

NEXUS REIT

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	163
12 month price target (INR)	180
52 Week High/Low	169/120
Market cap (INR bn/USD bn)	247/2.8
Free float (%)	56.9
Avg. daily value traded (INR mn)	176.7

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	22.30%	22.30%	22.30%
FII	12.72%	12.37%	12.88%
DII	22.28%	22.85%	22.79%
Pledge	8.89%	8.89%	7.92%

FINANCIALS

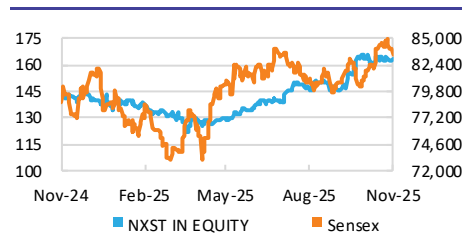
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	22,829	25,858	28,115	29,643
EBITDA	15,522	17,682	19,407	20,363
Adjusted profit	4,828	6,168	7,019	7,348
Diluted EPS (INR)	3.2	4.1	4.6	4.9
EPS growth (%)	(19.3)	27.7	13.8	4.7
RoAE (%)	3.3	4.5	5.4	6.1
P/E (x)	51.3	40.1	35.3	33.7
EV/EBITDA (x)	19.3	17.6	16.3	15.8
Dividend yield (%)	5.1	5.5	6.1	6.6

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	25,858	28,115	-3%	0%
EBITDA	17,682	19,407	-6%	-2%
Adjusted profit	6,168	7,019	-7%	-1%
Diluted EPS (INR)	4.1	4.6	-7%	-1%

PRICE PERFORMANCE



Consumption growth strengthens

Nexus REIT (NREIT) posted a 14% YoY rise in NOI in Q2FY26 (8% YoY on LTL basis) with a DPU of INR2.2 (up 10% YoY), aided by 16% YoY consumption growth (10% YoY on LTL basis). Management indicated the momentum in consumption sustained in Oct-25. The company expects to complete the acquisition of three malls in south India over the next five–six months.

Robust consumption trajectory (also seen in [Phoenix Mills](#)) makes us believe that NREIT shall report an NOI CAGR of 10% over FY25–28E. Favourable regulatory actions ([Link](#)) impel us to reduce the WACC to 10.4% from 10.8%. Retain 'BUY' with a revised TP of INR180 (earlier INR167) on a valuation rollover to Q2FY28E.

Healthy leasing; occupancy increases YoY

Q2FY26 operational performance: NREIT reported Q2FY26 NOI of INR4.7bn, up 14% YoY (8% YoY on a like-to-like basis). Q2FY26 consumption increased 16% YoY (10% YoY LTL)/5% QoQ aided by ramp-up of the newly acquired malls, robust growth across categories, higher footfalls and premiumisation/asset churn. While trading occupancy decreased ~70bp YoY to 95.3%, trading density increased 8% YoY/5% QoQ. Leased occupancy stood at ~96.9% at end-Q2FY26 (down ~50bp YoY). H1FY26 NOI/consumption grew 13%/13% YoY to ~INR9.3/67.6bn. NREIT is on track to deliver a 15% YoY increase in NOI in FY26E aided by new acquisitions. It declared distribution of ~INR2.2/unit for Q2FY26 (~INR4.4/unit in H1FY26), and expects to distribute INR9.1–9.2/unit for FY26E (INR8.35/unit in FY25). Management mentioned Oct-25 has witnessed high double-digit consumption growth. NREIT re-leased 0.23msf space during the quarter at 20% spreads; about 50% of the gross rentals are expiring during H2FY26–FY29 with 20% MTM potential.

Occupancy in the hotel portfolio rose to 70% in Q2FY26 from 66% in Q1FY26/Q2FY25, with an EBITDA margin of 33%. The office portfolio saw occupancy of 88% (81% at end-Q2FY25) with an 18% YoY uptick in NOI to INR247mn.

Focus on portfolio growth: NREIT acquired MBD's complex in Ludhiana in May-25, consisting of a retail mall with a GLA of 0.3msf and 96-key Radisson Blu hotel at an EV of INR5.3bn (14% discount). In Feb-25, the company had completed the acquisition of 'Vega City' mall in Bengaluru with a GLA of ~0.45msf at an EV of INR9.1bn. These malls have witnessed ~20% and 11% YoY growth in consumption, respectively, in Q2FY26. Acquisition of three malls in Hyderabad is likely to be completed over the next five–six months. NREIT has an acquisition pipeline of ten retail assets. Given a low LTV of 18%, these assets would be funded by debt.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	6,309	5,544	13.8	6,136	2.8
EBITDA	4,284	3,753	14.1	4,213	1.7
Adjusted Profit	1,323	1,102	20.0	1,196	10.7
Diluted EPS (INR)	0.9	0.7	20.0	0.8	10.7

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	22,829	25,858	28,115	29,643
Gross profit	18,722	21,154	23,176	24,457
Employee costs	950	997	1,047	1,099
Other expenses	2,250	2,475	2,722	2,995
EBITDA	15,522	17,682	19,407	20,363
Depreciation	5,861	6,393	6,541	6,607
Less: Interest expense	3,943	4,416	5,020	5,435
Add: Other income	1,165	947	1,415	1,372
Profit before tax	6,979	7,907	9,358	9,798
Prov for tax	2,150	1,740	2,340	2,449
Less: Other adj	0	0	0	0
Reported profit	4,828	6,168	7,019	7,348
Less: Excp.item (net)	0	0	0	0
Adjusted profit	4,828	6,168	7,019	7,348
Diluted shares o/s	1,515	1,515	1,515	1,515
Adjusted diluted EPS	3.2	4.1	4.6	4.9
DPS (INR)	8.4	9.0	10.0	10.7
Tax rate (%)	30.8	22.0	25.0	25.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Terminal growth rate (%)	4.0	4.0	4.0	4.0
Retail Cap rate (%)	6.5	6.5	6.5	6.5
Gross margin (%)	82.0	81.8	82.4	82.5
EBITDA margin (%)	68.0	68.4	69.0	68.7
Net profit margin (%)	21.1	23.9	25.0	24.8
Revenue growth (% YoY)	19.1	13.3	8.7	5.4
EBITDA growth (% YoY)	20.9	13.9	9.8	4.9
Adj. profit growth (%)	(19.3)	27.7	13.8	4.7

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.5	7.0	0
Repo rate (%)	5.3	5.3	5.0	0
USD/INR (average)	82.0	81.0	81.0	0
Interest cost (%)	17.3	17.1	17.9	18.3
Employee cost (%)	4.2	3.9	3.7	3.7
Other exp. (%)	9.9	9.6	9.7	10.1
Other inc. (%)	5.1	3.7	5.0	4.6
Dep. (% gr. block)	3.1	3.3	3.3	3.4
Effect. tax rate (%)	30.8	22.0	25.0	25.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	51.3	40.1	35.3	33.7
Price/BV (x)	1.8	1.8	2.0	2.1
EV/EBITDA (x)	19.3	17.6	16.3	15.8
Dividend yield (%)	5.1	5.5	6.1	6.6

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	1,50,950	1,50,950	1,50,950	1,50,950
Reserves	(9,564)	(16,975)	(25,067)	(33,984)
Shareholders funds	1,41,387	1,33,976	1,25,883	1,16,967
Minority interest	0	0	0	0
Borrowings	53,286	63,786	69,286	74,786
Trade payables	774	781	789	797
Other liabs & prov	(3,184)	(3,723)	(3,844)	(3,968)
Total liabilities	2,01,852	2,04,505	2,01,897	1,98,461
Net block	1,83,234	1,85,413	1,82,444	1,79,410
Intangible assets	0	0	0	0
Capital WIP	693	693	693	693
Total fixed assets	1,83,927	1,86,106	1,83,138	1,80,103
Non current inv	13,277	13,365	13,462	13,566
Cash/cash equivalent	770	640	674	(78)
Sundry debtors	565	650	715	786
Loans & advances	870	991	1,020	1,051
Other assets	1,078	1,185	1,222	1,262
Total assets	2,01,852	2,04,505	2,01,897	1,98,461

