Elphinstone Research Group



Real Estate Research Report

Cargill – Estuary Banks

October 2026

Contents

Authors – P.2

Executive Summary – P.3

Property and Lease Overview – P.4

Tenant Covenant and Credit Analysis – P.7

Location and Market Evidence – P.9

Asset Management and EPC Opportunities – P.11

Commercial Real Estate Team



Henry Albery – Founder and Co-Head of CRE Team
The University of Edinburgh – Business and Economics (MA Hons)



Ashwin Chapagain – Co-Head of CRE Team
The University of Edinburgh – Business Administration and Management (MA Hons)



Edward Crosthwaite – Co-Head of CRE Team
The University of Edinburgh – Mechanical Engineering (BEng Hons)



Benedict Ashton – Analyst
The University of Edinburgh – Economics (MA Hons)



William Franklin – Analyst
The University of Edinburgh – History and Economics (MA Hons)

Investment Proposition

Cargill Estuary Banks is a single-let industrial and manufacturing investment in Speke, Liverpool, comprising 65,160 sq ft on a 5.78-acre long leasehold site. The property is let to Cargill PLC under a fully repairing and insuring lease expiring on 2 September 2031 and produces a contractual passing rent of £387,206 per annum (£5.94 per sq ft). The brochure sought offers above £6.05 million, reflecting a 6.00% net initial yield and a low capital value of approximately £93 per sq ft.

The attraction of the asset is the combination of near-term income, low capital value and site optionality. The existing building occupies a low proportion of the site and is accompanied by approximately 2.57 acres of expansion land. The brochure illustrates either a 50,000 sq ft single unit or two self-contained units totalling approximately 40,000 sq ft, although both routes remain subject to the relevant planning, access, title constraints and agreement with Cargill while its lease continues.

Income and Covenant

Cargill closed the Speke facility on 31 December 2024 and is decommissioning the site. However, Cargill remains contractually liable under the lease unless a surrender is agreed. The vacancy therefore creates both risk and opportunity: the landlord retains income through September 2031, subject to tenant performance, while a negotiated surrender could accelerate refurbishment, re-letting or development.

The tenant has substantial balance-sheet resources and rent represents a small proportion of turnover. However, recent operating performance has been volatile and no parent-company guarantee has been identified in the materials reviewed. The investment should therefore be presented as income secured by Cargill PLC's covenant and balance sheet, with evidence of wider group support, rather than as a direct obligation of Cargill, Inc.

Real estate fundamentals

Speke is an established industrial location south-east of Liverpool city centre, with access to the M57, M62, A561 and A5300 and proximity to Liverpool John Lennon Airport. The wider occupier base includes national and multinational industrial, logistics and distribution businesses. The asset benefits from a large yard, 10 level-access loading doors, 75 car spaces and long leasehold tenure at a peppercorn ground rent.

The building's physical specification requires balanced treatment. Its low site coverage and flexible yard are attractive, but the 7m eaves height, specialist food-production fit-out, EPC C rating and age make it less directly comparable with new Grade A logistics units offering 12-15m eaves.

Business Plan

The base business plan is to collect rent through to lease expiry, complete decommissioning and reinstatement due diligence, undertake an EPC B-led refurbishment, allow a nine-month void and six-month rent-free period, and secure a new institutional-quality lease. The current model assumes £7.50 per sq ft of capex, a new lease commencing in June 2032 and rent commencing in December 2032.

The 2.57-acre plot provides separate optionality (see Asset Management), but none of it should be included in the underwritten base case until planning, access, headlease restrictions, grid capacity and tenant consent have been established.

