# Nexus Select Trust – Vega City Mall Acquisition Update Call

**February 13, 2025**

**MANAGEMENT:**
**Mr. Dalip Sehgal – Executive Director & Chief Executive Officer**
**Mr. Pratik Dantara – Head, Investor Relations and Strategy**
**Mr. Rajesh Deo – Chief Financial Officer (CFO)**
**Mr. Nirzar Jain – Chief Leasing Officer (CLO)**
**Mr. Gautam Vaswani – Head, Business Development and Expansion**

**Moderator:** Ladies and gentlemen, good day and welcome to the Acquisition Update Call hosted by Nexus Select Trust.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then '0' on your touchtone phone.

I now hand the conference over to Mr. Pratik Dantara, Head - Investor Relations & Strategy from Nexus Select Trust. Thank you and over to you, sir.

**Pratik Dantara:** Thank you. Good evening, everyone and thanks for joining us to discuss the acquisition of Vega City Mall, Bengaluru.

You may wish to refer to the Acquisition Presentation and Press Release relating to the acquisition announcement that was uploaded on the exchanges earlier this morning. We have also placed these relevant documents in the Investors section of our website.

Before we proceed further, I would like to highlight that the management may make certain statements that may constitute forward-looking statements. Please be advised that our actual outcome may differ materially from these statements. Nexus Select Trust does not guarantee these statements and is not obligated to update them at any point of time.

Joining me today on the call are Dalip Sehgal – Executive Director and CEO; our CFO – Rajesh Deo, our Chief Leasing Officer – Nirzar Jain; Gautam Vaswani –Head of Business Development & Expansion.

Before we get into the Q&A, let me share with you all a quick recap of the acquisition we have now closed.

- Vega City Mall is a high-quality Grade-A urban consumption centre located in South Bengaluru, which is one of the strongest consumption markets in India. The asset is located near to IIM Bangalore and in close proximity to Nexus Koramangala. The asset is close to an upcoming metro station and is surrounded by dense and affluent residential catchments.
- The asset is complementary to our three existing assets in Bengaluru, and we can built on potential synergies around leasing, marketing, operations, etc. This acquisition cements our local presence in Bengaluru.
- We don't see any major competing upcoming supply around the Vega City Mall over the next three years.
- The mall is 96% leased to a diversified tenant mix comprising of international and domestic brands with fashion, multiplex, and F&B categories comprising two-thirds of the overall leased area.

Now coming to the transaction, it's an accretive deal across all key financial and operational metrics. The total enterprise value of the acquisition is INR 913 crore, which includes purchase consideration of INR 869.75 crore and the balance towards planned capex (including renewables) and clothing costs.

- The transaction is NAV and DPU accretive as we have acquired the asset at an approximately 10% discount to the independent valuation.
- Stabilized NOI of the asset will be INR 78 crore and incremental NDCF for FY26 will be INR 20 crore (post servicing debt).
- The transaction is fully debt funded through listed NCDs issued at a coupon rate of 7.70% in Q3 FY25. Post this transaction, our LTV is 17%.

With this, we can now move to Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Puneet from HSBC.

**Puneet:** Yes, thank you so much and congratulations on the acquisition. If you can talk a bit more about the asset in terms of what has been the historical rentals and NOI and current rental and NOI. How much growth is Nexus looking forward for FY26? So that will be helpful. Secondly, if you can also talk a bit more about the tenant mix in a slight more greater detail and thirdly, anything you can add on the current rent to consumption ratio of the mall?

**Pratik Dantara:** Okay. So let me take the first question on Rental and NOI. Revenue and NOI for FY24 were close to INR 93 crore and INR 68 crore respectively. In FY25, the NOI of the asset is estimated to be close to INR 73 crore with revenues of INR 94 crore. So that's on historical and current financial performance. For FY26, Stabilized NOI of the asset will be INR 78 crore from INR 73 crore in-place today. On the rent to consumption ratio, it’s about 13% for the asset today. On the tenant mix, Nirzar will brief us.

