

## Weak quarter; execution to pick up in 2H26

NCC reported weak earnings in 1Q26 as adjusted PAT at INR 1.9bn (down 5% YoY) was below JMFe of INR 2.16bn impacted by lower execution in JJM projects amid delayed payments and delay in start of execution for newly won projects. Gross debt increased from INR 14.8bn in Mar-25 to INR 18.5bn in Jun-25 amid seasonality. With a robust bid pipeline of INR 2.5tn spread across verticals, NCC maintained its inflow guidance of INR 220-250bn for FY26E. Despite weak 1Q26, NCC has maintained its revenue growth guidance of 10% for FY26E along with EBITDA margins of 9-9.25%. It has received robust order inflows of INR 67bn in YTD. Standalone order backlog stands at INR 618bn (3.3x TTM revenues) as of Jun-25. Given the weaker execution/margins in 1Q26, we have cut FY26/27/28 EPS by 4%/3%/2% factoring lower revenue/margins. We expect robust core EPS CAGR of 24% over FY25-28E. Maintain Buy with a revised price target of INR 275 (valued at 16x FY27E core EPS).

- **PAT missed JMFe due to lower execution:** NCC's revenue/EBITDA declined by 7%/10% YoY to INR 44bn/INR 4bn (JMFe: INR 52bn/INR 4.8bn) due to lower execution in JJM projects amid delayed payments and delay in start of newly won projects. NCC has outstanding JJM order backlog of c.INR 40bn and receivables have further elevated to INR 17bn in June-25 (Mar-25: c.INR 15bn). EBITDA margins fell by 30bps YoY to 9% (JMFe: 9.2%). Interest costs fell by 1% YoY/ 13% QoQ to INR 1.51bn (JMFe: INR 1.7bn) likely due to lower average debt levels during the quarter. Gross debt increased QoQ from INR 14.8bn in Mar-25 to INR 18.5bn in June-25.
- **Maintains FY26E guidance despite weak quarter:** Despite muted execution in 1Q26, NCC has retained its revenue growth guidance of 10% for FY26E, led by execution uptick in from newly secured orders in 2H26. NCC also reaffirmed its EBITDA margin guidance of 9-9.25% for FY26E and remains confident of achieving lower end of the range. NCC has to invest INR 4.3bn in smart meter projects (INR 700mn already invested) over FY26/27E. It is also looking out for JV partner for the same. In Vizag deal, NCC has outstanding loan of c.INR 3.75bn which is to be received over next 2 years (expects INR 1.2bn in FY26E). Receipt of loan and faster recovery of AP receivables will strengthen the balance sheet.
- **Bid pipeline robust at INR 2.5tn; expects inflows of INR 220-250bn for FY26E:** NCC received robust inflows in 1Q25 of INR 36.6bn (YTD: INR 67bn), taking its standalone order backlog to INR 618bn (3.3x TTM revenues) as of Jun-25. With a robust bid pipeline of INR 2.5tn spread across verticals, NCC maintained its inflow guidance of INR 220-250bn for FY26E. Additionally, it is L1 in projects worth INR 50-60bn.
- **Business on strong footing:** NCC has survived adverse business cycles and is showing marked improvement in operations and NWC management. Also, faster recovery of AP receivables and part receipt of Vizag deal proceeds will strengthen the balance sheet. We expect robust core EPS CAGR of 24% over FY25-28E. We have cut FY26/27/28E EPS by 4%/3%/2% factoring in lower revenue/margins. Stock is currently trading attractively at 13x/11x FY27/28E core EPS. We value NCC at 16x FY27E core EPS (ex of other income) to arrive at a revised SoTP based price target of INR 275. Maintain BUY.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,85,138	1,92,053	2,11,258	2,42,947	2,72,101
Sales Growth (%)	38.7	3.7	10.0	15.0	12.0
EBITDA	18,475	17,456	19,296	23,026	25,850
EBITDA Margin (%)	10.0	9.1	9.1	9.5	9.5
Adjusted Net Profit	8,372	7,997	9,190	11,642	13,695
Diluted EPS (INR)	13.3	12.7	14.6	18.5	21.8
Diluted EPS Growth (%)	45.0	-4.5	14.9	26.7	17.6
ROIC (%)	13.2	12.8	12.6	13.3	14.0
ROE (%)	12.7	11.2	11.7	13.3	13.9
P/E (x)	12.1	21.9	14.4	11.4	9.7
P/B (x)	1.5	2.4	1.6	1.4	1.3
EV/EBITDA (x)	5.5	10.1	7.2	5.8	4.9
Dividend Yield (%)	1.4	0.8	1.0	1.0	1.0