Transaction Overview

Acquisition (model)			
Asset	Estuary Banks, Speke	**Tenant**	Cargill PLC
Net price	£6,042,541 (£92.73 psf)	**Purchaser's costs**	£410,893 (6.8%)
Gross price	£6,453,433 (£99.04 psf)	**Net initial yield**	6.00%
Cash flow start	1 April 2026	**Hold / exit**	10 years / 1 April 2036
Income and lease			
Passing rent	£387,206 (£5.94 psf)	**Lease expiry**	2 September 2031
Rent review	5 Sep 2026; RPI, 1%–4%	**Model review rent**	£465,674 (£7.15 psf)
Brochure review	£460,099 (£7.06 psf)	**Post-review yield**	7.22%
Business plan (model)			
Void / rent-free	9 / 6 months	**Lease / rent start**	Jun 2032 / Dec 2032
Model ERV today	£7.00 psf (£456,120)	**Re-let rent (2032)**	£515,392 (£7.91 psf)
Capex: EPC B	£7.50 psf (£488,700)	**Capex: EPC A**	£20.00 psf (£1,303,200)
Exit and returns (unlevered)			
Exit yield	6.00%	**Gross sale price**	£8,589,861 (£131.83 psf)
Sales costs (2.5%)	£214,747	**Net sale proceeds**	£8,375,115
IRR	8.4%	**Equity multiple**	1.87x
Profit	£5,887,840	**Avg running yield**	7.97%

Source: Elphinstone Research Group model (14 October 2026); PK3 Agency brochure. Purchaser's costs of 6.8% are added to the net price and the net initial yield is struck on the gross price.

Financial Model Review

Our model produces sufficiently attractive output metrics, with an unlevered IRR of 8.4% based on conservative assumptions for re-letting following Cargill's expiry. An average yield on cost of 7.46% is significantly above the already high implied cost of debt of c.5.5%, which is inflated by the 5-year gilt swap rate reaching 5.03% at the time of writing. A 10-year hold allows time for extensive refurbishments to take place, so that we should be able to exit at an attractive rent in a period with potentially better macroeconomic conditions.



Property Overview

The subject property comprises a 65,160 sq ft industrial facility situated on a 5.78-acre site in Speke, Liverpool. The building is of steel portal-frame construction with warehouse, production, laboratory and office facilities.

Property Specification	Detail
GIA (sq ft)	65,160
Site Area (Acres)	5.78 (22% stated site coverage)
Development Land (Acres)	2.57
Eaves Height	7m (10m apex)
Loading Facilities	10 level-access doors
Parking	75 spaces
EPC	C (57)
Tenure	Long Leasehold, Peppercorn ground rent

The property was formerly used for specialist food manufacturing, with 37,948 sq ft of ground-floor warehousing and 17,568 sq ft of upper-floor production space. The property seems to be in good condition, but due diligence and surveys are needed to confirm the condition of the roof, drainage systems and floor plate, all of which could pose significant issues for re-letting.



Existing Lease and Tenant Position

Cargill PLC occupies the property under a 25-year fully repairing and insuring (FRI) lease from September 2006, expiring on 2 September 2031. The brochure states that the lease falls within the Landlord and Tenant Act 1954, although statutory renewal rights at expiry will depend partly on the tenant's occupation status.

Cargill ceased operations at the site on 31 December 2024 and subsequently commenced decommissioning. The brochure does not confirm a surrender agreement or binding commitment to vacate, so vacant possession in 2031 should not be assumed.

The brochure's passing rent of £387,206 per annum (£5.94 psf) was due for an RPI-linked review on 5 September 2026, subject to a 1% collar and 4% cap on annually compounded RPI growth. The agent projected an increase to £460,099 (£7.06 psf), assuming 3% annual RPI growth. The actual reviewed rent, tenant occupation status and any surrender arrangements require verification.

Proposed Re-Letting Strategy

Following vacant possession, the preferred strategy would be to secure a 10–15-year institutional-quality FRI lease with a financially robust industrial or logistics occupier, ideally providing at least 10 years of certain income.

The preferred lease structure would incorporate:

- **Strong tenant covenant:** An investment-grade occupier where achievable, supported by a parent-company guarantee or rent deposit where appropriate.
- **Long-term income security:** A minimum 10-year term certain, preferably without an early tenant break option.
- **Predictable rental growth:** Five-yearly upward-only open-market reviews or capped and collared index-linked rent reviews.
- **FRI and reinstatement obligations:** Tenant responsibility for maintenance, repairs and insurance costs, with clearly defined reinstatement obligations at expiry.
- **Development flexibility:** Exclusion of the 2.57-acre expansion plot from the new tenant's demise, where feasible, preserving the landlord's ability to develop independently. This would require appropriate access and servicing arrangements. Contracting out of the Landlord and Tenant Act 1954 should also be considered where redevelopment flexibility is a priority.

