Management Discussion

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Thank you, Nirav. Good evening everyone, and thank you for joining the earnings conference call of Nexus Select Trust. Before we proceed, I'd like to highlight that the management may make certain statements that may constitute forward-looking statements. Please be advised that the actual results may differ materially from these statements. We do, we do not guarantee these statements or results and are not obligated to update them at any point of time. Specifically, any financial guidance and pro forma information that we share on the call are management estimates based on certain assumptions.

And have not been subject to audit review examination procedures. You are cautioned not to place undue reliance on such information. There can be no assurance that we'll be able to achieve the same. Joining me today on the call, uh, are Dalip Sehgal, Executive Director and CEO, Siddharth Nawal, Managing Director and CEO Designate, along with members of the Management Committee. We'll begin with brief remarks on our business and financial performance and then open the floor for questions. Over to you, Dhanu.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you, Prateek. Uh, good evening everyone and welcome to the Nexus Select Trust Q2 and H1 FY27 earnings call. We are pleased to report a strong performance in Q2 despite the festive season shifting largely to Q3 this year. The favorable operating and consumption environment that emerged in Q1 sustained its momentum through Q2 with demand remaining quite, uh, healthy. Now coming to our quarter performance for Q2, our net operating income stood at 504 crores, growing 8% year on year. 8% year on year.

We have discussed, we have declared a distribution of INR 359 crores 359 crores, equivalent to 2.367 INR per unit, 2.367 INR per unit, representing growth of 8% year on year. Cumulatively for the first half, NOI reached 1,014 crores, 1,014 crores, up 9% year on year, while distribution totaled INR 729 crores or 4.809 per unit, 4.809 per unit. We remain on track to achieve the FY distribution guidance, which was in the range of 9.8 to INR 10 per unit. Since listing, we have cumulatively distributed over 4,400 crores and delivered an IRR of 24%, IRR of 24% to our unitholders.

Behind these distributions is the robust operating performance of our malls. Tenant sales grew 13% in Q2. Broad-based growth witnessed across categories. For H1, tenant sales reached 7,760 crores, 7,760 crores, up 15%, one five, up 15% with seven crore visitors, which is 70 million footfalls across the platform, up 4% from last year. What interests us is how consumers are spending as much as how much they're spending. That understanding shapes our leasing decisions and where we invest in the customer experience.

Fashion, which as you perhaps know is our largest category, has recorded high single-digit growth during the quarter. Jewelry, which is a focus category, grew at 54%, reflecting the fact that our curated jewelry zones and festivals added to this growth. Beauty and personal care, this is again an area of focus, continued to grow with consumption of 13% up. Entertainment delivered 18% growth, supported by good movies like Spider-Man: The Odyssey, Mirzapur, etc., while the electronics category recorded 19% growth led by the Apple phone launch, as you will remember.

That brings us to leasing. Quarter two, we re-leased close to 0.5 million square feet at a spread of 25%. 0.5 million, half a million square feet at 25% spread. We closed the first half of the year at 97% leased occupancy. High occupancy is a strong starting point. Our work continues within that

occupied space, identifying where a different brand format or category can improve productivity. As we have said, we continue to remain the first port of call for national and international brands to open their first stores in India with us.

This quarter saw brands like Cima Dutti, Lego, Michael Kors, Furlan, Uniqlo debut, uh, debuting across the key markets in our portfolio. So these are the brands that have opened with us in this quarter. Uniqlo incidentally is doing extremely well across the portfolio. 50% of gross rentals come up for expiry over a three and a half year period with a mark-to-market opportunity of 20% plus. This remains an important component of our organic growth opportunity. On the marketing front, we work towards the same commercial objectives given consumers competing reasons to visit and return.

During the half year, we did summer experiences like the Dragon Kingdom at Elante, Panda World at Nexus Seawoods, Ocean World at Nexus Hyderabad, and brought together shopping, entertainment, and locally relevant experiences. Our ticketed attractions recorded over 1.25 lakh ticket sales. With transactions into over five lakh people experiencing the activation, and we earned INR 5.3 crores in revenue from these activities. On our under-development projects, construction at Nexus Galaxy complex in Guwahati is progressing well, with the RCC structure complete and mechanical, electrical, and plumbing works underway.