**Nirzar Jain:** The mall is highly occupied. We have got brands like Lifestyle, H&M, Fun City, PVR. The food court has been recently refurbished and doing well. There are few opportunities going ahead as we stabilize. Currently, the mall is highly occupied and it's a full stack mall with hypermarket, large CDIT player and fashion anchors.

**Puneet:** And you also talk about additional Capex of INR 43 crore that you need to spent. So, if you can talk a bit more where do you need to spend that?

**Pratik Dantara:** Out of the INR 43 crore, capex is around INR 35 crore and balance is closing costs. Out of INR 35 crore, about INR 20 crore will be spent primarily towards upgradation of the asset and rebranding and relaunch of the mall. Balance INR 15 crore will be spent on renewables. So, we kind of plan to install the solar renewables with that capex.

**Puneet:** Okay, and absolute amount of average rental per square feet and CAM also, if you can share that with us.

**Pratik Dantara:** Absolute rental per square feet is about INR 115 to 117 per square feet. And sorry, what was the second part of the question?

**Puneet:** And the CAM as well, because your NOI, if I look at on INR 78 crore basis, it looks like INR 144 per square feet of rental and minimum guaranteed rental is lower, if you can also talk about the other sources of income?

**Pratik Dantara:** Yeah, so I think CAM is broadly about INR 30-35 per square feet, which is over and above the rental of INR 117 per square feet.

**Puneet:** Over INR 100 crore of rental, you have INR 35 crore of CAM?

**Pratik Dantara:** No, Puneet. It is per square feet. INR 117 per square feet per month is the rental, and INR 30 to 35 is the per square feet CAM.

**Puneet:** And on that, you earned INR 144, basically. That's how one should think of it.

**Pratik Dantara:** The CAM will be a pass-through cost, generally. So, it doesn't contribute directly to bottom-line. It's income versus expense.

**Puneet:** I'm just dividing your, for example, INR 78 crore by 0.45 million square feet. That gives a monthly rental of INR 144 psf pm. And I'm just trying to compare it with INR 117 of rental. So what is the gap? How do you bridge the gap? Yes, just dividing INR 78 crore by 0.45 by 12. So it's okay.

**Pratik Dantara:** There will be other positive streams of income, which is marketing income, parking income, and the CAM margin. I mean, CAM we obviously spoke, but marketing and parking.

**Puneet:** Interesting. Okay, great. Thank you so much. I willcome back in the queue.

**Moderator:** Thank you. We have the next question from the line of Jatin from Bank of America.

**Jatin:** Hi. Thanks for the opportunity. You talked about doubling the rent and trade density potential and taking it up to the level of Kormangala and thus doubling the rent and trade density potential. If you could please elaborate on that and highlight two or three main key differences between these two malls, be in terms of the mix or the MTM potential. How would you sort of bridge that gap and is there any timeframe that you have in mind for that?

**Nirzar Jain:** Hi, this is Nirzar. I think the idea was to showcase the market potential. This is in South Bangalore. And I think over a period of 3 to 4 years, when larger tenant expiry schedules come up, we want to kind of benchmark for expiries coming up to that level. It may not have an immediate effect in the first and second year, but it will catch up over a period of time.

**Pratik Dantara:** And Jatin, if you can see the per square feet rentals that we have, in Nexus Koramangala, it's close to INR 200 per square feet. Whereas here, like I indicated earlier, it was about INR 117. So, there is a huge gap, in spite of assets being sort of 5 to 6 kilometers apart. Even when you look at trading densities, the trading density at Koramangala is closer to INR 3,000, whereas here it's about INR 1,100 – 1,200. So, there is immense potential. I think as we see this convergence as we integrate the asset and over the next like 12 to 15 months.

**Jatin:** Sure, got it. This is really helpful. Very clear. If I may, I know this is about this particular acquisition, but are there any further updates on the Hyderabad's portfolio? That's it, thank you.

**Pratik Dantara:** Jatin, Hyderabad one, we received comments from the government as markups to the document that we had submitted. Our teams are currently looking at it. And we will come back to you whenever we have some more update on that. At this point of time, we're just looking at the comments that have come in.

