

IPO Note

May 9, 2023

Nexus Select Trust REIT



Issue Snapshot:

Issue Open: May 09 – May 11, 2023

Price Band: Rs. 95 – 100

Issue Size: 3200 cr (Fresh Issue of Rs. 1,400 cr and Offer for Sale of Rs. 1,800 cr)

Reservation for:

Institutional Investors: up to 75% of the net offer

Non-Institutional: at least 25% of the net offer

Face Value: NA

Bid Size: 150 units and in multiples thereof

100% Book built Issue

Listing at: BSE & NSE

Book Running Lead Managers: BofA Securities
India, Axis Capital, Citigroup Global Markets
India, HSBC Securities, IIFL Securities, JM
Financial, JP Morgan, Kotak Mahindra Capital
Company, Morgan Stanley and SBI Capital
Markets

Registrar to the issue: KFin Technologies Limited

Sponsor: Wynford Investments Limited

Manager: Nexus Select Mall Management
Private Limited

Trustee: Axis Trustee Services Limited

Background & Operations:

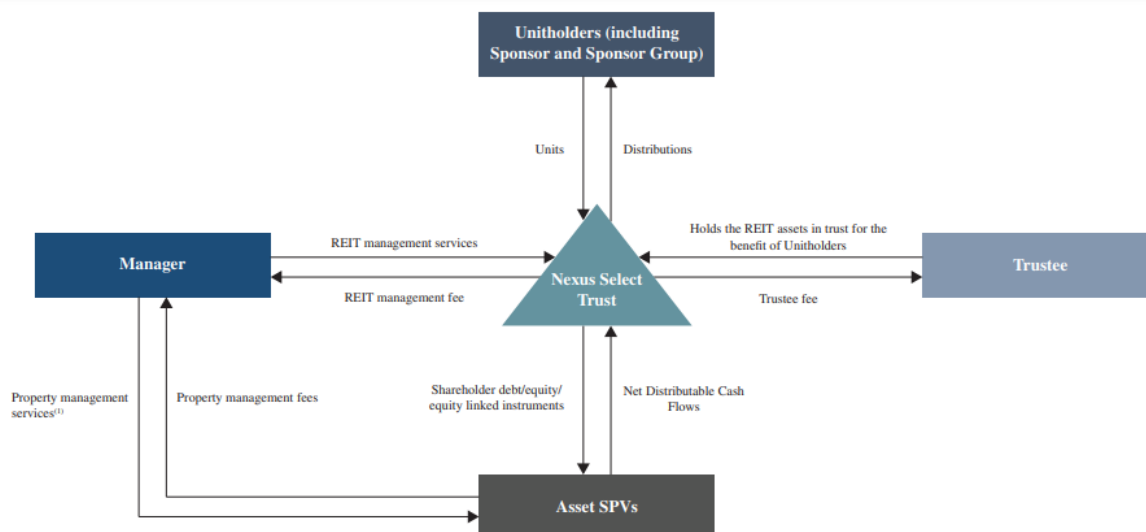
Nexus Select Trust REIT (Nexus REIT) is the owner of India's leading consumption platform of high-quality mall assets that serve as essential consumption infrastructure for India's growing middle class (by completed area). Nexus REIT will become the first publicly listed consumption centre REIT in India post listing of its units on the stock exchanges. Consumption growth has served as a key driver of the Indian economy over the last decade, and its Portfolio is well-positioned to benefit from the consumption tailwinds of India's growing middle class and rapid urbanization. Nexus REIT Portfolio offers an attractive opportunity to capitalize on India's consumption growth through a robust business model and diversified asset base that can serve as a natural hedge against inflation.

Nexus REIT Portfolio comprises 17 best-in-class 'Grade A' urban consumption centres with a total Leasable Area of 9.2 msf, two complementary hotel assets (354 keys) and three office assets (1.3 msf) as of December 31, 2022. Nexus REIT owns India's largest portfolio of consumption centres and replicating a platform of similar scale, quality and geographical diversity would be difficult due to limited availability of prime city centre land parcels, long development timelines, and specialized capabilities required for developing, stabilizing and operating comparable assets. Nexus REIT Portfolio has a tenant base of 1,044 domestic and international brands with 2,893 stores as of December 31, 2022.

Over the last three fiscal years and nine months, Nexus REIT has:

- Leased 4.2 msf, added 408 new brands to tenant base and achieved average re-leasing Spreads of 19.2% on approximately 2.9 msf of re-leased space;
- Consistently maintained over 90% Same-store Committed Occupancy between Jan'2018 and Jun'2022, with a same-store committed occupancy of 93.9% as of June 30, 2022, 276 bps higher than the same-store committed occupancy for its portfolio markets
- Achieved 7.5% CAGR in Marginal Rents across its Portfolio from CY16-CY19
- Achieved 11.0% CAGR in tenant sales over FY18- FY20 through strong marketing and consumer outreach initiatives
- Increased Portfolio by 4.6 msf through strategic acquisitions and accretive build-outs of urban consumption centres (UCC).
- Undertaken strategic initiatives to upgrade its urban consumption centres, including eight food courts, five atriums and six facades.
- Proactively engaged with tenants resulting in tenants incurring significant capital expenditure to upgrade 283 stores totaling 1.8 msf.

While Nexus REIT Portfolio is highly stabilized with Committed Occupancy of 96.2% and 5.7-year WALE as of December 31, 2022, its Portfolio enjoys strong embedded growth prospects. Nexus REIT is well-positioned for strong organic growth through a combination of contractual rent escalations, increased tenant sales leading to higher Turnover Rentals and re-leasing at higher market rents (management estimates that market rents for its properties are on average 16.1% higher than In-place Rents as of December 31, 2022) and lease-up of vacant area. As a result, management expects its Portfolio's total NOI to grow organically by 17.1% between FY24E-FY26E (non-annualized). Further, Nexus REIT has a strong track record of delivering inorganic growth through accretive acquisitions and is well-positioned to scale inorganically through a conservatively levered balance sheet with total indebtedness expected to be less than 20.0% of its initial market value post the utilization of the Net Proceeds from this offering as per management estimates.

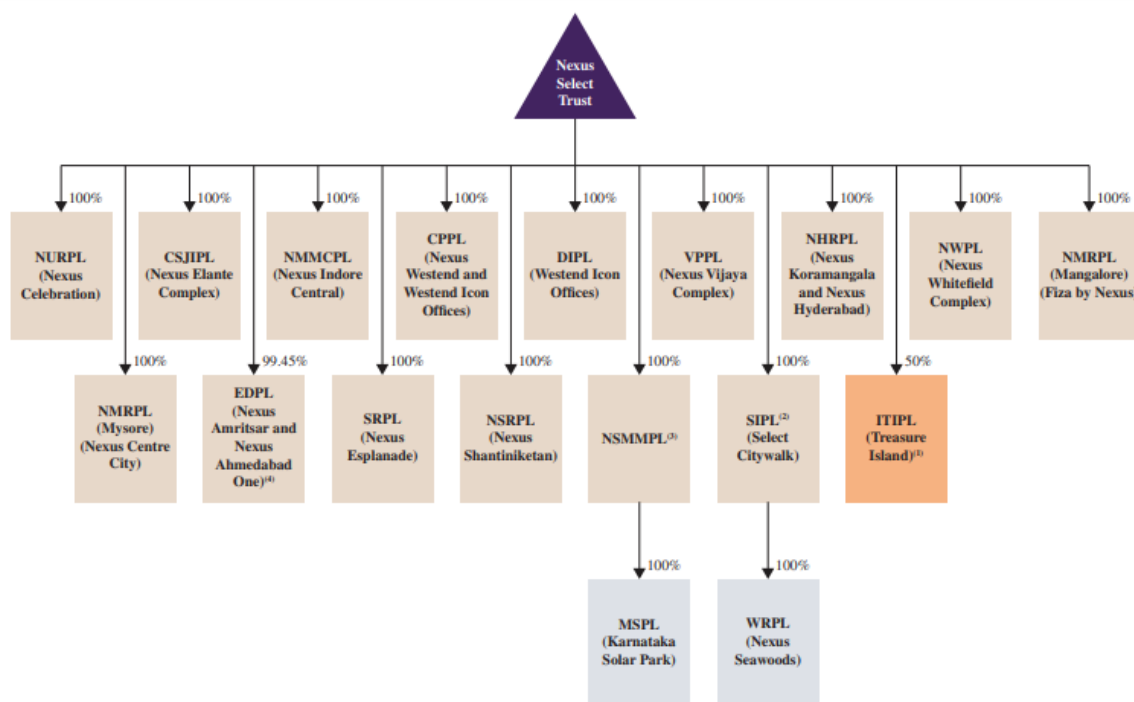


⁽¹⁾ Operation and management for the hotel assets forming part of the Portfolio (i.e., Hyatt Regency Chandigarh and Oakwood Residence Whitefield Bangalore) will be undertaken by third parties

