OKAPI SOLAR

SMU · FNCE 6002
PRIVATE EQUITY & VENTURE CAPITAL

INVESTMENT COMMITTEE MEMO · RESTATED

Okapi Solar

The case, rebuilt from the model up.

> A **Malaysian consumer-lending** bet dressed as a solar-growth story. The valuation debate is a distraction — the deal turns on three things the model assumes away: **credit losses, funding, and dilution.**

1.9x	**16%**	**$15–16m**	**Gated**
Prob-weighted MOIC · 5-yr	Blended exit XIRR · base case	Defensible enterprise value	Risk-gated YES · on 3 docs

USD 1.0M SAFE · USD 8.5M post-money cap · 11.76% at conversion
5-year horizon · restated against **PEVC-Okapi Valuation Final**

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14 July 2026

AT A GLANCE

Six findings that restate the case.

01

Memo ≠ Model

The memo was written against a stale MYR 47.9M revenue; the delivered model says 43.3M. Every headline number inherits the gap.

02

Wrong profit frame

It's a lender — lead with NII / NIM / ROE, not EBITDA. The 28–68% ROE is leverage on a ~5% spread, not skill.

03

Valuation ~$15–16m

VC, DCF and NSV diverge ~2×; the defensible enterprise value is where DCF and VC converge.

04

A Malaysia bet

Every expansion market is rooftop-policy hostile; overseas is thin, policy-gated optionality worth ~USD 10M.

05

Three real risks

Zero-ECL, 100%-debt single-facility funding, and SAFE dilution — the model assumes all three away.

06

~1.9x / 16%, gated

Diluted base ~1.9x / 16% blended XIRR; fails a 25% hurdle at base, clears under any one relaxation.

THE THESIS IN ONE LINE

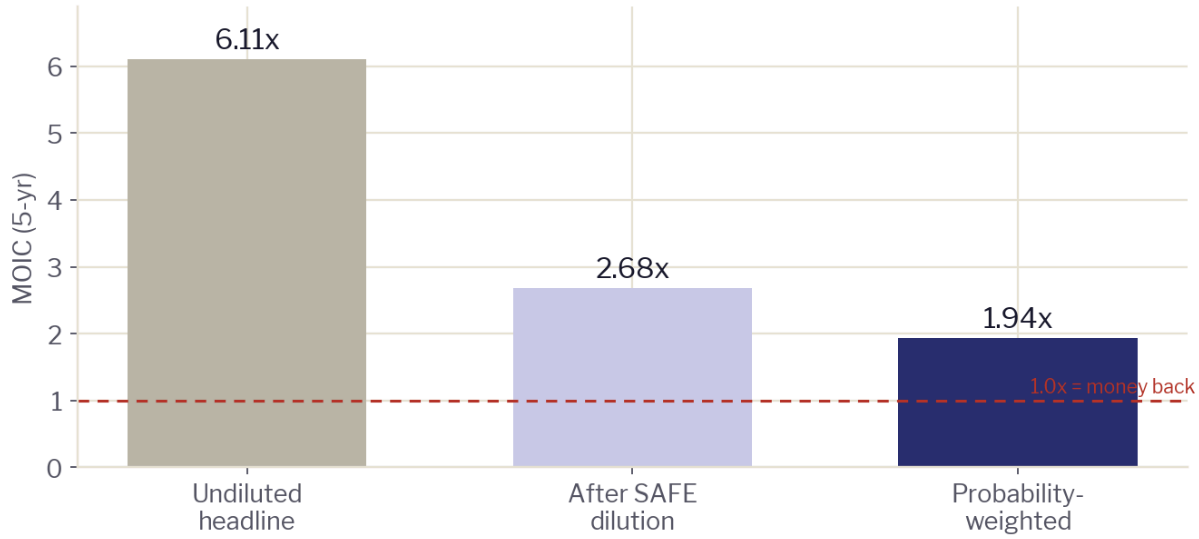
A **Malaysian consumer-lending** bet dressed as a solar-growth story. The valuation debate is a distraction — the deal turns on three things the model assumes away: **credit losses, funding, and dilution.**

01

EXECUTIVE SUMMARY

The 6.1x is a mirage; the real number is ~1.9x.

Okapi is a genuinely interesting, capital-light way to play Malaysian rooftop solar — but the returns headline doesn't survive dilution.