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	4,828	6,168	7,019	7,348
Add: Depreciation	5,861	6,393	6,541	6,607
Interest (net of tax)	2,728	3,445	3,765	4,076
Others	129	(293)	(108)	(117)
Less: Changes in WC	1,845	(118)	(15)	(22)
Operating cash flow	12,664	12,149	13,436	13,816
Less: Capex	(10,289)	(8,572)	(3,572)	(3,572)
Free cash flow	5,103	7,022	13,629	14,320

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	3.3	4.5	5.4	6.1
RoCE (%)	5.6	6.2	7.3	7.8
Inventory days	3	2	3	3
Receivable days	10	9	9	9
Payable days	67	60	58	56
Working cap (% sales)	6.9	7.2	7.1	7.2
Gross debt/equity (x)	0.4	0.5	0.6	0.6
Net debt/equity (x)	0.4	0.5	0.5	0.6
Interest coverage (x)	2.4	2.6	2.6	2.5

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(19.3)	27.7	13.8	4.7
RoE (%)	3.3	4.5	5.4	6.1
EBITDA growth (%)	20.9	13.9	9.8	4.9
Payout ratio (%)	262.1	220.2	215.3	221.3

Exhibit 1: Financial snapshot

Consolidated (INR mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenues	6,309	5,544	13.8	6,136	2.8	22,829	25,858	28,115	29,643
Direct costs	1,175	1,085	8.3	1,085	8.3	4,107	4,704	4,939	5,186
Employee Benefit Expenses	284	225	26.3	272	4.5	950	997	1,047	1,099
Other expenses	566	480	17.9	566	0.0	2,250	2,475	2,722	2,995
Total expenditure	2,025	1,790	13.1	1,923	5.3	7,307	8,176	8,708	9,280
EBITDA	4,284	3,753	14.1	4,213	1.7	15,522	17,682	19,407	20,363
Other Income	192	219	(12.5)	243	(21.1)	1,165	947	1,415	1,372
Depreciation	1,617	1,471	9.9	1,548	4.5	5,861	6,393	6,541	6,607
Finance Cost	1,157	932	24.1	1,125	2.8	3,943	4,416	5,020	5,435
Profit before tax	1,702	1,569	8.4	1,783	(4.6)	6,883	7,820	9,261	9,694
Less: Tax	399	489	(18.4)	607	(34.3)	2,150	1,740	2,340	2,449
Add/(Less): P&L of Associates	20	22	(7.3)	19	3.7	96	87	97	104
Add: Exceptional Items	-	-	NA	-	NA	-	-	-	-
Profit after tax	1,323	1,102	20.0	1,196	10.7	4,828	6,168	7,019	7,348
Adjusted PAT	1,323	1,102	20.0	1,196	10.7	4,828	6,168	7,019	7,348
Adj. earnings per unit	0.9	0.7	19.2	0.8	10.1	3.2	4.1	4.6	4.9
As % of net revenues	YoY (bps)			QoQ (bps)					
Direct costs	18.6	19.6	(95.3)	17.7	93.9	18.0	18.2	17.6	17.5
Total operating expenses	32.1	32.3	(19.4)	31.3	75.9	32.0	31.6	31.0	31.3
Depreciation	25.6	26.5	(91.2)	25.2	40.3	25.7	24.7	23.3	22.3
Interest expenditure	18.3	16.8	152.6	18.3	0.5	17.3	17.1	17.9	18.3
Margins	YoY (bps)			QoQ (bps)					
EBITDA margin	67.9	67.7	19.4	68.7	(75.9)	68.0	68.4	69.0	68.7
EBIT margin	42.3	41.2	110.6	43.4	(116.1)	42.3	43.7	45.8	46.4
Net profit margin	21.0	19.9	108.8	19.5	148.5	21.1	23.9	25.0	24.8
Tax rate	6.3	8.8	(249.6)	9.9	(356.9)	9.4	6.7	8.3	8.3

Source: Company, Nuvama Research

Exhibit 2: Operational snapshot

Particulars	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Consumption (INR bn)	29.2	33.3	27.8	29.7	29.7	35.2	29.4	32.9	34.6
Rent to consumption (%)	11.8	11.1	11.7	12.1	12.1	11.0	12.0	12.1	11.7
Leasing									
Total leasing (msf)	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3
Re-leasing spread (%)	24	26	16	18	20	20	20	15	20
Leased occupancy	97	97	98	97	97	98	97	97	97
Trading occupancy	95	96	96	96	96	97	97	96	95
Retail portfolio									
NOI (INR bn)	3.5	3.7	3.7	3.7	3.7	3.9	4.0	4.2	4.2
Trading density (INR/sft)	1632	1801	1500	1609	1609	1906	1642	1664	1742
Total portfolio									
NOI (INR bn)	3.9	4.2	4.2	4.1	4.1	4.4	4.5	4.6	4.7
Adjusted EBITDA (INR bn)	3.7	4.0	3.9	4.0	4.0	4.4	4.3	4.5	4.5
NAV/unit (INR)	138	138	145	145	147	147	152	152	159
LTV (%)	14	14	14	14	14	14	16	18	18
Distribution (INR/unit)	3.0	2.0	2.1	2.1	2.0	2.2	2.0	2.2	2.2
Distribution split (%)									
Dividend	62	53	50	58	57	54	57	58	56
Amortization of SPV debt	10	11	24	9	15	21	13	13	15
Interest	28	35	25	32	28	25	29	29	28
Wt.avg. cost of debt (%)	8.3	8.2	8.1	8.1	8.0	7.9	7.9	7.5	7.5

Source: Company, Nuvama Research

Note: Q2FY24 distribution was for the May 19, 2023 to Sep 30, 2023 period

Q2FY26 conference call: Key highlights

- Financial performance:** Q2FY26 revenues came in at INR6.3bn (up 14% YoY/3% QoQ). EBITDA margin came in at 67.9% (up 20bp YoY but down 80bp QoQ). Interest cost for the quarter stood at INR1.2bn (up 24% YoY/3% QoQ). Reported net profit stood at INR1.3bn (up 20% YoY/11% QoQ).
- Operational performance:** The retail portfolio has a leased occupancy of 96.9% (down ~50bp YoY/30bp QoQ) and trading occupancy of 95.3% (down ~70bp YoY/50bp QoQ) with a weighted average lease expiry (WALE) of 4.7 years. The office portfolio has an occupancy of 88% (~81% in Q2FY25 and 88% in Q1FY26).
- NOI during Q2FY26 stood at ~INR4.7bn (up 14% YoY/2% QoQ). Retail NOI came in at INR4.2bn (up 14% YoY/2% QoQ). On a like-to-like basis, NOI increased 8% YoY.

H1FY26 total/retail NOI at ~INR9.3/8.4bn was up 13% each.

FY25 NOI at INR17.1bn was up 6% YoY. Retail NOI at INR15.3bn rose 7% YoY. For FY26E, the REIT expects to earn an NOI of INR19.4–19.6bn (up 15% YoY) on the back of two acquisitions made recently.