Source: RHP

Proposed holding structure of the Portfolio

Pursuant to the completion of the Initial Portfolio Acquisition Transactions, the Portfolio is proposed to be held by the Nexus REIT through the Asset SPVs and the Investment Entity. The proposed holding structure of the Portfolio, pursuant to the Initial Portfolio Acquisition Transactions and prior to the Allotment of Units, is set out below:



Source: RHP

Note:

(1) The Nexus REIT will hold only 50% stake in ITIPL, the balance 50% stake continues to be held by the joint venture partner (Karan Chhabra). Further, ITIPL has two subsidiaries which it will continue to retain.

(2) It is proposed that WRPL will be merged with SIPL. A scheme of amalgamation involving SIPL and WRPL is proposed to be filed by the relevant parties after completion of the Initial Portfolio Acquisition Transactions.

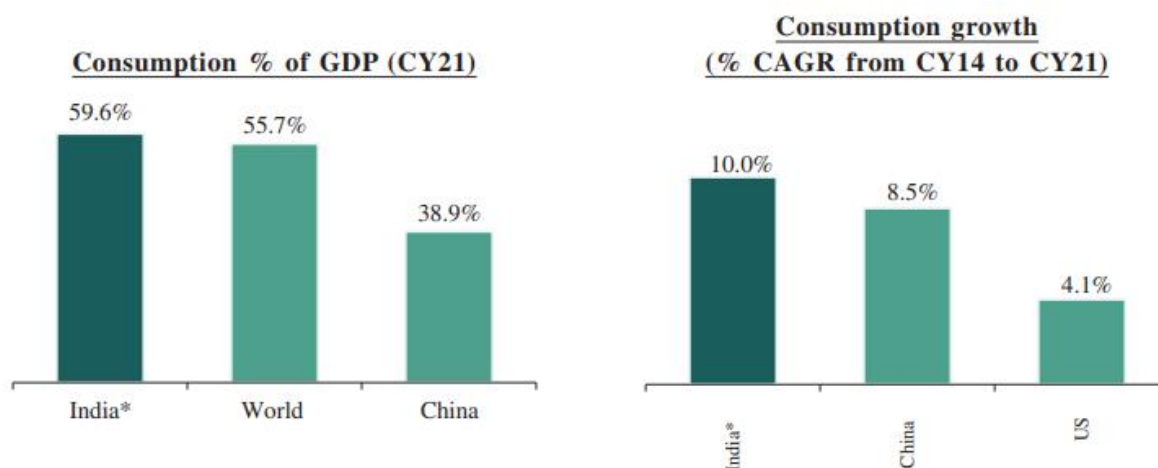
(3) NSMMPL is in the process of being amalgamated with MSPL. MSPL has filed a notice dated April 7, 2023 for approval of this scheme of amalgamation with the Central Government through the Regional Director, North-Western Region. This is pending as of the date of this Offer Document.

(4) 12,926 equity shares aggregating 0.55% held by SSIII Indian Investments One Ltd. is currently subject to a regulatory lock in until September 30, 2025 and shall be transferred to the Nexus REIT after expiry of such regulatory lock-in at the option of the Nexus REIT pursuant to a call option in favour of the Nexus REIT as agreed to under the EDPL SAA.

Competitive Strengths

Located in India, one of the world's fastest growing consumption-led major economies

Domestic consumption is a key driver of India's economy. In FY22, consumption expenditure accounted for ~59.6% of India's GDP, which was approximately 390 bps higher than the world average and approximately 2,070 bps higher than that of China for the same period. India's domestic consumption has grown at a CAGR of 10.0% between CY14 and CY21, as against 8.5% for China and 4.1% for the United States, led by strong tailwinds as a result of a relatively young population, a growing middle class and rapid urbanization.

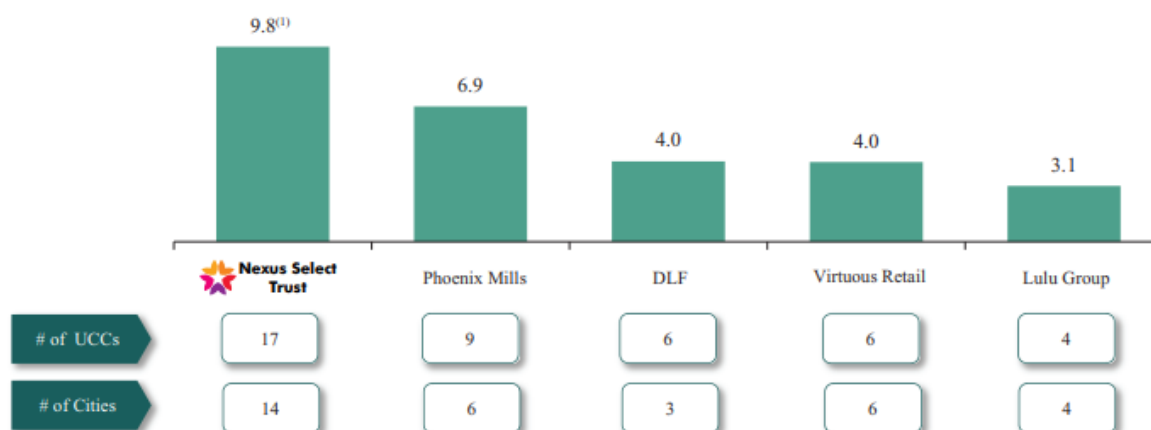


Source: RHP

India's largest consumption centre platform with pan India presence

Nexus REIT is India's largest consumption centre platform (Source: CBRE Report, by Completed Area), with a Portfolio of 17 urban consumption centres that are strategically located across 14 prominent cities which represented 30% of India's total discretionary retail spending in FY20. Nexus REIT own high quality assets in major cities such as Delhi, Navi Mumbai, Bengaluru, Pune, Hyderabad and Chennai, and have a strong presence in other prominent cities such as Chandigarh, Ahmedabad and Bhubaneswar. The scale and quality of its Portfolio enables it to maintain high levels of Committed Occupancy, command premium rentals, optimize cost structures and drive synergies across leasing, marketing and property management.

