

April 24, 2025

Nexus Select Trust: Rating assigned for proposed NCDs and reaffirmed for existing limits

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]AAA (Stable); Reaffirmed
Non-convertible debentures	1,000.00	1,000.00	[ICRA]AAA (Stable); Reaffirmed
Non-convertible debentures [^]	1,200.00	1,200.00	[ICRA]AAA (Stable); Reaffirmed
Proposed Non-convertible debentures	-	350.00	[ICRA]AAA (Stable); Assigned
Total	2,200.00	2,550.00	

**Instrument details are provided in Annexure I; [^] Of the Rs. 1,200.00 crore NCDs, Rs. 1,000.00 crore of NCDs are listed and remaining are proposed to be listed*

Rationale

The rating reaffirmation for Nexus Select Trust (The Trust) favourably factors in its diversified portfolio comprising 18 urban consumption centres spread across 14 cities such as Bengaluru, Chennai, Delhi, Hyderabad, Navi Mumbai, Pune, etc, with a total leasable area of 10.4 million square feet (msf), three office properties with a total leasable area of 1.3 msf, two hotels with 354 keys and one renewable energy plant spread across the country as of March 2025. The rating derives comfort from the strong occupancy levels for the urban consumption centres at 97.6% as on December 31, 2024 (97.4% as on September 30, 2024), and the low leverage and strong debt coverage metrics of the Trust. As of December 2024, the Trust's gross debt stood at Rs. 5,248 crore, with a comfortable loan to asset value (LTV) of 20%, (on gross basis; 14% on net debt basis), which provides financial flexibility. While the Trust plans to acquire additional assets over the near to medium term, ICRA expects the LTV to remain below 30% in the medium term, supporting its strong credit profile. The rating draws comfort from SEBI's REIT regulations that restrict the aggregate consolidated borrowings and deferred payments for the REIT and its special purpose vehicles (SPVs), thereby limiting the leverage and under-construction portfolio that can be undertaken by the Trust. Based on its current capital expenditure plans, the leverage as measured by total external debt to net operating income (total debt to NOI) is expected to remain low in the near to medium term and the debt coverage indicators are likely to remain strong. The rating also factors in the established track record of the REIT's manager, and the experience of the management team in handling the diversified portfolio of retail assets in India.

The Trust, however, remains exposed to refinancing risk. A part of the debt at the consolidated level is in the form of non-convertible debentures (NCDs) or commercial papers with bullet principal repayment with different maturities. Nonetheless, the risk is mitigated to an extent by the tranching of issuances with well-spread-out maturities, available call options and the financial flexibility of the Trust due to low leverage. The Trust's portfolio is exposed to risks from the cyclical nature in the retail sector and its vulnerability to exogenous shocks, which could impact its cash flows.

The Stable outlook reflects ICRA's opinion that the Trust will maintain its strong occupancy levels, witness steady growth in NOI and benefit from its large, diversified and stable operational portfolio of urban consumption centres and will continue to report comfortable leverage and coverage metrics.

Key rating drivers and their description

Credit strengths

Large and diversified asset portfolio with reputed tenant profile – The Trust operates a diversified portfolio of 18 urban consumption centres, three office spaces, two hotels and one renewable energy plant across the country as of March 2025. These urban consumption centres are spread across cities such as Bengaluru, Chennai, Delhi, Hyderabad, Navi Mumbai, Pune, etc. The assets are situated in prominent micromarkets of the respective cities, thereby enhancing its marketability and has an established operating track record. The tenant profile is reputed and consists of groups like Reliance Retail, Landmark Group, PVR, Tata & Trent, Cinepolis, etc. The portfolio is likely to benefit from the operational synergies due to the large retail portfolio.

Low leverage and strong coverage metrics – Based on its current capital expenditure plans, the leverage as measured by Debt to NOI is expected to remain low in the near to medium term and the debt coverage indicators are likely to remain strong. As of December 2024, the Trust's gross debt stood at Rs. 5,248 crore, with a comfortable LTV of 20% (on gross basis; 14% on net debt basis), which provides financial flexibility. Further, the Trust plans to raise Rs. 550 crore of NCDs in the near term, majority of which will be used for acquiring the urban consumption centre, while the remaining will be used for refinancing of some of its debt. While the Trust plans to acquire additional assets in the near to medium term, ICRA expects the LTV to remain below 30% in the medium term supporting its strong credit profile. While the low leverage provides financial flexibility to fund future acquisitions, restrictions on leverage levels and under-construction portfolio by REIT regulations, provides comfort.

Track record of REIT's manager – The Nexus Select Trust is managed by Nexus Select Mall Management Private Limited (NSMMPL), which is currently 79% owned by the Blackstone Group, sponsor for the REIT. All the assets housed under the Trust (excluding Nexus Select Citywalk) have been historically managed by NSMMPL, which is the retail management platform of the Blackstone Group in India. The established track record of the REIT's manager, and the experience of the management team in handling the diversified portfolio of retail assets in India provides comfort.