WHAT HOLDS UP

The 6.1x is **undiluted**. A post-money SAFE doesn't protect you from the money raised in Series B/C/D, and once you carry that dilution and give the 25%-weighted failure case its due, the investor's real expected return is about **1.9x / ~16% blended IRR**. The “USD 27 per share” figure is a category error, too — it's a *total* enterprise value in USD millions, with no share count behind it.

WHAT THE MEMO SAYS

A fast-growing rooftop-solar financier worth about USD 27 per share, returning roughly six times money.

BOTTOM LINE

Don't underwrite this on the valuation. Underwrite whether the credit book is real and the funding line holds.

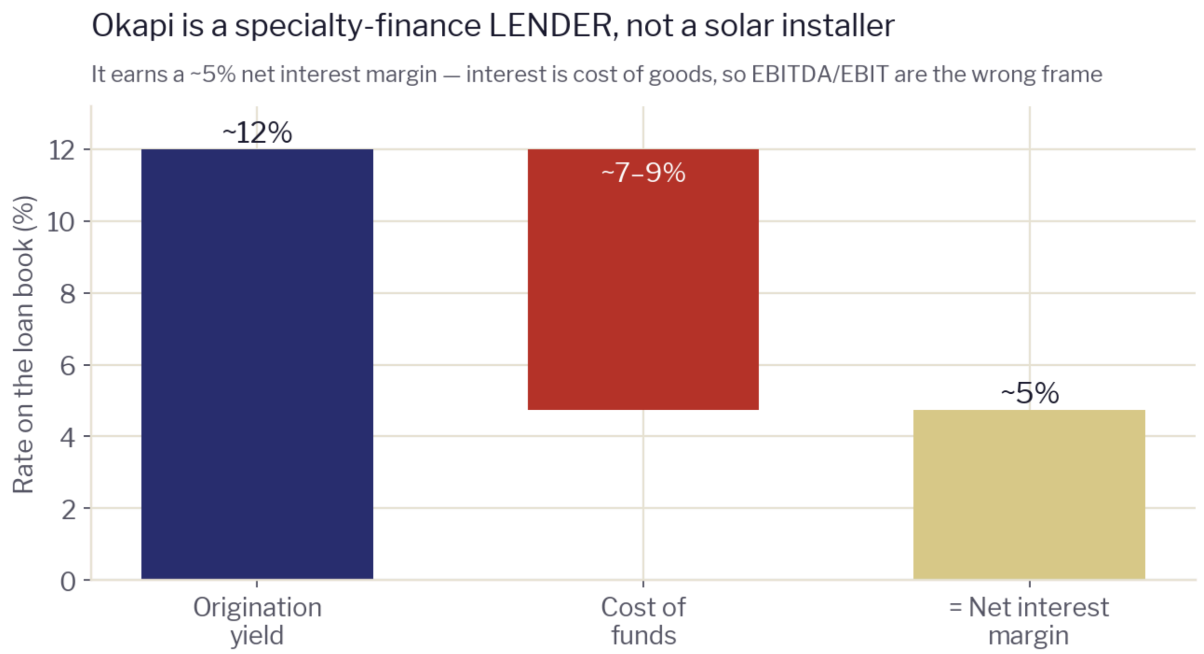
USD 1.0M SAFE · 6.1x is undiluted · ~1.9x / 16% real

02

BUSINESS MODEL

A lender wearing a solar company's clothes.

Read Okapi as a ~5%-margin credit fund with a clever origination channel, and everything downstream falls into place.



WHAT HOLDS UP

It is a **specialty-finance consumer lender**. It advances homeowners the money for a rooftop system and collects a fixed monthly payment for ~10 years — originating near 12%, funding at ~7–9%, keeping the ~5% spread. Its real edge isn't panels: it **underwrites off TNB electricity-bill history instead of the CTOS/CCRIS bureau**. Because interest paid is the cost of goods, EBITDA and EBIT are both the wrong lens.

WHAT THE MEMO SAYS

Okapi "leases solar panels" — presented as a solar company.

BOTTOM LINE

The right stack is Net Interest Income → margin → pre-provision profit → NPAT → ROE. Misread it as solar and you misprice all of it.

