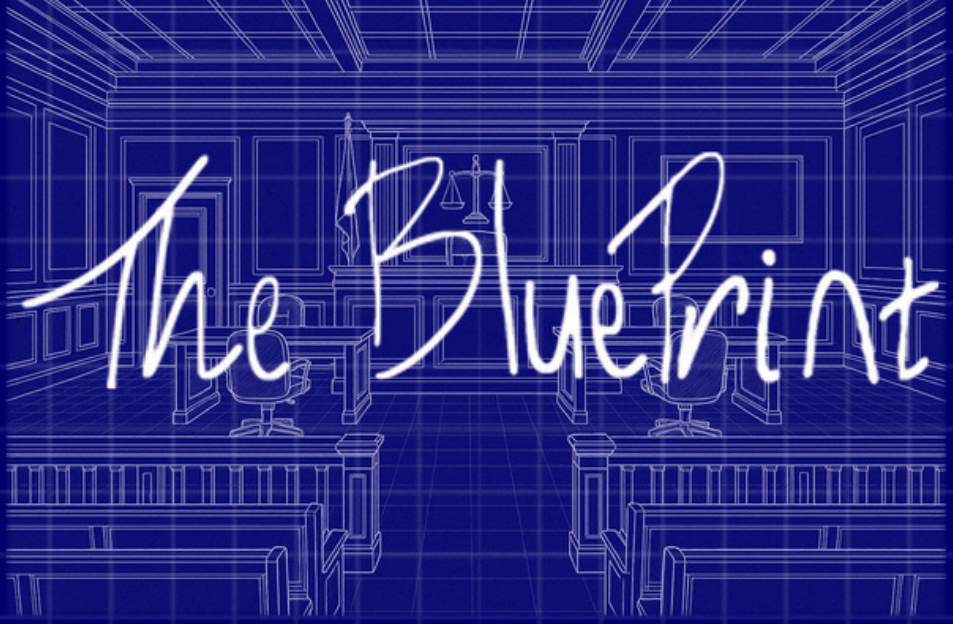
Vol. 1



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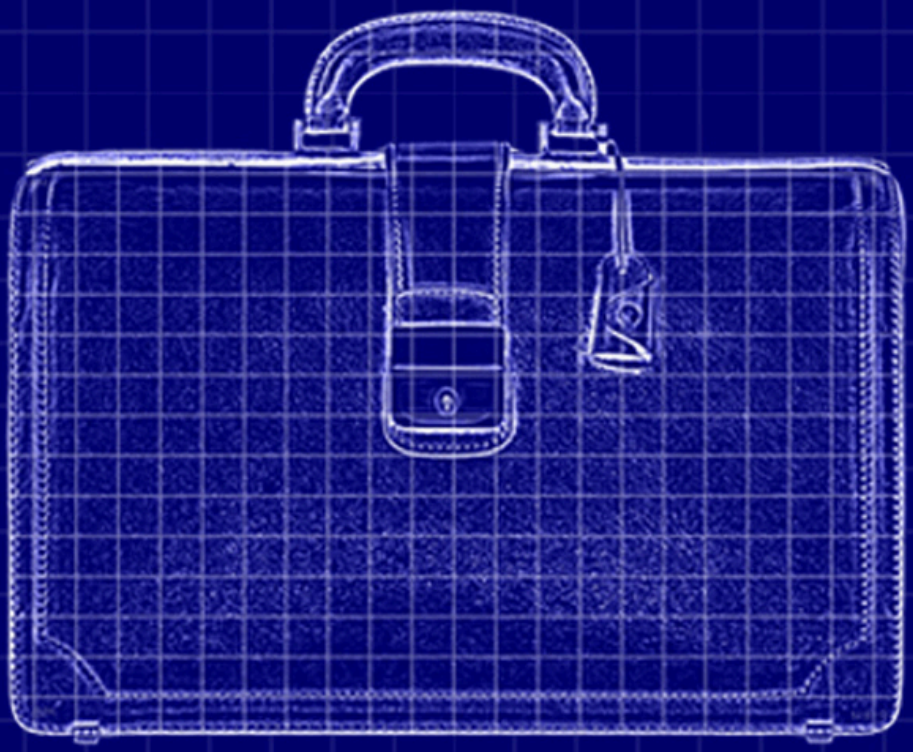

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ECONOMIC

Poundland's £1 Sale and Restructuring: What It Signals for UK Retail

Jwana Hussein

Introduction

On 12 June 2025, Pepco Group sold discount chain Poundland to turnaround investor Gordon Brothers for £1 and up to £80 million of fresh capital. Five days later, the new owner filed a court-supervised plan to shut 68 of Poundland's 800 UK stores, close two distribution centres and axe online sales. About 2,000 jobs are at risk. Management says soaring wages, National Insurance and rents have turned thin margins into losses, while customers hit by the cost of living crisis are spending less. Poundland's plight offers a clear window on the economic forces squeezing value retailers and the towns that rely on them.

