

All you need to know about Nexus Select Trust

Issue Size:

INR 3200 CR

Bid Lot & Size:

150 UNITS

Issue Type:

100% BOOK BUILDING

Price Band

**INR
95-100**

 Issue Opens: 9th May 2023 | Issue Closes: 11th May 2023

Post money market cap of ₹15,150 crores-at upper price band

| Share Reservation | Net issue (%) |
|------------------------------------|-------------------|
| Institutional Investors | Not more than 75% |
| Non-Institutional Investors | Not less than 25% |

| Company Leadership | |
|--------------------|--|
| Trustee | Axis Trustee Services Limited |
| Sponsor | Wynford Investments Limited |
| Manager | Nexus Select Mall Management Private Limited |

| Issue Managers | IPO |
|------------------|---|
| BRLMs | IIFL Securities Limited, Axis Capital Limited, Kotak Mahindra Capital Company Limited, BofA Securities India Limited, Citigroup Global Markets India Private Limited, HSBC Securities and Capital Markets (India) Private Limited, JM Financial Limited, J.P. Morgan India Private Limited, Morgan Stanley India Company Private Limited, SBI Capital Markets Limited |
| Registrar | KFin Technologies Limited |

| Company Leadership | |
|---------------------|---|
| Dalip Sahgal | Non-Independent Director and the Chief Executive Officer of the Manager |
| Jayen Naik | Chief Operations Officer of the Manager |
| Nirzar Jain | Chief Leasing Officer of the Manager |
| Rajesh Deo | Chief Financial Officer |

This document summarizes a few key points related to the issue and should not be treated as a comprehensive summary. Investors are requested to refer to the Offer Document for further details regarding the issue, the issuer company and the risk factors before taking any investment decision. Please note that investment in securities is subject to risks including loss of principal amount and past performance is not indicative of future performance. Nothing herein constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. This document is not intended to be an advertisement and does not constitute an invitation or form any part of any issue for sale or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.



Company Overview

Nexus Select Trust is the owner of India's leading consumption center platform of high-quality assets that serve as essential consumption infrastructure for India's growing middle class (Source: CBRE Report, by Completed Area). It expects to be the first publicly listed consumption center REIT in India upon the listing of its Units on the Stock Exchanges. Consumption growth has served as a key driver of the Indian economy over the last decade (Source: Technopak Report), and it believes its Portfolio is well-positioned to benefit from the consumption tailwinds of India's growing middle class and rapid urbanization. Its 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 Select Trust's Portfolio comprises 17 best-in-class Grade A urban consumption centers 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. Its 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 (Source: Technopak Report).

Objects of the Offer

The Offer comprises of a fresh issue and an Offer for Sale. The fresh issue is of ₹14,000 million out of which ₹2,500 million would be used for partial or full repayment or prepayment and redemption of certain financial loans of the Asset SPVs and the Investment Entity; ₹12,500 million would be used for acquisition of stake and redemption of debt securities in certain Asset SPVs; and the balance would be used for General corporate purposes. The Offer for Sale is for ₹18,000 million.

| (₹ in million) | FY20 | FY21 | FY22 | 9MFY23 | FY24e | FY25e | FY26e |
|------------------------------------|-----------|----------|-----------|-----------|--------|--------|--------|
| Revenue from Operations | 16,219.75 | 9,069.75 | 13,182.10 | 14,631.49 | 21,213 | 22,923 | 24,662 |
| NOI | 10,828.98 | 5,477.00 | 8,693.65 | 10,395.91 | 16,198 | 17,613 | 18,971 |
| NOI Margin (%) | 66.76% | 60.39% | 65.95% | 71.05% | 76.4% | 76.8% | 76.9% |
| EBITDA | 10,772.15 | 6,130.26 | 8,579.82 | 9,341.81 | 15,211 | 16,541 | 17,902 |
| Net Distributable Cash Flow | - | - | - | - | 12,124 | 13,133 | 14,118 |



Competitive Strengths

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

Nexus Select Trust's Portfolio is located in India, the fifth largest economy in terms of nominal gross domestic product ("GDP"), third-largest economy in terms of purchasing power parity ("PPP"), and the second-most populous country in the world as of June 30, 2022 (Source: Technopak Report). Income levels in India are increasing at a rapid pace, which is demonstrated by robust growth in its middle class and high-income households. As a result, the middle class household segment (i.e. households earning a total annual income of USD 5,000 to USD 50,000) grew at a 14.8% CAGR between FY10 and FY20. Domestic consumption is a key driver of India's economy. In FY22, consumption expenditure accounted for approximately 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 (Source: Technopak Report). With a market-leading presence in prime in-fill locations of 14 prominent cities across India, the Trust's Portfolio is well-positioned to capitalize upon the consumption growth driven by these megatrends.