Credit challenges

Exposure to refinance risk; future acquisition by the Trust and its funding pattern remains a key monitorable – A part of the debt at the consolidated level is in the form of NCDs with bullet repayments at different maturities exposing the company to refinancing risk. Nonetheless, the risk is mitigated to an extent by the tranching of issuances with well-spread-out maturities, available call options and the financial flexibility of the Trust due to low leverage. The leverage of the Trust would be dependent on the funding pattern for future acquisitions and would remain a key rating monitorable. If the Trust acquires any other asset or raises any additional debt in the future, ICRA will at that juncture, evaluate the impact of the same on the rating. However, ICRA draws comfort from the management's strategy that the new acquisition would be funded such that the overall leverage remains comfortable.

Vulnerability to external factors and cyclicity in real estate – The Trust's portfolio is exposed to risks arising from the cyclicity in the sector and vulnerability to exogenous shocks, which could impact the cash flows. The strong recovery of the urban consumption centres' operations to the pre-pandemic level on the back of improved demand mitigates the risk to an extent.

Environmental and social risks

Environmental considerations – The Nexus Select Trust remains exposed to risks arising on account of increasing sensitivity of tenants towards environmental norms and their growing preference towards more energy efficient buildings, which could affect demand for old assets. In order to mitigate the risk, the company has set up measures and targets for transitioning to environment friendly operations with low-carbon footprint. It plans to reduce scope 1 and scope 2 emissions by 25% in FY2025 and achieve net zero by 2030, by increasing the share renewable energy consumption through solar and wind sources.

Social considerations – Given the manpower-intensive nature of retail mall operations, the Trust remains exposed to social risks in the form of disruptions due to inability to properly manage human capital in terms of their safety and overall well-being. The Trust follows a comprehensive approach to employee development, addressing both functional and behavioural training needs. The Trust has a policy encompassing incident investigations, hazard identification, risk assessment, and corrective actions.

Liquidity position: Strong

The liquidity position of the Trust will be supported by stable rental income from the underlying assets and low operational expenditure in the leasing business. ICRA notes that the principal repayments are low for the Trust in FY2026, which would be comfortably met from its cash flow from operations. The bullet repayment for the commercial paper (CP) of Rs. 350 crore and NCD of Rs. 700 crore is due in FY2026 and FY2027 respectively, which is expected to be refinanced by the Trust. As on December 31, 2024, the Trust had free cash/bank balance of Rs. 27.3 crore and unencumbered investments in financial instruments and mutual funds of Rs. 1,910.6 crore.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Decline in occupancy below 80%, on a sustained basis, leading to moderation in debt protection metrics may lead to a downgrade in rating. Further, significant borrowings that results in an increase in LTV higher than 40%, on a consistent basis, would be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Real Estate Investment Trusts (REITs)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financial statements of Nexus Select Trust and its subsidiaries (List of subsidiaries as mentioned in Annexure II)

About the company

Nexus Select REIT (The Trust/REIT) was incorporated on August 10, 2022, as a trust. The REIT was listed on the stock exchange on May 19, 2023. The REIT owns 18 urban consumption centres, three office spaces, two hotels and one renewable energy plant across the country as of March 2025. The REIT is sponsored by Wynford Investments Limited, an affiliate of Blackstone Inc (Blackstone).

Key financial indicators (audited)

	FY2024*	9M FY2025**
Operating income	1,916.9	1703.0
PAT	592.3	361.6
OPBDIT/OI	67.1%	67.9%
PAT/OI	30.9%	21.2%
Total outside liabilities/Tangible net worth (times)	0.3	0.4
Total debt/OPBDIT (times)	2.9	3.4
Interest coverage (times)	3.8	4.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * from May 13, 2023 to March 31, 2024; **Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount Rated (Rs. crore)	Apr 24, 2025	Date	Rating	Date	Rating	Date	Rating
Proposed NCD	Long Term	350.00	[ICRA]AAA (Stable)	-	-	-	-	-	-
NCD[^]	Long Term	1,200.00	[ICRA]AAA (Stable)	Oct 09, 2024	[ICRA]AAA (Stable)	-	-	-	-
NCD	Long Term	1,000.00	[ICRA]AAA (Stable)	May 10, 2024	[ICRA]AAA (Stable)	Jun 01, 2023	[ICRA]AAA (Stable)	-	-
				Aug 20, 2024	[ICRA]AAA (Stable)	-	-	-	-
				Oct 09, 2024	[ICRA]AAA (Stable)	-	-	-	-
Issuer Rating	Long Term	-	[ICRA]AAA (Stable)	May 10, 2024	[ICRA]AAA (Stable)	Jun 01, 2023	[ICRA]AAA (Stable)	Sep 29, 2022	Provisional [ICRA]AAA (Stable)
				Aug 20, 2024	[ICRA]AAA (Stable)	-	-	-	-
				Oct 09, 2024	[ICRA]AAA (Stable)	-	-	-	-

[^] Of the Rs. 1,200.00 crore NCDs, Rs. 1,000.00 crore of NCDs are listed and remaining are proposed to be listed

