (£)

The metric assesses headline social housing cost per unit as defined by the regulator.

Zen Housing remains in the early stages of its growth and portfolio development, and accordingly the reported headline social housing cost per unit of £5,816 is currently marginally above the industry average of £5,688. This position principally reflects the Company's investment in supporting newly delivered homes, including service charge commitments and costs associated with vacant units prior to occupation or sale.

As Zen continues to expand its portfolio and progresses the sale and occupation of newly delivered shared ownership properties, these costs are expected to normalise. Over time, as the portfolio matures and occupancy levels stabilise, the social housing cost per unit is anticipated to reduce accordingly.

METRIC 6A: OPERATING MARGIN - SOCIAL HOUSING LETTINGS (%)

For the financial period, the Company generated turnover of £5.90m from shared ownership sales and rental income, with an operating surplus from those activities of £0.57m. This resulted in an operating margin from social housing lettings of 58%. The strong performance reflects continued demand for the Company's shared ownership products, effective cost control measures and stable rental income streams during the year. The Board expects margins to remain resilient in the medium term, supported by ongoing operational efficiencies and disciplined management of development and financing costs.

DIRECTORS' REPORT (CONTINUED)

METRIC 6B: OPERATING MARGIN - OVERALL (%)

The Company's overall operating margin for the year was 17.5%, which is above the peer average of 17.4%. The result reflects the Company's ability to maintain profitability despite inflationary pressures affecting the wider housing sector, including increased build, financing and operating costs. Management continues to monitor expenditure closely and remains focused on maintaining sustainable margins through prudent financial management and careful assessment of future investment opportunities.

METRIC 7: RETURN ON CAPITAL EMPLOYED (%)

This metric compares operating surplus to total assets less current liabilities and is a commonly used measure of the efficient use of capital resources. The Company's return on capital employed ("ROCE") was 16.5%, significantly above the industry average of 3.0%. This performance demonstrates the efficient deployment of capital across the Company's operations and reflects strong operating returns generated from the existing asset base. The Board will continue to assess capital allocation decisions carefully to ensure future investments deliver appropriate long-term returns while supporting the Company's strategic growth objectives.

Internal Controls

The Board is responsible for the internal financial control systems of the company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the company are safeguarded.

The Board has contractually delegated to external agencies the services the company requires, but it is fully informed of the internal control framework established by these external agencies to provide reasonable assurance on the effectiveness of internal financial controls.

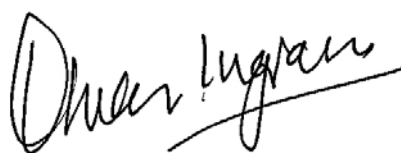
The key procedures include review of management accounts, monitoring of performance at Board meetings, maintenance of appropriate insurance and adherence to physical and computer security procedures.

Complaints

Zen is a member of the Housing Ombudsman Service and ensures its complaint handling remains in line with the requirements of the Complaint Handling Code.

The company considered there to be no material areas of non-compliance against the Complaint Handling Code.

On behalf of the board:



MR O INGRAM
DIRECTOR

20TH JUNE 2026

CHARTERED ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF ZEN HOUSING LTD FOR THE YEAR ENDED 31 DECEMBER 2025

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Zen Housing Ltd for the year ended 31 December 2025 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Zen Housing Ltd, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Zen Housing Ltd and state those matters that we have agreed to state to the Board of Directors of Zen Housing Ltd, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Zen Housing Ltd and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Zen Housing Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Zen Housing Ltd. You consider that Zen Housing Ltd is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Zen Housing Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

MGR Weston Kay LLP
Chartered Accountants
55 Loudoun Road
St John's Wood
London
NW8 0DL

INCOME STATEMENT

FOR THE YEAR ENDED
31 DECEMBER 2025

	Notes	Year ended 31 December 2025 £	Period 1 April 2024 to 31 December 2024 £
TURNOVER	4	5,904,504	502,117
Cost of sales		(3,583,662)	(354,926)
GROSS PROFIT		2,320,842	147,191
Administrative expenses		(1,289,120)	(580,701)
OPERATING PROFIT/(LOSS)	6	1,031,722	(433,510)
Fair value gains and losses on investment properties	7	9,226,524	189,382
		10,258,246	(244,128)
Interest receivable and similar income	8	36,604	721
		10,294,850	(243,407)
Interest payable and similar expenses	9	(1,901,209)	(237,396)
PROFIT/(LOSS) BEFORE TAXATION		8,393,641	(480,803)
Tax on profit/(loss)	10	(249,223)	167,546
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		8,144,418	(313,257)

The notes form part of these financial statements.