Exhibit 3: Nexus REIT portfolio

Asset	City	Leasable Area (msf)/Hotel Keys
Retail Malls		10.6
- Nexus Select Citywalk	South Delhi	0.5
- Nexus Elante	Chandigarh	1.3
- Nexus Seawoods	Navi Mumbai	1.0
- Nexus Ahmedabad One	Ahmedabad	0.9
- Nexus Hyderabad	Hyderabad	0.8
- Nexus Vijaya	Chennai	0.7
- Nexus Esplanade	Bhubaneswar	0.4
- Nexus Westend	Pune	0.4
- Nexus Koramangala	Bengaluru	0.3
- Nexus Amritsar	Amritsar	0.5
- Nexus Shantiniketan	Bengaluru	0.6
- Nexus Celebration	Udaipur	0.4
- Nexus Whitefield	Bengaluru	0.3
- Fiza by Nexus	Mangaluru	0.7
- Nexus Centre City	Mysuru	0.3
- Treasure Island	Indore	0.4
- Nexus Indore Central	Indore	0.3
- Nexus Vega City	Bengaluru	0.5
- MBD Mall	Ludhiana	0.3
Commercial Offices		1.3
- Westend Office	Pune	1
- Vijaya Office	Chennai	0.2
- Elante Office	Chandigarh	0.1
Hospitality		450 Keys
- Hyatt	Chandigarh	211 Keys
- Oakwood	Bengaluru	143 Keys
- Radisson Hotel	Ludhiana	96 Keys
Solar		28 MW
Total		10.6msf Retail/1.3msf office/450 Hotel Keys/15 MW Solar

Source: Company, Nuvama Research

Exhibit 4: NREIT and PML: A comparative snapshot

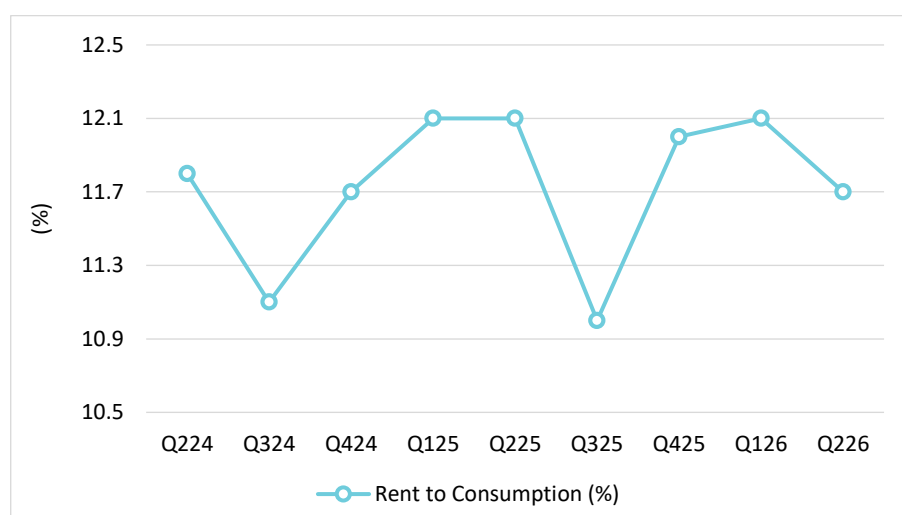
Particulars	NREIT	PML
No. of operational UCCs	19	12
No. of Cities	15	8
Leasable area (msf)	10.6	11.5
Q2FY26 consumption (INR bn)	34.6	37.5
YoY consumption growth in Q2FY26	16%	14%
LTL YoY consumption growth in Q2FY26	10%	14%
H1FY26 consumption (INR bn)	67.6	73.4
YoY consumption growth in H1FY26	13%	13%
LTL YoY consumption growth in H1FY26	7%	13%
FY25 consumption (INR bn)	124.1	137.5
YoY consumption growth in FY25	4%	21%

Source: Company, Nuvama Research

Note: Leasable area indicates total area of the malls in the portfolio and not just economic interest

- **Variable rent:** The revenue share component was ~11.7% during the quarter (~12.1% in Q1FY26).

Exhibit 5: Rent to consumption (%) over quarters



Source: Company, Nuvama Research

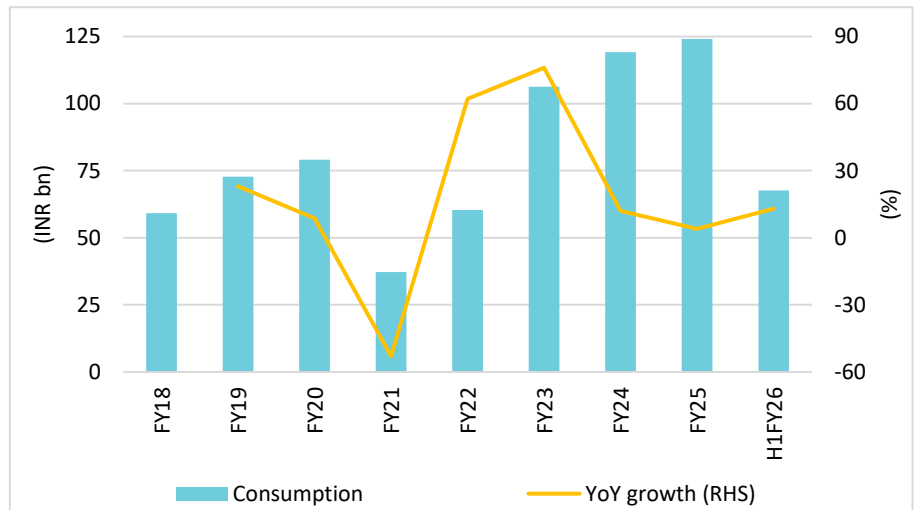
- **Distribution:** The company distributed INR2.2/unit in Q2FY26 (~INR2/unit in Q2FY25 and ~INR2.2/unit in Q2FY26).

It distributed ~INR8.35/unit in FY25 and has maintained the guidance of INR9.1–9.2 (up 10% YoY) of DPU for FY26E. H1FY26 distribution stood at ~INR4.4/unit.

- **Consumption growth:** India's burgeoning middle class and rapid urbanisation are resulting in steady consumption growth in the country. NREIT has emerged as a major beneficiary of this secular growth in consumption in the country (refer to ['Retail Realty – Inexorable secular growth'](#)).

As a corollary of this, NREIT achieved a consumption CAGR of 11% over FY18–20.

Exhibit 6: Consumption at NREIT's malls revives strongly post-pandemic



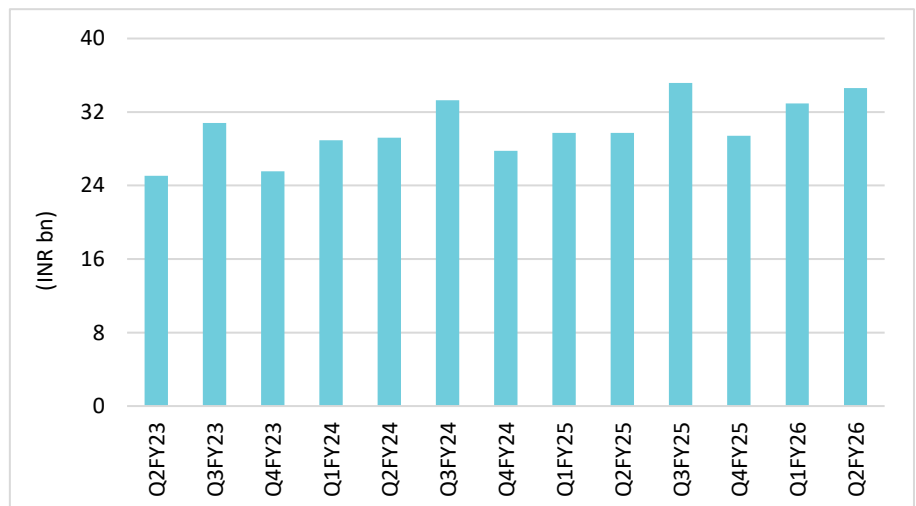
Source: Company, Nuvama Research

While the pandemic briefly hurt its growth, consumption has bounced back strongly. It rose 4% YoY in FY25 to INR124bn (~INR119bn in FY24).

Consumption in Q2FY26 grew by 16% YoY/5% QoQ to INR34.6bn aided by robust consumption growth in the newly acquired malls and healthy performance across categories including Fashion, Jewellery, Beauty & Personal Care, Electronics, and Entertainment in the overall retail portfolio.