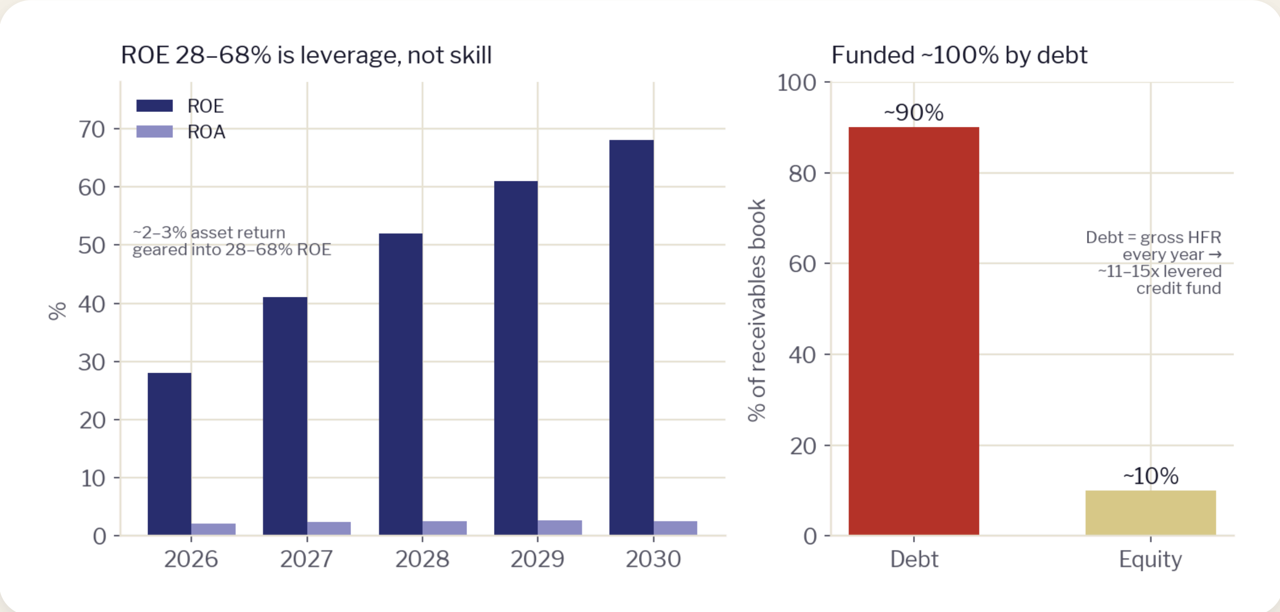
~5% net interest margin | TNB-bill underwriting | not an installer

03

FINANCIALS

The profitability is real — but it's leverage, not skill.

The asset earns a modest ~2–3% on assets; the eye-catching ROE is that thin return geared eleven-to-fifteen times.



WHAT HOLDS UP

Equity is only **7–13% of the balance sheet**; debt funds essentially 100% of the loan book (debt equals gross receivables every year). And the memo's forecasts **don't tie to the model** — every mismatch traces to one stale input: 2030 revenue of MYR 47.9M in the memo versus 43.3M in the delivered model. The workbook even ships a tab literally named “Capacity and Revenue Contradict.”

WHAT THE MEMO SAYS

Strong, accelerating profitability, with ROE climbing toward ~68%.

BOTTOM LINE

Re-key the memo to the model's MYR 43.3M before trusting any figure — and remember the returns live or die on credit quality.

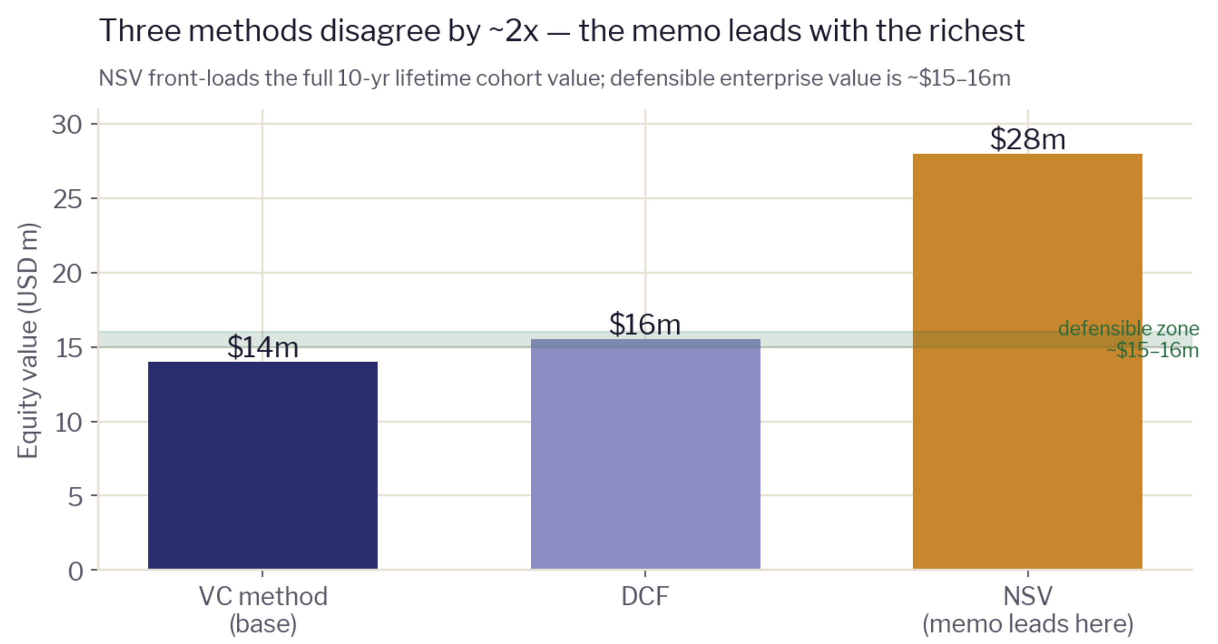
ROE = leverage | memo ≠ model | ~11–15x levered