Summary of Key Developments

- Fire sale exit: Pepco's £1 sale shifted liabilities, leases, and redundancies to Gordon Brothers and ended Pepco's UK exposure.
- Radical downsizing: The draft scheme would trim the estate to roughly 650 stores by early 2026 and cease e-commerce, shrinking fixed costs.
- Cost shock: The April 2025 10% National Living Wage rise and higher employer NICs lifted payrolls sector-wide. Poundland said these hikes "materially eroded profitability".
- Consumer squeeze: Kantar data show grocery inflation is back above 4% in May, eroding real incomes for Poundland's core shoppers.
- Broader backdrop: High street think tank Centre for Retail Research projects 17,000 UK store closures in 2025, blaming rising costs and weak demand.

Analysis of Key Developments

Why a £1 Transaction Makes Sense

Pepco received only a token price because Poundland's ultra-low price model cannot absorb today's cost base. Energy, freight and wage bills have risen faster than sales, wiping out margins that rely on volume, not mark-up. Handing the chain to a specialist turnaround firm transfers costly lease obligations off Pepco's balance sheet while giving Poundland a chance to renegotiate rents through the courts.

Household Income Pressure

Poundland targets low-income shoppers; when household bills rise faster than wages, even £1 discretionary items become unaffordable. ONS data confirms that the lowest quintile lost buying power in 2024, while food and energy costs continued to rise into 2025. Lower basket sizes and reduced store visit frequency directly translated into a decline in Poundland's like-for-like sales. The chain's troubles, therefore, signal broader pressure on price-sensitive consumers. This illustrates how macroeconomic variables, such as wages, prices, and taxes, translate directly into retail demand.

Operating Cost Spiral

On the supply side, fixed costs continue to rise. The April wage rise and additional NICs add roughly £25 billion to UK employer payrolls. For a discounter with thin gross margins, even small cost inflation forces tough choices: raise prices (and lose its USP) or close stores. By shutting loss-making sites and depots, Poundland hopes to concentrate sales in profitable locations and renegotiate rents elsewhere.

Implications for the Sector

Poundland's retrenchment echoes River Island's planned 33-store cut and Pepco's own restructuring in mainland Europe. Analysts warn that high street contraction erodes local employment and commercial rents, creating a feedback loop that weakens town centre economies. Meanwhile, online rivals with lower overheads gain share, accelerating the shift away from physical retail.

Conclusion

Poundland's £1 sale and planned downsizing are not isolated quirks but a clear signal of economic stress at the value end of UK retail. Rising operating costs and squeezed household budgets have rendered the old £1 model obsolete; survival now requires radical footprint reductions and new investment. For the broader economy, the story highlights how inflation and tax-driven cost pressures can compel even discounters, traditionally seen as defensive, to retreat, with knock-on effects for employment and high-street vitality. Key indicators to watch: low-income real wages, incoming hikes to employer taxes, and creditor approval of Poundland's restructuring. Their direction will show whether the UK's cheapest retailers can still thrive, or if more fire sales lie ahead.

Autonomous Ships

Stefan Iacobescu

Introduction

Following the recent Artificial Intelligence (AI) Action Summit held on February 10 and 11, 2025, it is essential to consider the impact of automation on the shipping industry. For decades, the sector has remained virtually untouched by innovation, until now. This article will consider how integrating AI software within ships will revolutionise trade and international commerce, whilst also analysing the legal implications of such developments.

Summary of Key Developments

AI applications are truly remarkable, facilitating navigation, propulsion, steering, and remote management of ship equipment. However, the most exciting prospect is the creation of maritime autonomous surface ships (MASS), capable of operating independently and with minimal human intervention. The level of autonomous interaction will differ from ship to ship, depending on the type of software and the missions she is assigned. Autonomous tech uses AI to learn from its surroundings, and the International Maritime Organisation (IMO) distinguishes between the different levels of automation.

