Results analysis: Octopus Renewables Infrastructure

- **Octopus Renewables Infrastructure's (ORIT) interim results to 30/06/2026 show a NAV total return of -5.0% and a share price total return of 13.7%.**
- **ORIT remains on track to meet its dividend target for the financial year ending 31/12/2026 of 6.23p (2025: 6.17p), with two interim dividends totalling 3.11p already declared. In the first half, dividend cover from operational cash flows increased to 1.38x (H1 2025: 1.19x). At the current share price (as at 24/09/2026), the yield is c. 10%.**
- **The NAV per share was 86.2p (31/12/2025: 93.8p), a c. 8% decline. Net assets therefore fell to £455m from £495m. The main components of this reduction were a review of ORIT's onshore wind assets, which updated future assumptions about their yield using the latest operational and technical data. This led to a reduction in net assets of ~£30m. Other contributors were lower long-term power price forecasts and increased discount rates.**
- **ORIT's weighted average discount rate increased to 8.3% (31/12/2025: 7.8%). This is calculated on operational assets; factoring in the developer company assets, as well as the impacts of FX and the RCF, the adjusted discount rate was 8.8% (31/12/2025: 8.2%). The increase is a result of sustained changes in market conditions and transaction evidence observed during the period.**
- **ORIT was geared 46.6% of gross asset value (GAV, 31/12/2025: 44.8%) or 87% as a percentage of NAV. The increase is a result of the lower GAV, and overall debt was reduced by £5.3m to £396.8m through a combination of scheduled amortisation and voluntary prepayments, partially offset by an increase in the utilisation of the RCF. Although gearing can fluctuate, the medium-term goal is to reduce gearing to 40%.**
- **Capital allocation: there were no new investments or disposals during the period, although a number of new investment opportunities were assessed and rejected, largely on pricing grounds. A follow-on commitment of £5.7m was made to the UK solar pipeline in June, developed with BLC Energy, taking the total to £10.4m.**
- **ORIT is an Article 9 impact fund under SFDR. Impact highlights in the first half include 154k estimated equivalent tonnes of CO2 avoided (H1 2025: 165k) and 16,853 people benefiting from ORIT's social initiatives, up significantly from 4,034 in H1 2025.**
- **Phil Austin, chair, said: "The first half of 2026 was challenging for ORIT, with NAV affected by the revised onshore wind yield assumptions, lower power-price forecasts and higher discount rates. Despite this, the underlying portfolio continued to generate strong, predictable cash flows.**
- **"We remain on track to deliver our increased FY 2026 dividend target, with dividends fully covered by operational cash flows during the period. Shareholders also saw a rising share price and a narrowing discount to NAV, although the discount remains a key focus for the Board.**
- **"We remain confident in the strength and diversification of the portfolio. With 86% of near-term revenues fixed or contracted, it continues to provide strong visibility and resilience, while recent M&A activity provides further evidence of the value within renewable infrastructure. Our focus remains on disciplined execution of ORIT 2030: completing asset sales, reducing gearing and selectively pursuing investments that deliver value for shareholders."**

ORIT remains on track to pay its target dividend.
Alan Ray
25 September 2026
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Kepler View

From an **Octopus Renewables Infrastructure (ORIT)** specific perspective, this was a difficult first half, with a technical reassessment of the onshore wind portfolio leading to a significant reduction in NAV. However, what we can now say is that the valuation is rooted in actual technical data from the specific assets in question, with ORIT's more mature solar assets and offshore wind assets already valued this way, and with just some of its more recently commissioned solar assets, which are performing in line with expectations, relying on pre-construction forecasts for their valuation. While no disposals were made in H1, the team reports that, while the listed renewables infrastructure trusts remain at wide discounts, in the wider world of renewables it sees an improvement in sentiment and there is demand for good-quality assets, albeit transactions are taking longer and are subject to rigorous scrutiny. The team has various sales processes underway and expects the next asset sales to complete in late 2026 or early 2027.

From a big-picture perspective, 2026 is unfolding as an important year for renewables. Whereas electricity demand in the UK and elsewhere has remained relatively constant for some time, all of the signs are that the electrification of the global economy is picking up pace, and there can be few investors who aren't aware of the enormous challenge that the growth in datacentres will place on electricity grids. Yes, it's true that investment is going into other forms of power generation, such as nuclear and even fusion, and these tend to attract

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headlines. But these remain enormously expensive, time-consuming to build or technically unproven, or combine all three characteristics. Renewables, combined with battery storage, by contrast, are proven technologies with large installed bases across many grids that are, even without subsidy, relatively cost-effective and quick to build. Yes, there are challenges, such as the need to upgrade power grids, the global demand for various common and uncommon metals and materials, and risks to supply chains, but those still need to be seen in the context of proven technology, where the engineering challenges are all well understood.

An understandable investor frustration with the listed sector is that 2026 also saw power price spikes caused by the unstable, difficult-to-predict crisis in the Persian Gulf, which continues to haunt energy markets. ORIT's strategy of fixing the majority of its revenues (86% are fixed over the next two years to 30 June 2028) means it has limited exposure to short-term power-price spikes, but this is a function of one of its core propositions: a stable, growing dividend. It's notable that although overall power generation was broadly on budget, revenue and EBITDA were slightly ahead as a result of incremental management actions. As a result, dividend cover has increased, and thus ORIT has delivered on one of its central objectives.

So, without downplaying that this has been a tough first half, ORIT now has a portfolio diversified across multiple European jurisdictions and operates a range of technologies that are all well understood from an operational and construction point of view, with relatively predictable economics. This is against a backdrop where electricity demand is starting to ramp up as the AI-datacentre build-out continues at pace. If that demand scenario plays out, then ORIT's discount of 30% and yield of 10% could prove to be a very attractive entry point.

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