Source: Company data, JM Financial. Note: Valuations as of 05/Aug/2025

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	275
Upside/(Downside)	30.2%
Previous Price Target	285
Change	-3.6%

### Key Data – NJCC IN

Current Market Price	INR211
Market cap (bn)	INR132.5/US\$1.5
Free Float	78%
Shares in issue (mn)	627.9
Diluted share (mn)	627.9
3-mon avg daily val (mn)	INR857.1/US\$9.8
52-week range	335/170
Sensex/Nifty	80,710/24,650
INR/US\$	87.8

### Price Performance

%	1M	6M	12M
Absolute	-6.1	-12.0	-34.5
Relative*	-3.0	-14.9	-36.2

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. Quarterly standalone results**

In INR mn	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	1QFY26E	Variance (%)	FY26E	FY27E	FY28E
<b>Net sales</b>	<b>47,133</b>	<b>44,450</b>	<b>46,710</b>	<b>53,761</b>	<b>1,92,053</b>	<b>43,782</b>	<b>51,846</b>	<b>-15.6%</b>	<b>2,11,258</b>	<b>2,42,947</b>	<b>2,72,101</b>
<b>EBIDTA</b>	<b>4,396</b>	<b>4,012</b>	<b>4,095</b>	<b>4,953</b>	<b>17,456</b>	<b>3,949</b>	<b>4,775</b>	<b>-17.3%</b>	<b>19,296</b>	<b>23,026</b>	<b>25,850</b>
EBIDTA Margin (%)	9.3	9.0	8.8	9.2	9.1	9.0	9.2		9.1	9.5	9.5
Other Income	341	351	488	691	1,870	514	350	46.9%	1,512	1,480	1,415
Interest	1,532	1,645	1,610	1,740	6,527	1,514	1,700	-10.9%	6,381	6,338	6,156
Depreciation	531	539	529	530	2,129	542	535	1.2%	2,277	2,610	2,809
<b>PBT</b>	<b>2,674</b>	<b>2,178</b>	<b>2,444</b>	<b>3,373</b>	<b>10,670</b>	<b>2,408</b>	<b>2,890</b>	<b>-16.7%</b>	<b>12,151</b>	<b>15,558</b>	<b>18,301</b>
Tax	667	573	590	843	2,673	507	727	-30.3%	2,961	3,916	4,606
<b>Recurring PAT</b>	<b>2,007</b>	<b>1,606</b>	<b>1,854</b>	<b>2,530</b>	<b>7,997</b>	<b>1,901</b>	<b>2,163</b>	<b>-12.1%</b>	<b>9,190</b>	<b>11,642</b>	<b>13,695</b>
Extra-ordinary items	-	-	-	(386)	(386)	-	-		-	-	-
<b>Reported PAT</b>	<b>2,007</b>	<b>1,606</b>	<b>1,854</b>	<b>2,144</b>	<b>7,611</b>	<b>1,901</b>	<b>2,163</b>	<b>-12.1%</b>	<b>9,190</b>	<b>11,642</b>	<b>13,695</b>
<b>YoY growth (%)</b>											
Net sales	22.8	(0.8)	(1.6)	(1.3)	3.7	(7.1)			10.0	15.0	12.0
EBITDA	15.5	(16.1)	(14.6)	(2.8)	(5.5)	(10.2)			10.5	19.3	12.3
Other income	23.0	23.2	85.6	65.9	50.7	50.9			(19.1)	(2.1)	(4.4)
Interest	15.8	7.0	4.0	12.8	9.7	(1.2)			(2.2)	(0.7)	(2.9)
Depreciation	2.0	2.6	0.2	2.4	1.8	1.9			6.9	14.6	7.6
PBT	19.4	(27.4)	(18.0)	(2.3)	(8.6)	(10.0)			13.9	28.0	17.6
Recurring PAT	23.7	(26.4)	(12.9)	3.7	(4.5)	(5.3)			14.9	26.7	17.6
Reported PAT	23.7	132.5	(12.9)	14.4	20.5	(5.3)			20.7	26.7	17.6

