

27 January 2022

M&G invests in sustainable housebuilder Greencore Construction and pledges up to £500 million of investment in UK climate positive homes

M&G to channel major investment into building energy efficient homes which are climate positive in both construction and operation

M&G plc has acquired a majority stake in sustainable housebuilder Greencore Construction (“Greencore”), on behalf of policyholders in its £143 billion Prudential With Profits Fund. The investment will help Greencore to significantly expand its capacity and increase its impact across the UK. M&G also plans to invest up to half a billion pounds over the next three to five years in sustainable new developments of private and affordable housing, in partnership with Greencore.

Greencore has developed an innovative modern method of construction (MMC) which uses a closed panel timber frame, manufactured off-site and insulated with natural materials such as hemp, lime and wood-fibre. This allows it to build high quality, energy efficient homes which lock up more carbon than is emitted both during construction and also over the lifetime of the home. Greencore’s science-led approach is a unique and disruptive solution within the housebuilding sector, which needs to make major changes to its methods in order to meet the UK’s net zero targets and help people reduce fuel bills.

The equity investment into Greencore has been made by M&G’s Catalyst team, which is investing up to £5 billion into innovative privately-owned businesses working to create a more sustainable world. Catalyst’s flexible and patient capital will allow Greencore to scale its operations nationwide and deliver for their large institutional clients. The co-development with Greencore will be led by M&G’s real estate investment team, on behalf of investors in its residential property and shared ownership strategies.

With its increased capacity Greencore will expand its customer base of existing and new institutional clients for new developments. It is about to complete Springfield Meadows, an award winning sustainable housing development in Oxfordshire, one third of which is available for affordable rent or shared ownership. WSP, one of the UK’s largest engineering professional services consultancies, has conducted independent assessments of the Greencore products, including a whole life carbon emissions assessment on Plot 12 on Springfield Meadows, a typical Greencore house. This evidenced that Greencore is at the forefront of sustainable housing in the UK, with negative whole life carbon emissions (-278 kgCO₂e/m²), compared with RIBA (Royal Institute of British Architects)’s 2030 target of +625 kgCO₂e/m² for domestic housing.

Ian Pritchett, Managing Director of Greencore Construction, says: “With this investment, Greencore can scale to have a transformational impact on sustainable housebuilding standards in this country.

The built environment is one of the biggest emitters of carbon, both in construction and occupation, but we've shown it doesn't have to be this way. Our homes are sustainable to build and sustainable to live in, which is becoming more important than ever as energy prices continue to spiral."

Jack Daniels, Chief Investment Officer, M&G plc, says: "The scale, expertise and flexibility we have across our business means we are uniquely positioned to help Greencore transform UK house building to a more sustainable model. Our investment will enable thousands of people to live in high quality, comfortable and energy efficient homes, while also potentially benefitting millions of our customers and policyholders in our With Profits Fund."

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Notes to Editors:

What are "climate positive" homes?

Greencore Construction describes its homes as climate positive because they: (i) lock up more carbon than they emit in the construction phase, (ii) produce more energy than they use over their lifetime and (iii) have numerous other positive (direct, or indirect) impacts on the environment. The carbon emissions emitted in building Greencore homes and over their whole life cycle have been independently assessed and verified by engineering consultants WSP.

About M&G Catalyst

The Catalyst investment strategy sits within the Private & Alternative Assets division at M&G. With over two decades of experience in private asset investment, M&G already manages over £65 billion in private credit, private equity and real estate on behalf of Prudential policyholders and external clients. Drawing on this expertise and track record in private assets, Catalyst has a mandate from the Prudential With-Profits Fund to invest up to £5 billion in innovative private companies which are working to create a more sustainable world.

About Greencore Construction

Greencore Construction was set up in 2013 by Ian Pritchett and Martin Pike. Its aim was to build high performance, low carbon buildings using natural materials – predominantly hemp, lime, and

timber. Today, Greencore combines a strong scientific approach with pragmatic and practical delivery using an experienced team.

For more information visit <https://www.greencoreconstruction.co.uk>.

About M&G plc

M&G plc is an international savings and investments business, managing money for both individual savers and institutional investors in 28 markets. As at 30 June 2021, we had over £370 billion of assets under management and administration, around 5 million retail customers and more than 800 institutional clients.

With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our savings and insurance customers under the Prudential brand in the UK and Europe and for asset management in South Africa, and under the M&G Investments brand for asset management clients globally.

M&G 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.

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