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not Applicable
Non-convertible debentures	Simple
Proposed non-convertible debentures	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer rating	NA	NA	NA	-	[ICRA]AAA (Stable)
INE0NDH07019	Non-convertible debentures	June 16, 2023	7.86%	June 16, 2026	700.00	[ICRA]AAA (Stable)
INE0NDH07027	Non-convertible debentures	June 16, 2023	8.00%	June 16, 2028	300.00	[ICRA]AAA (Stable)
INE0NDH07035	Non-convertible debentures	Oct 22, 2024	7.72%	June 14, 2028	400.00	[ICRA]AAA (Stable)
INE0NDH07043	Non-convertible debentures	Oct 22, 2024	7.69%	May 28, 2027	600.00	[ICRA]AAA (Stable)
-	Proposed non-convertible debentures	NA	NA	NA	550.00	[ICRA]AAA (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company/SPV Name	Ownership	Consolidation Approach
Nexus Hyderabad Retail Private Limited	100%	Full Consolidation
Nexus Mangalore Retail Private Limited	100%	Full Consolidation
Nexus Shantiniketan Retail Private Limited	100%	Full Consolidation
Mamadapur Solar Private Limited ¹	100%	Full Consolidation
Nexus Mysore Retail Private Limited	100%	Full Consolidation
Nexusmalls Whitefield Private Limited	100%	Full Consolidation
Vijaya Productions Private Limited	100%	Full Consolidation
Euthoria Developers Private Limited	100%	Full Consolidation
CSJ Infrastructure Private Limited	100%	Full Consolidation
Indore Treasure Island Private Limited	50%	Equity Method
Naman Mall Management Company Private Limited	100%	Full Consolidation
Chitrali Properties Private Limited	100%	Full Consolidation
Safari Retreats Private Limited	100%	Full Consolidation
Select Infrastructure Private Limited ²	100%	Full Consolidation
Daksha Infrastructure Private Limited	100%	Full Consolidation
Nexus Udaipur Retail Private Limited	100%	Full Consolidation

Source: Nexus Select Trust; ICRA Research

¹ Includes wholly-owned subsidiary Nexus South Mall Management Private Limited

² Includes wholly-owned subsidiary Westerly Retail Private Limited

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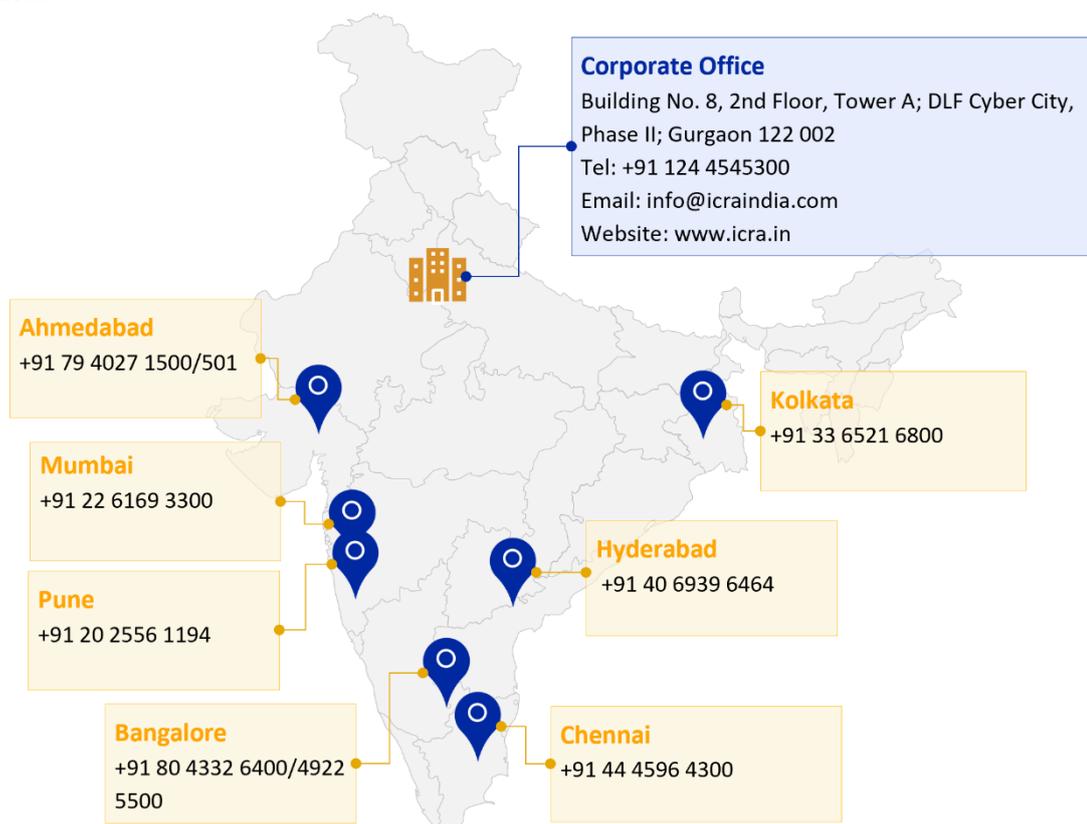
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