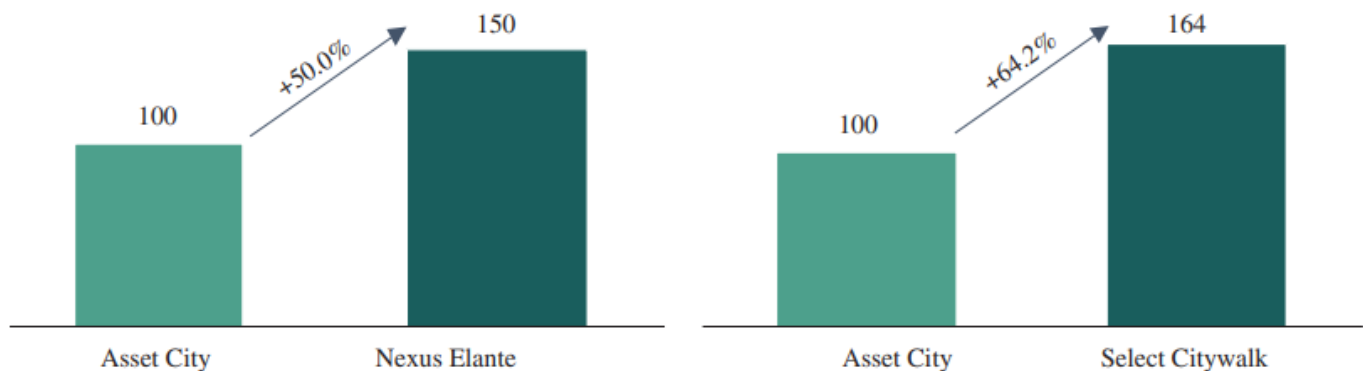
Leading Consumption Centre Platforms in India—Completed Area (msf)



Source: RHP

Note: The total Leasable Area of the assets comprising its Portfolio (including 100% interest in Nexus Shantiniketan, Fiza by Nexus and Treasure Island) is 9.8 msf, and when adjusted for its share of economic interest in Nexus Shantiniketan, Fiza by Nexus and Treasure Island the Leasable Area is 9.2 msf

Select Examples of Marginal Rent Premium Commanded by Our Portfolio as of June 30, 2022 (Rs. psf/Month)⁽¹⁾



Source: RHP

Note: (1) Numbers in the chart represent Marginal Rent for the asset and its city. Rentals data is rebased to 100 as of June 30, 2022, taking the city data as the base

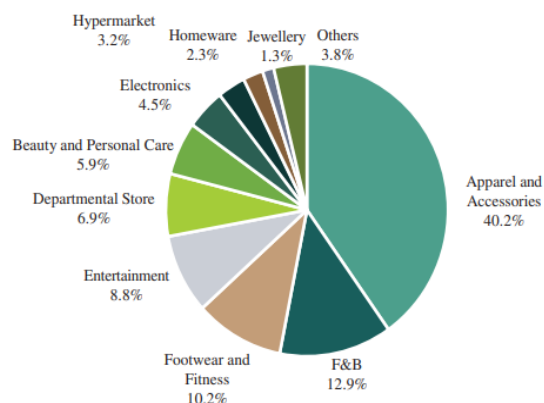
Diversified tenant base of renowned national and international brands

Nexus has a diversified tenant base of 1,044 retail tenants across 2,893 stores as of December 31, 2022, comprising a mix of leading international brands including Zara, ALDO, Superdry, and Marks & Spencer, and Indian brands including Croma, Shoppers Stop, PVR Cinemas and Forest Essentials. Approximately 47.3% of its Gross Rentals in the month ended December 31, 2022 were from international brands and approximately 52.7% were from domestic Indian brands. At each of its urban consumption centres, Nexus REIT strives to maintain an optimal mix of domestic and international brands that are suitable for the respective city and submarket. As a result, its top ten tenants, as measured by Gross Rental contribution, accounted for only 20.2% of its Gross Rentals in the month ended December 31, 2022 and no single tenant contributed more than 2.8% of its Gross Rentals in the month ended December 31, 2022.

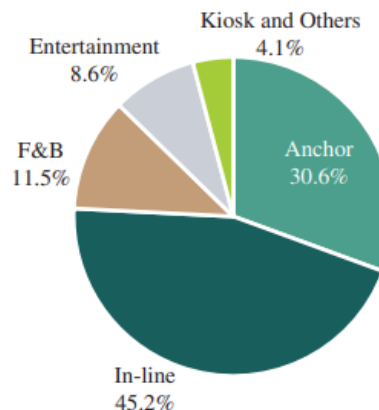
Top Ten Tenants by Gross Rentals	No. of Stores in our Portfolio	Leasable Area (sf)	Gross Rentals (%)	WALE (Years)	Trade Categories
1 Lifestyle	8	442,663	2.8%	8.8	Departmental Store
2 Cinepolis	6	362,349	2.6%	17.8	Entertainment
3 PVR Cinemas	8	502,062	2.5%	7.0	Entertainment
4 Westside	9	285,317	2.1%	7.0	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

Source: RHP

Gross Rentals From Tenants Split by Trade Categories in December'2022



Gross Rentals From Anchor Versus In-line Tenants in December'2022

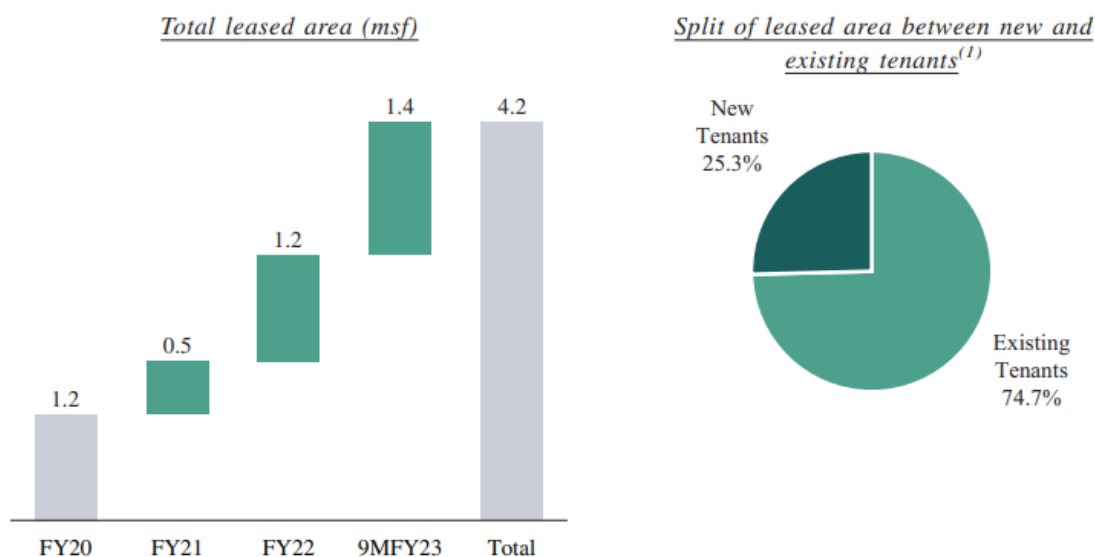


Source: RHP

Deep tenant relationships driving strong tenant retention

Nexus REIT has well-established relationships with many key retailers in India and Nexus REIT maintain regular communication with leasing heads of its tenants through a dedicated tenant relationship management program, which ensures that it anticipate and cater to their growth plans. As a result, out of 4.2 msf of leased space over the last three fiscal years and nine months, 74.7% or 3.2 msf were leased to existing tenants, in turn driving its high and stable same-store Committed Occupancy levels which were over 90% on average across its Portfolio since January 1, 2018 until June 30, 2022. Nexus REIT has also leased over 1.2 msf and signed over 600 leases in FY22 despite the effects of the ongoing COVID-19 pandemic. Leveraging its strong tenant relationships, Nexus REIT also enter into leases with brands for tenancies at multiple urban consumption centres across its Portfolio.