Due Diligence and Investment Implications

Before acquisition, priority should be given to verifying Cargill's lease obligations, current rent, intended departure and any surrender discussions. Building and environmental surveys should establish potential contamination, decommissioning liabilities and refurbishment requirements, while legal due diligence should assess title restrictions and the feasibility of developing the expansion land.

Backstory & ownership

The tenant is Cargill PLC, Cargill's main UK operating company, incorporated in 1978. Its registered activities are the manufacture of oils & fats, starches, cocoa & chocolate and organic chemicals. It is wholly owned by Cargill, Inc., the US agribusiness founded in 1865. Cargill, Inc. is not listed: c.88% is owned by the founding Cargill and MacMillan families and the rest by employees. It is the largest private company in the US (FY26 revenue $164bn). Cargill PLC has no standalone credit rating: rating agencies treat it, and the UK funding vehicle Cargill Global Funding PLC, as relying on the credit standing of Cargill, Inc. (Fitch). Cargill, Inc. currently holds an 'A' credit rating on its corporate bonds maturing in 2041. However, the parent does not appear to guarantee the lease, so this analysis looks at Cargill PLC's own accounts first.

The Speke plant was built for ADM's chocolate business and came to Cargill in 2015 as part of its $440m purchase of ADM's global chocolate arm. Cargill is consolidating its chocolate production into fewer, larger sites and has closed other ex-ADM plants.

Key Financial Metrics

Cargill PLC	FY 25	FY 24	FY 23	FY22
Turnover	**1,053.7**	**1,163.3**	**1,403.2**	**1,347.2**
Growth	*(9.4%)*	*(17.1%)*	*4.2%*	*n/a*
Gross Profit / Loss	(7.4)	51.0	(72.4)	91.9
Gross margin	*(0.7%)*	*4.4%*	*(5.2%)*	*6.8%*
Other operating income	110.3	95.5	89.1	72.5
Operating profit / (loss)	(5.3)	40.4	(106.7)	51.4
Profit / (loss) before tax	**7.8**	**23.6**	**(94.9)**	**70.9**
PBT margin	*0.7%*	*2.0%*	*(6.8%)*	*5.3%*
Profit / (loss) after tax	5.8	47.2	(74.5)	63.4
Shareholders' funds (net assets)	**674.0**	**679.2**	**579.2**	**682.8**
excl. pension surplus	*542.6*	*540.2*	*417.9*	*541.0*
Rent cover (PBT / passing rent)	**20x**	**61x**	**n/a (loss)**	**183x**
Net assets / passing rent	1,741x	1,754x	1,496x	1,763x
Rent as % of turnover	0.037%	0.033%	0.028%	0.029%

Source: Cargill PLC statutory accounts (Companies House). Figures in £m from £000 accounts.

- **Shrinking top line.** Turnover fell from £1.40bn in FY23 to £1.05bn in FY25, down 25% in two years (FY25: down 9.4%). Some of this is lower commodity prices passing through to revenue, and some is lost Speke output after the plant closed in December 2024, halfway through FY25.
- **Core trading is weak.** The company made a gross loss in two of the four years (£72.4m in FY23, £7.4m in FY25). FY25's operating result was a £5.3m loss, rescued only by other operating income of £110.3m. This income has risen every year since FY22 (£72.5m), and the accounts' notes should confirm it, but it is most likely recharges and service income from other Cargill companies.
- **Profit relies on items below the line.** In FY25, investment income (£7.6m) and net interest income (£6.3m) turned the operating loss into a £7.8m pre-tax profit. FY24 included a £38.0m investment impairment, and tax credits flattered the after-tax result in both FY23 and FY24.
- **Balance sheet is solid.** Net assets were £674m at FY25 (c.1,740x rent), or £543m (c.1,400x) excluding the £149m pension surplus, which is a less reliable asset. Working capital is positive (£53m), and long-term creditors fell from £68m to £5m in FY24. Cash is almost nil (£59k), which is normal for a subsidiary whose cash is pooled with the group.
- **Rent is still easily affordable, with the parent standing behind it.** Even FY25's thin profit covers the rent c.20x, and rent is under 0.04% of turnover. The parent injected £90m of new share capital in FY24 and more in May 2026, so the covenant's strength comes from the balance sheet and group support, not trading profits.