India's largest platform of best-in-class assets with a presence in 14 of India's key consumption cities

Nexus Select Trust is India's largest consumption center platform (Source: CBRE Report, by Completed Area), comprising a Portfolio of 17 best-in-class urban consumption centres with a well-diversified presence in prime in-fill locations of prominent cities across India. Its properties are amongst the highest quality retail assets in India due to their scale, best-in-class asset quality and industry-leading asset management (Source: CBRE Report). As a result, its Portfolio commands a 3.8% Marginal Rent premium compared to the Marginal Rents for properties across its Portfolio Markets as of June 30, 2022 (Source: CBRE Report). Nexus Select Trust is India's leading platform

that can provide tenants with a diversified pan-India presence and it is often the first port-of-call for many tenants looking to establish or expand their presence in the country. The scale and quality of its Portfolio enables it to maintain high levels of committed occupancy and negotiate competitive lease terms with its tenants.

Highly occupied by a diversified tenant base of renowned national and international brands

Nexus Select Trust has a high quality and 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. Its assets provide a holistic shopping, dining and entertainment experience. Nexus Select Trust's high quality and diversified asset base makes it the partner of choice for domestic and international brands in India. It has proactively curated a diverse mix of tenants across different categories including hypermarket, apparel and accessories, entertainment and F&B to establish its centres as shopping and entertainment destinations in their respective sub-markets. It is also focusing on adding omni-channel retailers such as Nykaa, Mamaearth and Lenskart amongst many others, to provide an integrated omni-channel shopping experience to its consumers.

Strong embedded growth with inflation hedged cash flows

Nexus Select Trust's Portfolio is highly stabilized with 96.2% Committed Occupancy and a 5.7-year Weighted Average Lease Expiry (WALE) as of December 31, 2022. It 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 (it 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. Nexus Select Trust has demonstrated strong growth over the last three fiscal years and nine months by leasing 4.2 msf and achieving average Re-leasing Spreads of 19.2% on approximately 2.9 msf of re-leased space. Furthermore, it has a strong track record of delivering inorganic growth through accretive acquisitions of stabilized assets and turnaround of underperforming assets.

Strategically located assets in prime in-fill locations with high barriers to entry

Nexus Select Trust's urban consumption centres are strategically located in prime in-fill locations in close proximity to dense residential catchments and are well-connected to key transport and social infrastructure. Developing large retail assets in India is challenging due to limited availability of large land parcels in in-fill locations, land aggregation complexities, long gestation periods and specialized capabilities required for stabilizing large urban consumption centre projects (Source: CBRE Report). Higher land use considerations in city-centre locations such as residential development means it is typically sub-optimal to develop urban consumption centres from a floor area ratio ("FAR") utilization standpoint, which acts as a natural limitation on the supply of large urban consumption centre projects (Source: CBRE Report). Even in the post-development stage, these assets require significant expertise in leasing, operations, retailer management, marketing and promotion, which only a few operators in India possess (Source: CBRE Report). As a result, it would be challenging to replicate a geographically diversified consumption center platform of its scale and quality.

Renowned Sponsor with global expertise and local knowledge

Nexus Select Trust is sponsored by a portfolio company of Blackstone real estate funds. Blackstone is one of the world's leading investment firms with USD 975 billion of assets under management as of December 31, 2022, across multiple alternate asset classes including real estate, private equity, infrastructure, life sciences, growth equity, credit, real assets and secondary funds, all on a global basis. Blackstone's real estate business was founded in 1991 and is a global leader in real estate investing with USD 326 billion of assets under management as of December 31, 2022. Blackstone's real estate funds' portfolio is spread across 1,475 msf of Leasable Area as of December 31, 2022. Blackstone's real estate business operates as one globally integrated business with over 800 real estate professionals globally as of December 31, 2022 and has investments in the Americas, Europe and Asia. Blackstone's real estate business has extensive experience in building or rebuilding leading companies and taking them public such as Hilton Worldwide Holdings Inc. and Invitation Homes Inc. It has over 15 years of operating experience in India and has participated in India's first two REITs.