New Leasing Across our Portfolio in the Last Three Fiscal Years and Nine Months

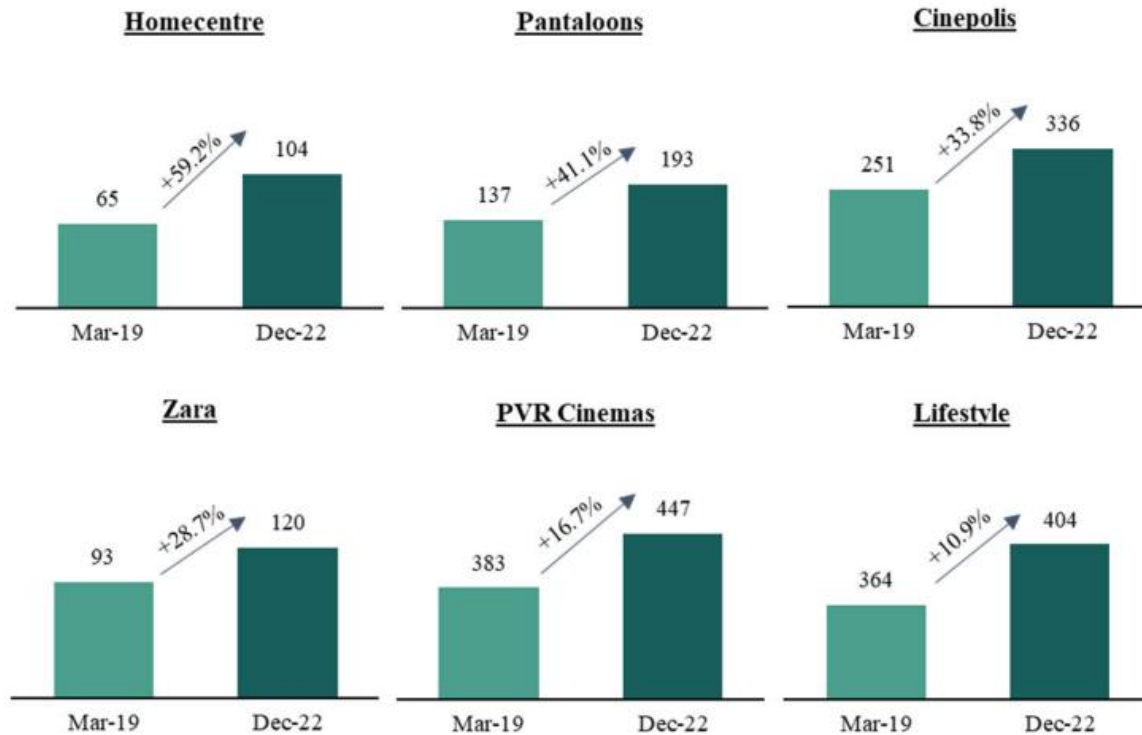


Note:

(1) "Existing tenants" refers to tenants (by brand) already present in our assets as of March 31, 2019 and "new tenants" refers to tenants (by brand) added since April 1, 2019.

Source: RHP

Key Tenant Expansions Within Portfolio From March'2019 to December'2022 (in '000 sf)

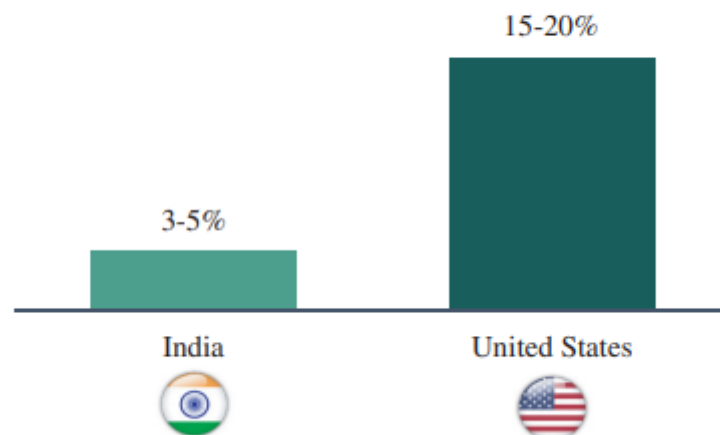


Source: RHP

Significant investment in TI capex by tenants driving stickiness

Leases in India are typically on a “warm shell” basis, resulting in landlords incurring tenant improvement (“TI”) capital expenditure (“TI capex”) of only 3.0% to 5.0% of NOI for Grade A urban consumption centres, whereas tenants incur significant cost, often equivalent to four to five years of rent. This compares favourably to other markets where landlords are expected to incur significant TI capex in order to attract and retain tenants (for example, in the United States, approximately 15% to 20% of their NOI is expected to be towards TI capex, leasing costs and redevelopment reserve). This results in tenant ‘stickiness’ and also enhances NOI to cash flow conversion for urban consumption centres in India.

TI Capex Comparison (% of NOI)



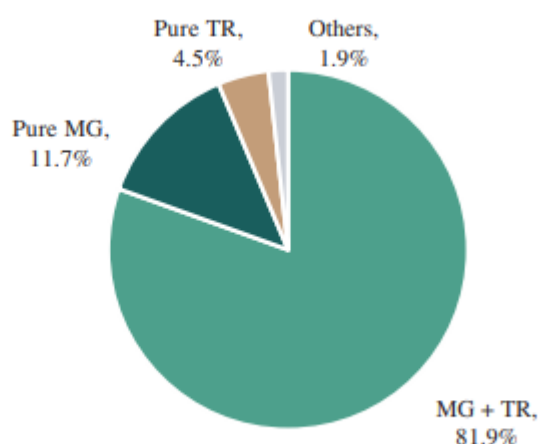
Source: RHP

Built-in rent escalation provides stability, while turnover rental provides upside

Nexus REIT typically enter into three to nine year leases for in-line tenants, nine to twenty-five year leases for anchor tenants and five to nine year leases for office tenants. Most of its tenant leases provide for Minimum Guaranteed Rentals, as well as Turnover Rentals that allows it to capture incremental rents from tenant sales growth. As of December 31, 2022, 95.5% of its tenant leases provide for Minimum Guaranteed Rentals with typical contractual rent escalations of 12% to 15% over a period of three to five years. Over the projections period (as per RHP), contractual rent escalations are projected to contribute 41.5% of the total increase in its NOI.

In addition to Minimum Guaranteed Rentals, the majority of its leases also include Turnover Rental arrangements that allow it to earn rental revenue based on a specified percentage (which typically provide for turnover rent percentages of 5-25% of tenant sales, subject to a minimum guaranteed threshold) of the tenant's sales. Through such arrangements Nexus REIT is able to capitalize upon consumption growth and enhance its Portfolio's revenue growth potential. Over the Projections Period (as per RHP), tenant sales are expected to grow at an average of 6-10% per annum.

Revenue From Leases With Tenants in the Month Ended December 31, 2022



Note: MG refers to Minimum Guaranteed Rentals; TR refers to Turnover Rentals

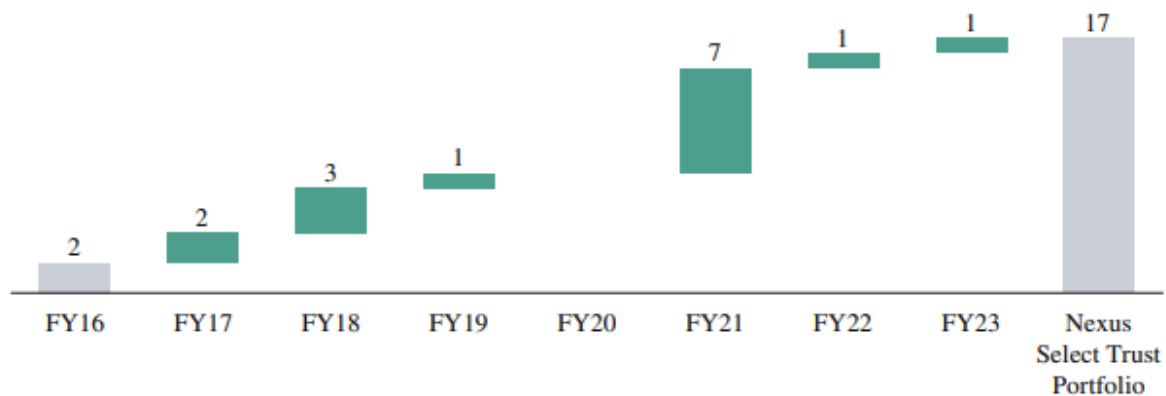
Source: RHP

Strong track record of acquiring and turning around underperforming retail assets

The Nexus management team has a strong track record of delivering inorganic growth through accretive acquisitions and turnaround of underperforming assets. Since establishing the platform in 2016, the platform has consistently acquired and integrated high quality retail assets within sub-markets that have attractive fundamentals. The Nexus management team has played a pivotal role in structuring complex acquisitions including single and multi-asset acquisitions, JV partnerships and REIT partnerships.

