# Nexus Select Trust



**Operator:** Ladies and gentlemen, good day and welcome to the earnings conference call of Nexus Select Trust for Q3 FY26. 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 call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pratik Dhingra, Investor Relations Officer and Head of Strategy for Nexus Select Trust. Thank you and over to you, sir.

**Management:** Thank you. Good evening everyone and thank you for joining the earnings conference call of Nexus Select Trust for the quarter ended December 31, 2025. Before we proceed, I would like to highlight that the management may make certain statements that may constitute forward-looking statements. Please be advised that actual results may differ from these statements. Nexus Select Trust does not guarantee these statements or results and is not obligated to update them at any point in time.

Specifically, any financial guidance and performance information that we share on this call are management estimates based on certain assumptions and have not been subjected to audit review examination procedures. You are cautioned not to place undue reliance on such information. Joining me today on the call is Dalip Sehgal, Executive Director and CEO; Rajesh Deo, CFO; and Jayen Naik, President of Operations and Leasing. We will start with brief remarks on our business and financial performance and then open the floor for questions. Over to you, Dalip.

**Management:** Thank you, Pratik. Good evening everyone. It is my pleasure to welcome you to the earnings update call for Q3 FY26 for Nexus Select Trust, India's first listed retail REIT. We are pleased to report another robust financial quarter marked by 15% year-on-year NOI growth. On the back of the strong performance, we are announcing a distribution of 359 crores, translating to 2.367 per unit. This marks our highest ever quarterly distribution since listing, underscoring the robustness and consistency of our cash flow generation.

To repeat, 359 crores or 2.367 per unit. Cumulatively for the year, we have distributed 1,029 crores, which is 6.795 per unit, achieving 75% of our full-year guidance. We are firmly on track to achieve our FY26 NOI and distribution guidance.

Turning to the performance of our recently acquired assets, Nexus Vega City Bengaluru continued its strong momentum during the quarter, delivering 14% year-on-year tenant consumption growth and an 11% increase in footfall. To remind you, when we acquired the asset, the sales and consumption growth was negative 10%. From -10% it went up to +14%, so that is a successful turnaround. Nexus MBD Neopolis in Ludhiana witnessed a sustained rebound in footfalls, driving year-on-year tenant sales growth of 15% in the quarter. Our playbook of buying assets and turning them around continues to be strong.

On the consumption front, we continue to witness strong momentum in Q3 FY26 with 16% year-on-year growth. This follows 12% growth in Q1 and 16% in Q2. During the quarter, growth was driven by targeted marketing campaigns and robust consumer demand. Let me walk you through some of the category-wise trends. Fashion, while it constitutes about 60% of our overall

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consumption and underperformed in the first half, has grown in this quarter with a 6% like-for-like growth. We are seeing a reversal in the trend for fashion, which was previously a laggard.

Family entertainment centers, including multiplexes, sustained healthy momentum aided by titles like Jawan, Kantara 2, and Avatar. We remain optimistic about the segment given a very strong slate of upcoming releases in the current quarter. Jewelry, which constitutes approximately 7% of our overall consumption, continued to see very strong sales growth of 67% year-on-year. The sales growth momentum has continued into January 2026, indicating sustained demand across categories. January has been a very strong month.

On the leasing front, we continue to see strong demand from both international and domestic brands. Supported by this demand, we leased approximately 2 lakh square feet during the quarter at a 20% mark-to-market spread. Over the past 9 months, out of the total 8 lakh square feet we have leased, we strategically churned more than 3 lakh square feet of space ahead of expiry, achieving healthy spreads and reflecting proactive asset management.

During the quarter, Foot Locker opened its first flagship store in South India at Nexus Koramangala, reinforcing our position as a preferred destination. Michael Kors opened their first store in India at Select Citywalk in Delhi. We created a high-end jewelry zone at Nexus Elante spanning over 30,000 square feet on the lower ground floor, housing 10 marquee brands including Tanishq, Indriya, Malabar, BlueStone, and Forevermark. Forevermark is the first store in that market. We plan to replicate similar category-specific zones across other malls with a strategic focus on premiumizing our brand mix and improving footfall quality.

From a marketing perspective, we introduced 25 immersive ticketed experiences across our malls driving strong engagement. Our Nexus One app now has 8 lakh users and remains among India's top-performing mall apps. The app is live across 17 malls, including the onboarding of Nexus Vega City and Nexus MBD Neopolis.

Coming to our balance sheet, during the quarter we raised 700 crores anchored by IFC. We are the first in the industry to raise a 10-year sustainability-linked bond with a floating rate of 200 basis points over the benchmark. This is expected to result in annualized savings of 6 crores. Since listing, our proactive debt management has resulted in approximately a 120 basis points reduction in debt costs. Our average outstanding receivables remain at a historic low of approximately 3 days, reflecting strong operational discipline.

Regarding acquisitions, we successfully completed a strategic bolt-on acquisition of 60,000 square feet of brand retail space within the Nexus Elante complex. This will enable activation of high street frontage within the courtyard, and we expect to lease this space to some of the best brands in the country. We intend to selectively replicate this acquisition and expansion strategy across the portfolio.