Of the 10% LTL consumption growth, ~35-40% is due to premiumisation. In addition, footfalls have improved - Footfall growth on LTL basis was 7% YoY in Q2FY26 (3% YoY on LTL basis) compared with nil YoY growth in Q1FY26

Exhibit 7: Steady consumption growth over past few quarters



Source: Company, Nuvama Research

Vega City mall acquired in Feb-25 has witnessed a positive turnaround in performance, with tenant sales growing by 20% YoY during the quarter, thereby reversing the negative growth trend seen prior to the acquisition.

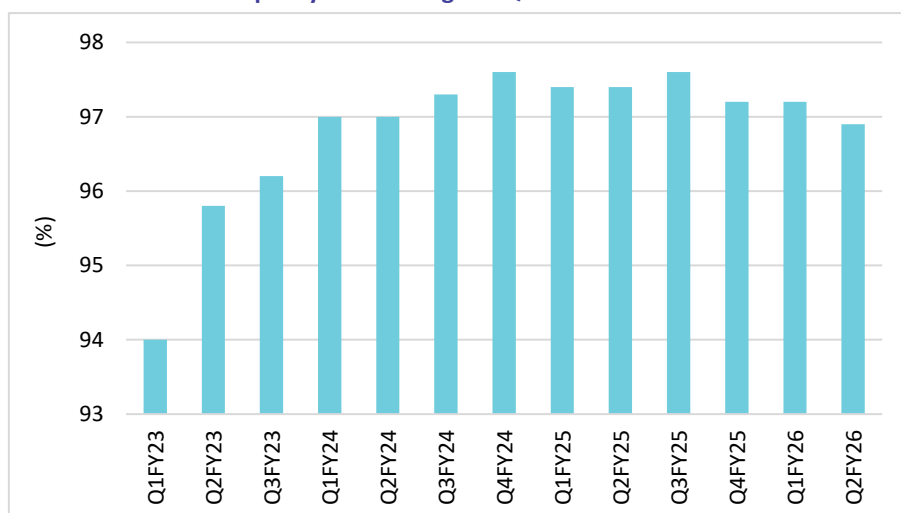
The MBD complex has also witnessed strong momentum since its acquisition in May-25, achieving 11% YoY consumption growth in Q2FY26.

The North Indian malls had a tough H1FY26 owing to the temporary disruption due to heightened geopolitical tensions in Q1FY26 and harsh monsoons in Q2FY26. However, management expects consumption in the North portfolio to revive Q3FY26 onwards.

- **Occupancy:** NREIT's consumption has been boosted by healthy occupancy. Post-CY18 (i.e. after NREIT had turned around the assets), occupancy at the company's assets has been higher than that of the overall market, indicating its superior inherent quality.

NREIT ended the quarter with leased occupancy at 96.9% (down ~50bp YoY/30bp QoQ). Management is targeting leased occupancy of ~98% by end-FY26E.

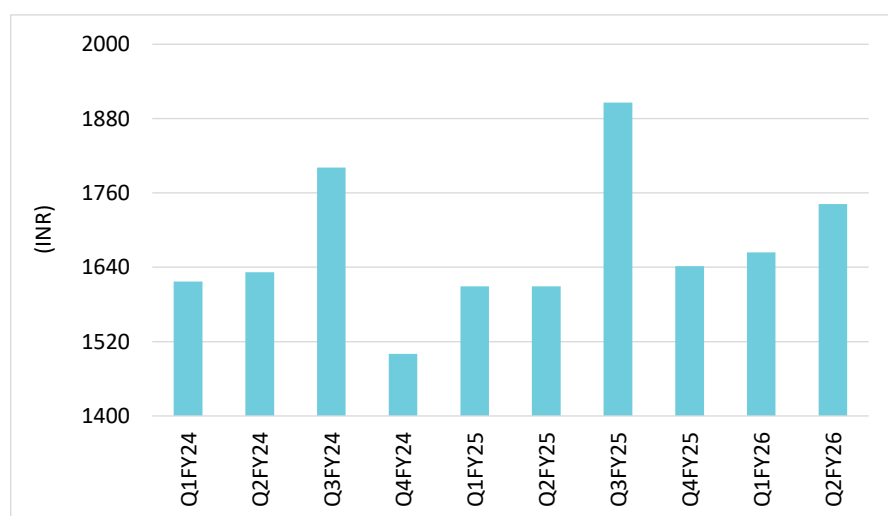
Exhibit 8: Leased occupancy remains high in Q2FY26



Source: Company, Nuvama Research

- **Trading density:** It stood at ~ INR1,742/sft/month during the quarter, up 8% YoY/5% QoQ. Trading densities have also grown 13–15% YoY in the Nexus Seawoods and the Ahmedabad One malls owing to higher value brand.

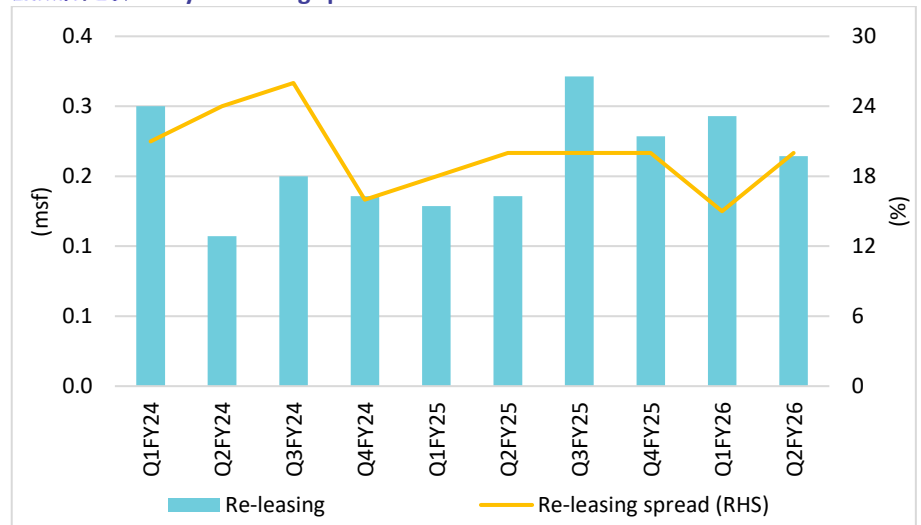
Exhibit 9: Trading density (INR) trend over quarters



Source: Company, Nuvama Research

- **Rent escalation:** The company achieved a re-leasing spread of 20% on ~0.23msf area re-leased in Q2FY26.

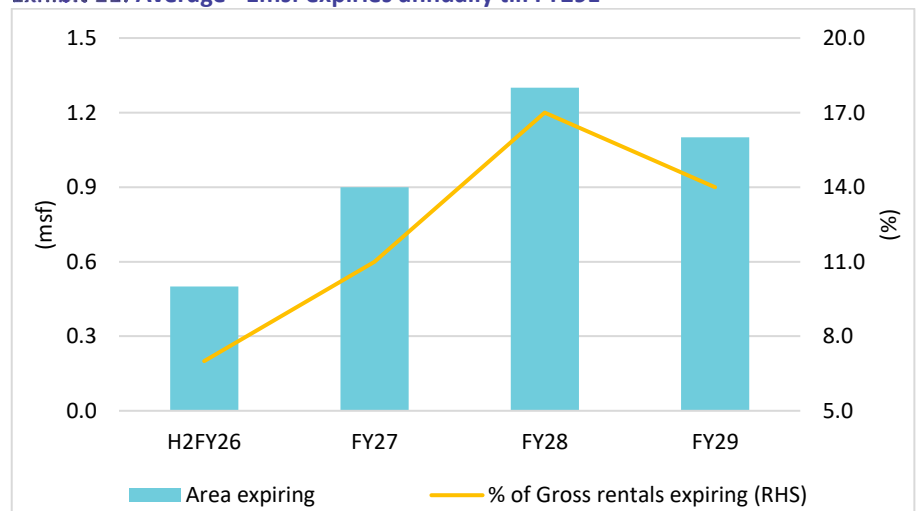
Exhibit 10: Hefty re-leasing spread for NREIT



Source: Company, Nuvama Research

Going ahead, on average, ~1.1msf would come up for expiry annually over H2FY26–29 (0.7msf in H2FY26E, 0.9msf in FY27E, 1.3msf in FY28E and 1.1msf in FY29E) with a potential for ~20% MTM.

