

Leela Palaces Hotels & Resorts | BUY

Growth Visibility Strengthened by Dubai Entry

Leela reported an inline quarter with revenue of INR 3.1bn (+9% YoY, +13% QoQ, slightly below JMFE: INR 3.2bn) as RevPAR grew 13% YoY led by both ADR and occupancy. EBITDA at INR 1.4bn (JMFE: INR 1.4bn) grew 12% YoY as it benefited from operating leverage (margin expanded by 120bps). Leela announced its international foray with the acquisition of a luxury beachfront asset at Palm Jumeriah, Dubai in partnership with the Sponsor (Brookfield) in a 25:75 ownership structure. The asset comprises of 546 keys (including 182 residences) and is being acquired at an enterprise value of INR 43bn. Leela will invest INR 4.4bn for 25% stake which we believe is quite accretive given the potential to earn management fees from FY28E. Leela expects to re-coup its investment in three years through the sale of branded residences. Our assessment suggests that the acquisition could lead to c.6% value accretion to the current mcap without factoring in the benefit of additional fee income. Leela is also working towards obtaining regulatory approvals to demerge the office business from the existing BKC entity, such that it will only own a 50% stake in the hotel business. Overall, the company has a strong development pipeline of 1,500+ keys which provides strong growth visibility till FY30E. We expect the company to report 17%/18% CAGR in Revenue/EBITDA over FY25-28E aided by 10% CAGR in ARR and gradual improvement in occupancy. Maintain BUY rating with a target price of INR 605, valuing the company at 22x Jun'27 EBITDA.

- **In-line performance:** Leela reported revenue of INR 3.1bn (+9% YoY, +13% QoQ) aided by 7% YoY growth in ADR to INR 19,290 and 410 bps increase in occupancy (led by the Jaipur asset). EBITDA came in at INR 1.4bn (+12% YoY, +36% QoQ) as margin expanded by 120 bps due to operating leverage. Room revenues for the quarter increased 13% YoY to INR 1.5bn while F&B revenue growth was lower at 6% YoY. In 1HFY26, revenue and EBITDA was up by 12%/22% YoY to INR 5.9bn and INR 2.4bn respectively.
- **Strategic expansion into Dubai:** Leela has received its Board approval to acquire the luxury beachfront asset at Palm Jumeriah, Dubai in partnership with the Sponsor in a 25:75 ownership structure. The asset comprises of 546 keys including 361 hotel keys, 182 branded residences and 3 villas and the transaction is priced at INR 43bn (\$503mn or \$920k/key). Leela will invest INR 4.4bn (in addition to renovation capex) for 25% equity stake and will also earn HMA fees to the extent of INR 0.5-0.6bn annually from FY28E, post the re-branding of asset. Management indicated that the residences will be monetized with net proceeds shared between partners. This should allow Leela to re-coup its initial investment within three years while retaining the 25% stake, making the transaction highly accretive.
- **Update on the BKC project:** Leela is also working towards obtaining regulatory approvals to demerge the office business from the existing BKC entity, such that it will only own a 50% stake in the hotel business and the balance share in hotel along with full ownership in the 0.7msf office asset will be held by the Sponsor. The estimated capex including land acquisition for Leela's stake stands at ~INR 8bn and company expects to generate INR 1.3bn steady state EBITDA on its investment, implying a 16% yield on cost.
- **Maintain BUY with a TP of INR 605:** Despite high base, management remains confident of achieving double digit growth in rates in 2HFY26, which should drive the targeted high-teens growth in EBITDA. Over the medium term too, the strong development pipeline provides considerable visibility till FY30E. We expect the company to report 17%/18% CAGR in Revenue/EBITDA over FY25-28E and maintain BUY with a TP of INR 605.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	605
Upside/(Downside)	37.8%
Previous Price Target	605
Change	NA

Key Data – THELEELA IN

Current Market Price	INR439
Market cap (bn)	INR146.6/US\$1.7
Free Float	30%
Shares in issue (mn)	334.0
Diluted share (mn)	334.0
3-mon avg daily val (mn)	INR264.4/US\$3.0
52-week range	475/383
Sensex/Nifty	82,030/25,146
INR/US\$	88.8

