EDISON

SDCL Efficiency Income Trust

Disposal accelerates deleveraging

Investment companies
Renewable Energy Infrastructure

20 March 2026

SDCL Efficiency Income Trust (SEIT) has agreed the sale of a diversified portfolio of operational and yielding energy efficiency infrastructure assets to Kyotherm for a total enterprise value of up to c £105m. The disposal is consistent with the company's stated priority of reducing gearing through asset sales and, together with near-term project-level debt reductions, is targeted to bring pro forma aggregate gearing to c 65% of NAV, based on 30 September 2025 (down from 71.9%). The agreed price is at a c 9% discount to carrying value and is expected to reduce NAV by c 1.2p. Given the currently difficult private market environment, this discount represents a reasonably tight discount. Completion is expected by mid-April 2026, and there is no change to the company's target dividend of 6.36p for the current financial year.

The portfolio being sold includes SEIT's interests in Capshare Future Energy Solutions, Sparkfund, Moy Park Biomass, Tallaght Hospital, Baseload, Lycra, SEEIPL, Northeastern US CHP, CPP Biomass, Supermarket Solar UK and GET Solutions. Following the transaction, SEIT's portfolio will become more streamlined, with greater focus on commercial and industrial customers and district energy solutions, which management sees as the areas offering the best long-term value creation potential.

From a balance sheet perspective, the transaction is clearly positive. Day-one cash proceeds are expected to be c £84m after permitted distributions, transaction costs, debt and debt-like items, with proceeds primarily earmarked for reducing drawings under the revolving credit facility. There is also a potential additional c £4m earnout, subject to agreed performance conditions over the next three to five years. Completion remains subject to customary closing conditions.

The disposal also reinforces the challenge facing SEIT and the wider mid-market energy transition sector. Management notes that institutional and financial investors remain under pressure to sell assets to retire financing or return capital, creating excess supply and a strong buyers' market. In that context, the announced transaction appears to represent a pragmatic balance between generating liquidity and protecting value, rather than a clean exit at carrying value.

The board's commentary is notable. While it continues to target lower gearing and improved portfolio liquidity, it also acknowledges that the sale of a high-yielding portfolio at even a modest discount to NAV, and over a longer timetable than anticipated, illustrates the difficulty of achieving disposals at reasonable valuations. The board continues to view the status quo, including the current share price discount to NAV, as untenable, and is working with the manager on strategic solutions focused on shareholder value. This suggests today's announcement is a meaningful step on deleveraging, but not the endpoint of the broader strategic process.

Price	**45.40p**
Market cap	**£491m**
Total assets	**£1,172m**
NAV	89.0p
Discount to NAV	49.0%
Current yield	14.0%
Shares in issue	1,085.4m
Code/ISIN	SEIT/GB00BGHVZM47
Primary exchange	LSE
AIC sector	Renewable Energy Infrastructure
Financial year end	31 March
52-week high/low	63.0p 43.4p

Fund objective

SDCL Efficiency Income Trust's objective is to generate an attractive total return for investors, comprising a stable dividend income and capital preservation, with the opportunity for capital growth.

Analyst

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