The project marks our entry into Northeast India and remains on track for completion in 2028. Construction of Nexus Runwal Gardens Mall in Dumbiwili is also progressing towards completion for 2028, with foundation and raft work nearing completion. At Radisson Ludhiana, we are undertaking strategic renovation across the hotel, which is expected to add 27 rooms and result in a 20% increase in our average daily rates, delivering a 17% yield on cost on the investment. Now moving to our acquisition pipeline, we continue to see a strong opportunity set with a robust pipeline of six assets across India.

We currently have two assets under due diligence, while the acquisition of Diamond Plaza Calcutta, which was announced earlier this year, is expected to close soon. We remain on track to add two to three high-quality assets to our portfolio during this year, further strengthening our growth trajectory. Lastly, summarizing our performance, we delivered robust consumption growth of 13% during Q2 with broad-based double-digit growth across categories, achieved strong financial performance with nine, 8% net operating income in the quarter and 9% in the first half, and distribution growth in the quarter underpinned by healthy operating fundamentals.

Our acquisition pipeline remains robust with six identified opportunities across India We remain on track to add two to three high-quality assets to the portfolio every year. Before I close, a brief personal note. This is my final earnings call as Executive Director and CEO of Nexus. Helping build Nexus into India's first listed REIT, retail REIT, has been a privilege, and I thank our tenants, retail partners, our board, our unitholders, and other investors. For making that journey possible. It has been a privilege to lead Nexus Select Trust through one of the most exciting chapters of this journey since inception.

Together, we have built an institution defined by exceptional people, strong governance, and an unwavering commitment to excellence. I'm proud of what we have accomplished and leave knowing the organization is well prepared for its next chapter. As announced, Siddharth Nawal will succeed me on 1st of January 2027, and we are working closely through the transition. So welcome, Siddharth. With that, I conclude our opening remarks. My colleagues and I look forward to your questions now.

Questions & Answers

Operator
[Operator Instructions] First question is from the line of Mohit Agarwal from IIFL Capital. Please go ahead.

Mohit Agarwal - Analyst, IIFL Capital
Yeah, good afternoon everyone and thanks for the opportunity. Uh, first of all, uh, thank you, Dalip sir, for your leadership at Nexus and best wishes to you, uh, for your future. And congratulations to that. Really looking forward to interacting with you. My questions are basically first on your consumption growth of 13%. What would be, you gave some numbers on jewelry, electronics, but what would be this 13% consumption growth be ex of jewelry and electronics, and how would that tie in with the NOI growth that we achieved this quarter?

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Okay, let me ask Prateek to answer this. Prateek, go ahead please.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Hi, Mohit. Consumption growth ex of Jewelry would be about a couple of percentage points lower, so that would get to about 11%. And ex of jewelry and electronics would be about, uh, in the zip code of nine and a half-10%.

Mohit Agarwal - Analyst, IIFL Capital
Nine and a half-10%. And how would this, so how is basically, if you could give some color around how is the third quarter shaping up, and, uh, you know, probably from a full-year perspective, how do you see this like-for-like consumption growth, uh, trending from a full year fiscal 2027 perspective?

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
So, uh, you're asking about Q3?

Mohit Agarwal - Analyst, IIFL Capital
Q3 so far, yes.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Yeah, so I think what we have to be careful in Q3 is that we can't look at it month-wise, primarily because of the fact that last year Diwali was in October and this year Diwali is in November. So the way we are looking at it is to look at October plus November to see what kind of growth we are getting. My sense is that if you look at the quarter as a whole, we should be in the ballpark growth number of what we have delivered in the first half of the year, right? We did about 15-odd percent, 13% net of jewelry.

I think that's the kind of number that by and large we should be able to do, barring of course unseen, uh, foreseen, unforeseen circumstances. But otherwise, we are on track, I think, to meet, uh, roughly the same growth numbers that we did in the first half of the year.

Mohit Agarwal - Analyst, IIFL Capital
Okay, uh, my second question was,

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
and October, despite the fact that, you know, Diwali was not there, has done reasonably well. So we are all hoping and planning for a Q3 which is again a strong quarter.

Mohit Agarwal - Analyst, IIFL Capital
Okay, sure. My second question is, you've been reporting this rent-to-sales number, 11.2%. This number has been 12% historically, I was looking at the data. How do you see this number over the medium-term trending and what would drive these numbers up or down, if you could give some color around that?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Mohit, I think directionally we would want to target a rent-to-sales ratio in the zip code of about 13-14%. Currently it's in that range of about 11%. Again, it's a mathematical thing. The sales consumption growth has been far stronger because of some of the high-value categories that we've added over the last year or so.