Industry & outlook

Cargill PLC sits in agribusiness and food ingredients, a structural growth industry driven by population, protein demand and biofuels. Margins are thin and swing with crop prices, which is visible in the volatile UK results above.

The cocoa and chocolate sub-sector has been through a price shock rather than a decline. Cocoa futures spiked above $12,000/t in 2024 after poor West African harvests, then fell c.70% to around $2,900/t by early 2026 as supply recovered and demand weakened. High prices drove reformulation (less cocoa, more substitute fats) and lower volumes: Barry Callebaut, the largest bulk chocolate maker, reported a 22% drop in cocoa volumes in late 2025, and surpluses are forecast for 2025/26 and 2026/27. Long term, this is a mature, low-growth industry where big processors are closing older plants and concentrating on fewer, larger, modern sites. Speke's closure fits that pattern, so it reads as a footprint decision rather than a sign of financial distress.

Credit and Key Risks

- **Ability to pay:** Default on £0.39m pa through to 2031 is very unlikely given £674m of net assets and a supportive A-rated parent on whom the UK company relies. That rests on the balance sheet and group backing, not on profits, which are thin and volatile. Without a guarantee, that support is commercial, not legal.
- **Willingness to pay:** The tenant has moved out. Expect Cargill to seek a surrender; a premium (roughly the remaining rent, less a negotiated discount) is the likely outcome, which would also unlock the brochure's redevelopment options.
- **No parent guarantee mentioned.** Confirm in the lease whether Cargill, Inc. guarantees, and check assignment and subletting rights: an assignment to a weaker tenant is a risk on an empty building.
- **Reversion & dilapidations.** The building comes back as a specialist food plant with c.7m eaves, against 12-15m on new Speke stock. Stripping out process plant should be costed and tied to the full repairing obligations; the lease is inside the 1954 Act.



Specialist production hall at Estuary Banks, with process plant that would need to be stripped out on reversion. Source: PK3 Agency.

Location Summary

Speke lies on the northern bank of the River Mersey, c.6 miles south-east of Liverpool city centre, and has developed into one of the city region's established industrial and logistics locations. It is home to Liverpool John Lennon Airport. Road access is via the A561 and A5300 (Knowsley Expressway) to the Tarbock Interchange (J1 M57 / J6 M62), c.6 miles to the north, giving direct access to the national motorway network.

Estuary Banks is an established occupier location, home to national and multinational businesses including B&M, Adient UK, DHL, The Very Group and the NHS.

Why Speke

Connectivity of Cargill Estuary Banks, Speke | approximate distances from the subject property

Motorways

M57 (Junction 1)	**6 miles**
M62 (Junction 6)	**6 miles**
M56 (Junction 11)	**13 miles**
M6 (Junction 21A)	**17 miles**

Rail

Liverpool South Parkway	**2 miles**
Hunts Cross	**2 miles**

Key Locations

Liverpool City Centre	**6 miles**
Widnes	**6 miles**
Runcorn	**7.5 miles**
Warrington	**12 miles**
Manchester City Centre	**30 miles**

Ports

Port of Liverpool	**15 miles**

Airports

Liverpool John Lennon	**3 miles**
Manchester Airport	**30 miles**

1st Ranked 1st for forecast export growth, and within the top 10 for access to consumer markets, labour, land supply, port capacity and size of existing logistics market (Knight Frank)

Port of Liverpool

45% of the UK's trade from the United States

4th busiest container port in the UK

c.900k TEUs of cargo handled (2023)

£400m Liverpool2 deep-water terminal

The UK's leading transatlantic port.