Degree one features a ship with limited automated processes, still requiring seafarers on board to operate and control key functions. However, by degree four, the ship will be fully autonomous with a perpetual development system, enabling it to operate proactively.

Examples of Developments

Artemis Tech has launched the Artemis EF-12, a fully electric pilot boat that utilises hydrofoil technology to guide cargo ships in Sweden. By lifting its hull, the vessel reduces drag and improves energy consumption while also being quiet to limit its impact on marine life and shorelines.

The Oslo fjord barge has started autonomous trials. Once completed, the vessel will shuttle cargo across the Oslo fjord, contributing to the Norwegian farmers' grocery chain. Up to fifteen trailers can be shuttled per voyage, providing a much faster alternative to road transportation and creating efficient logistics. Antennas connect the battery-powered vessel to the command centre in Southampton, giving real-time ship data.

Ocean Infinity's semi-autonomous ship is part of a future fleet of twenty-three ships, which will be used to investigate the seabed for offshore wind farm operators, whilst also reporting on the underwater infrastructure of oil and gas platforms. The prototype is 78m (255ft) long and manned by sixteen crew members, which is less than half the number required for a normal ship. Live footage is relayed from the ship's cameras and sensors to multiple screens in the command centre, which is miles away. The ship also features a remotely operated vehicle (ROV) which descends from the deck to survey the seabed.

The British company Sea-Kit International sent an autonomous boat to Tonga, an island near New Zealand, to study and map currently active underwater volcanoes which erupted in 2022. The winch on the boat allows instruments to be deployed at depths of 300m, whilst the vessel is relatively agile and easy to manoeuvre as it is only 12m long. Controlled by a satellite link from 16,000 km away in a small coastal village in Essex, the operators can communicate via radio with other vessels in the area, warning them of their presence when conducting research

Legal Implications

Having observed the various applications of AI within the maritime industry, it is essential to examine the advantages and disadvantages of this technology, with a particular focus on regulatory considerations.

Advantages

- Autonomous ships will undoubtedly reduce costs by removing the need to pay crew wages.
- The use of renewable fuels, such as electricity and methanol, will facilitate the shipping industry's transition to clean and sustainable energy.
- The increased presence of technology may contribute to better health and safety management, resulting in fewer insurance or reputational damage claims caused by incidents at sea.
- The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) 1978 will be updated in its scope to include land-based crew members controlling MASS.
- With the rise of MASS, there will be an increased use of electronic documentation over hard copies. If vessels become completely autonomous, the crew lists will be abolished.

Disadvantages and Problems

According to the seaworthiness requirement, a vessel must be properly constructed, prepared and equipped for the intended voyage. As a result, parties regularly incorporate this contractual clause within their agreements. The law will need to clarify what standard of autonomous or AI-assisted supervision will be acceptable and whether responsibility for such a ship will be shifted from the shipowner to the software manufacturer.

It remains to be seen what level of due diligence conducted by a ship owner will be a reasonable standard according to English law. Therefore, a ship owner or a ship master of a carrier may not be responsible for vessel faults during the manufacturing process.

Under mortgage enforcement, the mortgagee detains the vessel in a specific port to compel the borrower to repay. Otherwise, the lender reserves the right to become a mortgagee in possession and apply or instruct the vessel manager to proceed with a judicial sale. The problem arises when the ship is autonomous with no crew on board.

For degree four vessels with remote operators, the mortgagee would have to request that they redirect the ship. If the operator refuses, it is unclear whether the lender would take over or potentially override the autonomous system. With cybersecurity implications, it is unclear how English law will reform the concept of mortgagee in possession to cater for AI integration.

Another problem is the absence of a clear market in the case of a judicial sale. Valuing an autonomous vessel can be challenging, especially in the second-hand market. Lenders will need to consider whether it is worthwhile to sell the autonomous vessel by calculating the potential return on their investment to avoid a loss. This unprecedented problem is currently unregulated.

The United Nations Convention on the Law of the Sea (UNCLOS) 1982 imposes duties on the flag state to ensure that a ship master manages the vessel. All vessels, their owners, and crews must comply with these rules. However, autonomous ships raise the following questions: Who bears the burden of MASS if there is no ship's master on board? Should the operating system of the vessel itself be responsible? If a maintenance crew of non-seafarers are completing maintenance on a MASS, should they be responsible for any AI shortcomings?