But we're very confident that with the upcoming renewals that we have, and if you kind of see our lease expiry schedule, right, we've got a very strong lease expiry schedule that's coming up wherein close to 50% of our gross rentals are expiring. That should in some form get the mark-to-market and come into the numerator to get to that 13-14% targeted rent-to-sales.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Nesar, you want to add to this?

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
No, and Mohit, it's about also curation. So while we are curating the spaces, and if you see our spreads in Q1 and Q2, so it's pretty much in line. And I think the idea is to take it between 12% and 14% in terms of rent-to-sales.

Mohit Agarwal - Analyst, IIFL Capital
Any, any timeline regarding when you want to achieve that? By then?

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
I think it's work in progress as the leases come up. Uh, this year we had a natural expiry so far of about half a million, and our activity has been close to, uh, 900,000 square feet. So we've also been doing some forced churn, and, uh, so I think some of that you'll start seeing in, uh, from Q4 and, uh, and then trailing effect as the stores get operational into the next year.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
But most direction you see this number going up, uh, as we start doing the, the getting the mark-to-market into the rentals. But I think we should kind of get slowly get to the upper end of the range, uh, by FY30.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Yeah. Yeah, I think timing is one. The other is that, look, uh, so far we've been buying assets, so we inherit a certain structure in terms of rent-to-sales. And what happens is that in our case, because when we have acquired, the growth in sales has been, you know, 20% plus, so you see actually a lowering of the ratio. Now with at least two new malls coming up, Guwahati and, uh, uh, Dombivilli, my sense is that we will, while, uh, you know, Guwahati is also getting very good traction, so is

Dombivilli, I think we will actually see an upswing in the rent-to-sales ratio because we're starting from scratch, we're not inheriting a particular ratio.

And, uh, and secondly, like Nirja said, I think we're also focusing on, uh, getting better brands, better categories, etc., which would yield better rents. And I think it's a matter of, my sense is between three, three and a half, four years that we should be at a significantly better sales-to-rent ratio.

Mohit Agarwal - Analyst, IIFL Capital
Sure. Uh, my last question is, there's a slide on your Tier two strategy. You've been, you've been investing in malls, uh, in Tier two cities now. I'm just trying to, is there been, has there been incrementally more focus on, you know, Tier two malls and, you know, the strategy would still be to buy and reposition the assets or are you also looking at, you know, development portfolio within the Tier two space? So some color around that and maybe in your journey towards doubling your mall portfolio, what would, let's say, a Tier two versus Tier one, any thoughts around that?

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Yeah, so let me start and then maybe some of the other guys can add on. I think the first thing is that, you know, we're not focused on Tier one, Tier two. We are focused on where the consumer opportunity is and where we can add value. So let's assume, uh, Bhubaneswar is a Tier two city, but opportunity there. And today it's one of our best performing malls in terms of rent-to-sales and rent itself, right? So it's a question of where we see the opportunity. In, uh, up north, we saw the opportunity in Amritsar.

We are the number one mall today. Uh, we saw an opportunity in Ludhiana, and we have done extremely well. In fact, in this quarter, it's one of the highest growing malls. Uh, the, the hotel is getting upgraded, etc. And we saw an opportunity in Guwahati because there is really nothing, and it's the gateway to the Northeast. So We've invested there. So I think we're not fussed about quarter, uh, Tier one, Tier two. I think we are more looking at A, the opportunity, B, the commercial, uh, value, and C, what is it that we can do, uh, with that asset.

I think that is important. So that asset could be in a larger city, or like Elante is a Tier three city, I imagine, in terms of population, but it's more than a tier one in terms of its business. So clearly, I think that is really what drives our choice of where we want to be. Uh, having said that, yes, uh, I think the M&A team has a very clear structure and a funnel in terms of where we wish to be and how we go about doing it. So for example, in Bangalore, our clear strategy was that having bought a few malls in Bangalore, we would add to it.