04

UNIT ECONOMICS & NSV

Three methods — and the memo leads with the richest.

The honest, defensible enterprise value sits where DCF and the VC method converge: about USD 15–16 million.



WHAT HOLDS UP

The three methods disagree by roughly **two-fold**: the VC method lands near USD 14M, DCF at 15–16M, and NSV up at 28M. NSV runs high because it **front-loads the entire ten-year lifetime value** of every cohort the day it is booked — useful as a ceiling, misleading as a headline. (My own bottom-up geographic engine fell into the same trap, so I retired it as decorative.)

WHAT THE MEMO SAYS

Net Subscriber Value supports a ~USD 28M valuation; the memo leads with it.

BOTTOM LINE

Anchor on ~USD 15–16M. Against an 8.5M cap that's a ~45% discount — but only if the credit and funding risks are benign.

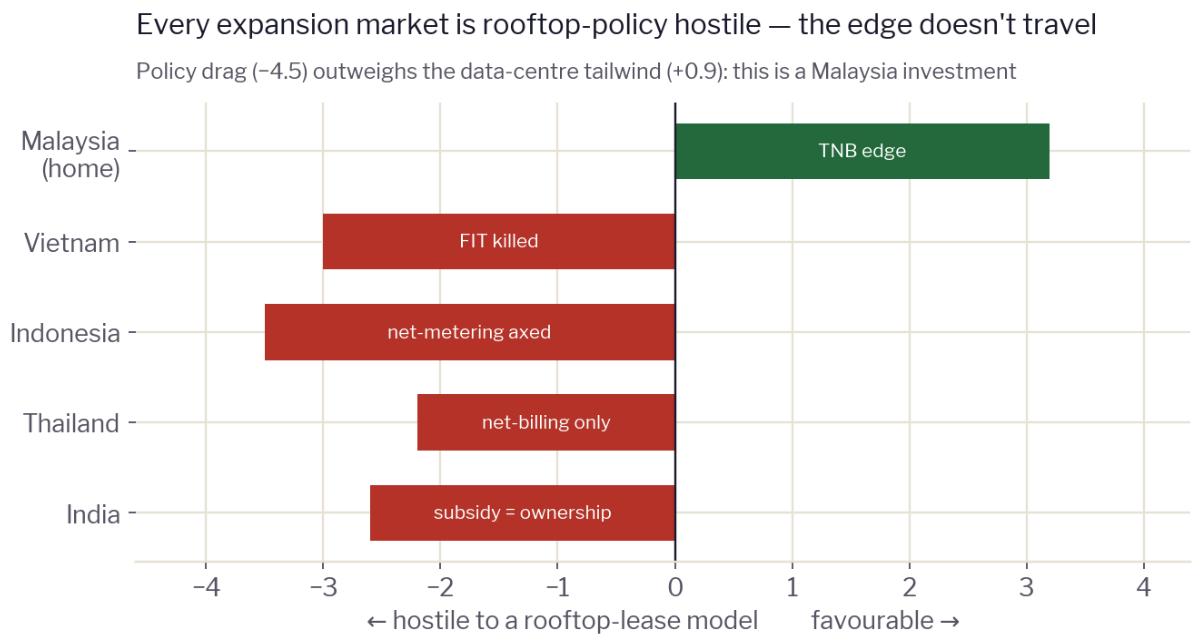
Defensible ~$15–16m · NSV over-counts · ~45% discount to cap

05

MARKET & INDUSTRY DYNAMICS

A Malaysia investment with a free option on the region.

