



## Nexus Select Trust REIT

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## **Offer Details**

<b>IPO Size</b>	<b>Rs. 3200 Cr.</b>
<b>Shares Face Value</b>	<b>N/A</b>
<b>Shares price band</b>	<b>Rs.95 to Rs.100 per share</b>
<b>Lot</b>	<b>150 shares</b>
<b>Opening Date</b>	<b>May 9, 2023</b>
<b>Closing Date</b>	<b>May 11, 2023</b>

## **Business Overview**

- Nexus select trust is **India's largest portfolio of consumption centres.**
- It is a leading alternative asset manager, **Blackstone is the sponsor of the company.**
- **Nexus has 17 best-in-class Grade A urban consumption centres, two complementary hotel assets, and three office assets.** The REIT's portfolio has a **tenant base of 1,044 domestic and international brands with 2,893 stores as of December 31, 2022.**
- It is well diversified across cities with no single asset and **tenant contributing more than 18.3% and 2.8% of its total Gross Rentals for the month of December 31, 2022.**
- **REIT's enjoyed a 96.2% average Committed Occupancy across their Portfolio as of December 31, 2022.** and 11% CAGR in tenant sales from FY18 to FY20, and a 7.5% CAGR in marginal rents across the Portfolio from CY16 to CY19.
- Its assets are located in cities like **Delhi, Mumbai, Amritsar, Chennai, Bangalore, Pune and many other cities.**
- They have a **healthy mix of tenants** across sectors such as apparel and accessories, hypermarket, entertainment, and food and beverages in order to provide a holistic shopping and entertainment offering to consumers.

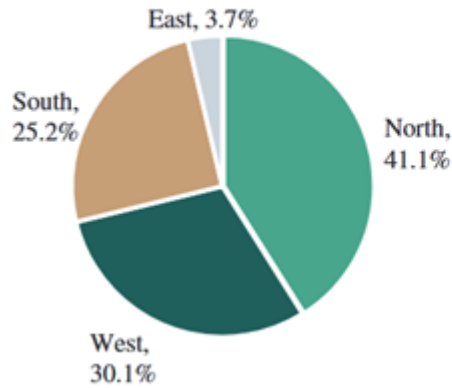
- Nexus' assets are strategically located across 14 leading cities in India, which constituted 30% of India's total discretionary retail spending in FY20 and had an average population CAGR that was 226 bps higher than the national average from financial years 2011 to 2021.