BALANCE SHEET

FOR THE YEAR ENDED
31 DECEMBER 2025

	Notes	31 December 2025 £	31 December 2024 £
FIXED ASSETS			
Investment property	11	58,548,689	5,395,000
CURRENT ASSETS			
Inventories		2,911,867	-
Debtors	12	28,613,438	7,287,915
Cash at bank		6,201,154	4,035,957
		37,726,459	11,323,872
CREDITORS			
Amounts falling due within one year	13	(55,193,173)	(16,741,080)
NET CURRENT LIABILITIES		(17,466,714)	(5,417,208)
TOTAL ASSETS LESS CURRENT LIABILITIES		41,081,975	(22,208)
CREDITORS			
Amounts falling due after more than one year	14	(32,959,765)	-
NET ASSETS/(LIABILITIES)		8,122,210	(22,208)
CAPITAL AND RESERVES			
Called up share capital	15	900,002	900,002
Retained earnings	16	7,222,208	(922,210)
SHAREHOLDERS' FUNDS		8,122,210	(22,208)

The notes form part of these financial statements.

BALANCE SHEET

FOR THE YEAR ENDED
31 DECEMBER 2025 (CONTINUED)

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2025.

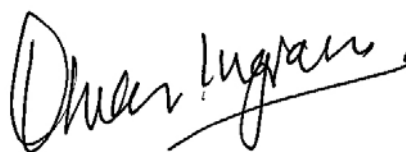
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2025 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

1. ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; and
2. preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 20 June 2026 and were signed on its behalf by:



MR O INGRAM
DIRECTOR

20TH JUNE 2026

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED
31 DECEMBER 2025

	Called up share capital £	Retained earnings £	Total equity £
BALANCE AT 1 APRIL 2024	900,002	(608,953)	291,049
CHANGES IN EQUITY			
Total comprehensive income	-	(313,257)	(313,257)
BALANCE AT 31 DECEMBER 2024	900,002	(922,210)	(22,208)
CHANGES IN EQUITY			
Total comprehensive income	-	8,144,418	8,144,418
BALANCE AT 31 DECEMBER 2025	900,002	7,222,208	8,122,210

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2025

1. STATUTORY INFORMATION

Company information

Zen Housing Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 55 Loudoun Road, St John's Wood, London, NW8 0DL.

On 4 November 2021, the company registered as a profit-making private registered provider of social housing with the Regulator of Social Housing.

2. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime and with reference to the consideration of the Statement of Recommended Practice (SORP) 'Accounting by Registered Social Housing Providers 2022', and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The comparative figures are for the period of 1 April 2024 to 31 December 2024.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value and interest rate caps at fair value. The principal accounting policies adopted are set out below.

Going concern

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

Turnover

The company recognises revenue on an accruals basis, and when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company. Revenue comprises rental income and First Tranche sales of shared ownership properties.

Gross rental income – Gross rental income is non-contingent rental income, recognised on a straightline basis over the term of the underlying lease and is included in the Profit and Loss Account. Any contingent element of rental income is recognised on an as-received basis. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore recognised on the same, straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Income from property sales is recognised when performance conditions are fulfilled which is usually at the point of legal completion.

Property sales consist of one performance obligation – the transfer of the property to the shared owner. The transaction price is fixed and specific in the sales contract. Revenue is recognised at a point in time, when control of the property passes. Control is considered to pass on legal completion of the property sale.

Investment property

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the Statement of Financial Position date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Profit and Loss Account.

Investment property is recognised as an asset when it is probable that the economic benefits that are associated with the property will flow to the company and it can measure the cost of the investment reliably. This is usually on legal completion.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be obtained from the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recorded in profit or loss in the period in which the property is derecognised.

Significant accounting judgement, estimates and assumptions made for the valuation of investment properties are discussed in note 2.

Inventories

Inventories relate to properties held for delivery as shared ownership properties which provides an affordable homes ownership through a part-buy, part-rent model where shared owners buy a stake in the home (with a lower deposit requirement as it is only required as a percentage of this stake) and pay a discounted rent on the portion of the property that the shared owner(s) does not own. Inventories are held at the lower of cost and net realisable value.

