



Legal & General boosts investment in the Kensa Group to scale up ground source heat pump deployment

FRIDAY 17th JUNE 2022: Legal & General Capital (LGC) has made a further £8 million investment into the Kensa Group, a UK manufacturer and installer of ground source heat pumps, as part of their ambitions to support the UK's clean energy transition.

This investment brings LGC's total investment to £15.7 million over two years. The capital will support the Kensa Group as it continues to scale up rapidly to accelerate the deployment of ground source heat pump technology and networks to meet demand. To date, between 30,000 to 40,000 pumps are installed annually, but both the Climate Change Committee and the Government have ambitions for the UK to install 600,000 heat pumps per year by 2028.

The Climate Change Committee and the Government's Heat and Buildings Strategy made clear that low carbon heat pumps are a key component in the UK's journey to zero carbon and they can reduce an average household's fuel bill of up to 27%, saving them approximately £261pa, helping people out of fuel poverty.

John Bromley, Head of Clean Energy at LGC, said: "We invest our capital in clean energy assets, businesses and technologies which will help accelerate the UK's progress to a low-cost, low-carbon economy. Our partnership with Kensa is delivering at pace and this further investment in Kensa will enable the business to continue to scale up, bringing vital capacity to the sector.

We are delighted to continue to support a business which is playing a major role in the transition to low carbon heating in the UK, whilst supporting significant job creation in the low carbon sector."

Legal & General Capital invests in green businesses providing scalable solutions to tackle the climate crisis. Kensa Group and Legal & General Capital joined forces in April 2020 with the shared aim of securing a safe, reliable clean energy future. Kensa is the only integrated supplier of ground source technology and its networked heat pump and infrastructure solutions are one of the most developed and effective for delivering the lowest carbon heating to homes for the lowest cost.

Kensa Group CEO, Dr Matthew Trehwella, said: "This second investment from Legal & General Capital cements the successful partnership we have built together these past two years and marks a major milestone in the development of Kensa's ground source heat pump solutions.

"The whole heat pump supply chain, including Kensa, will have to expand dramatically to meet the UK's 2028 heat pump installation target. This investment will allow us to significantly step up our efforts in areas such as R&D and operations, as we continue to prepare for further rapid growth."

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In the two years since Legal & General Capital made its initial investment, Kensa Group has been through a period of accelerated growth, bringing in highly skilled professionals to grow the business from 70 to 180 employees, subsequently bolstering the green economy. The Group revenue has doubled, from £15.5 million to £31.5 million, cementing the organisation's position as UK market leader in a time when the market is growing rapidly and seeing increased competition.

Kensa Group COO, James Standley, said: “Deploying ground source heat pumps at scale is one of the very lowest cost ways to decarbonise our heating systems and we are confident that Kensa will play a key part in demonstrating and delivering this solution as part of the UK’s pathway to net zero.”

Kensa’s solution for the mass transition to decarbonised heat which embraces the scaled benefits of the technology, as featured at COP26, is a street-by-street deployment of ground array infrastructure to enable the connection of networked heat pumps as carbon intensive fossil fuel systems reach the end of their lifetimes and new properties are ready to connect.

Kensa Group’s manufacturing facility increased its production by 150% during the pandemic, breaking records for the number of ground source heat pumps made in the UK, and is working towards a further twofold increase in capacity by 2023. In addition, an estimated 8 million tonnes of carbon will be saved per year by Kensa ground source heat pumps that have been installed since April 2020. This is the equivalent of removing 2,797 combustion engine cars from the road.

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Notes to Editors

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With almost £1.3 trillion in total assets under management*, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

** at 31 December 2020*

About Legal & General Capital

Legal & General Capital (LGC) is Legal & General Group's alternative asset platform, creating assets for Legal & General Retirement and third-party clients in order to achieve improved risk-adjusted returns for our shareholders.

LGC has built its market leading capabilities in a range of alternative assets, delivering depth of resource, track record and intellectual property. Investing in the real economy and creating alternative assets that deliver a tangible societal impact, its purpose is to invest society's capital for society's benefit. LGC's investments have been vertically integrated and include: residential property; specialist commercial real estate; clean energy; alternative credit; and venture capital.

As LGC's capability to create alternative assets continues to grow, it will not only continue to grow its balance sheet alternative assets but also create alternative assets for third party investors. Many of these investors have the same aims, namely to create assets to back pensions with an improved yield or to create assets with strong growth prospects but with low correlation to equities.

L&G has invested around £30bn in levelling-up regional economies, including through major regeneration schemes in Cardiff, Newcastle and Salford. Legal & General recently made a commitment to enable all new homes across its portfolio to operate at net zero carbon emissions by 2030, including Legal & General Modular Homes, CALA Group, Legal & General Affordable Homes, Build to Rent and Later Living.

About Kensa:

Established in 1999, privately-owned, and headquartered in Truro, Cornwall, the Kensa Group is a fast-growing collection of award-winning businesses involved in the manufacture and installation of ground source heat pumps and the ownership of associated underground infrastructure.

Now employing over 180 people the Kensa Group wholly owns Kensa Heat Pumps Limited and Kensa Contracting Limited.

An estimated 8 million tonnes of carbon will be saved over the lifetime of the Kensa ground source heat pumps that have been installed since April 2020. This is the equivalent of removing 2,797 combustion engine cars from the road.

Kensa Heat Pumps remains the UK's only manufacturer of ground source heat pumps and is the long-established market leader according to BSRIA annual reports. It provides products and technical support to an extensive network of plumbing contractors.

Kensa Contracting is a specialist installation business that focuses on large-scale new build and social housing retrofit programmes. It benefits from unrivalled experience and expertise and has delivered the UK's largest installations in the residential sector.

Kensa Utilities is an infrastructure asset company that funds, owns and maintains shared ground loops that serve heat pump installations. It utilises subsidy support to provide these assets at zero cost to the housebuilder or social landlord.

The Kensa Group is partly owned by Legal & General Capital, part of Legal & General PLC. About This is simulation text. It is intended to be read but have no meaning.

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