In addition to acquisitions, Nexus REIT undertook strategic expansions in its existing assets to enhance the value of its Portfolio. Nexus management has successfully implemented numerous asset management initiatives that have led to robust growth in key operational metrics, as demonstrated by 11.0% CAGR in tenant sales from FY18 to FY20 (for the 14 urban consumption centres in its Portfolio that were operational on or before March 31, 2017). The Nexus management team also has an established track record of repositioning and turning around underperforming assets post-acquisition to significantly improve financial and operating performance.

Our Consistent Acquisition Track Record (Number of Assets)



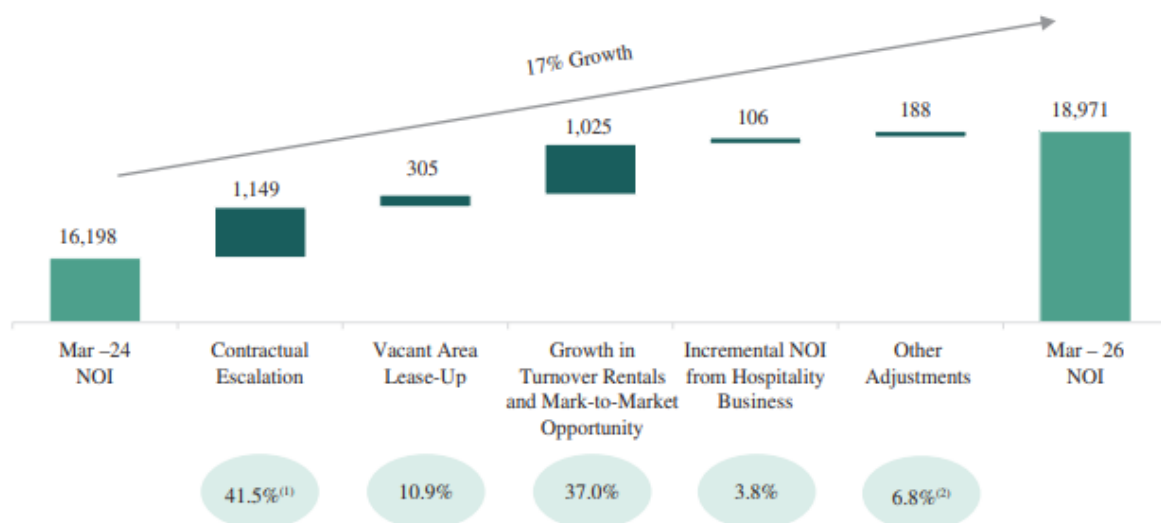
Source: RHP

Business and Growth Strategy:

Capitalize on its Portfolio's embedded organic growth opportunities

The management believes that the Portfolio is well-positioned for strong organic growth through a combination of contractual rent escalations, increased tenant sales leading to higher Turnover Rentals, re-leasing at higher market rents (management estimates that market rents for its properties are on average 16.1% higher than In-place Rents as of December 31, 2022) and lease-up of vacant area. Over the Projections Period (as per RHP), 89.4% of the projected increase in its NOI is expected to result from contractual rent escalations, lease-up of vacant area, growth in Turnover Rentals and re-leasing at market rents, as illustrated below:

Key NOI Growth Drivers (FY24E-FY26E)



Notes:

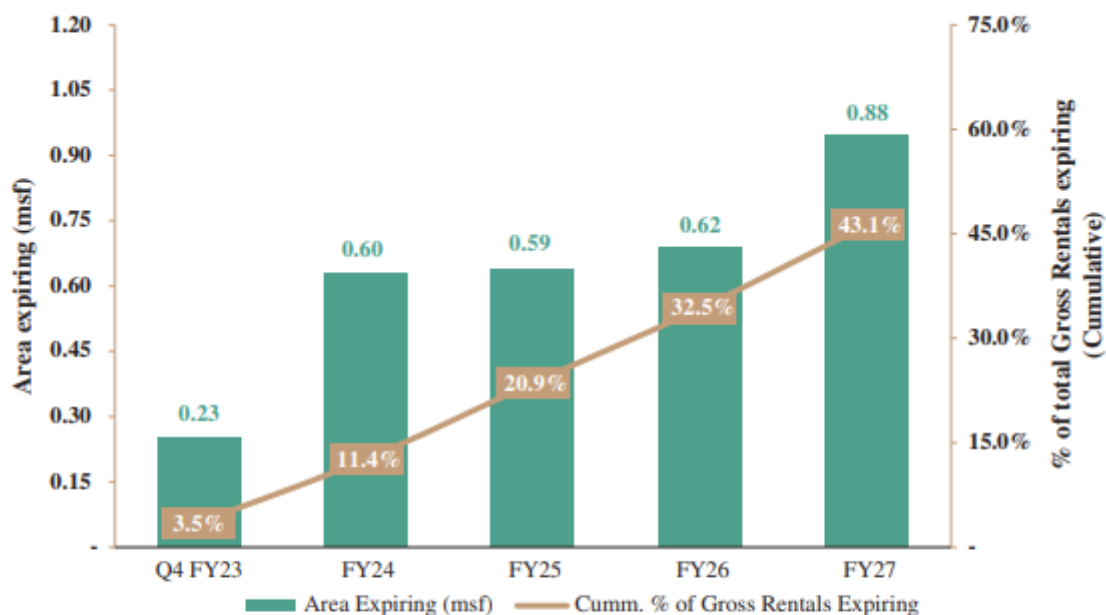
(1) Includes rentals from leases which were committed as of March 31, 2023 but did not yield rentals for the full year during FY2024.

(2) Includes additional income from Karnataka Solar Park, marketing activities, offering of parking services, maintenance services, vacancy allowance and Ind AS adjustments.

Source: RHP

The management believes it has a strong track record of achieving additional rental growth once existing leases expire by (i) re-leasing space to tenants at market rents; (ii) right-sizing stores to maximize Tenant Sales Per Square Foot; and (iii) introducing Turnover Rental arrangements and performance-linked covenants. The management expects lease expiries provide an opportunity to re-lease an additional 2.9 msf across its Portfolio with an average 20.8% mark-to-market potential for leases expiring from Q4 FY23 until FY27. The below chart illustrates its total Occupied Area and Gross Rentals representing its leases expiring between Q4 FY23 and FY27:

Occupied Area and Gross Rentals Expiring Across the Portfolio (Q4 FY23-FY27)



Gross Rentals Expiring (%)	3.5%	7.9%	9.5%	11.6%	10.6%
Effective Rents at Expiration (Rs.psf/Month) ⁽¹⁾	153	140	175	213	160
Mark-to-Market Opportunity	22.2%	20.9%	21.0%	20.8%	20.3%

Source: RHP

Note: (1) Weighted by leased area expiring that year.