**Jatin:** Sure, great. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from HDFC Asset Management Company.

**Ashish Shah:** Hi, and thanks for the opportunity. Just a quick question, can you draw the bridge for the INR 20 crore incremental NDCF that we have talked about? So let's say INR 78 crore is the incremental NOI. And I think the interest on the borrowing etc. could be maybe INR 63, 65 crore thereabouts. So that maybe gets us to maybe, I don't know, INR 11, 12 crore. So how do you just bridge that INR 11-12 crore to 20 crore?

**Pratik Dantara:** The balance is on account of, tax savings on account of the interest payout that we have, and then a little bit on account of restructuring that we have done on the deal itself. But we can talk about the balance piece offline, Ashish. It's a bit nuance and little bit of detail.

**Ashish Shah:** Alright, the other thing that I wanted to understand is that we have indicated a mark-to-market opportunity of 15%-20%. In what kind of timeframe do you think some of these opportunities will materialize? I mean, are we looking at an F26, 27? Have we built some of these mark-to-market in our F26 estimate? I mean, just if you could draw some roadmap of that?

**Nirzar Jain:** This is Nirzar. As we kind of build up and take this ahead, I think some of this will get built in over the next 15 to 18 months in terms of opportunities come back in terms of some proactive churn that we do and we have demonstrated that in the past, releasing at higher spreads, also introducing premium brands. So about 15 to 18 months is a good time to estimate some of the upsides coming in.

**Ashish Shah:** Maybe just the last thing when you look at maybe the tenant mix for this mall, I mean, how would you position the typical tenant? I mean, is it like a very high-end mall already or you think there is a scope for upgrading the kind of tenants that we have here? I mean, where would you position this mall at? Where is it today?

**Nirzar Jain:** We would actually, I think, take it a little more premium, just a notch up. We want to introduce some new brands to the city and this market. But it may not be too high-end, it will be slightly more premium than what it is today in terms of zoning, in terms of mix. So you'll see some new anchor tenants, some vanilla tenants, some improvements in F&B, FEC. So that's part of how we want to kind of do this.

**Ashish Shah:** Okay. And is there any embedded expansion option? Is there any option to increase the usable area here or this 0.45 million square feet is how it will be?

**Nirzar Jain:** No, we don't have any extra FSI, Ashish.

**Ashish Shah:** Okay. Alright. Thank you. Thank you very much.

**Moderator:** Thank you. We have the next question from the line of Biplab Debbarma from Antique Stock Broking.

**Biplab Debbarma:** Sir, I have two quick questions. First is this INR 20 crore of NDCF. From FY26, this estimated INR 20 crore will start accruing?

**Pratik Dantara:** Yes, our endeavor is accrue it in the coming year.

**Biplab Debbarma:** And we have paid everything, all the money and deal is closed, signed, registered. Now it is totally in our position, the mall, right, sir?

**Pratik Dantara:** Yes, Biplab. Yes.

**Biplab Debbarma:** And one more question. Earlier, I think another participant asked this question. I was just trying to understand. So if you see, you have the NOI of INR 78 crore minus the debt, the interest payment, then where is the NDCF is higher at INR 20 crore? If you see the coupon at 7.7%, it comes around that. If I subtract that number from NOI, it comes around INR 11 crores. So, you said you will do some restructuring or some engineering that will lead to INR 20 crores. So is this re-engineering something like taking the cash flow, providing cash flow from deposits or that kind of thing or something or you are enhancing the income. I am just trying to understand from where this extra money will come from cash?

**Pratik Dantara:** So Biplab while we can talk about it offline, I think in summary this is benefits on account of the tax structure that we have, but I can kind of take you through the more nuanced and detailed working offline.

**Biplab Debbarma:** Okay, thanks and all the best.

**Moderator:** Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to Mr. Pratik Dantara for closing comments. Over to you, sir.

**Pratik Dantara:** Thank you, everyone, for joining. If you have any further questions on the acquisition, we will be happy to assist you. Do reach out to any of us. Thank you so much.

**Moderator:** Thank you. On behalf of Nexus Select Trust, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

*Disclaimer – The transcript has been edited for language and grammar, it however may not be a verbatim representation of the call*