As for the pipeline, we have a robust pipeline of 11 assets across India, with 4 assets currently under due diligence. Supported by a strong balance sheet and nearly 1 billion of debt headroom, we are well-positioned for inorganic growth. On sustainability, we have been recognized as a regional sector leader for retail in Asia. Under our "Lakes of Happiness" initiative, we have regenerated 10 lakes and are targeting a total of 15 restorations by 2026. We also launched "Arun," an education

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program for frontline staff in collaboration with Medhavi Skills University, the first such program in mall management.

Nexus was also recertified as a "Great Place to Work" for the sixth consecutive year. Summarizing our performance: consumption momentum remains strong with double-digit growth; our inorganic growth strategy is on track; and leasing demand is robust. Retail NOI grew 15% year-on-year in Q3 FY26 and we are on track to meet our full-year guidance. We declared our 10th consecutive 100% payout distribution, with total payouts since listing at approximately 22 per unit, providing an overall total return of 80% and an IRR in excess of 27% since we listed in 2023. With this, let us move to the Q&A.;

**Operator:** Thank you very much. We will now begin the question-and-answer session. The first question is from Mohit Agarwal from IIFL. Please go ahead.

**Mohit Agarwal – IIFL:** Good evening everyone and thanks for the opportunity. My first question is on the consumption numbers. You mentioned 9% like-for-like growth. On the NOI, what would that translate into on a rental growth basis? 15% is the reported number, but what would be the like-for-like rental growth considering jewelry grew 67%?

**Management:** The retail NOI growth is about 8% like-for-like versus the reported 15%.

**Mohit Agarwal – IIFL:** Perfect. My next question is about your opening remarks where you mentioned that growth has been broad-based and led by marketing campaigns. I did not find a mention of the GST cuts that have happened. Is it fair to say that at your price points and segments, it does not matter much? Secondly, which segments would you still consider laggards? Would fashion at 6% like-for-like be among the weakest in your consumption basket?

**Management:** You asked two different questions. Regarding the GST reduction, our overall view is that while there is a positive impact, it is difficult to pinpoint exactly by category. Clearly, on electronics, white goods, and automobiles, there was probably some pent-up demand taken up. For our categories like fashion and footwear, there has been a positive impact, but it is hard to put a number to it.

Regarding laggards, while fashion at 6% might seem slow, remember that for several quarters it was at zero or low single digits. 6% is a good change. We expect it to improve as the inventory overhead is now over and the supply chain has stabilized. Categories doing very well include jewelry and beauty. Beauty and healthcare have performed extremely well because personal care and beauty still have low penetration. Entertainment also did well with movie titles performing as expected.

Quarter 3 saw far more broad-based growth than the previous quarter, and we see this momentum continuing in January. Since fashion is 60% of the business, if it performs well, maintaining strong double-digit growth is possible.

**Mohit Agarwal – IIFL:** That is very clear. My next question is how the acquisition pipeline is looking in the near term and maybe guidance for FY27 regarding the assets you are looking at and the NOI growth addition planned?

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**Management:** Over the next 4 to 6 months, we are looking to close the 4 assets currently under due diligence. We previously guided for adding close to 150 crores of annual NOI through inorganic growth every year starting FY26. We are pretty much on track for that. Apart from those 4, there are another 7 to 10 assets in the pipeline. Our objective for 2030 remains to reach 35 million square feet or more.

**Mohit Agarwal – IIFL:** My last question is any update on the greenfield acquisition we had previously tied up?

**Management:** It is progressing. A couple of issues need to be sorted out and hopefully, this will materialize soon.

**Operator:** Thank you. The next question is from Pritesh Sheth from Access Capital. Please go ahead.

**Pritesh Sheth – Access Capital:** Good evening. First, on the like-for-like consumption growth, it was slightly lower than last quarter. Generally, Q3 is better than Q2. What explains this slight dip? Is it a base effect or a category issue?

**Management:** In a couple of our top malls like Select Citywalk and Elante, we had certain stores under fit-out as we were churning tenants. There was a slight occupancy impact which made the growth slightly lower, but it is transitionary. Growth would have been at least 150 to 200 basis points higher had those stores not been under fit-out.

**Pritesh Sheth – Access Capital:** Regarding the 60,000 square feet acquisition, you mentioned exploring similar opportunities. Can you quantify how much such consolidated space is available in the portfolio that is not owned by us?

**Management:** At Nexus Elante, this acquisition allows us to add high-end brands and high-street frontage. In our top 5 malls, we see this opportunity in at least 2 or 3 of them. We are having confidential conversations about those specific opportunities currently.

**Pritesh Sheth – Access Capital:** One last question on the interest side. It seems the lower interest cost benefit has largely flowed through this quarter. Is that correct, or is there more benefit to come?

**Management:** The majority is already there. However, the 700 crores we refinanced this quarter will show additional benefit in the next quarter. The reduction is around 9% on that 700 crores.