Price Performance

%	1M	6M	12M
Absolute	4.6	0.0	0.0
Relative*	4.5	0.0	0.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,715	13,006	15,331	17,020	20,596
Sales Growth (%)	36.2	11.0	17.9	11.0	21.0
EBITDA	5,450	5,944	7,370	8,260	9,679
EBITDA Margin (%)	46.5	45.7	48.1	48.5	47.0
Adjusted Net Profit	-21	477	3,512	4,489	5,431
Diluted EPS (INR)	-0.1	2.0	10.5	13.4	16.3
Diluted EPS Growth (%)	0.0	0.0	434.2	27.8	21.0
ROIC (%)	-4.3	5.1	6.4	7.0	8.2
ROE (%)	0.0	1.3	7.2	7.0	7.8
P/E (x)	-3,847.4	236.2	44.2	34.6	28.6
P/B (x)	-2.9	3.2	2.5	2.3	2.1
EV/EBITDA (x)	36.2	32.6	23.1	20.0	16.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 14/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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

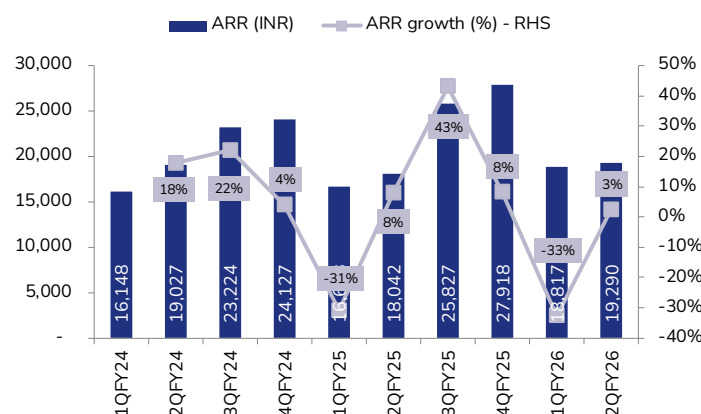
Con-call highlights:

- The 5% gap between supply/demand till FY30 present strong runway for growth. Likewise, company has a strong pipeline of 1,500+ keys to capture this opportunity.
- In 2Q, Company benefited from operating leverage as the incremental revenue had 70% flow through to EBITDA
- During the quarter, company has launched the invite only members club at at Leela Palace Bengaluru along with 34k sqft luxury retail space.
- In 2QFY26, room revenue contributed c. INR 1.5bn and F&B revenue contributed c. INR 1.2bn
- Occupancy for the quarter was led by Jaipur asset, while ADR was driven by Chennai, Bengaluru and Udaipur asset
- Dubai and BKC acquisition
 - The Dubai asset is spread across 23 acres on beachfront land and is located next to Atlantis. The total purchase cost of c.INR 43bn (\$503mn) implies a multiple of 13x on CY25 EBITDA
 - The company will incur renovation capex to uplift the asset to Leela's standard. Given that it has multiple buildings, renovation will be done in phased manner while keeping the hotel operational. It will be rebranded in FY27
 - The partnership with Brookfield is enabling the company to generate very high teens IRRs in Dubai and BKC. Bulk of the capex in BKC is back-ended, thus giving opportunity to utilize surplus to pursue near term HMA transactions.
- Company is expecting to generate INR 12bn of EBITDA by FY30 from the operating assets and INR3bn from 5 new assets. The balance of INR 5bn will be generated from BKC, Dubai and other prospective transactions. Overall, it is on track to achieve INR 20b+ EBITDA by FY30 from existing pipeline.