John Lennon Airport

70+ direct destinations worldwide

No. 1 UK airport 2024, second year running (Which?)

5m+ passengers in 2024

35,560 aircraft movements in 2024

Seven miles south-east of Liverpool city centre.

Sources: Peel Ports; Knight Frank; Which?; Liverpool John Lennon Airport; agent particulars.

Occupational Market Commentary



Subject property (Speke) Rent by location (£ psf)

Source: PK3 Agency; recoloured by ERG.

While Liverpool as a broader market commands prime industrial rents (£10.00–£11.00 psf), Speke has historically lagged behind due to macro-logistics geography and local infrastructure layouts. In South Liverpool, HGV traffic heading north or east must navigate urban or suburban arterial roads to clear the city and reach the M62. This "last-mile" friction adds transit time and operational costs, which generally depresses the headline rent occupiers are willing to pay across the submarket.

The Cargill unit at Estuary Banks marks an exception to this regional structural narrative. Unlike Speke's legacy manufacturing footprint, Estuary Banks is a modern, high-specification institutional micro-market. The Cargill unit's lower passing rent of ~£6 psf is not a reflection of the building's intrinsic worth; rather, it is a structural byproduct of a legacy 25-year lease signed in 2006 with rigid rent review caps. Because market rental growth has vastly outpaced these caps, the asset is highly reversionary, offering an investor a premium-quality, low-density asset locked significantly below its true current open-market value.

Market Comparables

Property	Size (sq ft)	Transaction	Rent (psf)	Specification
AIR 66 L24 1YL	66,000	Asking	**£8.95**	New build; 12m eaves; 8 doors; BREEAM Excellent
Hurricane 52 L24 8RF	52,760	Let, Q4 2023	**£8.25**	New build; 12m eaves; 45m yard; BREEAM Very Good
Speke 100 L24 9PG	97,876	Let, Q2 2024	**£7.95**	New build; 15m eaves; 50m yard
Speke Hall L24 1UY	52,125	Let, Q2 2024	**£6.50**	Second-hand; 5m eaves; 27% site coverage

Source: PK3 Agency.

Key Takeaways & Evidence Weighting

The Prime Baseline
AIR 66 & Hurricane 52

AIR 66 represents the most direct volume-for-volume comparable to the subject asset. Its active asking rent of £8.95 psf establishes the current baseline for prime space in South Liverpool. This is heavily supported by the transaction at Hurricane 52, which achieved £8.25 psf back in late 2023. Given the chronological market growth since that deal, prime rents for this size bracket have firmly moved north of £8.75 psf.

The Scale Discount
Speke 100

The transaction at Speke 100 at £7.95 psf reflects a standard quantum discount for a significantly larger building (~100,000 sq ft). It proves that even for large-box layouts in Speke, modern specifications (15m eaves) easily command near-£8.00 figures, highlighting how heavily discounted the subject asset's £6.00 psf passing rent is.

The Floor Pricing
Speke Hall

Speke Hall provides the perfect counter-evidence to the "secondary stock" narrative. At £6.50 psf, this severely compromised, second-hand unit—with highly restrictive 5m eaves and an inefficient, high-office layout—still commands a higher rent than Cargill's current passing rate. Because the Cargill unit boasts modern, institutional-grade eaves and clear spans, it is fundamentally incorrect to value it alongside low-clearance legacy stock like Speke Hall.

Valuation Conclusion & Reversionary Potential

~£6.00	£9.00–£9.50	33–37%
passing rent (psf)	upside case ERV (psf)	discount to upside ERV

The comparable evidence demonstrates a stark polarisation between compromised secondary space (£6.50 psf) and modern, Grade A logistics space (£8.25–£8.95+ psf).

Because the Cargill unit at Estuary Banks delivers prime physical specifications combined with a rare 22% site density and an additional 2.57-acre expansion plot (far superior to the site dynamics of AIR 66 or Hurricane 52), its Estimated Rental Value (ERV) could reach £9.00 to £9.50 psf in an upside case, against the £7.00 psf used in our base case model.