Proactive asset management driving growth in value

Nexus REIT intend to continue its proven leasing strategy and maintain high occupancy with premium rents across its Portfolio assets. With Pan-India presence and strong local teams, enables it to drive platform-level leasing synergies and establish deep relationships with tenants and brokers. Nexus REIT rely on its strong data analytics capabilities to track tenant performance and determine the optimal tenant mix with the objective of maximizing rents and tenant sales at its urban consumption centres. Nexus REIT anticipate tenant vacancies, proactively engage with existing and prospective tenants and use “right tenant right location” tools to lease up vacant space. In certain cases, they right-size or churn out underperforming tenants and bring in new tenants that have better sales and rental potential. This has helped reduce vacancies and attract high quality tenants to its Portfolio. Also, Nexus REIT plan to continue to enhance the aesthetics of its urban consumption centres and improve the shopping experience by upgrading facilities in its assets including atriums, food courts, lobbies, facades, storefronts and washrooms. Further, Nexus aims to undertake year-round marketing and consumer engagement initiatives to increase the popularity and visibility of its assets.

Disciplined acquisition strategy with a strong balance sheet

Nexus REIT management team has a demonstrated track record of executing value-accretive acquisitions. They intend to continue its core strategy of acquiring, owning and managing best-in-class retail assets within submarkets that have attractive fundamentals. In addition to acquisitions, they intend to undertake strategic expansions within its existing assets to enhance the value of its Portfolio. The management believes that owning the best retail assets in India’s top submarkets will allow it to generate robust cash flow growth with strong long-term returns. Nexus REIT’s acquisition strategy will focus on long-term growth and total return potential rather than short-term cash returns. Nexus REIT is well-positioned to undertake both core and value-add acquisition opportunities given its Pan-India presence, knowledge of local markets, best-in-class asset management capabilities and deep tenant relationships.

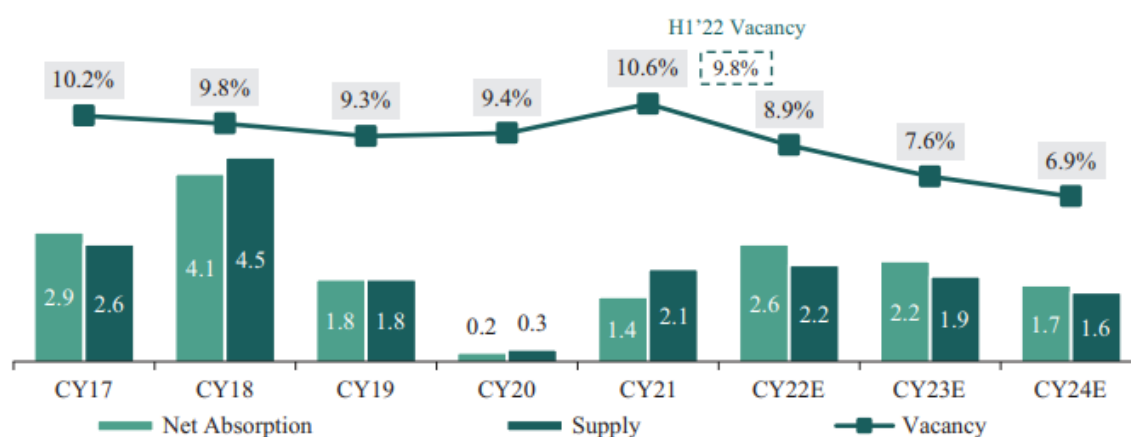
Overview of Nexus REIT Markets

The Nexus REIT Portfolio is located in 14 cities of India (Ahmedabad, Amritsar, Bengaluru, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Indore, Mangaluru, Mysuru, Navi Mumbai, Pune and Udaipur) which includes key metropolitans, financial centres, political capital, education hubs, major tourist destinations and technology hubs. These cities contribute to 30.0% of discretionary retail spend in India.

Supply, Absorption, Vacancy Trends in Nexus REIT Markets

Historically, new supply in the Nexus REIT Markets remained modest and averaged approximately 2.3 msf per annum over the last five years due to scarcity of land in the key residential catchments across key cities such as Delhi, Pune, Navi Mumbai and Chandigarh, among others. Projected supply (as per RHP) for H2 2022, 2023 and 2024 is at 2.2 msf, 1.9 msf and 1.6 msf respectively, which is low and below the projected absorption for the period. Due to strong and sustained tenant demand of Grade-A retail developments, the vacancy level across Portfolio cities have remained stable despite COVID-19 and is projected to decline to 6.9% by end of 2024.

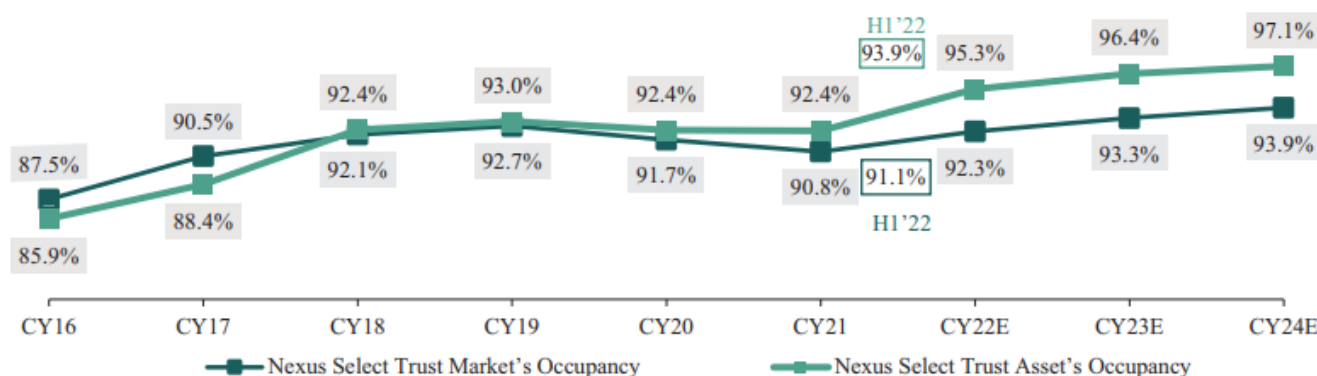
Y-o-Y Supply, Net Absorption (msf) & Vacancy (%) Trends (Portfolio Cities)



Source: RHP

Nexus REIT's assets have consistently maintained over 90.0% Same-Store Committed Occupancy post-CY17. As of June 30, 2022 it achieved Same-Store Committed Occupancy levels of 93.9%, 276 bps higher than the average Same-Store Committed Occupancy observed across the Nexus REIT's Markets.

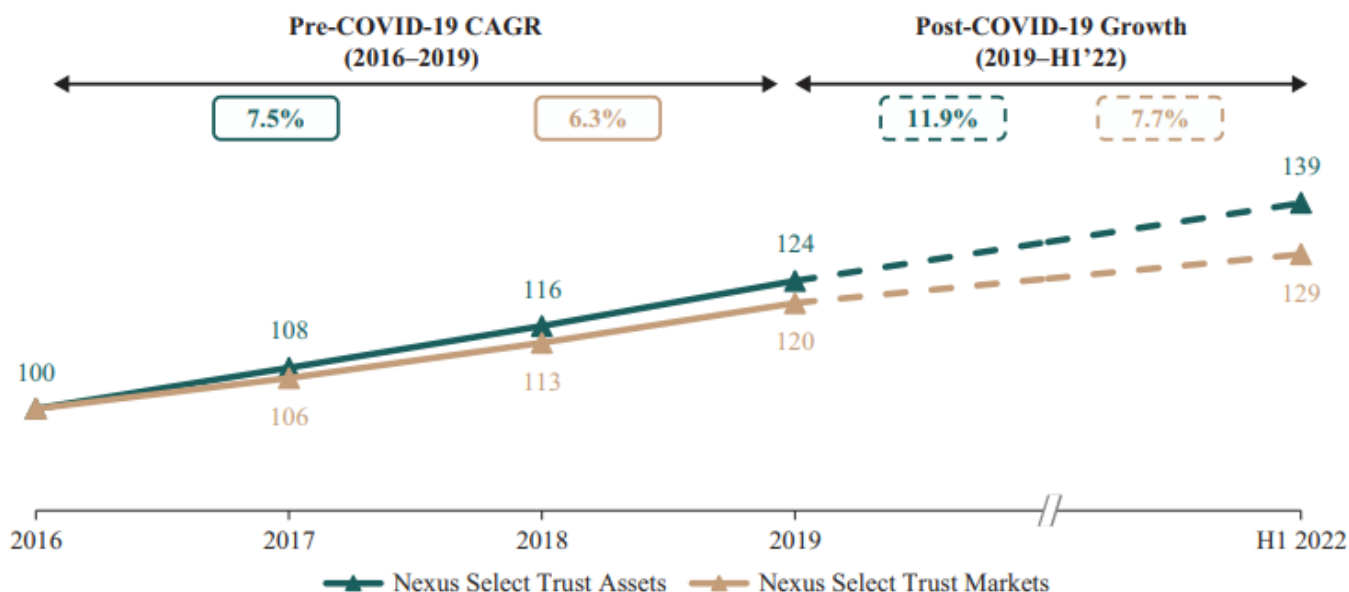
Y-o-Y Same-Store Committed Occupancy⁽¹⁾ (%) Trends