Source: Company, JM Financial

**Exhibit 2. Quarterly consolidated results**

In INR mn	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26
<b>Net sales</b>	<b>55,280</b>	<b>51,960</b>	<b>53,445</b>	<b>61,309</b>	<b>2,21,994</b>	<b>51,790</b>
<b>EBIDTA</b>	<b>4,779</b>	<b>4,430</b>	<b>4,409</b>	<b>5,563</b>	<b>19,181</b>	<b>4,561</b>
EBIDTA Margin (%)	8.6	8.5	8.2	9.1	8.6	8.8
Other Income	304	284	383	585	1,556	289
Interest	1,552	1,667	1,657	1,926	6,801	1,636
Depreciation	537	545	537	540	2,159	550
<b>PBT</b>	<b>2,994</b>	<b>2,501</b>	<b>2,599</b>	<b>3,682</b>	<b>11,776</b>	<b>2,664</b>
<b>PAT</b>	<b>2,222</b>	<b>1,745</b>	<b>1,958</b>	<b>2,662</b>	<b>8,586</b>	<b>2,027</b>
Minority interest	(126)	(118)	(127)	(113)	(484)	(125)
Profit from associates	4	3	101	(11)	97	20
<b>Consolidated PAT</b>	<b>2,099</b>	<b>1,630</b>	<b>1,932</b>	<b>2,538</b>	<b>8,199</b>	<b>1,921</b>
Extra-ordinary items	-	-	-	-	-	-
<b>Reported PAT</b>	<b>2,099</b>	<b>1,630</b>	<b>1,932</b>	<b>2,538</b>	<b>8,199</b>	<b>1,921</b>

Source: Company, JM Financial

**Exhibit 3. Change in estimates**

INR mn	FY26E			FY27E			FY28E		
	New	Old	% chg	New	Old	% chg	New	Old	% chg
Net Sales	2,11,258	2,17,020	(2.7)	2,42,947	2,49,573	(2.7)	2,72,101	2,79,522	(2.7)
EBITDA	19,296	20,170	(4.3)	23,026	23,769	(3.1)	25,850	26,561	(2.7)
EBITDA margin (%)	9.1	9.3		9.5	9.5		9.5	9.5	
Adj. PAT	9,190	9,596	(4.2)	11,642	11,998	(3.0)	13,695	13,970	(2.0)
Diluted EPS	14.6	15.3	(4.2)	18.5	19.1	(3.0)	21.8	22.3	(2.0)

Source: Company, JM Financial

**Exhibit 4. Key Assumptions**

Key assumptions	FY24	FY25	FY26E	FY27E	FY28E
Order inflows (INR mn)	2,34,490	2,95,880	2,50,000	3,00,000	3,30,000
EBITDA Margins	10.0	9.1	9.1	9.5	9.5
NWC days*	86	93	95	90	90
Capex (INR mn)	2,864	2,881	7,500#	3,000	3,250

Source: Company, JM Financial; \*: ex-free cash & Loans & Advances to subsidiaries; #: includes INR 3bn for TBM for GMLR project

**Exhibit 5. Order backlog and order inflow trend**

In INR mn	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26
<b>Consolidated</b>						
Order backlog	5,26,260	5,23,700	5,55,480	7,15,680	7,15,680	7,00,870
Order booking	4,080	47,600	84,400	1,92,800	3,28,880	36,580

**Standalone**

Order backlog	4,76,250	4,80,280	5,18,340	6,24,710	6,24,710	6,17,790
Order booking	4,080	47,600	84,400	1,59,800	2,95,880	36,580
Book -to- bill (x)	2.5	2.5	2.7	3.3	3.3	3.3

