

## M&G invests £62 million with leading housing associations into 370 shared ownership homes

- *Partnerships demonstrate a growing appetite for housing associations to partner with investors and institutional investors*

**London, 4 October 2023** – Against a backdrop of growing demand for shared ownership properties in the UK, M&G has struck a series of deals worth a combined £62.7 million to acquire 370 homes through a trio of partnerships with Chelmer Housing Partnership (CHP), Hyde Group (Hyde), and HSPG-backed Park Properties Housing Association (PPHA). The deals were made on behalf of the M&G Shared Ownership Fund which aims to provide investors with index-linked rental income and house price exposure by acquiring or funding the delivery of modern, sustainably-designed, affordable homes.

The partnerships are a continuation of M&G’s efforts to manage some of the funding challenges faced by housing associations through bringing long term, patient capital, into the sector. Under the terms of the transactions, M&G will directly fund the development of new homes or buy existing and pipeline stock, in turn, enabling the housing associations to recycle capital into new homes and further affordable housing initiatives. CHP, Hyde and PPHA will continue to manage the properties on behalf of M&G, ensuring a seamless transition for residents.

Recent Savills<sup>1</sup> research highlights growing appetite from housing associations to partner with investors and For Profit Registered Providers (FPRP), which now own more than 28,150 affordable homes – a 35% increase since March 2022. A growing presence in this market by FPRPs is only likely to accelerate further as investor demand for affordable housing with long term inflation-linked income shows no sign of abating. FPRPs are currently forecasting the addition of a further 9,300 homes by the end of 2023, taking total stock to almost 37,500.

**Alex Greaves, Head of UK and European Living at M&G Real Estate, says:** “These latest strategic partnerships mark a crucial step in our journey to meeting the significant demand for the shared ownership model in areas of the country where it is most needed. It’s also a brilliant example of how the private and public sectors can collaborate to make a positive impact on an underserved market. We’re delighted to be working with Hyde again and look forward to a long and productive partnerships with CHP and PPHA.”

With the closure of the Government's Help-to-Buy scheme earlier this year, shared ownership offers an affordable route to home ownership for first-time buyers and those who are unable to afford owning their home outright. The part-buy-part-rent model<sup>2</sup> provides a secure home managed by a professional landlord through a reduced deposit based on a part equity share, whilst the rent on the 'unbought' equity is often significantly lower than the equivalent market rent. Shared owners then have the benefit of house price growth and the ability to increase equity share – otherwise known as 'staircasing' – at a manageable pace.

**Paul Edwards, Chief Executive of CHP, adds:** "We're proud of our track record of building new affordable homes across Essex and are excited to be combining our expertise in this new and important partnership. Working with M&G we have brought in more investment for new homes, whilst still providing our great local customer service for the homes M&G have purchased. We are looking forward to continuing this relationship so that we can proactively tackle the housing crisis together in the longer term."

**Guy Slocombe, Chief Investment Officer for the Hyde Group, says:** "This deal demonstrates how this model allows us to accelerate the delivery of more affordable homes while enabling us to quickly recycle the capital we generate into new schemes. By combining our expertise in managing homes well with the investment M&G offers, we are bringing new investment into the sector, and it is playing an important role in meeting the challenges of the housing crisis."

**Guy Horne, CEO of HSPG, concludes:** "We are delighted to partner with M&G on our first transaction together, which introduces additional long term capital into the sector. By continuing to manage the homes, we will give our tenants consistent and high quality service. As our partnership develops, we are excited to deliver more affordable housing up and down the country as we help people gain access to home ownership."

M&G Real Estate is part of M&G plc's £76.7 billion Private Markets division.