Exhibit 11: Average ~1msf expiries annually till FY29E



Source: Company, Nuvama Research

- **Office and hotel portfolio:** NREIT owns and operates three commercial offices spanning ~1.3msf in Chandigarh, Chennai and Pune. These office spaces contributed ~6% to its total portfolio market value at end-FY25.

The office portfolio had average occupancy of 88% at end-Q2FY26 (81% at end-Q2FY25 and flat QoQ).

It generated an NOI of INR247mn in Q2FY26 (up 18% YoY/6% QoQ). H1FY26 NOI was up 12% YoY at ~INR480mn.

FY25 NOI at INR908mn was up 9% YoY.

Exhibit 12: NREIT's office portfolio performance over quarters

Total portfolio	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Leasable area (msf)	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Leased Occupancy	79%	78%	78%	78%	81%	81%	85%	88%	88%
Revenue (INR mn)				303	294	313	305	316	328
NOI (INR mn)	195	217	229	220	210	237	241	233	247
WALE (years)				3.3	3.1	3.1	2.9	3.00	3.10

Source: Company, Nuvama Research

NREIT also operates a 450-keys hospitality portfolio at its existing malls in Chandigarh, Bengaluru and Ludhiana—under the brands of Hyatt, Oakwood and Radisson Blu, respectively. While the pandemic inflicted heavy damage on the hospitality sector, these hotels have bounced back handsomely.

In Q2FY26, the hotel portfolio reported revenue of INR410mn (up 33% YoY/14% QoQ). On a like-to-like basis, revenues were up 9% YoY. EBITDA margin decreased to 33.2% in Q2FY26 (39.8% in Q2FY25 and 39.4% in Q2FY26).

H1FY26 revenues came in at ~INR770mn (up 34% YoY) with 36.1% margins.

Exhibit 13: Performance of hospitality assets over quarters

Total Portfolio	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Keys (nos.)	354	354	354	354	354	354	354	450	450
Occupancy (%)	67%	70%	71%	70%	66%	75%	74%	66%	70%
ADR (INR)	8,646	9,919	9,528	8,976	8,839	10,329	10,370	9,446	8,672
Revenue (INR mn)	289	354	340	312	309	414	381	360	410
EBITDA (INR mn)	112	157	151	127	123	194	174	142	136
EBITDA margin (%)	38.8	44.4	44.4	40.7	39.8	46.9	45.7	39.4	33.2

Source: Company, Nuvama Research

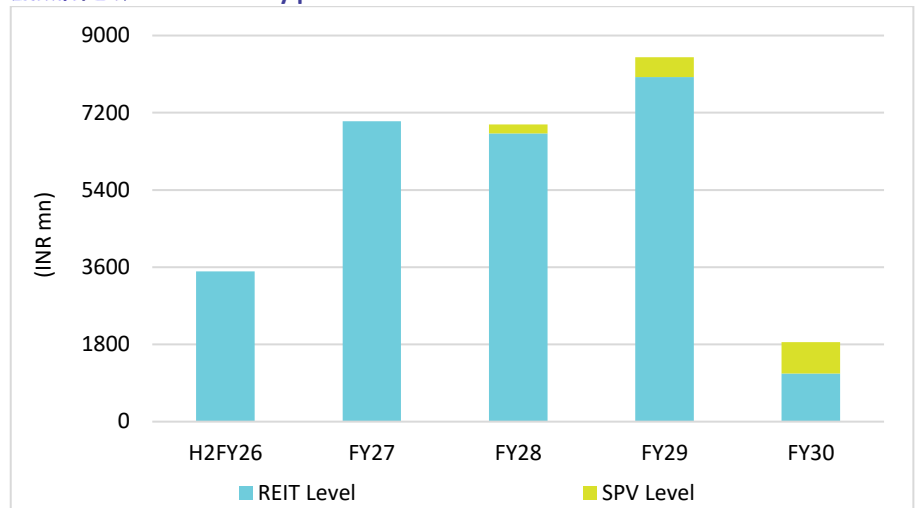
FY25 revenue/EBITDA was INR1.4bn/INR618mn, up 9%/10% YoY with EBITDA margin of 43.6% in FY25 (42.9% in FY24).

These offices and hotels, situated alongside the mall, shall drive incremental footfalls and tenant sales due to captive demand from hotel guests and office tenants.

- **Low leverage; ample room for growth:** NREIT has a lean balance sheet, implying ample firepower to scale up its portfolio. At end-Q2FY26, NREIT had net debt of INR50bn. Its LTV was just 18% (flat QoQ), and the company enjoys an AAA credit rating. It has a *pro forma* debt headroom of USD1bn—which serve as dry powder for acquisitions.

Only INR3.5bn of debt is due to mature in H2FY26E. However, INR7bn of debt would retire in FY27E, INR6.9bn in FY28E, ~INR8.5bn in FY28E and another INR1.9bn in FY29E.

Exhibit 14: Debt maturity profile

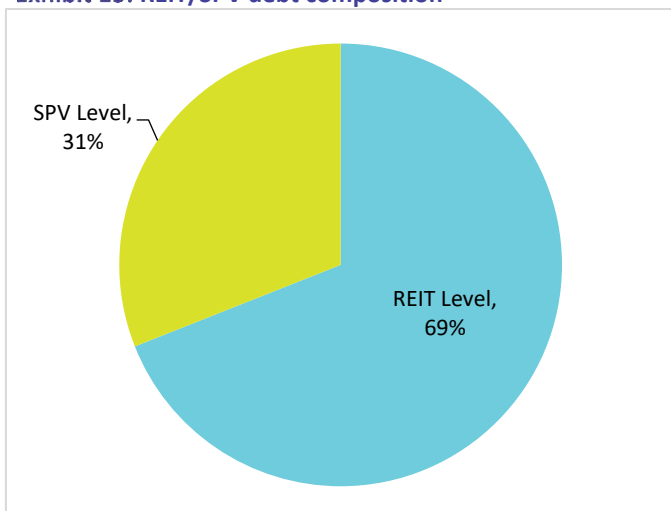


Source: Company, Nuvama Research

With the RBI slashing interest rates, the company stands to benefit given 51% of its debt is made up of floating rate loans.

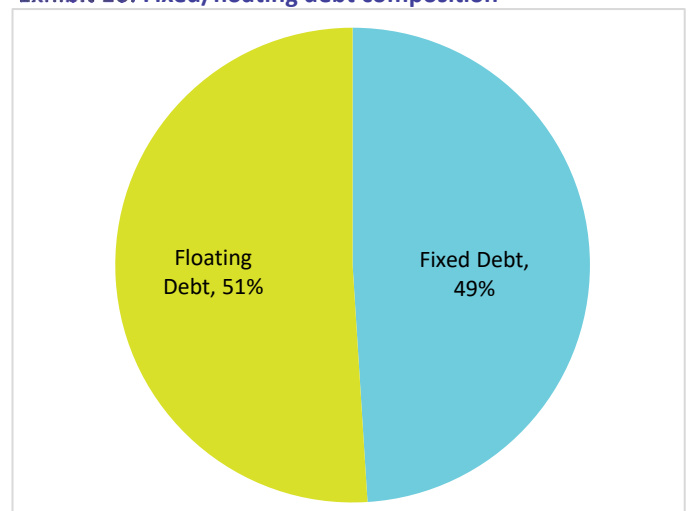
Its cost of borrowing has remained flat sequentially to ~7.5% as at end-Q2FY26.