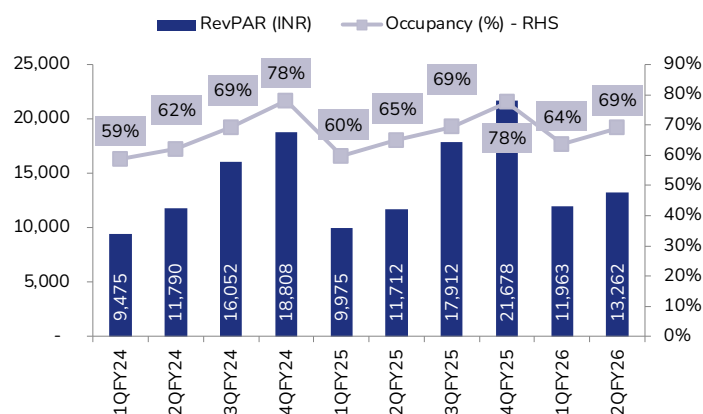
Exhibit 1. Financial snapshot

Particulars (INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26	QoQ	YoY	2QFY26E	Variance
Cons. Revenue (INR mn)	2,282	2,863	3,613	4,247	13,006	2,748	3,106	13%	9%	3,198	-3%
Total operating expense	1,619	1,626	1,835	1,982	7,062	1,734	1,727	0%	6%	1,813	-5%
EBITDA	663	1,237	1,778	2,265	5,944	1,014	1,379	36%	12%	1,385	0%
EBITDA margin	29.1%	43.2%	49.2%	53.3%	45.7%	36.9%	44.4%	749bps	120bps	43.3%	110bps
Depreciation & amortization	384	391	315	310	1,399	264	270	2%	-31%	260	4%
EBIT	403	981	1,885	2,336	5,604	1,016	1,337	32%	36%	1,365	-2%
EBIT margin	17.6%	34.3%	52.2%	55.0%	43.1%	37.0%	43.1%	0bps	879bps	42.7%	38bps
Other income	123	135	421	381	1,060	265	228	-14%	69%	240	-5%
Profit before tax	-790	-246	710	1,346	1,021	157	932	495%	-479%	1,000	-7%
Income tax expense	-40	265	147	172	544	70	185	165%	-30%	250	-26%
PAT	-750	-511	564	1,174	477	87	747	759%	-246%	750	0%

Source: Company, JM Financial

Exhibit 2. ARR increased by 7% YoY

Source: Company, JM Financial

Exhibit 3. Occupancy grew to 69%, resulting in 13% growth in RevPAR

Source: Company, JM Financial

Exhibit 4. Value addition post Dubai acquisition

Dubai acquisition	\$mn	INR bn
Purchase consideration	503	43.8
Equity	200	17.4
Debt	303	26.4
Equity - Leela's share	49	4.3
Debt - Leela's share (a)	76	6.6
EBITDA (current run-rate)	40	3.5
EBITDA - Leela's share	10	0.9
EV at 17x EBITDA (b)		14.8
Equity Value (b)-(a)		8.2
Current Market Capitalisation		146
Value addition		6%

Source: Company, JM Financial; USD-INR rate of 87

Note – We haven't incorporated the inflow by way HMA fees from FY28 which would make the investment even more accretive.

Exhibit 5. Brookfield taking The Leela Global

Dubai | International Expansion



The Leela Palaces, Hotels and Resorts ("The Leela") has received board approval to sign binding agreements to acquire a 25% stake in a luxury operating beachfront resort in Dubai's iconic Palm Jumeirah (the "Resort"). Private funds, managed by Brookfield, shall acquire the balance 75% stake. Transaction closing is expected in Q3'FY26.

Asset Overview

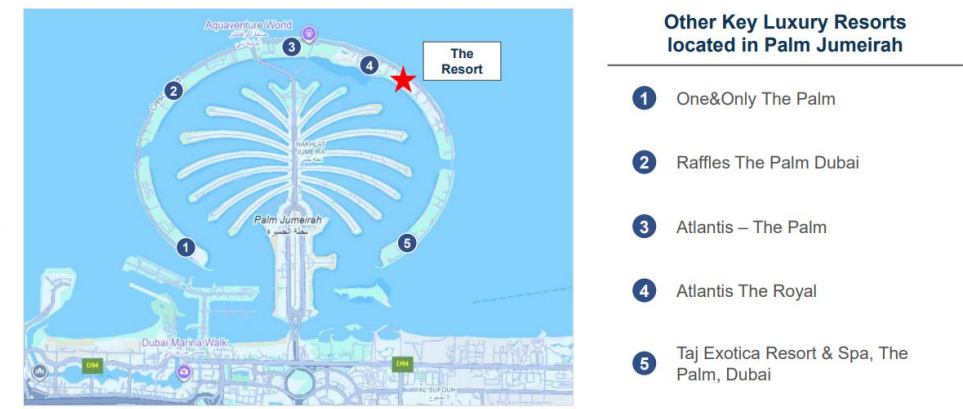
- The Resort, located adjacent to Atlantis The Royal, is spread across 23 acres on one of the largest freehold beachfront land plots in Palm Jumeirah, and comprises of 546 keys including a 361 key hotel, 182 residences and 3 villas
- Palm Jumeirah is one of the most well-established luxury tourist destinations in the world with more than 5 million annual tourists and the highest concentration of \$1M+ homes in Dubai