## Product Portfolio

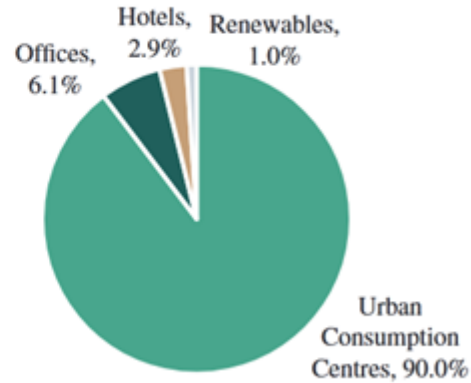
Name of Asset	Leasable Area (msf)/Keys (for Hotels)/MW (for Renewable Power Plants) (as applicable)	Committed Occupancy/Office Occupancy/Hotel Occupancy <sup>(3)</sup> (as applicable)	Market Value (Rs. million)	% of Gross Portfolio Market Value	WALE (Years)
<b>Urban Consumption Centres</b>					
Select Citywalk	0.51 msf	98.8%	45,519	19.4%	4.9
Nexus Ilante	1.25 msf	99.4%	38,672	16.5%	5.5
Nexus Seawoods	0.97 msf	99.0%	22,169	9.4%	7.1
Nexus Ahmedabad One <sup>(2)</sup>	0.88 msf	96.4%	19,561	8.3%	6.0
Nexus Hyderabad	0.83 msf	98.8%	16,896	7.2%	4.2
Nexus Koramangala	0.30 msf <sup>(3)</sup>	97.8%	8,352	3.6%	3.3
Nexus Vijaya	0.65 msf	99.4%	12,565	5.3%	4.2
Nexus Westend	0.44 msf	95.9%	8,444	3.6%	7.8
Nexus Esplanade	0.42 msf	97.0%	8,617	3.7%	7.7
Nexus Amritsar	0.54 msf	97.2%	6,326	2.7%	6.7
Nexus Shantiniketan	0.41 msf <sup>(4)</sup>	97.3%	5,953 <sup>(4)</sup>	2.5%	6.9
Nexus Whitefield	0.31 msf	94.7%	3,681	1.6%	4.7
Nexus Celebration	0.40 msf	94.6%	4,557	1.9%	5.0
Fiza by Nexus	0.49 msf <sup>(3)</sup>	71.7%	2,881 <sup>(3)</sup>	1.2%	5.1
Nexus Centre City	0.33 msf	97.8%	2,714	1.2%	6.7
Nexus Indore Central	0.24 msf	90.4%	2,007	0.9%	13.7
<b>Portfolio Investment</b>					
Treasure Island	0.22 msf <sup>(6)</sup>	96.8%	2,552 <sup>(6)</sup>	1.1%	5.1
<b>Subtotal Urban Consumption Centres</b>	<b>9.18 msf</b>	<b>96.2%</b>	<b>211,466</b>	<b>90.0%</b>	<b>5.7</b>
<b>Offices</b>					
Westend Icon Offices	0.98 msf	74.9%	11,442	4.9%	3.5
Vijaya Office	0.19 msf	100.0%	1,823	0.8%	3.2
Ilante Office	0.09 msf	75.1%	1,059	0.5%	4.6
<b>Subtotal Offices</b>	<b>1.26 msf</b>	<b>78.7%</b>	<b>14,324</b>	<b>6.1%</b>	<b>3.6</b>
<b>Hotels</b>					
Hyatt Regency Chandigarh	211 keys	66.2%	4,908	2.1%	NA
Oakwood Residence Whitefield Bangalore	143 keys	73.0%	1,882	0.8%	NA
<b>Subtotal Hotels</b>	<b>354 keys</b>	<b>69.0%</b>	<b>6,790</b>	<b>2.9%</b>	<b>NA</b>
<b>Renewable Power Plants</b>					
Karnataka Solar Park	15 MW (AC)	NA	2,413	1.0%	NA
<b>Subtotal Renewable Power Plants</b>	<b>15 MW (AC)</b>	<b>NA</b>	<b>2,413</b>	<b>1.0%</b>	<b>NA</b>
<b>Total Portfolio</b>	<b>9.18 msf<sup>(7)</sup> (Urban Consumption Centres)</b>	<b>96.2% (Urban Consumption Centres)</b>	<b>234,993</b>	<b>100.0%</b>	<b>5.7 (Urban Consumption Centres)</b>
	<b>1.26 msf (Offices)</b>	<b>78.7% (Offices)</b>			<b>3.6 (Offices)</b>
	<b>354 keys (Hotels)</b>	<b>69.0% (Hotels)</b>			

**Market value of portfolio as on 31st december2022 is Rs. 235 billion as per valuer.**

**Market Value by Geography**



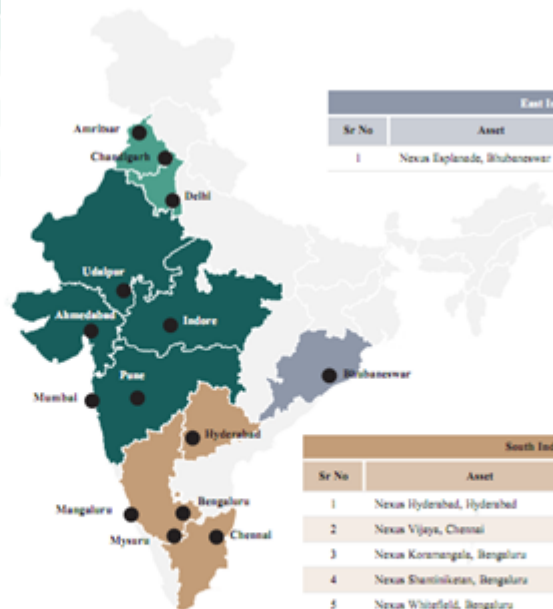
**Market Value by Asset Type**



Source:RHP Nexus

North India			
Sr No	Asset	Area (msf / keys)	% GPMV
1	Select Citywalk, Delhi	0.51	19.4%
2	Nexus Elante, Chandigarh	1.25	16.5%
3	Nexus Amritsar, Amritsar	0.54	2.7%
4	Hyatt Regency Chandigarh	211 keys	2.1%
5	Elante Office, Chandigarh	0.09	0.5%