The demand story is real but decision-irrelevant; the overseas story is mostly the opposite of a tailwind.



WHAT HOLDS UP

Data-centre investment and electricity demand are of course correlated (Pearson ~0.87), but that link is near-tautological, and tariffs are politically shielded across APAC — so the surge adds only **~+9%** to value, ~90% of it inside Malaysia. The bigger, sourced finding: **every expansion market is hostile to a rooftop-lease model**. Vietnam killed its feed-in tariff, Indonesia abolished net metering, Thailand allows net-billing only, and India's PM Surya Ghar subsidises *ownership*. Malaysia's edge doesn't travel.

WHAT THE MEMO SAYS

Rising electricity demand, the data-centre boom, and regional expansion are major tailwinds.

BOTTOM LINE

Netting policy drag (–4.5) against the data-centre tailwind (+0.9), overseas is worth maybe USD 10M risk-adjusted. Underwrite Malaysia; get the rest for free or not at all.

edge doesn't travel · DC demand +9% · 90% Malaysia

06

RISK — EXPECTED CREDIT LOSS

Zero credit loss is a hope, not a forecast.

The single most valuable diligence item is cohort-level payment data: does the TNB signal actually predict default?

The base case assumes 0% credit loss on a bureau-excluded book

No capital buffer: a ~3.4% loss rate — plausible in a first downturn — erases profit entirely

WHAT HOLDS UP

That zero is assumed on a book **deliberately underwritten outside the credit bureau**, whose clean record comes from a small, self-selected early-adopter cohort that has never been through a downturn. With equity at only ~10% of the book, there is **no buffer** — losses hit equity first. The model's own bear case (1.5% loss) already cuts 2030 NPAT from 8.4 to 2.3; a ~3.4% rate erases pre-tax profit entirely.

WHAT THE MEMO SAYS

A base-case credit loss of 0.00% every year, 2026 through 2030.

BOTTOM LINE

In fairness: electricity is a senior household bill and a financed system can likely be remotely disconnected, so losses *may* be structurally low. That is exactly what diligence must confirm — it cannot be assumed.

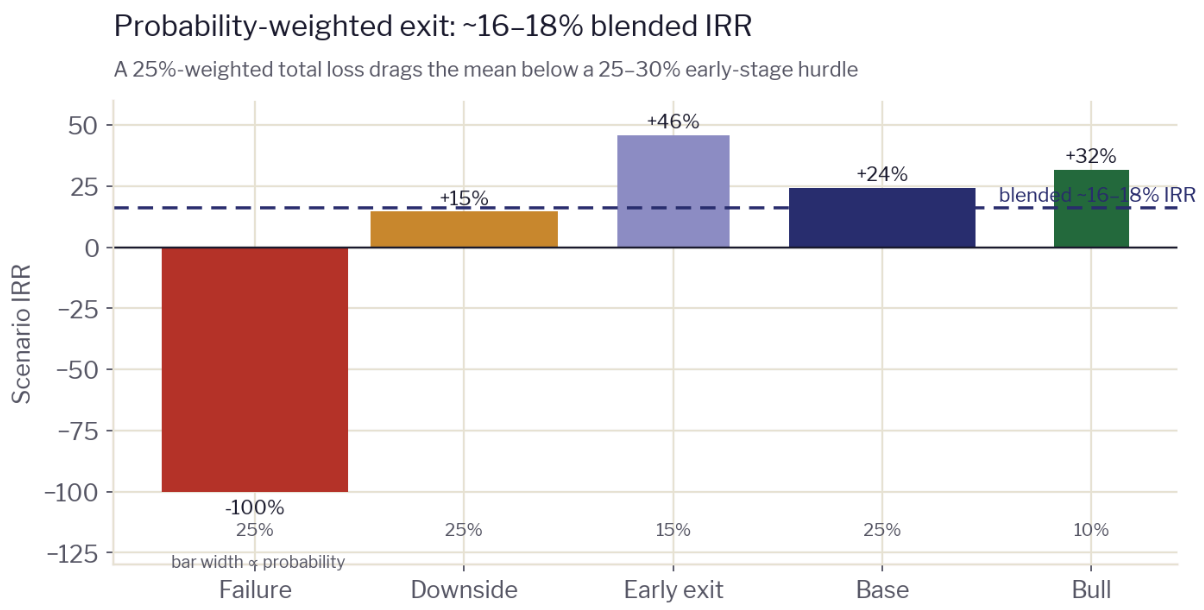
0% ECL assumed | −73% NPAT at 1.5% | senior household bill

07

SCENARIO & EXIT ANALYSIS

~16% expected — honestly below hurdle, and fragile.