Financial Summary

- The purchase price at 100% stake is \$503 Mn / \$920k per key, implying an attractive entry multiple of 12.8x CY'25 EBITDA ⁽¹⁾
- The transaction will be funded through a combination of equity and non-recourse debt. Leela's contribution will be via existing cash and internal accruals
- For its 25% equity stake, The Leela will require upfront capital of c. \$49 Mn / c. ₹4,370 Mn

Source: Company, JM Financial
Note: Metrics across the presentation mentioned on constant FX unless specified (1 USD = 88.79 INR; 1 USD = 3.7 AED; 1 AED = 24.2 INR)
(1) Forecasted for CY25

Exhibit 6. Premier beachfront location (Palm Jumeirah)



Source: Company, JM Financial

Exhibit 7. Investment highlights

Particulars	Description
Strategic Global Expansion	<ul style="list-style-type: none">• Upon conversion to "The Leela", it will mark the brand's first international foray• A flagship resort in Dubai, leveraging strong travel flows from India, Dubai's largest feeder market, and amplifying global brand visibility
Trophy Beachfront Location	<ul style="list-style-type: none">• High barrier to entry location at Palm Jumeirah, Dubai, one of the most iconic and supply-constrained hospitality markets worldwide• One of the largest beachfront properties in Dubai
Attractive Valuation	<ul style="list-style-type: none">• The purchase price of \$503 Mn / \$920k per key, implies an entry multiple of 12.8x CY'25 EBITDA(1) and c.7.0x stabilized 2030 EBITDA(2), significantly accretive to The Leela
Fast Equity Recycling	<ul style="list-style-type: none">• 100% of Leela's equity expected to be returned within 2-3 years through sale of branded residences
Robust Market Fundamentals	<ul style="list-style-type: none">• Dubai welcomed 19M+ international visitors in 2024, ranking among the world's top tourism destinations and the global leader in luxury home sales
De-Risked Execution	<ul style="list-style-type: none">• 75% capital by Brookfield managed funds• Non-recourse debt• Brookfield brings significant execution experience in the Middle East

Source: Company, JM Financial

Exhibit 8. Asset overview**546**Keys ⁽¹⁾**35%**Suites (% of Hotel Keys) ⁽²⁾**63 sqm**Avg. Room Size ⁽²⁾**12**

F&B Outlets

23,500 SF

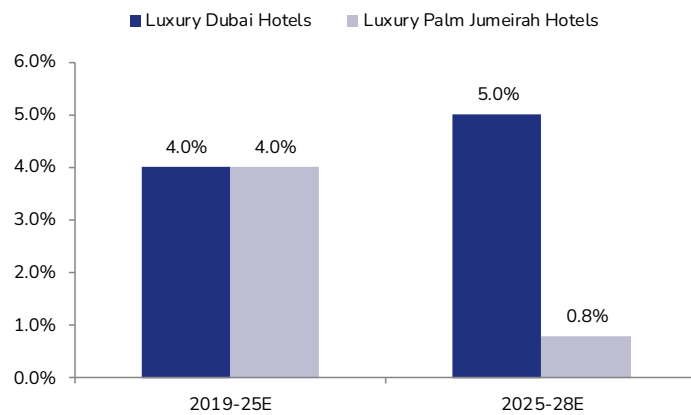
Banqueting Space



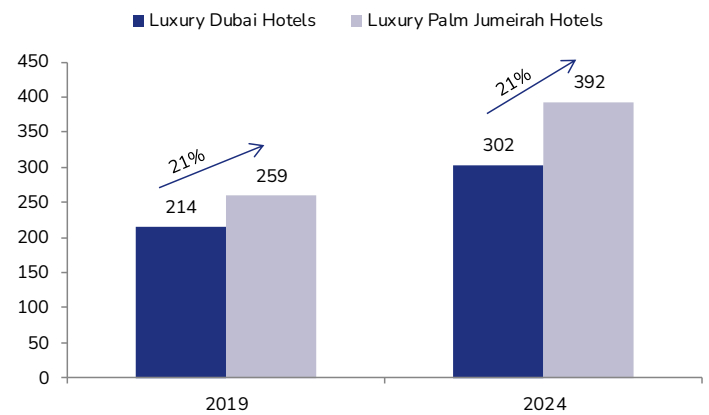
Source: Company, JM Financial

(1) 361 Hotel Keys, 182 residences, 3 Villas

(2) Excludes Residences

Exhibit 9. Supply Growth: Luxury Palm Jumeirah Hotels vs. All Luxury Dubai Hotels