**% Growth YoY**

Order backlog	(5.1)	(11.2)	3.3	20.5	20.5	29.7
Order booking	(95.0)	(43.7)	960.3	164.4	26.2	796.6

Source: Company, JM Financial

**Exhibit 6. Computation of core earnings**

INR mn	FY24	FY25	FY26E	FY27E	FY28E
PBT	11,673	10,670	12,151	15,558	18,301
Other income	1,241	1,870	1,512	1,480	1,415
PBT ex other income	10,432	8,800	10,639	14,078	16,886
Core PAT	7,482	6,596	8,046	10,535	12,636
Core EPS	11.9	10.5	12.8	16.8	20.1
Core PE	13.6	26.6	16.5	12.6	10.5

Source: Company, JM Financial

**Exhibit 7. SoTP based price target of INR 275**

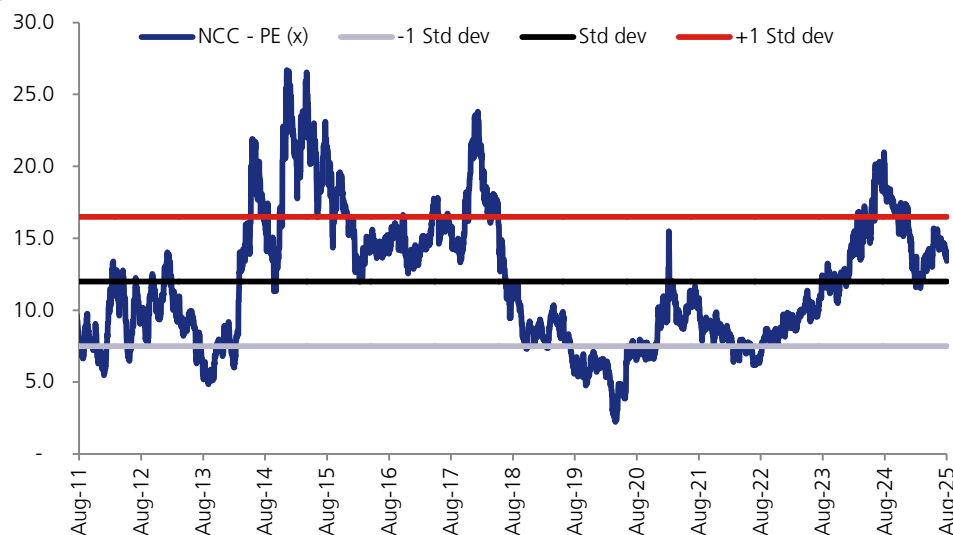
Business (INR mn)	Basis of valuation	Valuation driver	Equity value	Share (%)	INR/share
EPC business	16x Mar-27 Core PAT	10,535	1,68,553	100%	268
MDO business (51% share)	10x FY25 PAT	780	7800	51%	6
<b>Target Price</b>					<b>275</b>

Source: Company, JM Financial; \*: Core PAT = [(PBT less of other income)\*(1-tax rate)]

## Key conference call takeaways

- **FY26 guidance:** Revenue: 10% YoY growth; EBITDA margins: 9-9.25% (confident of achieving the lower range); Order inflow: INR 220-250bn (YTD: INR 67bn); Capex: INR 7.5bn.
- **Bid pipeline robust** at INR 2.5tn driven by Buildings, Transportation, Water and Electrical verticals. NCC is also L1 in projects worth INR 50-60bn.
- **Revenue de-growth** in 1Q26 was due to payment delays in JJM leading to lower execution and also due to delay in start of execution in newly won projects (as these projects are still in the approval and designing stages).
- **JJM update:** Order backlog stands at c.INR 40bn as of June-25. Payments are still delayed and o/s receivables stand at c.INR 17bn (Mar-25: c.INR 15bn).
- **AP status:** Share in order backlog stands at c.13-14% as of June-25. Outstanding receivables stand at c.INR 1bn from Capital city projects which are expected to be recovered in FY26E.
- **Vizag deal update:** Outstanding loan of c.INR 3.75bn is to be received over the next 2 years. NCC expects to receive INR 1.2bn in FY26E.