Solutions

In response to the mandatory MASS Code, which will be enforced on the 1st January 2028, possible solutions include:
Insurance companies are offering products covering autonomous vessels. For example, companies like The Ship Owners' Club offer to fully insure between fifty and eighty autonomous vessels. Guard also provides machinery and P&I insurance cover.

Investment opportunities for financing include:

- Construction or acquisition of such vessels.
- Research and development costs for the AI technology used in the development of autonomous vessels.
- Corporations and companies are designing and building autonomous vessels.
-

Conclusion

AI integration is here to stay; however, the maritime industry can choose the extent of its usage, limiting it to beneficial processes through regulation that prevents nefarious practices.

London IPO Drought: Can New Reforms Bring Capital Back to the UK Market?

Jwana Hussein

Introduction

London's stock market is facing a sharp decline in new listings, raising questions about its ability to attract capital. According to Dealogic data cited by the Financial Times, only five Initial Public Offerings (IPOs) took place in the UK during the first half of 2025, raising £160 million, the lowest since records began in 1995 and a 98% drop from the same period in 2021. This article examines the factors driving the decline and whether recent reforms will be sufficient to turn things around.

Summary of Key Developments

The first half of 2025 saw UK IPO activity hit a 30-year low. This slowdown coincides with growing interest from UK firms in US listings. AstraZeneca, the UK's most valuable listed company, has reportedly discussed a move to New York. At the same time, fintech firm Wise has announced plans to shift its primary listing to the US to access deeper liquidity and a larger investor base. Alongside this, UK institutional investors, such as pension and insurance funds, have significantly reduced their exposure to domestic equities, down from 46% in 1997 to just 4.2% in 2022. This has left new issuers with less local demand.

In response, the Financial Conduct Authority (FCA) introduced major reforms in July 2024, including a simplified listing regime and the introduction of dual-class shares, aimed at attracting growth companies. PISCES, another initiative, was also launched to facilitate the trading of shares by private companies in a regulated setting. This could help startups and scale-ups raise money without going through a full IPO. However, some experts worry this shifts attention away from public markets.

Analysis of Key Developments

UK stocks are priced far lower than their US counterparts. The FTSE 100's price-to-earnings ratio is around 16.6, compared to 27.2 for the S&P 500, making London less attractive for capital raising. Liquidity is also a major factor; UK shares often exhibit weaker trading volumes, making it more difficult for investors to exit positions. Wise's shares, for example, reportedly see much lower daily volumes than similar-sized US fintech firms. These market conditions discourage firms from listing and investors from buying in

The 2024 reforms aim to lower entry barriers by removing requirements like three-year track records and allowing founder-friendly share structures. However, these alone may not fix the core issue: a lack of capital. The Treasury is considering consolidating pension schemes to boost domestic equity investment; however, plans remain in the early stages. Meanwhile, PISCES offers an alternative path for companies to raise funds without a full IPO, though this could further weaken the public market if it becomes the preferred route.

Conclusion

London's equity markets are at a turning point. The drop in IPO activity is driven by a mix of weak domestic demand, lower valuations, and more attractive conditions abroad. The reforms are a meaningful attempt to make listing easier and more appealing, but broader economic and investment trends still pose challenges. Whether the UK can revive its public markets depends not just on regulation, but also on restoring investor confidence and capital flows into domestic equities.

Renewable Maritime Fuels and Their Impact on the UK

Stefan Iacobescu

IIntroduction

Heavy Fuel Oils (HFOs) release high levels of sulphur during combustion, polluting the air around seaports. To mitigate the impact of global warming, the maritime industry is currently exploring the use of sustainable and renewable fuels, which have low sulphur levels and thereby reduce pollution.

Alternatives to Fossil Fuels

Hydrogen:

- Green hydrogen is produced through electrolysis, a process that separates water into hydrogen and oxygen using electricity. Electrolysis does not produce carbon dioxide and uses electricity generated by renewable energy (solar or wind power), which makes it. In ships, hydrogen fuel is loaded into fuel cells, which have an efficiency of 60-80%, allowing them to be easily installed in all modern ships.

Methanol:

There are two types of Methanol:

- E-Methanol is carbon-neutral. It is produced by electrolysing water to produce hydrogen, which is then mixed with CO2 to form methanol. It is carbon neutral because it recycles the CO2 in the atmosphere into renewable fuel for ships.
- Bio-methanol is produced from plant biomass, including agricultural residue and forestry waste. It reduces the lifecycle of greenhouse gases.