Source: Company, JM Financial, CoStar

Exhibit 10. RevPAR (\$) Growth: Luxury Palm Jumeirah Hotels vs. All Luxury Dubai Hotels

Source: Company, JM Financial, CoStar

Exhibit 11. Overview of The Leela Palace Mumbai, BKC

In June 2025, The Leela and Brookfield led consortium successfully won the bid to acquire⁽¹⁾ a 2.1 acre prime plot in BKC, Mumbai's CBD, presenting a marquee opportunity to build a modern mixed-use complex, anchored by a 250+ keys Leela Palace Hotel and 0.7 MSF Grade A Office



20% Lower
Land Basis⁽²⁾

₹8,000 Mn
Capex ⁽³⁾

c.₹1,500 Mn
Stab. EBITDA⁽⁴⁾

c.16%
Stab. Yield on Cost

Source: Company, JM Financial

(1) On leasehold basis for 80 years

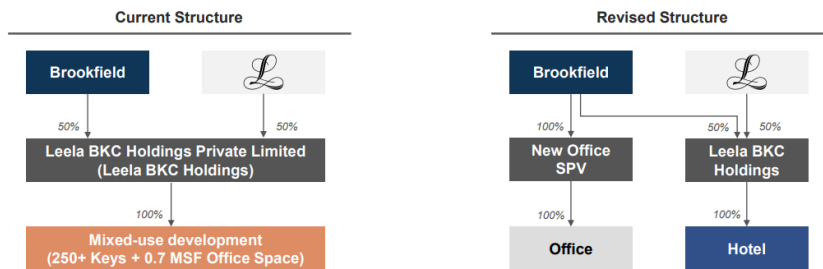
(2) Compared to winning bids of other adjacent commercial land parcels in BKC (on a PSF basis) concluded in 2025

(3) Capex including land acquisition basis for Leela's 50% stake in the Hotel

(4) Includes 50% of Hotel EBITDA and Hotel Management Fees

Exhibit 12. The Leela Palace BKC - Structure Update

Leela BKC Holdings Private Limited will seek regulatory approvals to demerge the office business from the existing entity such that The Leela will only own a 50% stake in the hotel business



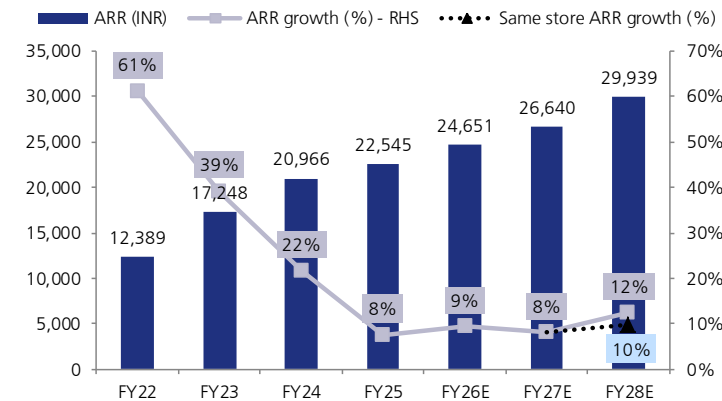
The revised structure enables The Leela to focus on hotel development and operations, while optimizing capital allocation across a broader range of accretive investment opportunities

Source: Company, JM Financial

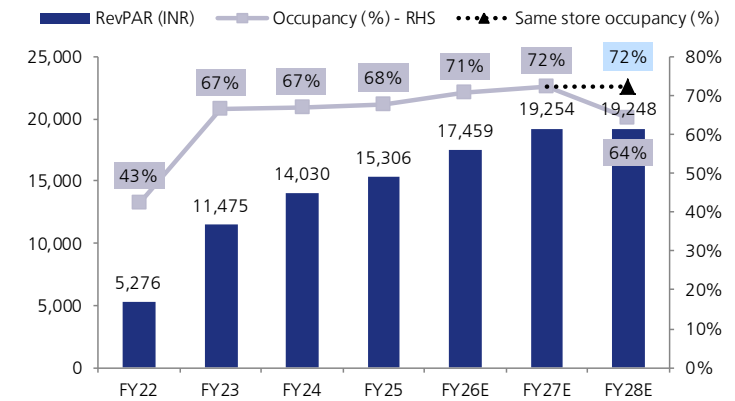
Annual Information and Estimates**Exhibit 13. Financial and operational snapshot**