Exhibit 8. 1 year forward P/E chart



Source: Company, JM Financial, Bloomberg

## Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,85,138	1,92,053	2,11,258	2,42,947	2,72,101
Sales Growth	38.7%	3.7%	10.0%	15.0%	12.0%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>1,85,138</b>	<b>1,92,053</b>	<b>2,11,258</b>	<b>2,42,947</b>	<b>2,72,101</b>
Cost of Goods Sold/Op. Exp	1,57,244	1,63,569	1,79,358	2,05,339	2,29,816
Personnel Cost	6,409	7,587	8,801	10,209	11,536
Other Expenses	3,010	3,441	3,803	4,373	4,898
<b>EBITDA</b>	<b>18,475</b>	<b>17,456</b>	<b>19,296</b>	<b>23,026</b>	<b>25,850</b>
EBITDA Margin	10.0%	9.1%	9.1%	9.5%	9.5%
EBITDA Growth	37.6%	-5.5%	10.5%	19.3%	12.3%
Depn. & Amort.	2,092	2,129	2,277	2,610	2,809
EBIT	16,383	15,327	17,019	20,416	23,041
Other Income	1,241	1,870	1,512	1,480	1,415
Finance Cost	5,951	6,527	6,381	6,338	6,156
PBT before Excep. & Forex	11,673	10,670	12,151	15,558	18,301
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	11,673	10,670	12,151	15,558	18,301
Taxes	3,301	2,673	2,961	3,916	4,606
Extraordinary Inc./Loss(-)	-2,058	-386	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	6,315	7,611	9,190	11,642	13,695
<b>Adjusted Net Profit</b>	<b>8,372</b>	<b>7,997</b>	<b>9,190</b>	<b>11,642</b>	<b>13,695</b>
Net Margin	4.5%	4.2%	4.4%	4.8%	5.0%
Diluted Share Cap. (mn)	627.9	627.9	627.9	627.9	627.9
<b>Diluted EPS (INR)</b>	<b>13.3</b>	<b>12.7</b>	<b>14.6</b>	<b>18.5</b>	<b>21.8</b>
Diluted EPS Growth	45.0%	-4.5%	14.9%	26.7%	17.6%
Total Dividend + Tax	1,381	1,381	1,381	1,381	1,369
Dividend Per Share (INR)	2.2	2.2	2.2	2.2	2.2

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	68,127	74,368	82,177	92,437	1,04,763
Share Capital	1,256	1,256	1,256	1,256	1,256
Reserves & Surplus	66,871	73,112	80,921	91,182	1,03,507
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	10,050	14,840	14,000	9,250	4,250
Def. Tax Liab. / Assets (-)	-587	-407	-407	-407	-407
<b>Total - Equity &amp; Liab.</b>	<b>77,590</b>	<b>88,801</b>	<b>95,769</b>	<b>1,01,280</b>	<b>1,08,605</b>
Net Fixed Assets	14,847	15,598	20,821	21,211	21,652
Gross Fixed Assets	29,202	32,110	39,610	42,610	45,860
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	14,754	16,883	19,160	21,771	24,580
Capital WIP	399	372	372	372	372
Investments	10,334	10,652	11,652	11,652	11,652
Current Assets	1,47,593	1,71,682	1,78,705	1,92,051	2,13,084
Inventories	14,338	13,920	15,049	19,968	22,364
Sundry Debtors	27,911	30,977	32,833	36,608	41,001
Cash & Bank Balances	10,441	13,376	8,493	8,808	9,160
Loans & Advances	3,688	4,678	4,678	4,678	4,678
Other Current Assets	91,216	1,08,732	1,17,652	1,21,988	1,35,881
Current Liab. & Prov.	95,183	1,09,131	1,15,408	1,23,633	1,37,783
Current Liabilities	61,170	76,432	72,686	78,542	88,606
Provisions & Others	34,013	32,700	42,722	45,091	49,176
Net Current Assets	52,410	62,551	63,296	68,417	75,302
<b>Total - Assets</b>	<b>77,590</b>	<b>88,801</b>	<b>95,769</b>	<b>1,01,280</b>	<b>1,08,605</b>

