

SDCL Efficiency Income Trust

Focus on cash returns and value realisation

SDCL Efficiency Income Trust's (SEIT's) FY26 results show a portfolio that continues to perform operationally, but the investment proposition has shifted decisively to realising value, reducing debt and returning cash to shareholders in the shortest practicable timeframe. Portfolio EBITDA was c £91m in CY25, up from c £86m in CY24, including assets sold post year-end, while NAV/share was reduced to 77.8p at 31 March from 90.6p, and the portfolio valuation fell to c £1.1bn in FY26 from c £1.2bn. The valuation reduction primarily reflects asset-specific changes to growth, development timing and regulatory assumptions, rather than a broad deterioration in the quality of the underlying assets. SEIT paid three interim dividends totalling 4.8p/share, covered 1.0x by cash, but did not declare a fourth interim dividend. The board's focus is now to maximise cash available to shareholders, with future returns to be made by the most appropriate mechanism once the revolving credit facility (RCF) has been substantially reduced.

SEIT's five largest investments delivered c £72m of EBITDA, slightly below like-for-like budgets of c £74m. Driva was ahead of budget, supported by stable demand, additional revenue lines and operational improvements, while Primary Energy was slightly ahead of budget and renewed its PCI contract for five years, with further extension options. RED-Rochester delivered a material year-on-year EBITDA improvement, helped by the cogeneration project and resilient customer demand. Onyx remained the main execution asset, with 50MW of new contracts signed and 93MW of projects installed in 2025, but operational performance was below budget due to revenue timing, weather and site-specific issues. Oliva was affected by commodity price volatility and regulatory timing effects. The priority for SEIT's assets has moved from funding growth to preserving value ahead of realisation.

Following the Kyotherm disposal and initial RCF repayment, covered in our recent [note](#), SEIT's priority is to reduce leverage while managing the remaining portfolio for realisation. The RCF stood at c £233m at 31 March 2026 and reduced to c £190m post period end, while pro forma aggregate gearing was c 43% of EV and c 75% of NAV in June 2026, down from c 45% and c 83% at year-end but still above the previous 65% investment policy limit. Reducing RCF drawings remains the primary capital allocation priority. Cash is being retained where needed to meet lender and financing obligations, protect stakeholders and keep assets sale-ready, with surplus cash to be returned to shareholders as quickly and efficiently as practicable.

The proposed managed wind-down is therefore an execution-led realisation strategy, with the objective of maximising cash distributions to shareholders in the shortest practicable timeframe. At the general meeting on 10 July (discussed in our previous [note](#)), shareholders are being asked to approve resolutions to enable the orderly realisation of the portfolio, including amendments to the investment objective and policy, cancellation of the share premium account and removal of the continuation vote. The board's preferred route is a portfolio sale, with phased asset disposals if required, and proceeds are expected to be used first to reduce debt before cash is returned to shareholders at appropriate intervals and by the most efficient available means. For shareholders, the key variables are disposal pricing, the pace of RCF repayment, refinancing risk, residual capital needs and the timing of distributions. The near-term equity story is now straightforward: protect asset value, reduce leverage and return cash to shareholders as soon as practicable.

Investment companies
Renewable Energy Infrastructure

30 June 2026

Price 35.16p
Market cap £382m
Total assets £1,100m

NAV 77.8p
Discount to NAV 55.0%
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 63.0p 32.0p

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

Harry Kilby +44 (0)20 3077 5700

investmenttrusts@edisongroup.com
[Edison profile page](#)

SDCL Efficiency Income Trust
is a research client of Edison
Investment Research Limited

General disclaimer and copyright

This report has been commissioned by SDCL Efficiency Income Trust and prepared and issued by Edison, in consideration of a fee payable by SDCL Efficiency Income Trust. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2026 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.