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operational Metrics – Leela Hotels						
ARR (INR)	17,248	20,966	22,545	24,651	26,640	29,939
ARR Growth (%) - RHS	39%	22%	8%	9%	8%	12%
Occupancy (%)	67%	67%	68%	71%	72%	64%
RevPAR (INR)	11,475	14,030	15,306	17,459	19,254	19,248
Consolidated Financials						
Revenue from Operations (INR bn)	8,601	11,715	13,006	15,331	17,020	20,596
YoY growth (%) - RHS	126%	36%	11%	18%	11%	21%
EBITDA (INR bn)	3,804	5,450	5,944	7,370	8,260	9,679
EBITDA Margin (%) - RHS	44%	47%	46%	48%	49%	47%
EBITDA growth (%)	633%	43%	9%	24%	12%	17%
PAT (INR bn)	-617	-21	477	3,512	4,489	5,431
PAT Margin (%) - RHS	-7%	0%	4%	23%	26%	26%
Performance Ratios						
Net Debt (INR bn)	34,098	37,751	25,374	2,082	1,669	-1,116
Net Debt / EBITDA (x)	9.0	6.9	4.3	0.3	0.2	-0.1

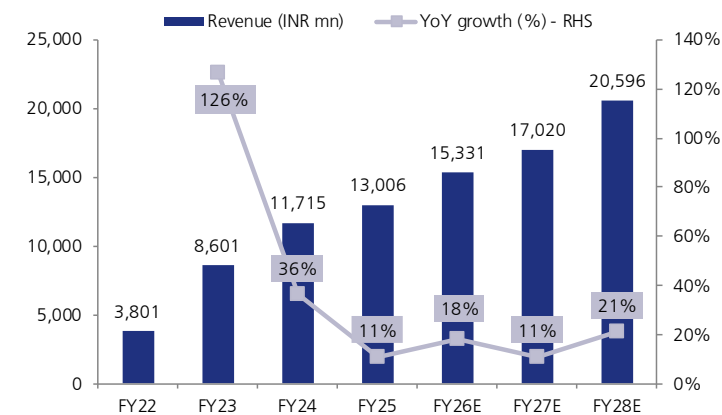
Source: Company, JM Financial

Exhibit 14. ARR to grow at a CAGR of 10%...


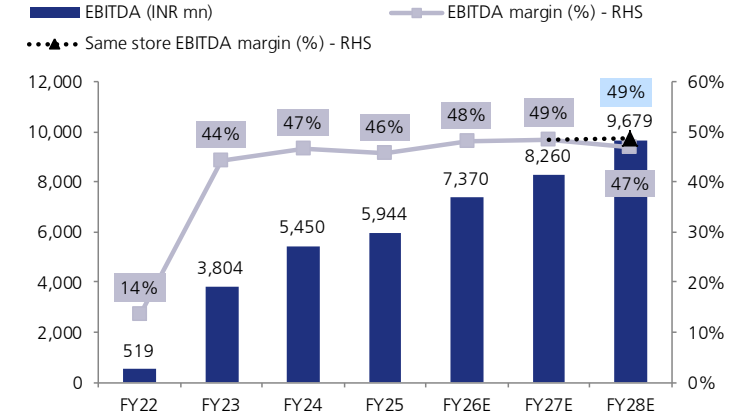
Source: Company, JM Financial

Exhibit 15. ...occupancy to move up to 70%


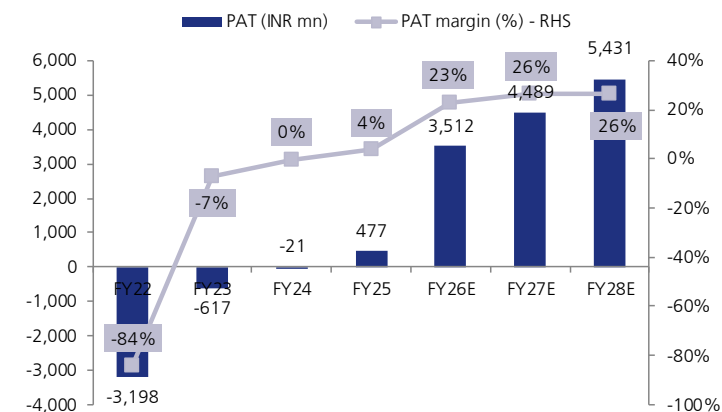
Source: Company, JM Financial

Exhibit 16. Revenue to grow at 17% CAGR...