Lignin-Alcohol Mixes:

Lignin is found within all plant cell walls and becomes an excessive by-product in the paper industry. Converting lignocellulosic biomass into a bio-HFO with low sulphur levels will provide an alternative renewable fuel for the maritime industry. This low-cost chemical process converts crude lignin oil (CLO) into an eco-friendly fuel

Bio-Based Natural Gas:

Such fuels capture and use CO2 during the natural decay of organic feedstocks. Bio-based natural gas fuels can decarbonise up to 40% of global shipping by 2050. Biogas, composed of methane and carbon dioxide, is produced through the anaerobic digestion of biomass. This is then processed into one of two types of biogas-pathway fuels. Liquified biomethane (LBM) replaces liquefied natural gas as a marine fuel, and bioethanol is liquid at room temperature to complement e-methanol as an alternative fuel.

Advantages of Biogas Fuel

- Maturity: The production processes for this fuel are well-established and reliable.
- Feedstock availability: The anaerobic process can generate a range of feedstocks, including corn husks, sewage sludge, and waste.
- Emission reductions: Biogas fuels can reduce emissions by 100%, making them less toxic than HFOs or other alternative fuels.

Key Issues

Green Hydrogen

- Hydrogen has a low energy density, so the storage containers on board a ship would need to be increased in size to accommodate this fuel type.
- High costs for hydrogen distribution equipment to be installed in several ports worldwide.
- Hydrogen-powered ships may be cost-efficient only for short journeys.
- Hydrogen is not a net-zero emission fuel because it indirectly generates carbon dioxide during its transportation in ship containers.

Methanol

- Methanol is cheaper but less efficient than HFO because more methanol must be used to achieve the same energy output as HFOs, e.g., diesel.
- The cost of e-methanol depends on the price and availability of hydrogen and CO2.

- Methanol market prices vary across regions due to transportation costs, local regulations, and the availability of infrastructure.

Lignin-Alcohol Mixes

- Lignin extraction is a complex process due to the structural complexity of lignin.
- The method yields a lower return at a higher cost compared to other maritime fuels.
- Alternative maritime fuels are more profitable than lignin-alcohol mixes.

Bio-Based Natural Gas:

- Environmental concerns include methane leaks during natural gas production and the extraction method of fracking, which pollutes water.
- Natural gas is found in specific geographical areas. Countries that rely on such imports will be affected if prices or supply chain distribution are disrupted.
- Natural gas is non-renewable.

Legal Impact

Hydrogen

Seventy million metric tons of hydrogen are produced for industrial use worldwide every year, with approximately 10 million metric tons produced in the United States. Additionally, the hydrogen market is expected to grow as private firms and countries pursue projects to expand production capacity, in anticipation of rising demand for clean energy.

Methanol

Bunkering delays: Fuel shipments are delayed due to the limited availability of methanol bunkering stations. Law firms will be employed to clarify who bears the cost of delay and disruption to the supply chain.

Methanol quality issues: Legal standards on fuel types are enforced, along with quality control, sampling, and testing, to ensure that contaminated fuel is not used.

This is crucial because it could damage ship engines and delay the shipment of goods, resulting in substantial financial losses for suppliers and distributors.

Dispute resolution: As methanol is a relatively new alternative fuel, alternative dispute resolution is used to settle claims related to methanol usage, technical issues, or performance, thereby avoiding the time and financial drain of drawn-out litigation.

Biofuels

Law firms can help companies manufacture and sell biofuels to meet sustainability and emission reduction criteria and obtain certification to distribute such alternative fuels.

Biofuel purchasers may employ lawyers to proofread supply contracts, ensuring that specific clauses protect the purchaser from liability if the biofuel fails to meet international standards.

Lawyers are employed to deal with contractual claims for losses caused by a biofuel's failure to meet international standards. Most bunker supply contracts contain short time bars and restrict claims for consequential loss.

Consequential loss is due to unforeseeable or atypical circumstances that could not have been insured against. If such exceptional circumstances are proven in court, the party at a loss may be compensated for the value of their damaged goods.

Conclusion

To conclude renewable maritime fuels, pose various legal and economic challenges in the coming years, with clients employing law firms to develop risk mitigation and alternative dispute resolution (ADR) processes. This aims to facilitate the transition to renewable energy, whilst ensuring maritime trade remains sustainable.

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