Bilbel Capital

Semi-Annual letter - 2nd August 2023

Returns Since Inception	Bilbel Capital Gross	Bilbel Capital Net	S&P 500 Index
2022	210.5%	158.4%	-15.0%
1H 2023	29.8%	22.1%	16.9%
Total Return	**303.2%**	**215.5%**	**-0.7%**

Returns were independently verified by The Spaulding Group. Net returns deduct a yearly 1% management fee and a 25% performance fee (over a 6% annual hurdle). For more information, refer to the footnotes.

Portfolio

Reysas Logistics	100%

To start, we would like to express our heartfelt gratitude to all our partners for their complete trust in our judgement and integrity. Your trust means everything to us, and we truly appreciate it.

Since inception, we have not changed any positions. We have always been 100% invested in Reysas Logistics. However, as Reysas' stock increased nearly 6 fold, the attractiveness of the investment lessened. Having said that, we still expect a high return going forward.

Reysas

We bought Reysas logistics at around 94M market cap. Today (2nd August 2023) it is at 540M.

Our estimate for its value is split into 2.

- Part 1

Reysas owns 62% of Reysas REIT.

We think Reysas REIT is worth in the area of 1.5B-2B today.
62% thereof is around 1-1.2B.

- Part 2

The Logistics.

We think the intrinsic value of that part today is above 750M.

Which Is A Better Buy? Reysas Or Reysas REIT?

Reysas REITs market cap is 400M. We think that Reysas REIT will be worth around 3B within the next 5 years.
(7-8 times the stock price today)

Since Reysas owns 62% of Reysas REIT, it owns 190M worth of Reysas REIT's shares. This means that we are paying 350M for the rest of Reysas' Logistics.

For us to have the same favourable return potential over 5 years, we would need the rest of Reysas Logistics to be worth 7-8 times the 350M we are paying for today. This implies around a 2.5-3B valuation, or 3-4 times our current estimate for its minimum intrinsic value.

The "obvious" gap in price versus value seems to be in Reysas REIT's favour. However, Reysas will definitely have higher returns on capital over time, and that is difficult to value, especially if you look out over, say, a 10 year period. REIT's have limited capital allocation possibilities, which is a factor we have to keep in mind.

Over the very long term, Reysas will most probably win the race.
But here lies the art of investing. It's not about who will win the race, but rather about understanding which odds are best to take to minimise downside risk and maximise returns.

Reysas' Latest Capital Raise

There is little information we see and heaps we do not.
Reysas had extreme demand for logistic services, some of which they could not service because of lack of vehicles. Banks are pulling back on

lending since there are restrictive policies on the interest rates, which are lower than the inflation rate.

Couldn’t Reysas have issued a bond?

Due to the currency's history of rapid devaluation, a bond denominated in Turkish Lira would make it difficult to attract capital. So the only way would be if the interest rate is very high.

However, if economic conditions improved, and the Lira didn't lose as much value as in previous years, a high rate would lead to excessive interest expenses, making it a disaster of a capital raise.

Couldn’t Reysas issue a bond in Euro/USD?

That would be really tough and take a lot of time due to the extra regulatory steps. Plus, it's difficult to convince people to buy these bonds without a credit rating.

Even if a credit rating were obtained, Reysas' Turkish domicile would have resulted in a low rating, making the investment look less appealing.

The only logical step to take was to get the capital raise from issuing shares.

Since the father and son own a lot of the company's shares, whatever actions affect shareholders, heavily affect them. So, if they find the capital raise valuable, it’s probably valuable for us too.

Consider this: If they can earn 30% return on the new issued capital p.a, but they are raising it at ⅓ the Intrinsic value, then it would be roughly equivalent to them raising capital at intrinsic value to earn a 10% return p.a, or us investors earning 10% p.a on the money we put in the capital raise.
It is highly likely that the return from the transportation vehicle purchases is higher than 30% p.a.

(*p.a - Per Annum*)

All in all, whatever side of good or bad the move is, it won't really change the thesis at all.
Something we saw that we liked was that Egemen Doven, the Vice Chairman, agreed to buy all shares that were not going to be bought from the capital raise, at fair value. In the end, Egemen bought out around 1 Million shares at 1 Million USD.

The truth is that no one understands Reysas as much as Egemen and his Father Durmus. If they are buying at these prices, this is a true signal.

People sell for many reasons, but they only buy for 1.

"Show me the incentive and I'll show you the outcome" - Charlie Munger (Probably)

How We Will Proceed

As the expected return from holding Reysas approaches that of the other companies we are investigating, we will be ready to invest new capital in these new opportunities.

As you may already be aware, we will never compromise returns in the pursuit of "diversification". Nevertheless, diversification becomes a rational way of moving forward if we anticipate achieving very similar returns from a diversified portfolio of stocks as we would from holding only one.

Since we are expecting lump sums to enter the fund in 2024, which can be invested freshly into new companies, and also keeping in mind capital gains taxes, we are willing to keep Reysas for longer than seems “Mathematically Correct”.

What Returns To Expect In The Future

An annual growth rate of 500% is clearly unsustainable over an extended period. These types of returns come from anomalies which we may find from time to time, but are very rare.

Such events happen when a great business, a super depressed price, an ‘all in’ approach, and some luck with regards to time taken for the stock to move toward its true value, happen all together.

Having said that, we can expect another 1000% return from here in the next 10 years, and this can come mostly by holding Reysas/Reysas REIT. After that? We do not know. But what's for sure, is that we will do our best to find the best investments possible, and indeed we will find them.

A Great Note From Alex Hormozi

"Output comes from Volume ***x*** *Leverage.*
You must do more and get more from what you do.
The way to get more from what you do, is to first do everything you do better.
The way you do that is to focus on one thing for a long time without distraction. Anything can become big with time.

When you align all actions to a single outcome, and you keep working at it, your success will look effortless and obvious from the outside.

But you will know it came from years of saying no to everything except that which mattered most.*"*

Thank you, Alex.

What We Have Realised

The best return on our time comes from our examination of what we believe to be true that is not.

The examination of what we see, versus the things there are.

The discrepancy between how we think things work, and how things actually work.

Herein lies true progress.

And as always,

Yours sincerely,

Gabriel Sammut

Footnotes - Added on February 24, 2026

All returns are in USD. Gross returns exclude fees. Net returns deduct a 1% annual management fee and a 25% performance fee (charged only on gains above a 6% annual hurdle). The S&P 500 benchmark assumes reinvested dividends and no fees, sourced [here].

2022 performance is from inception (February 2) through December 31. All subsequent years are full calendar years.

Returns from 2022-2025 represent separately managed accounts, and have been independently verified by The Spaulding Group. The code used to calculate returns is open-source, and available [here].

Returns from 2026 onwards represent Bilbel Capital Fund LP and will be audited annually by Cherry Bekaert LLP.

All the information shared here is accurate to the best of our knowledge. If something turns out to be inaccurate or incorrect, we'll make corrections and leave a note about the update.

If you have any questions, feel free to reach out to info@bilbelcapital.com

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