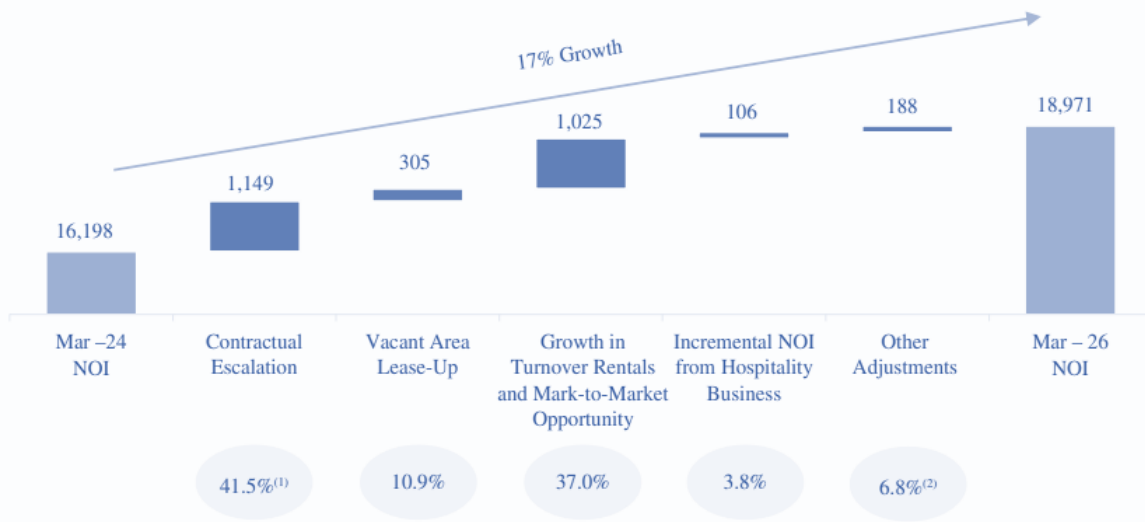


Strategies Going Forward

Capitalize on its Portfolio's embedded organic growth opportunities

Nexus Select Trust's 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 (it 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 of December 31, 2022, its portfolio of urban consumption centres had vacant area of 0.3 msf representing 3.8% of its total Leasable Area and its office assets had vacant area of 0.3 msf. The vacant area is concentrated in Fiza by Nexus, Nexus Indore Central and Phase II of Nexus Ahmedabad One and is primarily due to recently completed construction or transitional factors such as ongoing repositioning and strategic upgrades. The vacant area can be leased out in the near-term based on robust demand for Grade A retail space, the high quality of its Portfolio, its strong tenant relationships and track record of its Manager. Nexus Select Trust has healthy leasing prospects and expects to lease up its vacant area over the next 24 months, resulting in ₹305 million of additional NOI over the Projections Period and which is expected to contribute 10.9% of the total increase in its NOI over the same period.

Key NOI Growth Drivers (FY24E-FY26E)



Proactive asset management driving growth in value

Nexus Select Trust intends to continue its proven leasing strategy and maintain high occupancy with premium rents across its Portfolio assets. Its pan-India presence and strong local teams have helped it drive platform-level leasing synergies and establish deep relationships with tenants and brokers. It continuously engages with its tenants' management teams to understand their growth plans and modify its leasing strategy accordingly. It relies 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 Select Trust anticipates tenant vacancies, proactively engages with existing and prospective tenants and use "right tenant right location" tools to lease up vacant space. It is continuously looking to upgrade its tenant mix in order to provide a market-leading offering that accommodates the ever-evolving consumption and spending patterns of consumers. In order to accommodate consumer preferences, it has focused on adding tenants from more experiential categories such as F&B and entertainment centres. The Trust also plans to continue to enhance the aesthetics of its urban consumption centers and improve the shopping experience by upgrading facilities in its assets including atriums, food courts, lobbies, facades, storefronts and washrooms.

Disciplined acquisition strategy with a strong balance sheet

Nexus Select Trust intends 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, it intends to undertake strategic expansions within its existing assets to enhance the value of its Portfolio. Its ownership of the best retail assets in India's top submarkets will allow it to generate robust cash flow growth with strong long-term returns. Nexus Select Trust's acquisition strategy will focus on long-term growth and total return potential rather than short-term cash returns. It 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. Following the listing of its Units, it is expected to have a strong balance sheet with low levels of leverage, resulting in high flexibility in capital structure.