Consequently, in this upside case the asset's passing rent of ~£6.00 psf sits at a 33% to 37% discount to market (c.15% against our £7.00 psf base case), representing an outstanding reversionary capture for an incoming investor upon lease expiry or restructuring.

Asset Management Strategy

The 22% site cover is the main source of value creation. We underwrite the acquisition on contracted income alone, so the options below are upside that is not reflected in the price.

Option	What it Involves	Capital Required	Key Constraint
Develop the plot	A 50,000 sq ft solus unit or two units totalling 40,000 sq ft, delivered through a pre-let or forward funding	High	Planning consent, new highway access and Cargill's consent while the lease runs
Sell the plot	Sale of the 2.57 acres to a developer or owner-occupier	None	Simpler if the plot sits on its own title (the site is held on two, MS597963 and MS414359). The head lease may restrict a sale of part
Outdoor storage	Letting surplus land for trailer parking, container storage or plant hire	Low (surfacing and fencing)	Planning use and Cargill's consent
Re-let with an enlarged yard	Marketing the existing unit to occupiers that need a large secure yard	Low	7m eaves limit the occupier pool
On-site energy	A solar carport, battery storage or EV charging on part of the land	Medium	Grid connection capacity and lead times

The plot is the largest opportunity. It would turn a single-let asset into a multi-let estate, which should support a sharper exit yield. Selling the plot is the lower-risk alternative. It recovers equity early but gives up the development profit.

The property has been marketed by LM6 Property Solutions to let at £625,000 pa (£9.59 psf) on a new lease, or for sale at £8.0m (LM6). This is an asking figure with no date shown. It is well above the £6.50 psf second-hand evidence, so we do not rely on it, but it indicates the level the market is being tested at.

Outdoor storage suits this location. The site sits close to the Port of Liverpool and the Liverpool2 deep-water terminal. Knight Frank reports that UK prime rents for open storage rose 36% over two years (CoStar, September 2025).

The site is not in a Freeport tax site. The Liverpool City Region tax sites are Parkside, 3MG in Widnes and Wirral Waters (LCRCA). Speke sits within the wider Freeport boundary, but that boundary carries no tax relief. We therefore do not rely on Freeport reliefs in our appraisal.

Phasing

1. During Cargill's lease, we would explore interim income from outdoor storage or energy uses, subject to Cargill's consent. In parallel, we would open surrender discussions covering a premium and a dilapidations settlement.
2. On surrender or expiry, we would strip out the production fit-out, complete the EPC works and re-let the existing unit.
3. For the plot, we would choose between development and sale based on planning, title and market conditions at the time.

Returns

The underwritten case holds to lease expiry, completes the EPC B works and re-lets the building. It returns an unlevered IRR of 8.4% and a 1.87x equity multiple over a 10-year hold, assuming an exit yield of 6.00% in line with the entry yield. The surrender and plot options are not underwritten and sit as upside to these returns.

With successful asset management, we believe the exit yield could compress to 5.68%. A modernised building at EPC B, let on a new long lease, would trade at a sharper yield than the current dark asset. On that basis the return rises to 8.9% and a 1.94x equity multiple.

The exit yield is the main sensitivity. Each 0.5% outward shift reduces the IRR by around 0.6 to 0.7 points, but the asset still returns 7.2% at a 7.00% exit yield.

Exit yield	Unlevered IRR	Equity multiple
5.68% (asset management upside)	8.9%	1.94x
6.00% (base)	8.4%	1.87x
6.50%	7.8%	1.78x
7.00%	7.2%	1.70x

ESG Strategy

We target EPC B at re-letting in the base case and retain A as an option. The property is rated C-57 today. That meets the current legal minimum of E for letting.

The standard is due to tighten. In an interim response published in summer 2026, the government set out that privately rented commercial buildings over 1,000 sq m must reach EPC B from 2031, where this is cost-effective (Jones Day; RICS). The property extends to 6,053 sq m, so it falls within scope. Our re-letting window of 2031 to 2032 coincides with the new requirement. This is neither law nor the government's final position, and the seven-year payback test still applies. We plan on the basis that B will be required.