West India			
Sr No	Asset	Area (msf)	% GPMV
1	Nexus Satewoods, Navi Mumbai	0.97	9.4%
2	Nexus Ahmedabad One, Ahmedabad	0.88	8.3%
3	Westend Icon Offices, Pune	0.98	4.9%
4	Nexus Westend, Pune	0.44	3.6%
5	Nexus Celebration, Udaipur	0.40	1.9%
6	Treasure Island, Indore	0.22	1.1%
7	Nexus Indore Central, Indore	0.24	0.9%



East India			
Sr No	Asset	Area (msf)	% GPMV
1	Nexus Explorade, Bhubaneswar	0.42	3.7%

South India			
Sr No	Asset	Area (msf / keys / MW)	% GPMV
1	Nexus Hyderabad, Hyderabad	0.83	7.2%
2	Nexus Vijaya, Chennai	0.65	5.3%
3	Nexus Koramangala, Bangalore	0.30	3.6%
4	Nexus Shantiniketan, Bangalore	0.41	2.5%
5	Nexus Whitefield, Bangalore	0.31	1.6%
6	Flux by Nexus, Mangalore	0.49	1.2%
7	Nexus Centre City, Mysuru	0.33	1.2%
8	Karnataka Solar Park	15 MW	1.0%
9	Vijaya Offices, Chennai	0.19	0.8%
10	Oakwood Residence Whitefield Bangalore	143 keys	0.8%

Source:RHP Nexus

Top 10 tenants by gross rentals are:

Top Ten Tenants by Gross Rentals	No. of Stores in our Portfolio	Leasable Area (sf)	Gross Rentals (%)	WALE (Years)	Trade Categories
1 Lifestyle	8	442,663	2.8%	8.8	Departmental Store
2 Cinepolis	6	362,349	2.6%	17.8	Entertainment
3 PVR Cinemas	8	502,062	2.5%	7.0	Entertainment
4 Westside	9	285,317	2.1%	7.0	Apparel and Accessories
5 Zara	3	119,823	2.0%	7.5	Apparel and Accessories
6 Shoppers Stop	5	283,366	1.8%	15.1	Departmental Store
7 Max	14	230,747	1.7%	6.4	Apparel and Accessories
8 Smart Bazaar	6	310,030	1.6%	10.8	Hypermarket
9 Swedish Apparel Retailer Chain	8	229,120	1.6%	21.9	Apparel and Accessories
10 Reliance Trends	12	215,124	1.5%	5.1	Apparel and Accessories
<b>Total/Average of Top Ten Tenants</b>	<b>79</b>	<b>2,980,600</b>	<b>20.2%</b>	<b>10.7</b>	

Source: RHP Nexus



## What is working for company

- **Located in India, which is one of the world's fastest growing consumption led major economies**, India is 3rd largest in terms of Purchasing power Parity and 2nd most populous country in the world as on 30 June 2022.
- India's largest platform of best-in-class assets with a **presence in 14 of India's key consumption cities**.
- Highly occupied by a diversified tenant base of renowned national and international brands, **Gross rental from international brands is 47.3% and from domestic it is 52.7%.**

Gross Rentals From International and Domestic Brands in the Month Ended December 31, 2022



Source:RHP Nexus

- **Strong growth with inflation hedge cash flow:** as their portfolio is highly stabilized with 96.2% committed occupancy. They are well positioned for strong organic growth through combination of contractual rent escalation, increase tenant sales which leads to higher turnover rentals and releasing at higher market rents and lease up of vacant area.

- **Experienced management Team:** They will be managed by manager, led by dilip sehgal ,executive director and CEO. He is a veteran in the consumer sector with around 40 years of experience across real estate and consumer goods sectors.

