



Within the property sector, two projects - one office and another residential - with potential exits via the listings of two real estate investment trusts (Reits) on the Stock Exchange of Thailand (SET) have been identified.

Speaking to The Business Times shortly after the successful initial public offer (IPO) of its microfinance company Ngern Tid Lor (Tidlor) on the SET, Mr. Chiaravanont and Mr. Panijpan say they are busy growing another core investment - distressed debt-management platform Alpha Capital Co Ltd - with an intention of taking it public by late 2022.

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Mr. Chiaravanont said: "While we are searching for great businesses opportunistically, our focus has largely been on investing in real estate and other assets held by distressed owners.

"The opportunity in this has simply become too big to ignore, and we are ready to deploy large sums of capital to take advantage of it."

9 Basil has been preparing for a market surplus of real estate inventory and distressed debt since 2018.

He said: "The Covid-19 was a catalyst to our interest in assets owned by distressed real-estate developers, and we have been fortunate to be one of the only groups prepared for a major opportunity in Thailand."

Regionally, South-east Asia continues to chart strong growth, with limited competition from global-scale competitors.

"We see opportunities in sectors recovering from Covid 19, as well as beneficiaries from technology," he said.

The first fund was launched in October 2019. It is nearly 80 per cent deployed and has three core investments - Tidlor, Alpha Capital and a residential property in the heart of Bangkok. The net asset value (NAV) of the first fund is well above US\$200 million.

Mr. Chiaravanont said: "For our first fund, our mandate is to invest 75 per cent in Thailand. However, we are actively evaluating opportunities in Indonesia, Vietnam, the Philippines and Singapore too."

9 Basil had sought opportunities in Myanmar before the military coup earlier this year. But any overseas investments are looked at "from the lens of opening up more opportunities and partnerships for our portfolio companies too," Mr. Chiaravanont said.

The 29-year-old, the son of Kachorn Chiaravanont, is part of the fourth generation of the Chiaravanont family, which owns Charoen Pokphand Group (CP Group), Thailand's largest private group with interests spanning food production, retail, telecommunications and property. His great uncle, Dhanin Chiaravanont, was ranked 81st on Forbes' list of billionaires in 2020, with an estimated net worth of US\$14.6 billion.

9 Basil is one of the four portfolio funds under Blueprint Forest, which claims to run investments for more than 25 families from over nine countries, and manages several billions in assets. The other three are: Lossless Capital, Open Forest and the flagship, Blueprint Forest.

Dr. Panijpan, whose wife is from the Boondicharern family, the former major shareholders of Thai property developers Grand Canal Land Plc, said 9 Basil typically has a 10-year term and two-year extension period.

But its investment in Tidlor in 2019 reaped handsome returns after about 20 months. Tidlor rallied 25 per cent above its IPO price of 36.50 baht (S\$1.55) , hitting 55.50 baht on its debut. Its market value soared from 38 billion baht to more than 100 billion baht, ranking Tidlor the third-largest in the sector by market value, after Krungthai Card and Muangthai Capital.

9 Basil still has a remaining 5 per cent stake in Tidlor. It intends to keep the stake as it has a "very strong conviction in the business", which focuses on customers earning less than 15,000 baht a month and have no bank statements or salary slips.

UOB KayHian recently raised Tidlor's 2021-23 earnings forecasts by 11.5 to 13.4 per cent on better loan yield and a lower provision expense outlook. For the fiscal first quarter 2021, Tidlor posted a net profit of 783 million baht, up 12 per cent on year, driven by lower provision expenses and strong revenue from insurance sales. The provision expenses plunged by 89 per cent on year as the non-performing loan ratio dropped to 1.5 per cent from 1.7 per cent in the preceding quarter.

Dr. Panijpan said: "We are a value investment group. We tend to look for businesses that are very sound and are leaders in their field. They may be missing one component, or have issues that need to be addressed. We assess whether we can add value. If we can, we join them, and add value to take the company to the next level."

And in a country where businesses are dominated by three Thai groups and politics, by a couple of parties, the independently managed fund promises strategic access to a number of family offices and institutional investors with no political agendas.

These include Gabriel "Jay" Singson Jr, chief executive officer of Oak Drive Venture, who previously served as the undersecretary for privatisation in the Department of Finance in the Philippines; and Petch Osathanugrah, whose family owns Osotspa, one of Thailand's oldest companies and maker of the M-150 energy drink.

Mr. Chiaravanont said: "You go with 9 Basil, you have access to the hyper local networks of the largest families and their strategic insights into the market. Yet, you are able to operate independently with someone who respects your culture and empowers management to do their work. That's where we really differentiate ourselves."

When evaluating new opportunities, 9 Basil sniffs out potential synergies with its other portfolio companies. But at the end of the day, the two men say it boils down to "people" and "culture" in their bottom-up, value-focused investment approach.

"We invest in people and believe that the best-run businesses comprise the best people. We believe we have found two - in Tidlor and Alpha Capital," Mr Chiaravanont said.

Blueprint Forest will be setting up shop at Sultan Link in Singapore. Mr Chiaravanont cited the city-state's favourable tax laws, clear and enforced rules and regulations, as well as strong capital market for South east Asia, and geopolitical independence as being among the factors that led to the decision.

[PE fund backed by rich Thais seeks distressed investments in South-east Asia, Wealth & Investing - THE BUSINESS TIMES](#)