Exhibit 15: REIT/SPV debt composition



Source: Company, Nuvama Research

Exhibit 16: Fixed/floating debt composition



Source: Company, Nuvama Research

• New acquisitions

In the previous quarter, the company completed the acquisition of MBD Complex in Ludhiana, its second acquisition post-listing. The complex includes a ~0.3msf Grade A mall and a 96-keys Radisson Blu hotel. Thus, this becomes their third asset in Punjab along with Nexus Elante and Nexus Amritsar.

Nexus REIT acquired the complex at a total enterprise value of ~INR5.3bn (purchase cost of ~INR4.9bn, stamp duty of ~INR0.1bn and balance ~INR0.3bn towards planned capex and closing cost) at a 14% discount to assessed value via issue of sustainability-linked bonds at debt cost of 7.2%.

In Q4FY25, NREIT acquired the 'Vega City' mall in South Bengaluru (near its existing mall 'Nexus Koramanagla') which has a GLA of ~0.45msf and occupancy of ~96% (refer to [Portfolio expansion commences in style](#)). NREIT had acquired

this mall at a cap rate of 8.5% for a consideration of ~INR9.13bn (10% discount to assessed value), which includes ~INR8.7bn towards purchase consideration, INR0.2bn towards planned capex on upgradation, marketing and tenant support, renewables capex of ~INR150mn while the balance is closing costs.

NREIT has also executed a non-binding term sheet for acquisition of three malls in Hyderabad where regulatory approvals are currently awaited and the acquisition is likely to be completed in the next 5-6 months. Media reports ([Link](#)) indicate that these malls under the brand name 'Hyderabad Next Galleria Malls' are located at strategic metro stations. There are four malls under L&T along the metro line with a total leasable area of 1.2msf. Nexus has signed a deal for three of the malls with a total area of 1msf and a leased occupancy of 85%. The combined TEV of all three malls is INR10bn.

The three malls that are likely part of the deal are e-Galleria located next to Hitec City metro station with an area of 0.2msf, Next Galleria Mall at Punjagutta Metro with an area of 0.5msf and Premia next to Irrum Manzil station. All the malls have a good tenant base with Reliance Trends and PVR-INOX as an anchor tenant.

Apart from the Hyderabad mall, the company is also evaluating more than 10 other malls across eight states and anticipates to acquire a few of them in FY26 itself.

Nexus 2.0

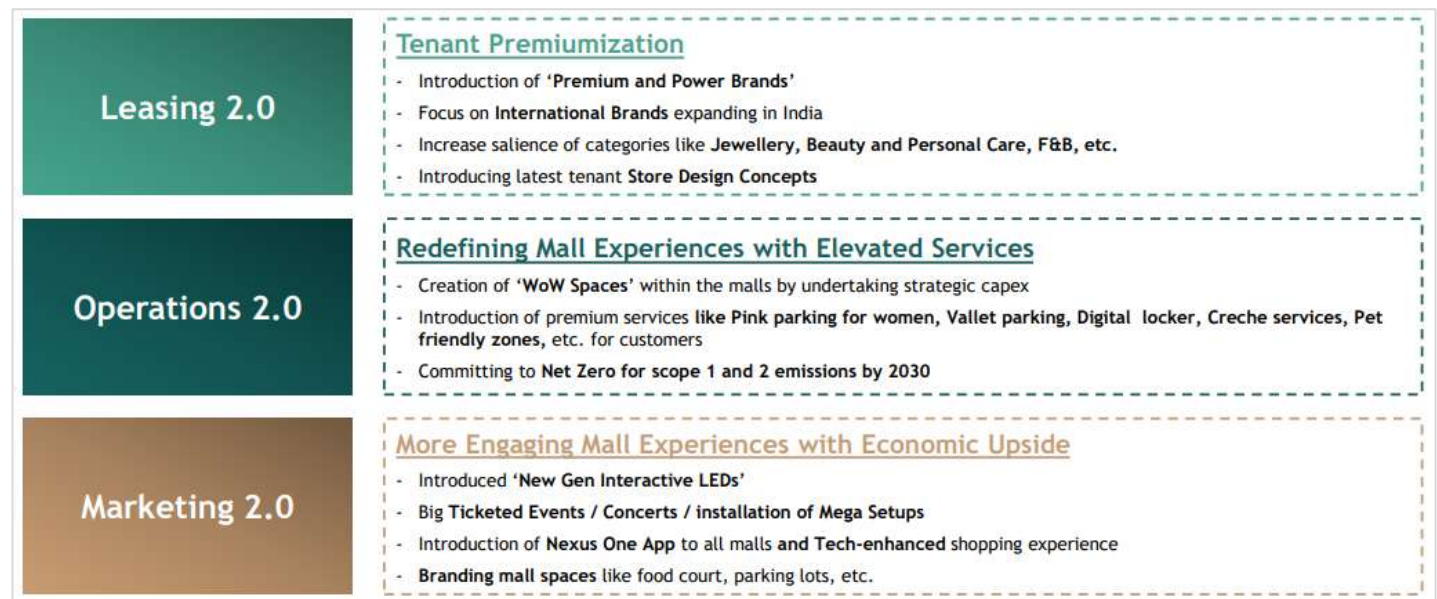
Taking a leap toward strategically developing unique differentiation factors and positioning for Nexus malls to sustain industry leadership, Nexus REIT has introduced its Nexus 2.0.

Exhibit 17: Nexus 2.0 – Reimagining future

<u>Why the Shift?</u>	<u>What we're Retaining from Nexus 1.0?</u>	<u>What's Changing in Nexus 2.0?</u>
- Changing Consumer Preferences - Emergence of New-Age Brands - Rising Interest from Global Brands - Strategic Shift of D2C Brands towards establishing a Physical Footprint in Malls - Malls Evolving into Experiential Destinations	- Strong, Proven Team - Successful Acquisition Playbook - Thrust on Increasing Occupancy with an Eye on Tenant Premiumization - Cost Optimization of CAM and Other Expenses - Technology Interventions (ADSR, Automated Footfall Count, etc.) - Sustainability-focused Mall Upgrades	Future Ready Organization Structure: Cluster-led approval to facilitate faster decision-making Brand Mix/ Category Mix: Fresh, Relevant and Dynamic Store Formats: Agile, Future-ready Layouts Service Offerings: Enhanced, Personalized Experiences Leveraging Technology: Smarter Targeting, Deeper Connections with Tech Enhanced Shopping Experience Engaging Mall Experiences with Economic Upside

Source: Company, Nuvama Research

Exhibit 18: Nexus 2.0 – Strategy



Source: Company, Nuvama Research

The company is looking to double its portfolio to 30–35 Grade-A malls with a GLA of 18–20msf generating a retail NOI of INR30bn-plus by FY30 driven by 8% CAGR in consumption growth over FY26-30. Given a low LTV of 18%, these assets are likely to be funded by debt, increasing the LTV to 28-30%, still far below the regulatory cap of 49%.