And you saw we bought Vega City there, and that's actually helping the whole of Bangalore in terms of, uh, you know, building a business and getting, uh, benefits of size, scale, and synergy. So that's one. Up north, if you look at it, starting from Chandigarh up, uh, you've got Ludhiana, you've got So there are again synergies in terms of the consumer types that we have, the language, etc. So that is the other kind of synergy that works. So to answer your question, yes, there is a framework, there is a funnel of what will go through and what will not.

And finally, I think the call is taken on these three-four parameters, which is A, in terms of consumption, is it, uh, potentially a big upside to it? two, commercially does it make sense? three, what is the value that we can add? And four, are there synergy benefits around that locus?

Mohit Agarwal - Analyst, IIFL Capital
Sure, great. Those are my questions. Wish you all a very happy Diwali.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you so much.

Pritesh Seth - Analyst, Access Capital
Thanks.

Operator
Thank you. Next question is from none other than Pritesh Seth from Access Capital. Please go ahead.

Pritesh Seth - Analyst, Access Capital
Uh, yeah, good evening and thanks for the opportunity. Uh, the first question is on just deep diving on the second half outlook that you mentioned. Uh, you know, if I understand correctly, I think second half we are entering a high base, at least on the jewelry side, in terms of the gold price increase that we saw. So, you know, whether the 13-15% growth would more be led by other categories and hence the conversion from that consumption growth to NOI could potentially be better, if my understanding is correct.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
So to answer your question, I think there are two-three things that you asked. The first one is that I don't think we've given a second half outlook. I think somebody asked a question about Q3 and we said, look, there's a shift in terms of the festival date and hence what will happen. We are pretty confident that we should be able to do the kind of growth we've done in the first half. So that was the answer. Secondly, in terms of gold or jewelry, please remember that even in the first half, our growth in consumption is 15%, and even if you take out all of jewelry, it is still 13%.

Number two, jewelry is still at the end of September only 7% of our sales. It's up almost double, it was 3.5%. 7%, and I think there's still plenty of scope for us to do more. Uh, third, I think why gold prices have come down, there, see, Indians buy gold at any price, and you've seen that happen at 150, 155 as well. So, and, and all the gold jewelry companies, diamond jewelry companies, they're all talking about at least a 20-30% growth during this festive season. So I think we will see a reasonably robust growth.

October, for example, in Elante, you had, I think, one of our highest sales in jewelry. And Dhanteras is this month, Diwali is this month. So overall, I think jewelry will do well. But even without jewelry, my sense is that if you've done 13 in the first half, you should be able to do a similar number in Q3 as well.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
And Pritesh, I think apart from jewelry, we also believe that with the kind of movies that are scheduled to be released over the next few months, we should see that traction come in, footfalls as well, which would have a rub-off effect on F&B and some of the other categories. So we're expecting at least the latest one, Brahmaayam, to kind of do well, and we're geared up for that. And some of the other categories like beauty, etc., continue to do well with the festive season around the corner.

Pritesh Seth - Analyst, Access Capital
Sure, got it. Very helpful. Second, in terms of the acquisition pipeline or rather the kind of acquisitions that we are now doing, couple of them forward purchase, are we now more inclined to

do this forward purchase because Obviously it creates much more value than, uh, you know, the, uh, up and running kind of a mall. Uh, and is the pipeline that is coming to us is also more towards forward purchase and not, uh, or, or how should we look at it?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
I think we'll still, uh, do a majority of our deals as third-party ready asset acquisitions. Forward purchases, we've done one with Runwal and we've done, we've announced the second one at Guwahati. We'll be selective. It would mean that we'll have to see how we get to a ready stage at Runwal and Guwahati and what's our experience in that process. I think at this point of time I still believe 70-75% of the transactions that we do would be ready-made assets that we'll acquire from third parties, and the balance would be forward purchases.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
And just to add to that, I think if you look at the two, one brownfield, which is Guwahati, and one greenfield or part brown, part green, which is Donghiwili, I think the reason why we went in for, let's say, something that's not operating right now or running right now is if you look at Guwahati, there's nothing to buy, and the opportunity there we saw is huge, you know, with the seven states, etc. It's a gateway to everything. If there's nothing to buy, we have to look at what else is available. And also remember that it is not a ground-up greenfield that we bought.

It was a mall and a hotel under construction, uh, which we have sort of done a forward deal on. Dombivilli, if you ask me, again similar thing, which is that If you go to Dovivilli today, it is similar to what Seawoods was eight years ago when we bought it from L&T. And at that point in time, everybody said, oh my God, nothing will happen in this area. And look at Seawoods today, one of our best-performing assets, right? So I think Dovivilli and beyond is roughly in that kind of a timeframe right now.