On the EPC scale a lower score is better. B requires 50 or below, about 7 points from today. A requires 25 or below, about 32 points.

Phase 1: EPC B

We would carry out the works during the strip-out, while the building is vacant:

- Remove the production fit-out and refrigeration plant, then re-assess the rating
- Replace all lighting with LEDs controlled by occupancy and daylight sensors
- Replace gas heating in the offices with air source heat pumps
- Improve airtightness at the loading doors and roof lights, and upgrade office glazing
- Install a building management system and smart metering

Removing gas heating is the most effective single step in improving an industrial building's EPC. Our working assumption is £5 to £10 psf, or £0.3m to £0.65m across 65,160 sq ft. For context, Avison Young estimated an average of £334,000 per industrial building to meet the previously proposed 2030 standard. Dilapidations recovered from Cargill could fund a significant share of these works.

Phase 2: EPC A

An A rating is generally only achievable with an all-electric building and on-site renewable generation:

- Install solar PV on the roof, with a ground-floor footprint of around 45,000 sq ft, subject to a structural survey
- Remove gas from the site entirely
- Re-clad the roof with insulated panels at the same time as the solar installation, as the building dates from between 1998 and 2006 (the head lease began in 1998 and Cargill's lease in 2006) and the roof's remaining life must be inspected (an asbestos survey would come first)
- Add battery storage and EV charging

Our working assumption is £15 to £25 psf if the roof needs replacing. The solar array could supply the incoming tenant under a power purchase agreement. Knight Frank cites rooftop solar on industrial units returning an unlevered IRR of up to 16% with a six to nine year payback.

All cost figures are working assumptions and must be confirmed by an EPC pre-assessment and a cost consultant before investment approval.

Route	Capex (before dilapidations)	Unlevered IRR	Equity multiple
EPC B (£7.50 psf)	£0.49m	8.4%	1.87x
EPC A (£20.00 psf)	£1.30m	7.2%	1.67x

EPC A reduces the IRR by about 1.2 points against B. To match B's return, A would need the exit yield to fall from 6.00% to around 5.25%, which is difficult to justify for a building of this age and specification. Even in the asset management upside case at 5.68%, A returns 7.7%, still below B in the base case. We therefore target B in the base case and retain A as an option, to be revisited if solar income or grant funding closes the gap. Both figures exclude any dilapidations receipt and solar income, which would improve returns.