Exhibit 19: Nexus REIT to double portfolio in next five years

	Today		2030
Number of Malls	19 Malls	c.1.6-1.8x	30-35 Malls
Gross Leasable Area	c.11 M sf	c.2.0x	18-20 M sf
Retail Portfolio NOI	INR 16 Bn+	c.2.0x	INR 30 Bn+
Consumption Growth	8% CAGR (FY20-25)	Stable	8% CAGR (FY26-30)
LTV %	18%	+10-12%	28-30%

Source: Company, Nuvama Research

Exhibit 20: Projected tenant sales by FY30

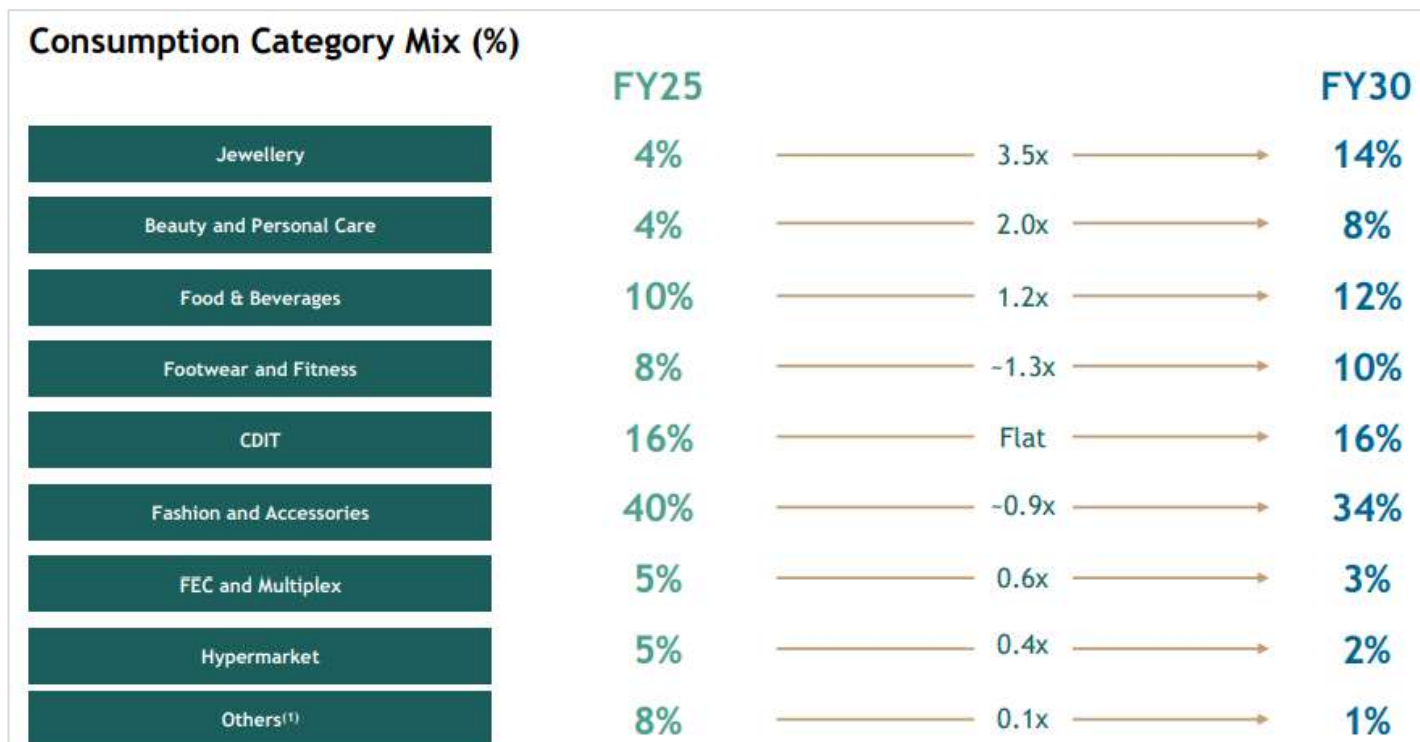


Source: Company, Nuvama Research

Note: INR 1 Cr = INR10mn

Nexus would achieve the above by shifting the consumption category mix by increasing share of Jewellery, Beauty & Personal Care and F&B.

Exhibit 21: Change in category mix by FY30

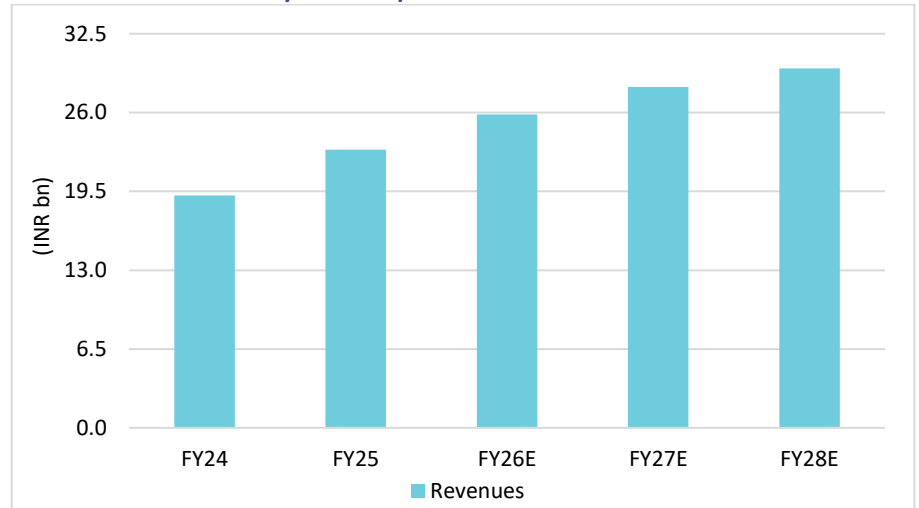


Source: Company, Nuvama Research

Outlook: Demand turnaround to drive growth

- **Steady revenue and NOI growth likely:** With occupancy likely to stay healthy, we forecast NREIT shall clock a revenue CAGR of 9% over FY25–28E driven by: i) MTM opportunity (20% blended MTM); ii) leasing of vacant space; and iii) contractual rent escalations.

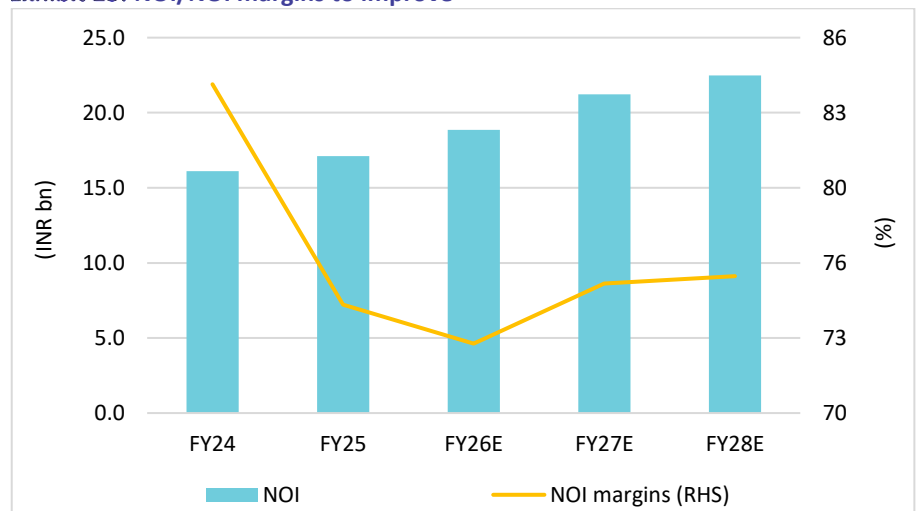
Exhibit 22: Revenue likely to inch up



Source: Company, Nuvama Research

This shall lead to an improvement in NOI in the future.