And by the time the mall sort of comes up and is fully operational, I think we in the future, have an asset which is really, really commercially at the top of the heap in terms of the location itself. So to answer your question, I think again it's a question of where the opportunity is and whether we have anything to buy. And if we have none, I think we will have to look at buying it to invest in a green or a brownfield. If there is nothing else. But we still, you know, parallelly, as if we, as you would have seen, I think four of the six assets are still assets that are operating.

So I think the strategy of saying, you know, buy an asset, that playbook stays. So there's nothing different over here. It's more a question of if the opportunity exists in a market where there's nothing available for in the foreseeable future to buy, then I think we have to look at what is available. Let's see what it is.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
And Pritesh, in this financial year, right, we're looking to close the Diamond Plaza acquisition in Kolkata soon, hopefully this month, and then we have a couple of more assets which are currently under diligence, and we expect to close those transactions as well by March. So at least in the very short term, the pipeline for third-party acquisitions is looking very, very strong.

Pritesh Seth - Analyst, Access Capital
Sure. And just one last. Just trying to understand, apart from these acquisition-led growth, is there any densification opportunity within our portfolio, specifically for some of the successful malls like Seawoods, Elante, and if you are trying to explore that, you can highlight that?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
There is. There are densification opportunities available. We've already kind of announced the boulevard area in Nexus Elante wherein we acquired 60,000 square feet, so we are working towards leasing that out. And then there are opportunities, I won't give out specific cities, but there are opportunities up North and in the West that we are evaluating.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Yeah. And we did that as a matter of fact, you are aware of the fact that we did that in Ahmedabad, where we constructedhow much was that?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Almost 160,000 square feet.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Yeah. So I think we'll keep looking at opportunities. We'll also keep looking at, because some of these laws also keep changing in states, etc. And if there is an opportunity, obviously we will.

Pritesh Seth - Analyst, Access Capital
Sure, thanks. That's it from my side. All the best, and thank you, Dalip sir, for your insights. It was always helpful. And welcome, Siddharth, to the team. Looking forward to the journey from here on. Thanks.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you. Thanks.

Operator
Thank you very much. I request all the participants, please limit yourself to 2 questions per participant. Line and rejoin for a follow-up. Next question is from line of Kideesh Chaudhary from Avenda Spark. Please go ahead.

Girish Chaudhary - Analyst, Avendus Spark
Yeah, hi, thanks for the opportunity. Just as a follow-up to the development opportunities where you're doing the Runwal and the Guwahati, how should we think about the returns in terms of how should it compare versus let's say some of the assets which you buy which are already stabilized versus these kind of opportunities? And from a risk point of view, how do you insulate yourself from the development risk, and also the leasing risk?

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Okay. Pratik, do you want to take that?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
So Girish, I think from a forward purchase standpoint, whatever we've announced, from a zip code wise, we're looking at a yield on cost of about 12% to 13% yield on cost on those assets. Obviously, we'll have to see how we how quickly can we get those assets up and lease them out, especially let's say Runwal. We had indicated FY30 when we announced that transaction, but the way the construction there is progressing, we are at least a year ahead there. So I think we've been doing a good job there. So we'll see how we progress on some of these, but directionally 12% to 13% yield on cost is what we are targeting.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
And how does that compare with acquisition, if you just want to...

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Sorry, Girish, I didn't understand that acquisition question of yours.

Girish Chaudhary - Analyst, Avendus Spark
No, so let's say how does it compare if you buy some of the, um, uh, already, uh, established mall and, uh, or let's say a stabilized mall, how should we compare the return differences between these 2? And also as a follow-up, in terms of leasing, will you start pre-leasing well ahead of the completion of those malls?

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
Hi, Nirzar here. I'll take the second question. In terms of pre-leasing activity, we've already started signing major anchors as well as key retailers. So as of now, we are at the stage where we are between 30% to 50% in terms of key discussions, although the malls come up later. And then some part we'll do, you know, as the sign-up happens. The response to both the malls is very good, and the positioning as well for both the assets is well liked by the market in terms of retailers, and we hope to kind of get there in the direction that we planned.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Girish, on the first one, I think the return profiles are pretty similar. It's just that in a ready mall, the risk is a bit lower compared to when you're doing a sort of greenfield or a brownfield.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
And your go-to-market is fastest. I think that's,

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Yeah.