Financial assets

Recognition of financial assets

All financial assets are recognised on a trade date which is the date when the company becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial assets

Financial assets are classified into the following categories: 'financial assets at fair value through profit or loss' and 'financial assets at amortised cost'. The classification depends on the business model in which the asset is managed and on the cashflows associated with that asset.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

At 31 December 2025 the company had the following non-derivative financial assets which are held at amortised cost:

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less.

Trade and other receivables

Trade and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are discounted and then held at amortised cost, less provision for expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial liabilities

At 31 December 2025 the company had the following non-derivative financial liabilities which are classified as other financial liabilities:

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs or at fair value, with attributable transaction costs fully expensed if an election is made to hold at fair value through profit or loss (FVTPL). Subsequent to initial recognition, borrowing costs are either stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Profit and Loss Account over the period of the borrowings using the effective interest method.

De-recognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments

The Company's derivative financial instrument is an interest rate cap and is held at fair value.

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full using the balance sheet liability method on timing difference between the

carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

Hire purchase and leasing commitments

The company as lessor

Rentals receivable under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the relevant lease. In the event that lease incentives are granted to a lessee, such incentives are recognised as an asset. The aggregate cost of the incentives is recognised as a reduction in rental income on a straight-line basis over the term of the relevant lease

Shared ownership

Shared ownership is a model where a long lease on a property is initially granted through a sale to the occupier, in return for an initial payment (the first tranche).

First Tranche sales are included within turnover and the related proportion of the cost of the asset recognised as cost of sales.

Shared ownership properties are split proportionately between inventories and investment properties based on the current element relating to first tranche sales. The assumptions on which the first tranche proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of first tranche shared ownership sales within Zen Housing and the wider social housing sector.

Shared owners have the right to acquire further tranches and any surplus or deficit on such subsequent sales are recognised in the Statement of Comprehensive Income as a part disposal of investment properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Zen's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revisions affect only that period, or in the period of the revision and future periods where the revisions affect both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Shared Ownership Properties

Zen estimates the proportion of shared ownership properties that will be sold as first tranche sales and therefore classified as inventory rather than investment property. The assumptions on which the proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of first tranche shared ownership sales in the social housing sector. The first tranche sales percentage used is consistent with values used by the valuers. As at 31 December 2025 the average first tranche sales percentage assumed for vacant shared ownership properties was 25% for properties within London and 40% for properties outside of London. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed first tranche sale percentage resulting in a higher inventory value and lower investment property value.

Investment properties

Zen uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions.

Zen's properties have been independently valued by Savills (UK) Limited ("Savills" or the "Valuer") in accordance with the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation - Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book"). Savills is one of the most recognised professional firms within residential and social housing property valuation and has sufficient current local and national knowledge and has the skills and understanding to undertake the valuations competently.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of the company's investment properties, which could in turn influence the company's financial position and results.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. TURNOVER

The turnover and profit (2024 - loss) before taxation are attributable to the one principal activity of the company.

	DEC 2025	1 APR 2024 - 31 DEC 2024
Turnover analysed by class of business	£	£
Rent receivable	882,011	140,897
Service charge income	93,893	53,720
First tranche sales of shared ownership properties	4,928,600	307,500
	5,904,504	502,117

	DEC 2025	1 APR 2024 - 31 DEC 2024
Social housing turnover and costs	£	£
Rent receivable	882,011	140,897
Service charge income	93,893	53,720
Service charge expenses	(204,329)	(55,589)
Property operating expenses	(206,562)	(64,861)
	565,013	74,167

There were £177,680 void losses during the period (2024: £3,863).

First tranche sales of shared ownership properties	4,928,600	307,500
First tranche costs of shared ownership properties	(3,172,771)	(234,476)
Profit from sale of first tranche shared ownership properties	1,755,829	73,024

	DEC 2025	1 APR 2024 - 31 DEC 2024
Accommodation in management and development	No. of properties	No. of properties
Social housing:		
Shared ownership balance at period start	24	24
Additions	508	-
Shared ownership balance at period end	532	24

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. TURNOVER (CONTINUED)

	DEC 2025	1 APR 2024 - 31 DEC 2024
Accommodation in management and development	No. of properties	No. of properties
Social housing:		
Shared ownership balance at period start	-	-
Additions	967	-
Affordable and social rent balance at period end	967	-

As at 31 December 2025 the Company had 412 (2024: nil) shared ownership properties under construction, and 836 (2024: nil) affordable rent housing under construction.