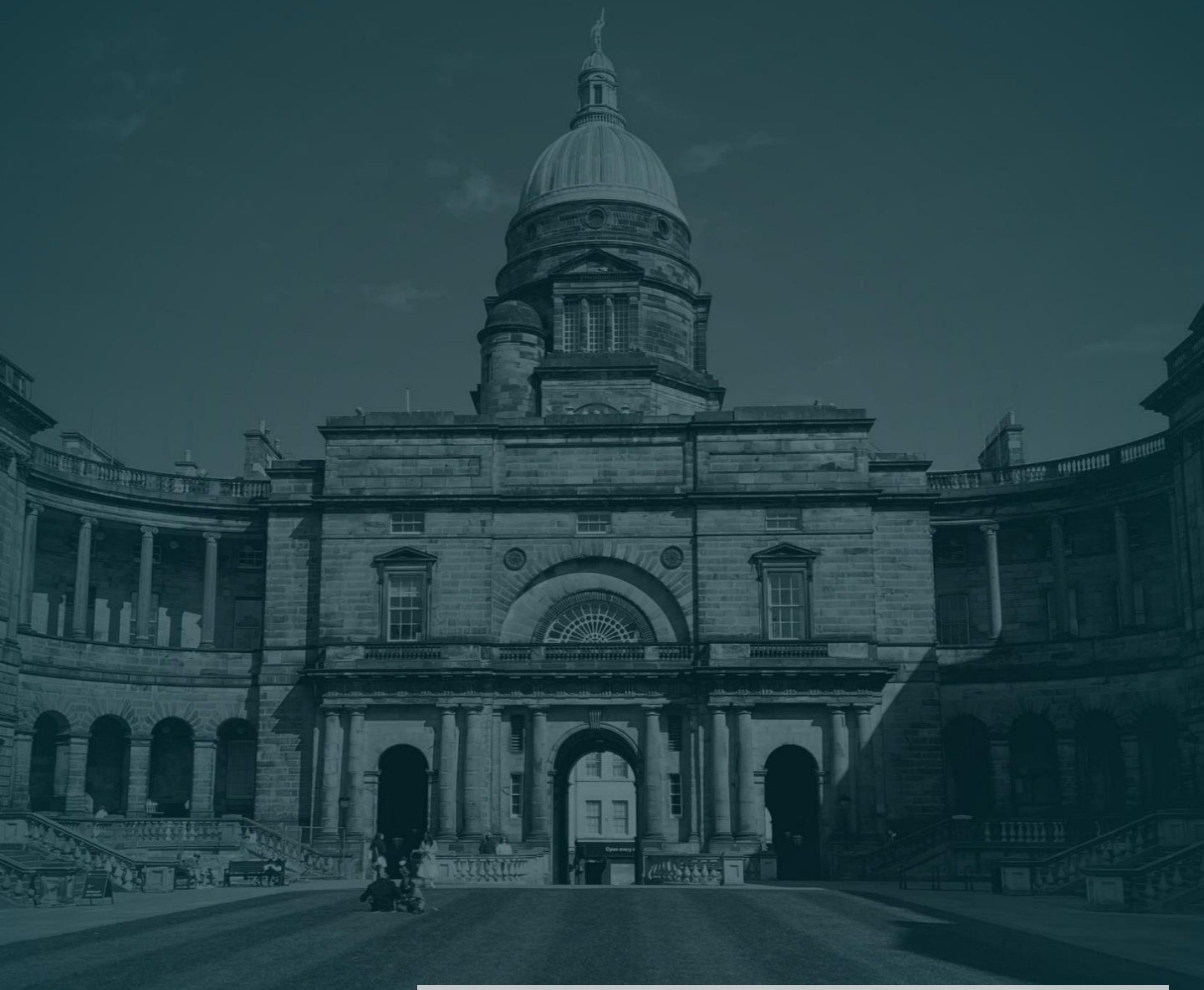
Wider considerations

- **Embodied carbon.** Refurbishing the existing building avoids the embodied carbon of demolition and rebuild.
- **Biodiversity Net Gain.** Any development of the plot must deliver the mandatory 10% gain, and its cost will be included in the development appraisal.
- **Flood risk.** The Environment Agency flood map shows the site, including the plot, lies outside Flood Zone 3, although Zone 3 sits nearby along the Mersey estuary. Flood risk is therefore not a material constraint, but insurance terms should still be checked in due diligence.
- **Social value.** Re-occupying the site will restore local employment in Speke.
- **Governance.** New leases will include green clauses covering energy data sharing and cooperation on upgrade works. We will pursue a BREEAM In-Use rating to compete with new-build stock.

Key Risks and Mitigants

Risk	Mitigant
Cargill refuses to surrender	We collect secure income to September 2031, then claim dilapidations at expiry
Cargill withholds consent for interim uses	Interim income is excluded from the underwritten case
Planning or highways consent refused for the plot	Plot value is excluded from the underwritten case. A sale to an owner-occupier remains possible
The plot is not on a separate title	A transfer of part remains possible, subject to the head lease. Title plans and head lease are checked before the offer
EPC works cost more than assumed	EPC pre-assessment and cost consultant before approval. Dilapidations offset Phase 1
MEES rules tighten further or change	Phase 2 takes the asset to A, above the proposed 2031 minimum
Extended void at re-letting	Low entry price of £93 psf. Enlarged yard widens the occupier pool
Contamination from food production use	Rely on the assignable environmental survey. Seek an indemnity in any surrender
Exit yield moves out	Base case assumes no compression. The asset returns 7.2% at a 7.00% exit yield
Flood risk near the Mersey estuary	The site lies outside Flood Zone 3. Insurance terms checked in due diligence

Elphinstone Research Group



Disclosure

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