Girish Chaudhary - Analyst, Avendus Spark
Got it. Thank you, and all the very best.

Operator
Thank you. Next question is from Sumit Kumar from JM Financial. Please go ahead.

Sumit Kumar - Analyst, JM Financial
Hi. Thanks for the opportunity. My first question on the lease expiries, especially for FY26, where we would see about 17% of gross rentals up for expiry at our key assets like Elante and Chandigarh. Any update on, you know, what kind of discussions and any conversations that we have done on those expiries?

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
So very nice question. A lot of what we do in leasing is also we look at forward, because the portfolio is pretty highly leased at 96%, 97%. So we're already having discussions in terms of what's our vision for 2028, 2029, what are the key changes that we want to bring, how do we want to do this. For example, with the multiplexes, we're asking them to invest in renovating the assets. For large format stores, we are kind of resizing them or taking back some spaces. So all those discussions are in play, and you'll see it comes from a motivation of making the malls better in terms

of their offering, and second, obviously achieving the track record that we have on mark-to-market spreads as well. So I think we are looking at FY28, FY29 already in terms of, you know, key anchor discussions and how we can repurpose some of that space.

Sumit Kumar - Analyst, JM Financial
Sure. Second question would be on Hyderabad. Performance for the quarter was a little muted. Any particular reason you want to point out, or it was just one general aberration?

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
Yeah. On Hyderabad, we took ahead the idea to repurpose the mall. So we are repurposing almost 33%, 34% of the mall, where we've removed the hypermarket player much ahead of their expiry. We are creating a gourmet district on top where we're kind of adding a few restaurants. So the mall is undergoing some change, and with addition of marquee new first-in-the-state anchors as well coming in. So that mall will, has currently a large area which is under fit-out as it's getting repurposed, and 80% of what we planned to achieve when we made the AOP, we've already achieved, and the balance 20% is in signing and should get achieved in the next 30 to 60 days.

Sumit Kumar - Analyst, JM Financial
So this new space will start operations from the next quarter or

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
A large part of it will not get operational in Q4, but from Q1 next year we'll see a lot of this benefits coming in to Q1 and Q2 next year, because some of them are international fashion brands, some are international food brands. A lot of that will take time as existing spaces get vacant and fitted out. So you'll see the full better impact of it in Q1 and Q2 next year.

Sumit Kumar - Analyst, JM Financial
Sure. Okay. So that's all from my side.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Sumit, one other point that I would also kind of bring out is as we look at the expiry schedules, right, anchor tenants constitute about 30% of the total area that's expiring over the next three and a half years, and these are contracts that have been long term and are coming up for renewal after nine, 10 years. So when you think about the mark-to-market opportunity and the rental uplift that's available on some of these renewals, it is significant for us.

Sumit Kumar - Analyst, JM Financial
So safe to say that your 20% average, you'll most likely exceed that. I mean, you gave that guidance, but I was more pointing towards the anchors.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Yeah.

Sumit Kumar - Analyst, JM Financial
Okay. Thank you. That's all from my side.

Operator
Thank you. Next question is from Parvez Qazi from Noama Group. Please go ahead.

Parvez Qazi - Analyst, Noama Group
Hi, good evening. Thanks for taking my question. So my question is on trading density. We have seen about 14% year-on-year increase in trading density. And in your experience, would this figure differ materially across regions? I mean, will let's say West India have higher trading density growth and then North India, or anything like that? Any color on that would be useful. Thank you.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
No, Parvez, I don't think that there is any dramatic difference region-wise. Here the difference will be in terms of the asset. So typically, let's say you've got Koramangala, which is a very smaller asset, obviously the trading density will be substantially higher. Or your Select CITYWALK, which is doing very well and has a trading density which is perhaps one of the highest in the country. So not really any region difference, more to do with the location of the mall, more to do with the kind of brands that are there.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Sure. That's it from my side. Thanks, Dalip sir, for all the interactions, and best of luck for your future endeavors. Thank you.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you so much. Thanks.