Source: RHP

Rental Trends

Nexus REIT's Assets marginal rentals have grown at a CAGR of 7.5% from CY2016 to CY2019 (approximately 122 bps higher than market). Post-COVID-19, Nexus REIT's Assets has witnessed robust rental growth of 11.9% (~419 bps higher than marginal rent growth).



Source: RHP

Fee Structure:

Trustee fees (per annum):

In addition to the initial acceptance fee of Rs 1 million, the Trustee shall be entitled to an annual fee of Rs 2 million, exclusive of all applicable taxes and any other out of pocket expenses, as applicable. The annual fee shall be subject to revision

REIT Management Fee (per annum):

The Nexus REIT shall pay to the Manager, REIT Management Fees which shall be 1% of REIT Distributions to be made by the Nexus REIT. This does not include the property management fee payments made by the Asset SPVs to the Manager

Taxation for Unitholders:

As per provisions section 115UA(1) of the ITA, income distributed by Nexus REIT in the nature of interest, dividend and rental income directly received by REIT is taxable in the hands of the unitholders in the same manner and proportion as the underlying income stream received by the Nexus REIT. Any other income taxable in the hands of Nexus REIT is exempt in the hands of unitholders.

Residential Status	Nature of Income	Tax rates
Resident unitholders	Interest income	At applicable rates [^]
	Rental income	At applicable rates [^]
	Qualified dividend income	Tax exempt (Refer Note below)
	Disqualified dividend income	At applicable rates [^] (Refer Note below)
	Any other income taxable in the hands of Nexus REIT	Tax exempt
	Any distributions other than the above (specified sum as per section 56(2)(xii) of the ITA)	Taxable once such distributions exceed the issue price of unit [#]

[^] The income shall be subject to deduction of tax at source; [#] any amount distributed by it to a unitholder which is not in the nature of dividends or interest or any other income shall be reduced from the cost of acquisition of such unitholder, till such time that the aggregate of such distributions do not exceed the original issue price of

its units. Distributions in excess of the original issue price of its units shall be taxed in the hands of the unitholder at applicable tax rate per the newly inserted section 56(2)(xii) per the Finance Act, 2023, – As per section 56(2)(xii) of the ITA, specified sum received by a unitholder from a Business Trust shall be charged to tax as: A (-) B (-) C;

A = Aggregate of sum distributed by the Business Trust other than interest, dividend, rental and exempt income to any investor on every unit B = Issue price of a unit of the Business Trust C = Amount charged to tax under these provisions in earlier years Further, specified sum shall be deemed to be zero, if sum of B and C is greater than A

Note: As per section 10(23FD) of ITA, taxability of income in the nature of dividend distributed by Nexus REIT to unitholders is dependent on the taxation regime adopted by the SPV(s), which distributes the dividend to Nexus REIT. If the SPV(s) has not opted for a concessional corporate tax rate under section 115BAA of the ITA ('Qualifying SPV'), dividend received from such Qualifying SPV ('Qualified Dividend') and distributed by Nexus REIT is exempt in the hands of the unitholders. Any dividend other than Qualified Dividend distributed by Nexus REIT ('Disqualified Dividend') is taxable in the hands of the unitholders.

Taxation on Sale of Nexus REIT units

In case of Nexus REIT units held as a capital asset by the unitholder, gains arising on sale of units of Nexus REIT on a recognised stock exchange, which have been subjected to STT, shall be liable to tax as under:

Period of Holding	Nature of Capital Gains	Applicable tax rates
More than 36 months	LTCG	10%^* on gains exceeding INR 0.1 million
Less than or equal to 36 months	STCG	15%**

^ without indexation benefit; * excluding applicable surcharge and cess under section 112A of the ITA; ** excluding applicable surcharge and cess under section 111A of the ITA

Note: Gains arising on sale of units of Nexus REIT, where sale is not pursued through a recognised stock exchange and not subject to STT, shall be chargeable to tax as under: (i) at 20% (with indexation benefit for residents), plus applicable surcharge and cess in case of LTCG, (ii) at applicable tax rate, plus applicable surcharge and cess in case of STCG

Source: RHP

Portfolio Details as on 31st December 2022:

Leasable Area	(msf)/Keys	(for	Committed Occupancy/Office Occupancy/Hotel Occupancy ⁽¹⁾				Remaining Period of Lease (Years)
Power Plants)	Hotels)/MW						
Name of Asset	(as applicable)	(as applicable)	Market Value (Rs. million)	% of Gross Portfolio Market Value	WALE (Years)	Land Title	
Urban Consumption Centres							
Select Citywalk	0.51 msf	98.8%	45,519	19.4%	4.9	Freehold	NA
Nexus Elante	1.25 msf	99.4%	38,672	16.5%	5.5	Freehold	NA
Nexus Seawoods	0.97 msf	99.0%	22,169	9.4%	7.1	Leasehold	45
Nexus Ahmedabad One ⁽²⁾	0.88 msf	96.4%	19,561	8.3%	6.0	Leasehold	83
Nexus Hyderabad	0.83 msf	98.8%	16,896	7.2%	4.2	Freehold	NA
Nexus Koramangala	0.30 msf ⁽³⁾	97.8%	8,352	3.6%	3.3	Freehold	NA
Nexus Vijaya	0.65 msf	99.4%	12,565	5.3%	4.2	Freehold	NA
Nexus Westend	0.44 msf	95.9%	8,444	3.6%	7.8	Freehold	NA
Nexus Esplanade	0.42 msf	97.0%	8,617	3.7%	7.7	Part Freehold/ Part Leasehold	47
Nexus Amritsar	0.54 msf	97.2%	6,326	2.7%	6.7	Freehold	NA
Nexus Shantiniketan	0.41 msf ⁽⁴⁾	97.3%	5,953 ⁽⁴⁾	2.5%	6.9	Freehold	NA
Nexus Whitefield	0.31 msf	94.7%	3,681	1.6%	4.7	Freehold	NA
Nexus Celebration	0.40 msf	94.6%	4,557	1.9%	5.0	Leasehold	80
Fiza by Nexus	0.49 msf ⁽⁵⁾	71.7%	2,881 ⁽⁵⁾	1.2%	5.1	Freehold	NA
Nexus Centre City	0.33 msf	97.8%	2,714	1.2%	6.7	Freehold	NA
Nexus Indore Central	0.24 msf	90.4%	2,007	0.9%	13.7	Freehold	NA
Portfolio Investment							
Treasure Island	0.22 msf ⁽⁶⁾	96.8%	2,552 ⁽⁶⁾	1.1%	5.1	Leasehold	2 ⁽⁹⁾
Subtotal Urban	9.18 msf	96.2%	211,466	90.0%	5.7	NA	NA
Consumption Centres							
Offices							
Westend Icon Offices	0.98 msf	74.9%	11,442	4.9%	3.5	Freehold	NA
Vijaya Office	0.19 msf	100.0%	1,823	0.8%	3.2	Freehold	NA
Elante Office	0.09 msf	75.1%	1,059	0.5%	4.6	Freehold	NA
Subtotal Offices	1.26 msf	78.7%	14,324	6.1%	3.6	NA	NA
Hotels							
Hyatt Regency Chandigarh	211 keys	66.2%	4,908	2.1%	NA	Freehold	NA
Oakwood Residence Whitefield Bangalore	143 keys	73.0%	1,882	0.8%	NA	Freehold	NA
Subtotal Hotels	354 keys	69.0%	6,790	2.9%	NA	NA	NA
Renewable Power Plants							
Karnataka Solar Park	15 MW (AC)	NA	2,413	1.0%	NA	Leasehold	26
Subtotal Renewable	15 MW (AC)	NA	2,413	1.0%	NA	NA	NA
Total Portfolio	9.18 msf ⁽⁷⁾ (Urban Consumption Centres)	96.2% (Urban Consumption Centres)	234,993	100.0%	5.7 (Urban Consumption Centres)	NA	NA
		78.7% (Offices)			3.6 (Offices)		
	1.26 msf (Offices)	69.0% (Hotels)					
	354 keys (Hotels)						
	15 MW ⁽⁸⁾ (AC) (Renewable Power Plants)						