Management

Dalip Sehgal (Non-Independent Director and Chief Executive Officer): He holds a bachelor's degree in arts and a master's degree in business administration from the University of Delhi. He has over four decades of work experience.

Jayen Naik (Chief Operations Officer): He holds a bachelor's degree in science from St. Xavier's College, Gujarat and a master's degree in business administration from B.K. School of Business Management, Gujarat. He has over two decades of work experience.

Nirzar Jain (Chief Leasing Officer): He holds a diploma in hotel management & catering technology from the National Council for Hotel Management and Catering Technology, New Delhi. He has completed a senior management program from the Indian Institute of Management Calcutta. He has over 24 years of work experience and has been responsible for managing over 22 urban consumption centres during this time.

Rajesh Deo (Chief Financial Officer): During his employment over a period of approximately seven years collectively with Nexus, he has been involved in the management of its portfolio assets. He holds a bachelor's degree in commerce from the Utkal University and has completed Indian School of Business and National University of Singapore's business school's general management programme for Asia. He is an associate member of the Institute of Chartered Accountants of India. He has over 20 years of work experience.

Portfolio Details

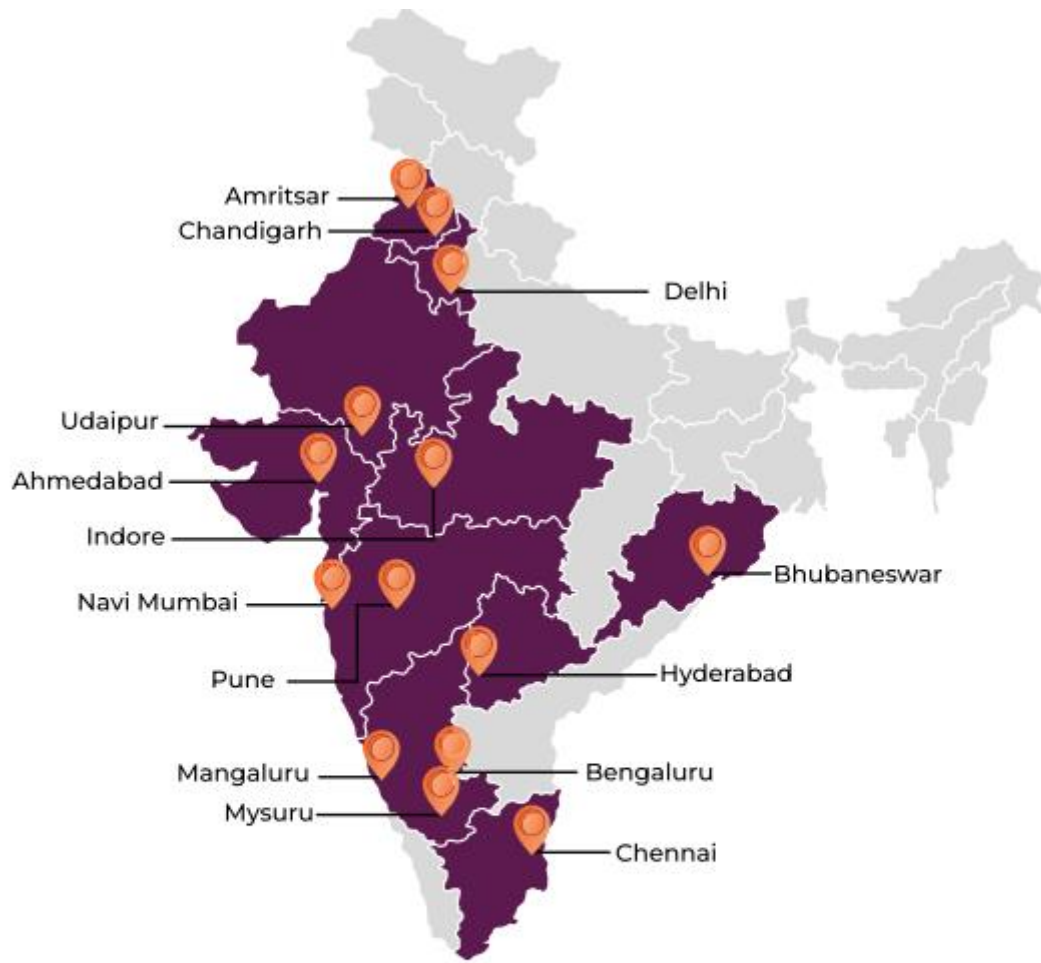
Over the last three fiscal years and nine months, through its disciplined operating and investment expertise, the trust has:

- Leased 4.2 msf; added 408 new brands to its 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 January 1, 2018 and June 30, 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 our Portfolio Markets (Source: CBRE Report).
- Achieved 7.5% CAGR in Marginal Rents across our Portfolio from CY16 to CY19 (122 bps higher than the average Marginal Rents for our Portfolio Markets (Source: CBRE Report).
- Achieved 11.0% CAGR2 in tenant sales between FY18 to FY20 through strong marketing and consumer outreach initiatives.
- Increased its Portfolio by 4.6 msf through strategic acquisitions and accretive buildouts of its urban consumption centres.
- Undertook strategic initiatives to upgrade its urban consumption centres, including eight food courts, five atriums and six facades. It has also proactively engaged with tenants resulting in tenants incurring significant capital expenditure to upgrade 283 stores totalling 1.8 msf.

- Implemented over 50 ESG initiatives including renewable power plants and COVID-19 vaccination campaigns, which resulted in its Portfolio receiving a Global Real Estate Sustainability Benchmark (GRESB) score of 76 out of 100 as of 2022 and has obtained Platinum/Gold Indian Green Building Council (“IGBC”) ratings across 16 urban consumption centres and two hotel assets in its Portfolio as of March 31, 2023.

| Name of Asset | Leasable Area (msf)/Keys (for Hotels)/MW Power Plants) (as applicable) | Committed Occupancy/Office Occupancy/Hotel Occupancy(1) (as applicable) | Market Value (₹ million) | % of Gross Portfolio Market Value | WALE (Years) | Land title | Remaining Period of Lease (Years) |
|----------------------------------|--|---|--------------------------|-----------------------------------|--------------|----------------------------------|-----------------------------------|
| Urban Consumption Centres | | | | | | | |
| Select Citywalk | 0.51 msf | 98.8% | 45519 | 19.4% | 4.9 | Freehold | NA |
| Nexus Elante | 1.25 msf | 99.4% | 38672 | 16.5% | 5.5 | Freehold | NA |
| Nexus Seawoods | 0.97 msf | 99.0% | 22169 | 9.4% | 7.1 | Leasehold | 45 |
| Nexus Ahmedabad One(2) | 0.88 msf | 96.4% | 19561 | 8.3% | 6 | Leasehold | 83 |
| Nexus Hyderabad | 0.83 msf | 98.80% | 16,896 | 7.20% | 4.2 | Freehold | NA |
| Nexus Koramangala | 0.30 msf | 97.80% | 8,352 | 3.60% | 3.3 | Freehold | NA |
| Nexus Vijaya | 0.65 msf | 99.4% | 12,565 | 5.3% | 4.2 | Freehold | NA |
| Nexus Westend | 0.44 msf | 95.90% | 8,444 | 3.6% | 7.8 | Freehold | NA |
| Nexus Esplanade | 0.42 msf | 97.00% | 8,617 | 3.70% | 7.7 | Part Freehold/ Part Leasehold | 47 |
| Nexus Amritsar | 0.54 msf | 97.20% | 6,326 | 2.70% | 6.7 | Freehold | NA |
| Nexus Shantiniketan | 0.41 msf(4) | 97.30% | 5,953 | 2.50% | 6.9 | Freehold | NA |
| Nexus Whitefield | 0.31 msf | 94.70% | 3,681 | 1.60% | 4.7 | Freehold | NA |
| Nexus Celebration | 0.40 msf | 94.60% | 4,557 | 1.90% | 5 | Leasehold | 80 |
| Fiza by Nexus | 0.49 msf(5) | 71.70% | 2,881 | 1.20% | 5.1 | Freehold | NA |
| Nexus Centre City | 0.33 msf | 97.80% | 2,714 | 1.20% | 6.7 | Freehold | NA |
| Nexus Indore Central | 0.24 msf | 90.40% | 2,007 | 0.90% | 13.7 | Freehold | NA |

