

SDCL Efficiency Income Trust

Circular sets out proposed managed wind-down

SDCL Efficiency Income Trust (SEIT) published a circular setting out the proposed managed wind-down and a general meeting for 10 July 2026. Shareholders are being asked to approve three resolutions: adoption of a wind-down Investment Objective and Policy, cancellation of the share premium account to create further distributable reserves and removal of the Continuation Vote provisions. Resolution 1 is an ordinary resolution, while Resolutions 2 and 3 are special resolutions; Resolution 3 is conditional on Resolution 1. The share premium cancellation also requires court sanction. If approved, SEIT will stop making new investments outside the existing portfolio and focus on orderly realisations, balancing timely cash returns and value. Proceeds will reduce borrowings before cash is returned. The board will not declare a fourth interim dividend for FY26 and will suspend interim dividends, except as required to maintain investment trust status.

SEIT was established in 2018 to invest in diversified energy efficiency and distributed energy assets, with returns underpinned by long-term, predominantly contracted cash flows. The board concluded that the status quo was not sustainable due to the persistent discount to NAV, the company's gearing position, limited equity access and shareholder feedback in favour of an orderly return of capital. Consolidated gearing had increased to 71.9% of NAV at 30 September 2025, above the 65% limit in the existing Investment Objective and Policy, reflecting a small NAV decline and the inclusion of Onyx tax equity bridge loans. The board considered alternatives, including a move towards an operating company with internalised management, but shareholder engagement indicated insufficient support to reach the required 75% approval threshold.

The board believes a sale of the entire portfolio, either to a single purchaser or a small number of purchasers, would likely be the most efficient route to realising value. If acceptable terms cannot be achieved, SEIT will pursue grouped or asset-by-asset disposals and remains open to proposals for all or any assets. The portfolio comprises investments across five countries at different stages of maturity, so the wind-down is uncertain and could take several years. Jefferies has been retained to coordinate the disposal process, and initial contact with potential acquirers has commenced. Follow-on capital will only be provided where necessary to protect or enhance value, meet contractual obligations or ensure regulatory compliance. Company-level borrowing, including through SEEIT Holdco, will be capped at the lower of £200m or 25% of GAV; c £190m is currently drawn under the £240m revolving credit facility (RCF).

The dividend decision reflects lower portfolio cash inflows in H226, mainly due to reduced receipts from Onyx and the company's capital-constrained position. SEIT has paid three interim dividends (4.8p/share for FY26) but will not pay the usual fourth. The proposed share premium cancellation, with a balance of c £757m at 31 March 2026, is intended to increase flexibility to return cash, supplementing existing distributable reserves of c £219m. SEIT intends to maintain investment trust status, premium listing and Main Market trading during the wind-down, to the extent it is able to do so. Key risks are slower realisations, proceeds below NAV and costs, taxes and debt repayment reducing distributable cash. Key dates are the proxy deadline and voting record date on 8 July, the general meeting on 10 July and the court process in or around September 2026. The board unanimously recommends voting in favour of all resolutions and the full circular can be found [here](#).

Investment companies

24 June 2026

Price 32.00p
Market cap £347m
Total assets £1,172m

NAV 87.6p
 Discount to NAV 64.0%
 Current yield 0.0%

¹Yield shown as 0% based on SEIT's suspended regular dividend policy. This excludes any future distributions that may be required to maintain investment trust status, the timing and amount of which have not yet been determined.

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 59.6p 38.1p

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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