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	9,615	10,284	12,151	15,558	18,301
Depn. & Amort.	2,092	2,129	2,277	2,610	2,809
Net Interest Exp. / Inc. (-)	5,951	6,527	6,381	6,338	6,156
Inc (-) / Dec in WCap.	1,265	-6,216	-5,628	-4,806	-6,533
Others	0	0	0	0	0
Taxes Paid	-3,301	-2,673	-2,961	-3,916	-4,606
<b>Operating Cash Flow</b>	<b>15,623</b>	<b>10,051</b>	<b>12,219</b>	<b>15,784</b>	<b>16,126</b>
Capex	-2,864	-2,881	-7,500	-3,000	-3,250
Free Cash Flow	12,759	7,170	4,719	12,784	12,876
Inc (-) / Dec in Investments	-1,559	-1,309	-1,000	0	0
Others	-137	191	0	0	0
<b>Investing Cash Flow</b>	<b>-4,560</b>	<b>-3,998</b>	<b>-8,500</b>	<b>-3,000</b>	<b>-3,250</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,381	-1,381	-1,381	-1,381	-1,369
Inc / Dec (-) in Loans	255	4,790	-840	-4,750	-5,000
Others	-5,951	-6,527	-6,381	-6,338	-6,156
<b>Financing Cash Flow</b>	<b>-7,078</b>	<b>-3,118</b>	<b>-8,602</b>	<b>-12,469</b>	<b>-12,525</b>
<b>Inc / Dec (-) in Cash</b>	<b>3,985</b>	<b>2,934</b>	<b>-4,883</b>	<b>316</b>	<b>351</b>
Opening Cash Balance	6,456	10,441	13,376	8,493	8,808
Closing Cash Balance	10,441	13,376	8,493	8,808	9,160

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.5%	4.2%	4.4%	4.8%	5.0%
Asset Turnover (x)	2.5	2.3	2.3	2.5	2.6
Leverage Factor (x)	1.1	1.2	1.2	1.1	1.1
RoE	12.7%	11.2%	11.7%	13.3%	13.9%

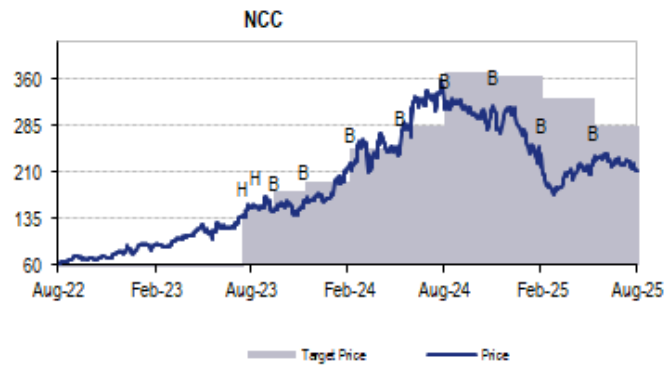
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	108.5	118.4	130.9	147.2	166.9
ROIC	13.2%	12.8%	12.6%	13.3%	14.0%
ROE	12.7%	11.2%	11.7%	13.3%	13.9%
Net Debt/Equity (x)	0.0	0.0	0.1	0.0	0.0
P/E (x)	12.1	21.9	14.4	11.4	9.7
P/B (x)	1.5	2.4	1.6	1.4	1.3
EV/EBITDA (x)	5.5	10.1	7.2	5.8	4.9
EV/Sales (x)	0.5	0.9	0.7	0.5	0.5
Debtor days	55	59	57	55	55
Inventory days	28	26	26	30	30
Creditor days	134	160	138	130	131

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Jul-23	Hold	150	
14-Aug-23	Hold	155	3.2
17-Sep-23	Buy	180	16.0
15-Nov-23	Buy	195	8.4
9-Feb-24	Buy	250	27.8
15-May-24	Buy	285	14.4
6-Aug-24	Buy	370	29.8
7-Nov-24	Buy	365	-1.3
6-Feb-25	Buy	330	-9.7
16-May-25	Buy	285	-13.6

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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