A 25%-weighted total loss is what drags the mean below a 25–30% early-stage hurdle.



WHAT HOLDS UP

The five-scenario framing is right, and my independent diluted waterfall lands nearby at **~16% blended XIRR** on dated cash flows. Two honest caveats on my own bearishness: the blended XIRR is fairer than a naïve simple IRR, and a zero-recovery failure is probably too punitive for a secured book — both push the number up, not down. And exercising **pro-rata does not help**: defending to ~9% costs ~USD 2.5M and yields a worse 1.3–1.6x.

WHAT THE MEMO SAYS

A probability-weighted exit returning about 18% IRR across five outcomes.

BOTTOM LINE

~16% expected, below hurdle at base — but fragile to three assumptions, which is where the decision actually lives.

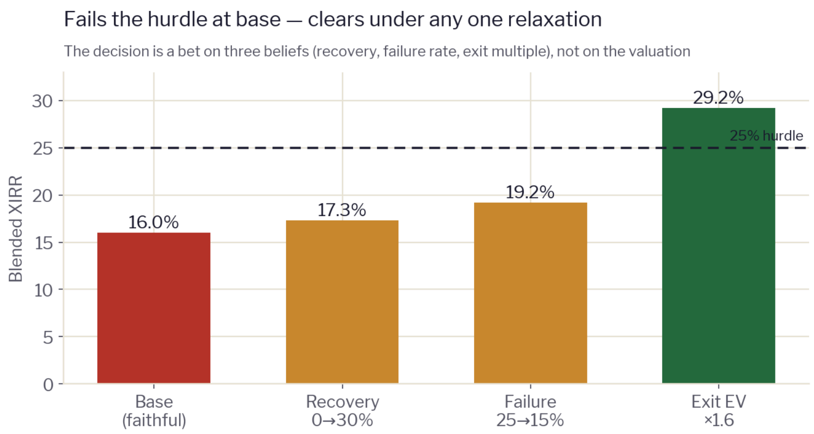
fails 25% hurdle · pro-rata rejected · blended ~16%

08

RECOMMENDATION

A risk-gated yes — decided on three documents.

At a faithful base case the deal returns ~16% and fails a 25% hurdle — but it clears under any single reasonable relaxation.



So the realistic outcome band is **~16–29%**, set by three defensible beliefs — not by whether the company is worth 16M or 28M. The chart above traces each lever against the 25% hurdle.

THE DECISION REDUCES TO THREE DOCUMENTS, NOT ANOTHER MODEL

1. **Cohort payment / roll-rate data**
   Is “zero ECL” real, or a young-book illusion?
2. **The Aquila facility term sheet**
   Is the ~100% advance rate real, and can it be pulled?
3. **Diluted waterfall vs the actual cap table**
   Does ~16–29% clear *your* fund's hurdle?

VERDICT — A RISK-GATED YES

If two of those three clear, this is a reasonable early-stage bet with a real fat tail in Malaysian execution and free regional optionality. If “zero ECL” or the funding line doesn't hold, the equity is too thin to survive the surprise — and no valuation number will save it.

SOURCES & METHOD

How this was built.

RECONCILIATION & FINANCIALS

The group's **PEVC-Okapi Valuation Final ver.xlsx** (held strictly read-only — never edited) and **Okapi Solar Invest Memo, Group 1**. Every figure was re-keyed to the model where the two disagreed.

RESTATEMENT, VALUATION BRIDGE & WATERFALL

Okapi_Lender_Restatement_and_Reconciliation.xlsx — six sheets, including a live five-scenario diluted return waterfall with dated cash flows and blended XIRR.

RISK DETAIL

Okapi_Risk_Memo_ECL_Funding_SAFE.md — the credit / funding / SAFE-terms risk triangle.

MARKET, POLICY & DEMAND CORRELATION

Six-country desk research: Vietnam FIT repeal; Indonesia MEMR 2/2024 (net-metering abolition); Thailand net-billing; India PM Surya Ghar; and the data-centre-investment ↔ electricity-demand correlation (Pearson 0.87, log-log 0.77, Spearman 0.83).

CHARTS

Rendered in Libre Franklin at 170 dpi directly from the figures above. Full engagement notes: **Okapi/OKAPI_PROJECT_MEMORY.md**.