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**If you require any further information, please contact:**

**Rebecca Grundy**  
M&G plc Corporate Affairs  
Tel: 07827 820428  
Rebecca.grundy@mandg.com

**Redwood Consulting – for M&G Real Estate**  
Paul Stelmaszczyk, Tom Belger or Matthew Taylor  
Tel: +44 (0) 7828 5553  
Email: mandg@redwoodconsulting.co.uk

**Notes to Editors**

<sup>1</sup> Savills Spotlight: Private Capital and Affordable Housing May 2023 (See: [https://www.savills.co.uk/research\\_articles/229130/346694-0](https://www.savills.co.uk/research_articles/229130/346694-0))

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<sup>2</sup> The model gives occupiers the opportunity to purchase an initial share in their property, paying rent on the remaining equity. As the purchaser needs a mortgage only to cover the share they are acquiring, the amount required for a deposit is more affordable than if the property were to be bought outright. The model allows occupiers the opportunity to purchase additional shares over time with the long-term objective of owning 100 per cent of the property

#### **Deal information:**

##### **The Hyde Group**

- £23 million transaction to acquire 73 homes at the 2,000-home Eastman Village development on the former Kodak factory site in Harrow.
- Powered by a community heating network, Eastman Village also has a new school, shops, healthcare provision and shared outdoor community space.

##### **CHP**

- £25.2 million transaction to acquire 168 new homes across 23 sites in Essex, helping to finance CHP's significant development pipeline.
- A combination of 126 houses and 42 apartments built between 2017 and 2022.
- M&G will work with CHP and its partners to offer residents cost efficient methods to upgrade the energy efficiency of their homes if needed.
- CHP will continue to manage the relationship with the customers living in these homes.

##### **HSPG**

- £14.3 million transaction to acquire 120 new build properties across 13 sites in the East Midlands and South East.
- Initial investment with partnership to help fund PPHA's £60 million pipeline of new shared ownership properties.
- PPHA is a wholly owned subsidiary of HSPG
- 60% houses and 40% low rise apartments with completion of all units expected in 2023.

#### **About the M&G Shared Ownership Fund**

Managed by Alex Greaves and Chris Jeffs, the M&G Shared Ownership Fund launched in 2021 with £215 million of investment from Cambridgeshire and Northamptonshire Local Government Pension Schemes (LGPS), Homes England and two M&G client funds. The Fund is part of M&G's established residential platform operated through an FPRP and regulated by the Regulator of Social Housing. M&G is using its expertise in the Private Rented Sector to invest in the construction of high-quality homes with design features specifically aimed at maximising energy efficiency and reducing maintenance costs for occupiers.

#### **About M&G Investments**

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has £342 billion of assets under management (as at 31 December 2022). M&G plc has over 5 million customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate.

M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

Its £32.8 billion property arm (as at December 2022 including cash), M&G Real Estate, is a leading financial solutions provider for global real estate investors, has a sector leading approach to responsible property management and is committed to continuously improving the sustainability performance of its funds.

### **About the Hyde Group**

Hyde is a leading provider of affordable housing in London, the south east of England and neighbouring areas. We're primarily a group of 'not-for-profit' organisations, headed by Hyde Housing Association, which was established in 1967. We provide about 44,000 homes for people who might not otherwise be able to afford one, as well as providing them with easy-to-use landlord services.

We're committed to our social purpose, to becoming a truly customer-driven organisation, providing great services and ensuring our homes are safe, decent and energy-efficient.

To find out more about the Hyde Group visit [www.hyde-housing.co.uk](http://www.hyde-housing.co.uk)

### **About CHP**

Based in Chelmsford, Essex, CHP is a locally managed and governed housing association, registered as a Community Benefit Society. CHP was established in 2002 to deliver its core social purpose of meeting housing need by providing homes for rent and sale. It owns or manages more than 11,000 homes and provides services for over 26,500 customers.

### **About HSPG**

HSPG is a social impact investor delivering positive outcomes for the most vulnerable members of society and helping tackle the huge undersupply of social housing across England. Through Park Properties Housing Association, we deliver new build affordable housing of all tenures, working closely with housebuilders and developers through long term partnerships.

We manage Rent and Shared Ownership properties for our investors ensuring tenants benefit from high quality service and affordable prices.

For more information, please visit: <https://global.mandg.com/>

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