Department	CXO/HODs	Team Headcount	In-House Specialists/Capabilities
Corporate	CEO: Dalip Sehgal	1 member	
Operations	COO: Jayen Naik ESG: Nilesh Singh	11 members	Development, ESG, Engineering and MEP, Store Design, Hospitality
Leasing and Occupier Services	Leasing: Nirzar Jain Marketing: Nishank Joshi	21 members	Leasing, Events and Promotions, Space—On Hire/Media
Finance and Legal	CFO: Rajesh Deo GC: Ruchika Nayyar	21 members	Finance and Accounting, Legal and Secretarial, Treasury, Procurement
Corporate Functions	HR: Rohan Vaswani IR and Strategy: Pratik Dantara	10 members	ERP/Technology, Learning and Development, Employee Engagement Investor Relations and Strategy

Source: RHP Nexus

- **Strategically located in prime in-fill location** with high barrier to entry as they are located in major cities of India.It is difficult to replicate given its scale, land aggregation complexities and long development time frames in India , and the specialized capabilities required to stabilize such assets.
- **Renowned sponsor with global expertise and local knowledge** as trust is sponsored by sponsor which is a portfolio company of blackstone real estate funds. Blackstone real estate business operates as one globally integrated business with over 800 real estate professionals globally and has investments in America , Europe and Asia.

## What is not working for the company?

- After completion of the offer they may take **external debt to repay the portion of debt of the portfolio** and to finance portfolio business and financing requirements. Any inability to service debt may impact distribution to unit holders.
- Company revenue, result of operation and financial condition may be adversely affected by **low occupancy and rent level of their urban consumption centre and other properties.**
- **Significant portion of revenue is derived from a limited number of large tenants**, any condition that impacts these tenants ,properties or market can adversely affect the business.
- **Lease deeds of some of the tenants are not adequately stamped or registered** so that in future penalty may be imposed on them.
- **They may experience difficulties in expanding the business into additional geographic markets** within India and any failure to carry out such expansion may affect the business and its revenue.

We have limited experience in conducting business outside the States of Maharashtra, Madhya Pradesh, Punjab, Gujarat, Orissa, Rajasthan, Karnataka, Tamil Nadu, Telangana and the Union Territory of New Delhi and the Union Territory of Chandigarh and may not be able to leverage our experience in these regions to expand into cities in other regions. Factors such as brand recognition, competition, culture,

Source: RHP Nexus

- Company has **many outstanding litigations** which may affect the business in future.

## Financial Statements

### Profit & Loss Statement

(Fig. in cr.)

Figures in Rs. Crores			
	Mar 2020	Mar 2021	Mar 2022
Sales +	1,622	907	1,318
Expenses +	624	436	536
<b>Operating Profit</b>	<b>998</b>	<b>471</b>	<b>782</b>
OPM %	62%	52%	59%
Other Income +	79	124	57
Interest	560	553	524
Depreciation	261	251	243
<b>Profit before tax</b>	<b>256</b>	<b>-210</b>	<b>72</b>
Tax %	19%	5%	115%
<b>Net Profit</b>	<b>207</b>	<b>-199</b>	<b>-11</b>
EPS in Rs			

Source:Screener.in

### Balance sheet

(Fig. in cr.)

	Mar 2020	Mar 2021	Mar 2022
Share Capital +	225	248	325
Reserves	2,101	1,414	1,399
Borrowings +	5,971	6,294	6,319
Other Liabilities +	1,205	975	997
<b>Total Liabilities</b>	<b>9,502</b>	<b>8,932</b>	<b>9,040</b>
Fixed Assets +	7,468	7,323	7,234
CWIP	0	21	0
Investments	174	206	195
Other Assets +	1,861	1,382	1,611
<b>Total Assets</b>	<b>9,502</b>	<b>8,932</b>	<b>9,040</b>

Source:Screener.in

## Cash Flow Statement

(Fig. in cr.)

	Mar 2020	Mar 2021	Mar 2022
Cash from Operating Activity +	911	413	747
Cash from Investing Activity +	-1,008	75	-271
Cash from Financing Activity +	106	-403	-438
<b>Net Cash Flow</b>	<b>8</b>	<b>85</b>	<b>39</b>

Source: Screener.in

## Our Recommendation

We recommend you to **SUBSCRIBE** to this IPO on the following parameters:

- Nexus REIT is India's largest platform of best in class assets with presence in 14 of India's key consumption cities.
- It is a leading alternative assets manager ,Blackstone is the sponsor of the company.
- They have 96.2% average committed occupancy across the portfolio as of 31,December 2022.
- They have a healthy mix of tenants across the sectors such as apparel and accessories, hypermarket,entertainment, food and beverages and provide holistic shopping and entertainment offering to consumers.
- Experience management team led by dilip sehgal who have 40 years of experience across real estate and consumer goods sectors.

Subscribe for the IPO:

<http://ipo.jainam.in/#/home>