Source: RHP

Note:

(1) Hotel Occupancy representative of the twelve-month period ended December 31, 2022.

(2) Includes Nexus Ahmedabad One Phase II (0.2 msf; 84.0% Committed Occupancy as at December 31, 2022), which launched operations in August 2021. Committed Occupancy excluding Nexus Ahmedabad One Phase II was 99.1% as of December 31, 2022.

(3) Operational data presented above represents NHRPL's economic interest as of December 31, 2022 in 302,063 sq.ft. of Leasable Area in Nexus Koramangala arising out of its (i) ownership interest over 260,295 sq.ft. of Leasable Area, (ii) short term leasehold rights over 13,656 sq.ft. of Leasable Area valid until March 31, 2028; and (iii) revenue share entitlements with respect to 28,112 sq.ft. of Leasable Area valid until March 31, 2028.

(4) The total Leasable Area and Market Value of Nexus Shantiniketan is 0.63 msf and Rs. 9,172 million, respectively, and the numbers indicated in the above table represent the Leasable Area and Market Value of the asset adjusted for its share of economic interest in the asset.

(5) The total Leasable Area and Market Value of Fiza by Nexus is 0.72 msf and Rs. 4,236 million, respectively, and the numbers indicated in the above table represent the Leasable Area and Market Value of the asset adjusted for its share of economic interest in the asset.

(6) The total Leasable Area and Market Value of Treasure Island is 0.43 msf and Rs. 5,104 million, respectively, and the numbers indicated in the above table represent the Leasable Area and Market Value of the asset adjusted for its share of economic interest in the asset.

(7) The total Leasable Area of the assets comprising its Portfolio (including 100% interest in Nexus Shantiniketan, Fiza by Nexus and Treasure Island) is 9.85 msf.

(8) Excluding its Asset SPVs' renewable power plants of 22.1 MW (AC) which have been set up for captive consumption.

(9) The underlying land is leased from wholly-owned subsidiaries of ITIPL and accordingly, the lease may be duly renewed upon expiry.

Key Concerns

- The Nexus REIT has a limited operating history and may not be able to operate its business successfully, achieve business objectives or generate sufficient cash flows to make or sustain distributions. Further, the Condensed Combined Financial Statements are prepared for the Offer Document and may not necessarily represent its consolidated financial position, results of operation and cash flows.
- A significant portion of its revenues are derived from a limited number of large tenants. Any conditions that impact these tenants, properties or markets may adversely affect its business, revenue from operations and financial condition.
- Tenant leases across its Portfolio are subject to the risk of non-renewal, non-replacement, default, early termination, regulatory or legal proceedings or changes in applicable laws or regulations, thereby impacting leasing and other income. Also, lease deeds with some of its tenants are not adequately stamped or registered, and consequently, Nexus REIT may be unable to successfully litigate over the said agreements in the future and penalties may be imposed on it. Further, vacant properties could be difficult to lease, which could adversely affect its revenues.
- Any weakness in the Indian real estate market will adversely impact Nexus REIT's business, financial condition, results of operations and cash flows.
- Nexus REIT had contingent liability (excluding bank guarantee), claims against the Asset SPVs including claims not acknowledged as debt in respect of tax matters of Rs. 2,235 million that is determined as per Ind AS 37. If any of its contingent liabilities materialize, it could have an adverse effect on its financial condition, results of operations and cash flows.
- Some of the Portfolio assets are located on land leased from the UIT, CIDCO, State Government of Orissa and AUDA. The relevant Asset SPVs are required to comply with the terms and conditions provided in the respective lease agreements with such government bodies, failing which the UIT, CIDCO, State Government of Orissa and AUDA, as the case may be, may, impose penalties, terminate the lease or take over the premises.

Note: For additional risk factors please refer to the Offer Document

Special Purpose Condensed Combined Statement of Profit and Loss

Particulars (Rs in million)	FY20	FY21	FY22	9MFY23
Revenue from operations	16,220	9,070	13,182	14,631
Other Income	862	1,410	803	352
Total Income	17,082	10,480	13,985	14,984
Total Expenditure	6,310	4,349	5,405	5,642
Cost of Materials Consumed	159	69	107	133
Change In Inventories of Finished Goods & Work-In-Progress	63	5	283	318
Employee Benefits Expenses	1,168	954	1,127	701
Operating and maintenance expenses	2,957	1,810	2,235	2,700
Other expenses	1,961	1,511	1,653	1,791
PBIDT	10,772	6,130	8,580	9,342
Interest	5,600	5,535	5,240	4,212
PBDT	5,172	595	3,340	5,130
Depreciation and amortization	2,614	2,513	2,429	1,749
Share of net profit/(loss) of investment accounted for using equity method	(3)	(22)	27	50
Exceptional Item	-	(163)	(215)	-
PBT	2,555	(2,102)	723	3,431
Tax (incl. DT & FBT)	488	(111)	833	861
Current tax	924	(23)	789	998
Deferred tax (credit)/charge	(436)	(88)	43	(138)
PAT	2,067	(1,991)	(110)	2,570

Source: RHP

Special Purpose Condensed Combined Balance Sheet

Particulars (Rs in million) As at	FY20	FY21	FY22	9MFY23
ASSETS				
Non-current assets				
Property, Plant and Equipment	4,520	4,234	4,206	4,085
Right of use assets	154	126	97	85
Capital work-in-progress	0	206	0	42
Investment Property	66,009	64,203	64,175	64,990
Investment property under development	1,736	2,408	1,606	91
Goodwill	2,251	2,251	2,251	2,251
Other intangible assets	6	4	9	8
Investment accounted for using equity method	150	129	156	206
Financial assets				
Investments	159	293	137	0
Loans	5,558	1,320	1,320	1,320
Other financial assets	871	715	466	384
Deferred tax assets (net)	304	328	499	715
Non-current tax assets (net)	1,270	772	1,093	802
Other non-current assets	307	191	209	184
Total non-current assets	83,295	77,181	76,224	75,162
Current assets				
Inventories	1,426	1,487	1,247	565
Financial assets				
Investments	1,431	1,637	1,655	1,536
Trade receivables	1,358	1,490	1,161	1,104
Cash and cash equivalents	1,656	2,509	2,896	2,723
Other bank balances	2,444	1,820	3,646	4,629
Loans	2,385	2,325	2,765	2,032
Other financial assets	613	587	708	945
Current tax assets	179	23	0	300



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