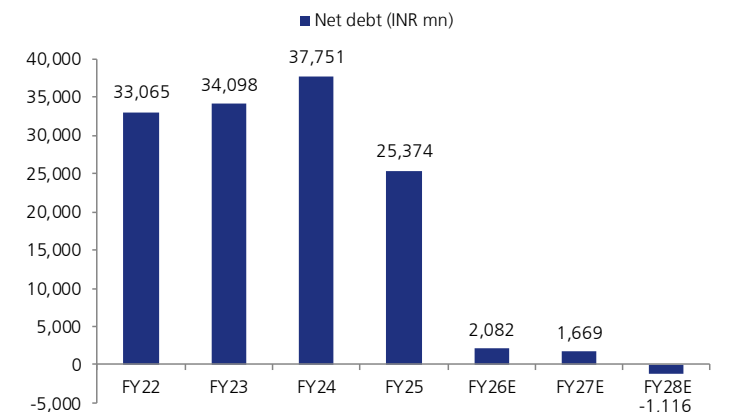
Source: Company, JM Financial

Exhibit 17. ...with expansion in EBITDA margin


Source: Company, JM Financial

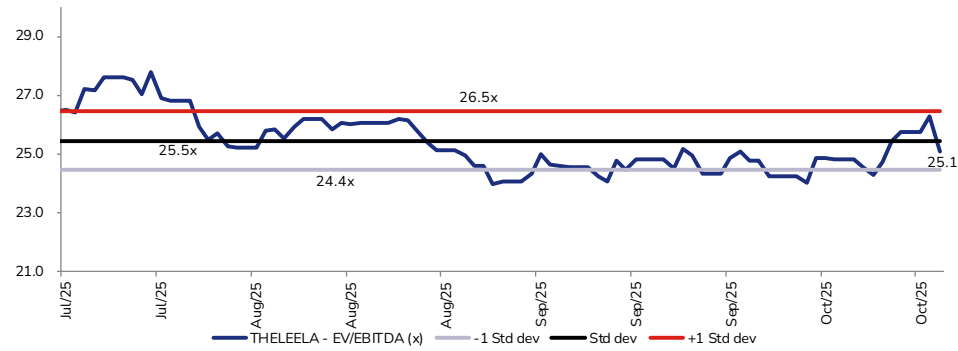
Exhibit 18. PAT grows multi-fold on a small base


