EDISON

SDCL Efficiency Income Trust

Board pivots to a managed wind-down

Investment companies

14 April 2026

SDCL Efficiency Income Trust's (SEIT's) board has announced that it intends to pursue a managed wind-down of its investment portfolio after recent shareholder consultation made clear there was insufficient support for the manager-backed Strategic Proposal. This is a significant outcome, because the board and the manager initially concluded the Strategic Proposal represented the most credible route to creating value materially in excess of the current share price over the medium to long term. Some shareholder feedback in the weeks prior to the announcement indicated a preference for liquidity, given the discount the shares continue to trade at (c 50% to NAV), rather than backing a more complex corporate transformation. The board concluded there was insufficient support to pass the special resolution required to implement the proposal. In that context, the move to a managed wind-down reflects shareholder preference, rather than a change in the board's view that the alternative proposal had strategic merit.

The Strategic Proposal would have repositioned SEIT from its current investment trust structure to a vertically integrated operating company. It included a transfer of the listing structure, the acquisition of the relevant assets and employees of the manager with most consideration to be paid in new SEIT shares, and the transfer of the manager's growth-oriented data centre energy platform through an earn-out structure with no upfront cost to the company. It also contemplated material synergies, a waiver of the manager's termination fee, a rebasing of the year one dividend to support growth and a potential future pre-emptive equity raise to delever and fund accretive growth opportunities, with General Atlantic identified as a potential cornerstone investor. The board's statement makes clear that it saw this proposal as a viable path to long-term value creation, while also acknowledging the execution risk attached to such a transformation.

The decision to pursue a managed wind-down must also be seen against the backdrop of difficult market conditions. Since its interim results in December 2025, the board's priority has been to reduce gearing and improve liquidity through asset sales, but progress has been challenging. The recently announced disposal of a diversified portfolio of operational and yielding assets for a total enterprise value of up to £105m was agreed at an adjusted discount of c 9% to carrying value as at 30 September 2025, and the process took longer than expected. In our view, the company is using this to underline a central point: while a managed wind-down may offer shareholders a clearer route to liquidity, it does not remove the challenge of realising asset value in a weak market for disposals.

The board concluded that a managed wind-down would be in the next best interests of shareholders, and it will remain open to proposals for any or all of the company's assets while evaluating arrangements for the wind-down process. It will, in due course, announce the changes required to its policies to facilitate the managed wind-down and the return of capital to shareholders over time. A notable detail is that the board and the manager have agreed to minimise any termination fees that could become payable and that, if termination does occur, the manager's contractual notice period will be deemed to have commenced on 9 April 2026. This suggests an effort to align economic interests around realisations and reduce leakage during the wind-down process. The key question for shareholders now is the extent to which the managed wind-down can deliver value and liquidity within a reasonable time frame, following shareholder approval at its AGM.

Price		**42.20p**
Market cap		**£458m**
Total assets		**£1,172m**
NAV		89.0p
Discount to NAV		52.0%
Current yield		15.0%
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	53.0p	39.8p

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.

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