Exhibit 23: NOI/NOI margins to improve

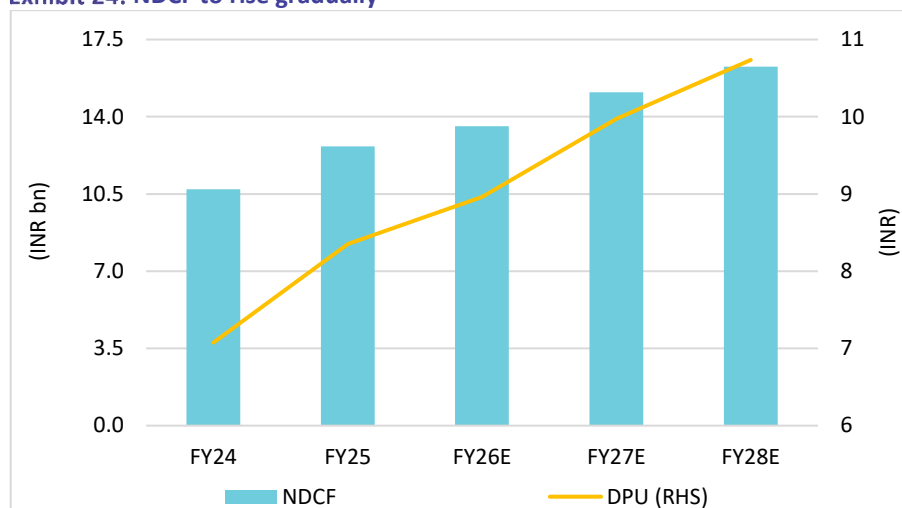


Source: Company, Nuvama Research

Overall, we expect the company to register a 10% NOI CAGR over FY25E–28E.

- **NDCF to be on upward trajectory:** Aided by a steady ramp-up in consumption and consequently rent, NREIT's NDCF would rise gradually in our view.

Exhibit 24: NDCF to rise gradually

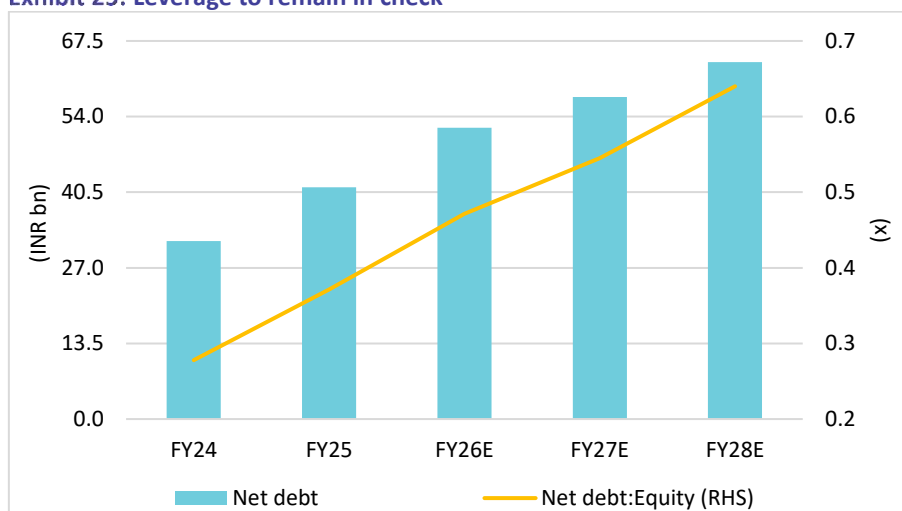


Source: Company, Nuvama Research

Note: NDCF for FY24E is for the period after May 19, 2023 only

- **Debt levels to remain under control:** Given little capex as well as debt repayment being expected, debt levels are likely to stay range-bound.

Exhibit 25: Leverage to remain in check



Source: Company, Nuvama Research

Valuation: Rising consumption to drive growth

We maintain '**BUY/Sector Neutral**' recommendation/rating on NREIT. Our SotP-based target price of INR180 is on a par with the company's Q2FY28E NAV.

Key assumptions

- WACC of 10.4% considering 0.25x debt/equity with cost of debt of 5.7% and cost of equity of 12%.
- Cap rate of 6.5% for retail assets and 8% for office and assets hotels.

Exhibit 26: SotP valuation

Particulars	INR
EV (INR bn)	328
Net debt (INR bn)	55
Equity value (INR bn)	273
Equity value (INR/unit)	180
Price target (INR/unit)	180

Source: Company, Nuvama Research

Company Description

NREIT is India's first retail-focussed REIT. It is the owner of India's leading consumption centre platform of high-quality assets that serve as essential consumption infrastructure for India's growing middle class. Its portfolio comprises 17 best-in-class Grade A UCCs or malls, two complementary hotel assets, three office assets and one solar power plant in Karnataka.

Investment Theme

NREIT, India's first retail-focussed REIT, stands to benefit from the consumption tailwinds of India's burgeoning middle class and rapid urbanisation.

We believe NREIT is an exciting play on the structural urban consumption story in India. Key drivers (a) Mark-to-market opportunity (b) Leasing of vacant space and (c) contractual rent escalations.

Key Risks

- Higher dependence on top five–seven malls in terms of rents and consumption.
- Slowdown in economic growth
- Interest rate uncertainty

Additional Data

Management

CEO	Dalip Sehgal
Director	Asheesh Mohta
Director	Arjun Sharma
CFO	Rajesh Rao
Auditor	S R B C & Co LLP

Holdings – Top 10*

	% Holding		% Holding
HDFC MF	9.46	White oak	1.57
Select manageme	8.30	Allspring	1.46
Neeraj Ghei	5.42	Norges	1.21
Prestige retail	4.34	SBI funds	1.21
Kavi Ghei	3.09	Franklin MF	0.94

*Latest public data

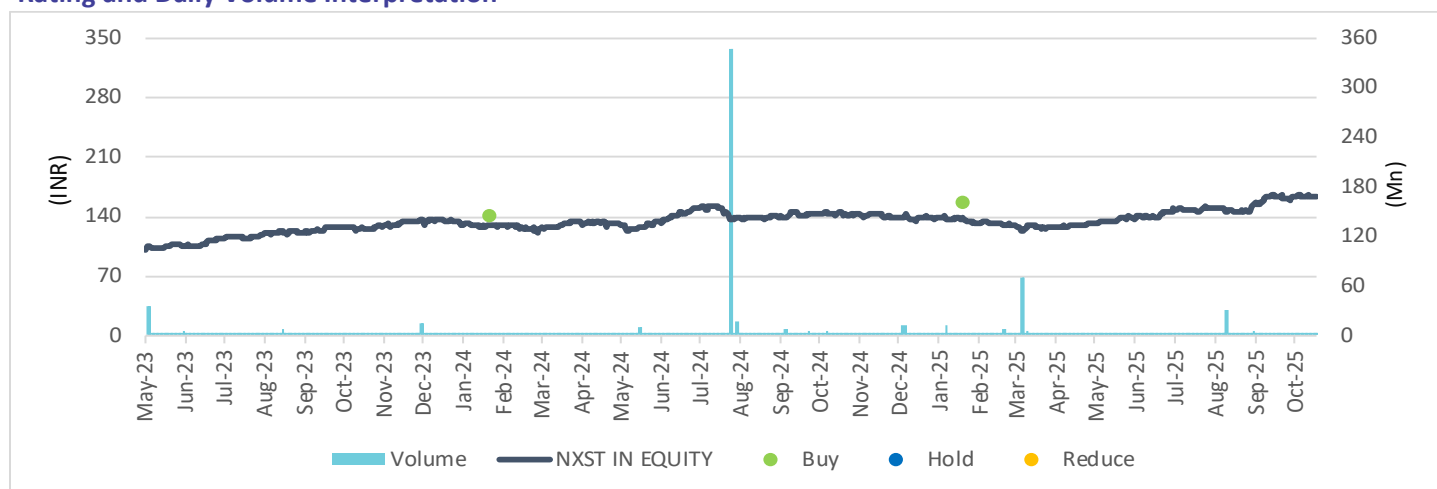
Recent Company Research

Date	Title	Price	Reco
30-Jul-25	Acquisitions aid consumption growth; <i>Result Update</i>	148	Buy
14-May-25	New acquisitions to propel growth; <i>Result Update</i>	133	Buy
13-Feb-25	Portfolio expansion commences in style; <i>Company Update</i>	132	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
03-Nov-25	Real Estate	Oct-25: Mumbai registrations decline; <i>Sector Update</i>
31-Oct-25	Phoenix Mills	Consumption growth remains strong; <i>Result Update</i>
31-Oct-25	Lodha	Decent quarter; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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