Source: Company, JM Financial

Exhibit 19. Reduction in net debt post FY26


Source: Company, JM Financial

Exhibit 20. The Leela Hotels EV/EBITDA chart



Source: Bloomberg, Company

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,715	13,006	15,331	17,020	20,596
Sales Growth	36.2%	11.0%	17.9%	11.0%	21.0%
Other Operating Income	0	0	0	0	0
Total Revenue	11,715	13,006	15,331	17,020	20,596
Cost of Goods Sold/Op. Exp	850	947	1,065	1,213	1,536
Personnel Cost	2,343	2,732	1,960	2,117	2,516
Other Expenses	3,072	3,382	4,040	4,477	5,848
EBITDA	5,450	5,944	7,370	8,260	9,679
EBITDA Margin	46.5%	45.7%	48.1%	48.5%	47.0%
EBITDA Growth	43.3%	9.1%	24.0%	12.1%	17.2%
Depn. & Amort.	1,480	1,399	1,418	1,496	1,575
EBIT	3,970	4,544	5,951	6,764	8,104
Other Income	550	1,060	477	501	526
Finance Cost	4,326	4,582	2,028	1,469	1,359
PBT before Excep. & Forex	194	1,023	4,400	5,796	7,271
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	194	1,023	4,400	5,796	7,271
Taxes	216	544	878	1,266	1,810
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	-2	-10	-40	-29
Reported Net Profit	-21	477	3,512	4,489	5,431
Adjusted Net Profit	-21	477	3,512	4,489	5,431
Net Margin	-0.2%	3.7%	22.9%	26.4%	26.4%
Diluted Share Cap. (mn)	176.0	242.1	334.0	334.0	334.0
Diluted EPS (INR)	-0.1	2.0	10.5	13.4	16.3
Diluted EPS Growth	0.0%	0.0%	434.2%	27.8%	21.0%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	194	1,021	4,420	5,876	7,464
Depn. & Amort.	1,480	1,399	1,418	1,496	1,575
Net Interest Exp. / Inc. (-)	4,326	4,582	2,028	1,469	1,359
Inc (-) / Dec in WCap.	-158	-561	-295	5,638	2,136
Others	-161	-807	0	0	0
Taxes Paid	-293	-105	-878	-1,266	-1,810
Operating Cash Flow	5,388	5,529	6,693	13,212	10,724
Capex	-1,209	-2,077	-5,465	-5,593	-4,181
Free Cash Flow	4,179	3,452	1,228	7,619	6,543
Inc (-) / Dec in Investments	-2,555	-8,338	0	0	0
Others	-4,097	-46,882	0	0	0
Investing Cash Flow	-7,860	-57,297	-5,465	-5,593	-4,181
Inc / Dec (-) in Capital	0	62,211	24,000	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	6,157	1,343	-22,000	-1,000	-1,000
Others	-4,687	-11,195	-1,935	-1,372	-1,259
Financing Cash Flow	1,470	52,359	64	-2,372	-2,259
Inc / Dec (-) in Cash	-1,002	590	1,293	5,246	4,285
Opening Cash Balance	1,712	710	1,300	2,593	7,839
Closing Cash Balance	710	1,300	2,593	7,839	12,124

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	-28,257	35,569	62,360	66,489	72,365
Share Capital	202	2,765	3,340	3,340	3,340
Reserves & Surplus	-28,459	32,804	59,020	63,150	69,025
Preference Share Capital	0	0	0	0	0
Minority Interest	0	481	751	1,231	1,009
Total Loans	42,422	39,087	17,087	16,087	15,087
Def. Tax Liab. / Assets (-)	2,579	3,032	3,032	3,032	3,032
Total - Equity & Liab.	16,743	78,169	83,230	86,839	91,493
Net Fixed Assets	53,641	55,107	59,007	62,996	65,489
Gross Fixed Assets	52,573	53,352	52,683	52,003	61,768
Intangible Assets	676	445	445	445	445
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	392	1,309	5,878	10,547	3,275
Investments	1,689	1,684	1,684	1,684	1,684
Current Assets	15,288	25,871	27,158	26,944	29,279
Inventories	310	272	460	511	618
Sundry Debtors	729	887	920	1,021	1,236
Cash & Bank Balances	710	1,300	2,593	7,839	12,124
Loans & Advances	0	0	0	0	0
Other Current Assets	13,539	23,412	23,186	17,573	15,302
Current Liab. & Prov.	53,875	4,492	4,619	4,784	4,959
Current Liabilities	2,728	2,960	3,073	3,191	3,313
Provisions & Others	51,147	1,532	1,546	1,593	1,645
Net Current Assets	-38,587	21,378	22,540	22,160	24,320
Total - Assets	16,743	78,169	83,230	86,839	91,493

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-0.2%	3.7%	22.9%	26.4%	26.4%
Asset Turnover (x)	0.3	0.2	0.2	0.2	0.2
Leverage Factor (x)	0.0	2.3	1.7	1.4	1.3
RoE	0.0%	1.3%	7.2%	7.0%	7.8%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	-160.6	146.9	186.7	199.1	216.7
ROIC	-4.3%	5.1%	6.4%	7.0%	8.2%
ROE	0.0%	1.3%	7.2%	7.0%	7.8%
Net Debt/Equity (x)	0.0	1.1	0.2	0.1	0.0
P/E (x)	-3,847.4	236.2	44.2	34.6	28.6
P/B (x)	-2.9	3.2	2.5	2.3	2.1
EV/EBITDA (x)	36.2	32.6	23.1	20.0	16.5
EV/Sales (x)	16.8	14.9	11.1	9.7	7.7
Debtor days	23	25	22	22	22
Inventory days	10	8	11	11	11
Creditor days	35	31	32	30	25

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Sep-25	Buy	605	
8-Oct-25	Buy	605	0.0

Recommendation History

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: 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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