| Portfolio Investment | | | | | | | |
|--|---|--|---------|---------|--|-----------|----|
| Treasure Island | 0.22 msf | 96.80% | 2,552 | 1.1% | 5.1 | Leasehold | 2 |
| Subtotal Urban Consumption Centres | 9.18 msf | 96.20% | 211,466 | 90.00 % | 5.7 | NA | NA |
| Offices | | | | | | | |
| Westend Icon Offices | 0.98 msf | 74.90% | 11442 | 4.9% | 3.5 | Freehold | NA |
| Vijaya Office | 0.19 msf | 100.00% | 1823 | 0.8% | 3.2 | Freehold | NA |
| Elante Office | 0.09 msf | 75.10% | 1059 | 0.5% | 4.6 | Freehold | NA |
| Subtotal Offices | 1.26 msf | 78.70% | 14324 | 6.1% | 3.6 | NA | NA |
| Hotels | | | | | | | |
| Hyatt Regency Chandigarh | 211 keys | 66.20% | 4,908 | 2.10% | NA | Freehold | NA |
| Oakwood Residence Whitefield Bangalore | 143 keys | 73.00% | 1882 | 1% | NA | Freehold | NA |
| Subtotal Hotels | 354 keys | 69% | 6,790 | 3% | NA | NA | NA |
| Renewable Power Plants | | | | | | | |
| Karnataka Solar Park | 15 MW (AC) | NA | 2413 | 1% | NA | Leasehold | 26 |
| Subtotal Renewable | 15 MW (AC) | NA | 2413 | 1% | NA | NA | NA |
| Total Portfolio | 9.18 msf(7)(Urban Consumption Centres) 1.26 msf (Offices) 354 keys (Hotels) 15 MW(8) (AC) (Renewable Power Plants) | 96.2% (Urban Consumption Centres) 78.7% (Offices) 69.0% (Hotels) | 234,993 | 100% | 5.7 (Urban Consumption Centres) 3.6 (Offices) | NA | NA |



INDIA'S LEADING CONSUMPTION CENTRE PLATFORM



Risks

- After the completion of the Offer and the listing of the Units, the trust intends to obtain external debt financing to repay a portion of the debt of the Portfolio and to finance the Portfolio's business and financing requirements.
- The trust may utilize a significant amount of debt in the operation of its business, and its cash flows and operating results could be adversely affected by required repayments or related interest and other risks of its debt financing. The company's inability to service debt may impact distributions to unit holders.
- Its revenues, results of operations, cash flows and financial condition may be adversely affected by low occupancy and rent levels of its urban consumption centres, hotels and commercial office spaces, and by changes in accounting estimates.
- Any future development and construction projects or proposals to upgrade existing projects in the company's Portfolio may be exposed to a number of risks and uncertainties which may adversely affect its business, financial condition, results of operations and cash flows.
- A decline in footfalls in its urban consumption centres has in the past, and may in the future, adversely affect its revenues.
- A significant portion of the company's revenues are derived from a limited number of large tenants. Any conditions that impact these tenants, properties or markets may adversely affect its business.

For complete list of risk factors kindly refer to the Red Herring Prospectus.

Disclaimer

The Company is involved in the initial public offering of **Nexus Select Trust**, in the capacity of a Book Running Lead Manager and a Syndicate Member to the Issue. However, IIFL Securities Limited shall not be in any way responsible for the contents hereof, any omission therefrom or shall not be liable for any loss whatsoever arising from use of this document or otherwise arising in connection therewith, including with respect to forward looking statements, if any. IIFL makes no representation/s or warranty/ies, express or implied, as to the contents hereof, accuracy, completeness or reliability of any information compiled herein, and hereby disclaims any liability with regard to the same. Neither IIFL Securities Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. You shall verify the veracity of the information on your own before using the information provided in the document. Investors are requested to review the prospectus carefully and obtain expert professional advice.

IIFL Group | IIFL Securities Ltd (CIN No.: U99999MH1996PLC132983) IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. Tel.: (91-22) 2580 6650 *Customer Service: 40071000 *Stock Broker SEBI Regn: INZ000164132 *NSE: 10975 *BSE: 0179 *MCX:55995 *NCDEX:378 *Depository: INDP185 2016 *MF Distributor ARN: 47791, *PMS SEBI Regn.: INP000002213, *Investment Adviser SEBI Regn. : INA000000623, *Research Analyst SEBI Regn:- INH000000248 | Kindly refer to www.indiaonline.com for detailed disclaimer and risk factors.

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