

Bilbel Capital

Annual Letter - 2nd February 2025

Returns Since Inception	Bilbel Capital Gross	Bilbel Capital Net	S&P 500 Index
2022	210.5%	158.4%	-15.0%
2023	53.7%	31.6%	26.3%
2024	140.4%	110.2%	25.0%
Total Return	1,047.2%	614.6%	34.2%
<i>Annualized Return</i>	<i>131.2%</i>	<i>96.5%</i>	<i>10.6%</i>

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 GYO	50.1%
Intellego Technologies	34.8%
Undisclosed Position	8.8%
Dream International Ltd.	4.2%
Seohee Construction Company Ltd.	1.9%

Other	0.2%
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Dear Partners, thank you for trusting us for 3 years. We truly appreciate it.

We wrote this letter in simple English. We can hide our ignorance behind big words. But not behind simple ones.

What We Did

We bought more of our largest positions. And invested in 2 new companies.

In November, we sold our shares in Tianjin Development Holdings. We used the money to buy more shares in Intellego.

Why?

Intellego was worth \$62M. Then they announced a \$360M sales deal with Likang. This deal might bring in \$70M cash over five years.

If there is an 80% chance the deal happens, it adds \$56M in expected value. After adjusting for the time value of money, the deal adds \$45M.

When we add that to Intellego's \$62M market value, we arrive at roughly \$107M.

Despite this, the stock only went up 30% on the day — to \$80M.

We thought the deal reduced our risk enough to buy more.

To do it, we sold Tianjin Dev, which we liked the least.

Portfolio Positions

Reysas GYO

The goal of business: use the fewest resources to create the most value.

We use money to exchange value. So we can measure value with money.

This means the best businesses spend the least money to get back the most. Some can keep doing this over and over.

Reysas GYO is one of them. The team:

1. Buys land at cheap prices
2. Builds warehouses
3. Rents them out
4. Get their money back in 3-4 years.

Why can Reysas earn high returns on their investments?

The founders are smart investors and own the most shares. They focus on growing the company long-term.

But that's not all. We see 3 other important reasons:

1. Information

Reysas GYO is one of Turkey's largest warehouse REITs. They know what their customers need. When they need it. And where they need it.

2. Cash

In times of crisis, others step back. But Reysas steps in. Buying big plots at cheap prices.

Turkey's shaky economy makes it hard for most companies. 50%¹ Interest rates make borrowing expensive and risky. But Reysas earns steady cash from rents.

3. Turkey's Warehouse Shortage

Turkey has about 20 million m² of storage space. Studies² show Turkey needs another 20–40 million m² of space.

If demand stays the same and the shortage is fixed in 10 years, the industry could grow 7–12% each year. If demand goes up, growth will be even higher.

Reysas GYO is growing much faster than the industry average. We think they'll keep doing so.

Valuation

In 2026, at today's prices, Reysas GYO might look like this:

- No debt
- 5-6x earnings (\$160M - \$200M rental income)

- 8-10% dividend yield (50% dividend payout³)

By 2026, Reysas GYO's properties will be worth \$2–3B. With how well they invest, paying \$3–4B is still a good deal.

Reysas GYO's market cap today is \$900M.

Intellego Technologies

We wrote our thesis in our [last report](#). With the information we have now, we can see the future clearer.

What's Priced Into Intellego's Current Value?

Intellego is worth \$100M today. One way to justify this price is to see these chances of deals happening:

Deal	Revenue Size	Chance of deal being done	Status	Link
Likang	\$360M over 5 years	80%	Waiting final approval	Link
US sterilization	\$60M over 5 years	80%	Waiting final approval	Link
German partner	\$50M over 3 years	80%	In late-stage negotiations	Link
US disinfection	To be determined	0%	Under negotiation	Link
US pharma	To be determined	0%	Under negotiation	Link
Any other deals ever	-	0%	-	-

Intellego is currently talking to more than 15 other distributors & healthcare companies. We think these distributors are big enough to matter.

This table below gives us a rough idea:

(Numbers are rounded to the nearest \$1M USD)

Key Assumptions:

- 80% chance of securing total deal for the 3 biggest deals found below.
- Net Margins: 20% (Likang) | 25% (German Partner) | 25% (US Sterilization)
- Losing 20% of other customers annually (to 0 after year 5).
- Discount rate: 6% per year.

Our goal with this table is not to give precise estimates. The goal is to better understand our risks by seeing what's priced in.

Year	Likang Revenue	Likang Cash Flow	German Partner Revenue	German Partner Cash Flow	US Sterilization Revenue	US Sterilization Cash Flow	Current Customers Cash Flow	Total Cash Flows Per Year	Present Value of Cash Flows
1	30	5	16	3	8	2	10	20	20
2	51	8	16	3	10	2	8	21	20
3	72	12	16	3	12	2	6	24	21
4	93	15	-	-	14	3	5	23	19
5	114	18	-	-	16	3	4	26	20
TOTAL	360	58	48	10	60	12	34	113	100

Cash Flows

Since Intellego sells to a few big customers, cash flow is bumpy from time to time.

To fix this, Intellego plans to:

1. Break big orders into smaller ones.
2. Get paid in 60 days instead of 12 months.
3. Give discounts for quick payments.

If their product is good and customers can afford it, this bumpy cash flow won't be a big problem in the long run.

Margin of safety in deals

Intellego started a new collaboration with EKN (Export Kredit Nämnden) and Nordea bank.

These partnerships didn't get much attention. **But they're a big deal.**

Let's take a look at Intellego's [Q3 report](#). Page 3.