The Company owns 251 shared ownership properties and affordable rent units (2024: 24) that are managed on its behalf, under management agreements, by Pinnacle Property Management.

5. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 4 (2024 - 3).

	2025	2024
	Number	Number
Total	4	3

Remuneration of key management personnel

The aggregate amount paid to non-executive directors during the year was £55,897 (2024: £21,000).

The remuneration paid to the highest paid director during the year was £20,000 (2024: £9,000).

There were no full-time equivalent staff whose remuneration is payable in increments above £60,000 during the period, or in the comparative year.

	2025	2024
	£	£
Directors' remuneration	55,897	21,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OPERATING PROFIT/(LOSS)

	DEC 2025	1 APR 2024 - 31 DEC 2024
The operating profit (2024 - operating loss) is stated after charging:	£	£
Foreign exchange differences	485	-
Depreciation of owned tangible fixed assets	-	48
Costs of stocks recognised as an expense	3,172,771	234,476

7. CHANGE IN FAIR VALUE

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Fair value gains and losses on investment properties	9,226,524	189,382

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Bank account interest	2,104	721
Other interest received	34,500	-
	36,604	721

Other interest received relates to interest receivable on a loan to a fellow subsidiary and movements in the valuation of the interest rate cap.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Interest payable	1,545,580	237,396
Loan arrangement fees	175,829	-
Fair value movement on interest rate cap	179,800	-
	1,901,209	237,396

10. TAXATION

Analysis of the tax charge/(credit)

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
The tax charge/(credit) on the profit for the year was as follows:		
Deferred tax	249,223	(167,546)
Tax on profit/(loss)	249,223	(167,546)

Factors affecting the future tax charges

The company is part of a group which converted to a REIT on 1st January 2025.

From this date, Zen Housing will not pay UK corporation tax on the profits and gains from its qualifying property rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains from the company continue to be subject to corporation tax as normal. In order to achieve and retain group REIT status, several conditions have to be met on entry to the regime and on an ongoing basis, including as follows:

- At the start of each accounting period, the assets of the property rental business (plus cash and certain readily realisable investments) must be at least 75% of the total value of the Group's assets.
- At least 75% of the Group's total profits must arise from the tax exempt property rental business; and
- At least 90% of the Group's tax exempt profit of the property rental business (excluding gains) of the accounting period should be distributed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. INVESTMENT PROPERTY

	TOTAL
Fair value	£
At 1 January 2025	5,395,000
Additions	43,927,165
Revaluations	9,226,524
Net book value	£
At 31 December 2025	58,548,689
At 31 December 2024	5,395,000

Investment properties are comprised of £54,955,000 (2024: £5,395,000) completed shared ownership properties and homes for Affordable Rent, and £3,593,689 (2024: £nil) properties under construction.

The historical cost of investment properties at 31 December 2025 was £49,501,397 (2024: £5,574,232).

The company's investment properties have been independently valued at fair value by Savills (UK) Limited ("Savills"), an accredited external valuer with recognised and relevant professional qualifications.

The company's properties are valued by Savills on the following basis:

- **Shared Ownership** - using a discounted cashflow methodology applying a discount rate to estimated future cashflows.
- **Affordable Rentals** - using a discounted cashflow methodology applying a discount rate to estimated future cashflows.

The company's properties which are under construction are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEBTORS

	DEC 2025	1 APR 2024 - 31 DEC 2024
Amounts falling due within one year:	£	£
Trade debtors	388,468	39,816
Amounts owed by group undertakings	18,162,392	-
Interest rate cap premium	697,200	-
Other debtors	9,365,378	6,998,876
	28,613,438	7,038,692
Amounts falling due after more than one year:	£	£
Deferred tax asset	-	249,223
Aggregate amounts	28,613,438	7,287,915

At year end, other debtors of £7,558,750 (2024: £6,138,061) related to deposits paid for acquisitions.

Included in other debtors under prepayments are prepaid acquisition costs totalling £1,601,278 (2024: £837,664).

Included within trade debtors are tenant arrears totalling £59,412 (2024: £3,718).

Amounts owed by group undertakings are unsecured and repayable on demand. A balance of £10,878,271 (2024: £nil) is subject to interest at a rate of 8.47%, with the remaining balance being interest free.

Deferred tax asset

The company is part of a group which converted to a REIT on 1st January 2025. Under the REIT regime, the company will not pay corporation tax on the profits and gains from its qualifying property rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains from the company will continue to be subject to corporation tax as normal.