**Operator:** The next question is from Jatin Mandavia from Bank of America. Please go ahead.

**Jatin Mandavia – Bank of America:** Regarding the FY26 targets for acquisitions, you mentioned 4 assets closing in the next 4 to 6 months. Is the Hyderabad portfolio of 3 malls in addition to that? Also, what are the expected timelines for those?

**Management:** The 4 assets we are currently diligently looking to close do not include the Hyderabad portfolio. Those are part of our overall pipeline but are not currently in the immediate diligence list.

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**Jatin Mandavia – Bank of America:** In FY26, working capital adjustments have been helpful. Any guidance for this number next year? You are already at 97% occupancy, so how should we think about that?

**Management:** We are pretty much at peak efficiency regarding working capital. Our outstanding receivables are now less than 3 days, so it cannot get much better than that. However, moving from 96% to 97.5% occupancy will result in better cash flow.

**Operator:** The next question is from Parvez Kazi from Nuvama Group. Please go ahead.

**Parvez Kazi – Nuvama Group:** Since minimum guarantee and revenue share differ across categories, how should we look at consumption translating into rentals over the medium term, especially for jewelry where growth is very high but may not translate to similar lease rentals? Secondly, of the 8% like-for-like increase in consumption, how much came from trading densities versus footfall?

**Management:** Typically, the gap between consumption growth and NOI growth is about 100 to 150 basis points. NOI growth is primarily driven by rental growth. Regarding jewelry, while ticket sizes are high, the trading density is also much higher—around 15,000 to 20,000 per square foot compared to 1,000 to 2,000 for other categories. As we establish these jewelry zones with marquee brands, we expect better rental realization. Jewelry now contributes almost 10% for our top malls.

Overall footfall growth was around 4% to 6%. Like-for-like footfall growth was in the low single digits. Consumption growth would have been 150 to 200 basis points higher if not for the temporary fit-outs in Chandigarh and Ludhiana.

**Operator:** The next question is from Sarvesh Gupta from Maximal Capital. Please go ahead.

**Sarvesh Gupta – Maximal Capital:** Regarding the mark-to-market spreads, when leases are up, is it usually done with existing tenants or do you replace them?

**Management:** Typically, we try to renew with existing tenants at higher rentals. Sometimes we take some area back to introduce a new brand. Our churn rate is between 30% and 40%, so while 60% might stay with the same tenant, the rest allows us to introduce new flavors into the mall.

**Sarvesh Gupta – Maximal Capital:** Regarding the acquisition pipeline, where will our total square footage reach by the end of FY27 and FY28?

**Management:** We have indicated reaching about 18 to 20 million square feet by FY30. Over the last 5 or 6 years, we have added about 1.5 million square feet annually. We believe we are on track to hit that 18 million mark.

**Sarvesh Gupta – Maximal Capital:** In the market, people seem to prefer large malls. How do you see smaller malls performing when you look at acquisitions, especially in markets like Mumbai where there are massive new developments?

**Management:** You have to look at it strategically. In Bengaluru, we acquired Vega City, which is smaller, but now we have 4 malls there totaling 1.7 million square feet, giving us massive synergy. In

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smaller towns like Ludhiana, our mall is the center of the city and has no 1 million square foot competitor. Our approach is to see if an asset is strategic and if we can make it the marquee destination for that city, regardless of whether it is 1 million square feet or smaller.

**Sarvesh Gupta – Maximal Capital:** Are there greenfield developments at the sponsor level that will eventually be sold to the REIT?

**Management:** We are evaluating the process of greenfield developments and how they might fit. This is still under investigation, and we will share more in the coming months.

**Operator:** The next question is from Gaurav Khandelwal from JP Morgan. Please go ahead.

**Gaurav Khandelwal – JP Morgan:** Can I understand better the comment that NOI lags consumption? Does this mean NOI as a percentage of consumption will continue to trend down?

**Management:** A large part of our rentals are fixed—the minimum guarantee—and only about 10% to 12% is revenue share. When consumption increases, it must cross a threshold before revenue share kicks in. When we renew contracts, we often subsume the previous revenue share into a new, higher minimum guarantee. This resets the threshold. Therefore, you will often see NOI growth lagging immediate spikes in consumption due to these contract structures.

**Gaurav Khandelwal – JP Morgan:** What is the right ratio for NOI to consumption over the medium term?

**Management:** On a steady-state basis, you should see about 8.5% to 9% NOI growth. This comes from the 15% escalation every 3 years (about 5% annually), 20% mark-to-market on expiries (about 2% annually), and revenue share contributing 1% to 1.5%. Your NOI to consumption ratio should remain consistently between 10% and 12%.

**Gaurav Khandelwal – JP Morgan:** Can you share the category mix by trading occupancy?

**Management:** Roughly 50% is fashion, 15% is jewelry, and the rest is spread across electronics, F&B;, and entertainment.

**Operator:** That was the last question. On behalf of Nexus Select Trust, that concludes the conference. Thank you for joining us. You may now disconnect your lines.

**Management:** Thank you.

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