During Q3, Intellego started a new collaboration with EKN (Export Kredit Nämnden) and the Nordea bank which will significantly change Intellego's financial structure and possibilities. Not only will Intellego interest costs drop by more than half but these collaborations will also enable Intellego to credit secure its receivables on the global market, something which previously was only possible with Swedish customers. This gives comfort as Intellego can turn its long-term receivables into cash on short notice and thus the company will still be able to offer longer payment times if necessary.

And page 4.

Another collaboration we have is with Likang which is one of the largest disinfection companies in China with sales in approximately 3 000 hospitals. Likang is part of the Yuwell group which has sales in to 300 000 healthcare facilities, globally. Shortly before the publication of this Q3 report Intellego announced that the collaboration between Likang and Intellego will be expanded to also cover additional products in the disinfection market. This extended collaboration will generate a significant revenue increase for Intellego in China, assuming relevant market approvals can be achieved. As Intellego and Likang both have experience from the regulatory process and has been in contact with regulatory authorities already, the parties are positive that a market approval will be achieved. This collaboration can potentially also be scaled to other markets outside of China which further would increase the revenue of Intellegos products. Intellego will look to credit secure the minimum volumes of 360 million USD from this collaboration and Intellego has already credit secured several millions of USD in the past from Likang.

What is the EKN?

EKN is the Swedish Export Credit Agency. It helps Swedish companies grow by protecting their international sales.

How does EKN help?

EKN guarantees payments for exporters. If a foreigner buyer doesn't pay, EKN steps in to cover the loss.

For this to work, 2 things must happen:

1. Swedish interest - A company or product must be Swedish.
2. Buyer approval - EKN must check the buyer's finances, payment history, and country risks.

If both checks pass, **the EKN guarantees the contract's cash flow.**

How does this affect Intellego?

EKN already secured millions in guarantees for Intellego's Likang deal. There's no reason they can't do the same for the \$360M contract.

This 1 deal alone would cover most of Intellego's current price.

Nordea's Role

Nordea Bank agreed to manage Intellego's customer payments. This means Intellego can get paid immediately rather than waiting. And don't have to worry about customers not paying.

Main Competitive Advantage

Intellego's patents stop others from copying their products. But AI is growing fast. And other companies can still make things in new ways.

What to make will soon matter more than how to make it. This makes the future unclear.

But, there is 1 advantage we can predict better than others.

And that is **timing**.

Right now, Intellego has no real competition.

Healthcare systems change slowly. Other companies need years to get approved and trusted.

This gives an important head start.

While competition will eventually come, it may take time. And until then, Intellego is in a strong position to grow and secure valuable long-term deals.

Insider Buys as a Signal

Intellego works in a secretive industry. They must keep their patents, technology, and deals private until they're set.

The CEO, Claes, knows more than we do.

If he's using his own money to buy shares, he must like what he's seeing. And if he likes what he's seeing, maybe we should take a closer look too.

(The larger the information arbitrage in a business, the more important insider signals become)

New Portfolio Positions

Seohee Construction Company Limited

Most construction companies need a lot of money to run. Their profits go up and down with the economy and interest rates. In tough times, they can't sell land or buildings. Borrowing makes things worse, and some go bankrupt.

But, Seohee Construction is different.

Seohee doesn't buy land. Instead, it works with Local Housing Associations. Building only starts when enough people commit and secure the land first.

Since 2014, Seohee's profits grew from \$7M to \$125M. They did this without keeping inventory and while cutting debt.

This way, they make more money than other construction companies. All while taking less risk.

You'd expect a company like Seohee to trade at a higher price. But it doesn't. We bought shares for less than their cash and at under 2x earnings.

The downside is that Seohee works in South Korea, where the population is shrinking. But this likely isn't enough to hurt our investment.

Seohee's management team also thinks the stock is cheap. Since 2022, they've bought back 10% of the shares, including 4% in the last six months.

They'll probably keep buying more.

Undisclosed Position

In school, we learn that markets are efficient.

With small companies, we see things that don't make sense.

We bought into this company for less than its cash. And less than 3x earnings.

Over the next few years, they've secured orders that will make more profit than the company's current price.

Plus, it's also paying a good dividend.

Most people don't know about this company. And it's hard to buy & sell its shares. That's partly why it's so cheap.

We'll explain more once we buy our full position.

Logic and Intelligence

Intelligence can wander where logic cannot.

...

We rely on logic, yet *rarely* question our starting assumptions.

The mind searches for consistency over truth

Following the fastest feedback loop.

Mistaking information for understanding

We run in circles, and arrive nowhere.

...

The problem that matters most is the one that offers the greatest return.

And we get back more from questions we fear,

Rather than the answers we chase.

...

Logic separates the problem from the solution

Until innocence reveals sight

And sight is all that remains.

A Special Thank You

Over the past months, we met a few very kind, smart and hardworking individuals. Some reached out to us, and some we reached out to.

You know who you are. Though very few in number, you're worth more than your weight in gold.

You gave us your most important asset – **time**. When there was no reason to do so. And we take it in high regard.

You will always have a special place in our hearts, and you will never be forgotten.

And as always...

Yours sincerely,

Gabriel Sammut

Notes

Reysas GYO

¹ The Central Bank's policy interest rate is currently set at 50%. The updates can be found [here](#).

² A study on warehouse shortage in Turkey can be found [here](#).

³ Under Turkey's new law (No.7524): As of 1st January 2025, REITs must pay out 50% of their net income as dividends to get a lower tax rate of 10% instead of 30%. The law can be found in article 32 of this [document](#).

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.

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