As such, although the company had estimated tax losses of £690,000 at 31 December 2025, these are unlikely to be utilised as the company expects future company and group profits to be solely or substantially derived from qualifying property rental business. Accordingly, no deferred tax asset has been recognised at 31 December 2025.

Derivative financial instruments

To partially mitigate the interest rate risk that arises as a result of entering into the debt facilities referred to in note 15, the company has entered into a derivative interest rate cap ('the cap').

The total notional value of the cap at 31 December 2025 was £42.0 million (2024: £Nil) with its term coinciding with the expiry of the term of the credit facility.

The strike rate of the cap as at 31 December 2025 was 3.75% which caps the company's cost of borrowing at 6.00% on the hedged notional amount. The interest rate cap is held at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Trade debtors	220,893	217,081
Amounts owed by group undertakings	41,093,177	11,019,325
Other creditors	13,879,103	5,504,674
	55,193,173	16,741,080

Included within other creditors in the current period is an external loan facility with the ultimate controlling company. As at 31 December 2025 the amount owed was £12,213,470 (2024: £5,480,616). The loan facility is charged at a fixed rate of interest, with a maturity date of 21st October 2029.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Bank loans	32,959,765	-
Terms and debt repayment schedule	2-5 years	Totals
Bank loans	32,959,765	32,959,765

Included within borrowings are prepaid loan arrangement fees totalling £3,544,618 (2024: £Nil).

Bank loans at 31 December 2025 relate to a facility of £47.7m that is due for repayment in 2029. As at 31 December 2025, £36.1m of the facility had been drawn down.

Interest is charged at a floating rate. As noted in note 12, the company has entered into a derivative interest rate cap to partially mitigate the interest rate risk that arises as a result of the floating variable rate.

Bank loans are secured by means of fixed and floating charges on properties of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. CALLED UP SHARE CAPITAL

	2025	2024	2025	2024
Allotted, issued and fully paid:	Number	Number	£	£
Ordinary share capital £1 each	900,002	900,002	900,002	900,002

The share capital account relates to amounts subscribed for share capital.

16. RESERVES

	RETAINED EARNINGS
	£
At 1 January 2025	(922,210)
Profit for the year	8,144,418
At 31 December 2025	7,222,208

Retained earnings incorporates all profits and losses and transactions with shareholders not recognised elsewhere.

17. CONTROLLING PARTY

The immediate parent undertaking is Pegasus Affordable Limited, a company incorporated in England and Wales, whose registered office is 3rd Floor, Northumberland House, 155-157 Great Portland Street, London, United Kingdom, W1W 6QP.

The ultimate controlling company is European Property Investors Special Opportunities 6 SCSp-SICAV-SIF, the registered office is 4, Rue du Fort Wallis, L-2714 Luxembourg.

18. INVENTORIES

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Shared Ownership properties	2,911,867	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. OTHER LEASING INFORMATION

The company leases some of its investment properties under operating leases. At the balance sheet date, the company has contracts with residents for the following future aggregate minimum rentals receivable under non-cancellable operating leases:

	DEC 2025	1 APR 2024 - 31 DEC 2024
	£	£
Receivable within 1 year	775,559	224,574
Receivable between 1-2 years	493,440	224,574
Receivable between 2-3 years	493,440	224,574
Receivable between 3-4 years	493,440	224,574
Receivable between 4-5 years	493,440	224,574
Receivable after 5 years	266,125,196	107,563,110
	268,874,515	108,685,980

Zen's shared ownership properties are let to shared owners on leases with initial lease terms of between 250 to 999 years.

Zen's affordable rental properties are let to tenants on leases with a minimum lease term of 2 months.

20. RELATED PARTY TRANSACTIONS

For the year ended 31 December 2025, the Directors of the company are considered to be the key management personnel.

Zen Living Management Limited ("ZLML"), a related party, provided management services to the company. During the year ZLML charged the company £725,231 (2024: £403,165). During the year, ZLML also charged the company development acquisition fees of £456,556 (2024: £198,131). No amounts were outstanding at the year-end (2024: £Nil).

At 31 December 2025, the amount due to the parent undertaking, Pegasus Affordable Limited was £41,093,067 (2024: £11,019,325). This loan was interest free and the balance was comprised of development funding.

Note 13 provides details regarding the loan from the ultimate controlling company.

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