Operator
Thank you very much. [Operator Instructions] Next question is from line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta - Analyst, Maximal Capital
Good evening, sir, and thank you for giving the opportunity. Most of the questions have been answered, but just a few queries. Now, firstly on the interest rate hikes that we're seeing in the environment, so, you know, how does your DPU get affected? If you can give us some sense of, let's say, for every 25 to 50 basis points, what is the hit on the DPU due to higher interest cost? And what is your floating and fixed rate book mix? That is the first question.

Sarvesh Gupta - Analyst, Maximal Capital
So Sarvesh, I think the guidance that we've given, 9.8 to 10 INR as distribution per unit, that doesn't get impacted as of now. As we were planning the AOP exercise for FY26-27, we had factored in a higher interest rate, and we haven't still breached that number. So for now, at least for one more rate hike, we are good in terms of meeting this year's guidance. And in terms of the split between the fixed and floating debt, you'll see about, that's on slide 25, you'll see that 68% is floating and the balance is fixed.

Sarvesh Gupta - Analyst, Maximal Capital
Okay. And generally when we are getting this valued, what kind of interest cost are we assuming from the valuation point of view, and where are we currently in terms of the interest cost? So as we if we see further rate hikes, then what could be the impact on the NAV?

Rajesh Deo - Chief Financial Officer, Nexus Select Trust
Sarvesh, hi, this is Rajesh. So we have had only one rate hike in the last MPC by 25 bps, and like Pratik mentioned, we're still not breaching what we had kind of modeled in the AOP for this year.

Having said that, this WACC adjustment will happen only if we kind of reach that breach by the end of this year. Till then, we are not kind of looking, because that is from a long-term perspective of a seven- to 10-year horizon. Just because of one rate hike doesn't make sense for us to kind of change the WACC on account of interest rates. It's currently 11.5%.

Sarvesh Gupta - Analyst, Maximal Capital
11.5%, yes, sir. Understood. And secondly, on the this 15% consumption growth, is it entirely like-for-like, or what would be the like-for-like metric for the same?

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Oh, it's like, for like, we haven't added very much, maybe a small 30,000 square feet. And that, in fact, actually, if you look at we're 100 bps lower in terms of operational usage. So same square feet would actually be higher than what we reported.

Nirzar Jain - Chief Operating Officer, Nexus Select Trust
So the growth is not from like-to-like area. The trading area is actually lower because of this, the churn that we're doing. So actual growth is higher.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Yeah, actually you could probably add at least two to three percentage points to this growth if we were trading, if there was convergence between trading and leasing occupancy.

Sarvesh Gupta - Analyst, Maximal Capital
Okay, and since there is not major like square footage addition between, let's say, the base quarter and the last quarter, so this 8% NOI is basically sort of entirely organic sort of a growth?

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Yeah. And on a lower, uh, rental yield area, I think that's very important to understand. For us, uh, every 100 bps, uh, is a lot of area that, you know, is not operational, which means it's not rent yield. So actually that eight or nine would actually be higher if all of it was leased, which hopefully will happen. Yeah, it will happen in the next couple of quarters.

Sarvesh Gupta - Analyst, Maximal Capital
Okay. And on your top two malls, like your, I mean, Elante, there is some brownfield that you are doing by buying the adjacent thing. But on the other two assets, uh, Saket Select City and the Seawoods in Mumbai, are there some potential opportunities to sort of, uh, you know, add more retail area there?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Sarvesh, we can of we don't get into specific details around it, but we are evaluating opportunities to densify our presence in respective cities that we are already present in. So let's at this point of time we can only give out those details.

Sarvesh Gupta - Analyst, Maximal Capital
Okay, sir. Thank you and all the best.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you.

Operator
Thank you. Next question is from the line of Jatin from BofA Securities. Please go ahead. Jatin, may I request you to unmute your line and proceed with your question?

Kunal Lakhan - Analyst, BofA Securities
Sorry, I was on mute. Thanks for the opportunity. I had a couple of questions. The first one being around cap rates. Are the current cap rates for some of the acquisitions that you're looking at adequately capturing in the expected increase in cost of capital? Obviously listed annuity assets have seen some mild expansion in cap rates. What are you seeing in the private market?

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
So Kunal, yes, we are factoring in some of that increase or potential increase in the cost of capital into the negotiations that we're having third parties.

Kunal Lakhan - Analyst, BofA Securities
Understood, got it, great. The second one that I had is a bookkeeping one. Would you have handy the rent-to-consumption metric ex of jewelry? I think that that would probably give us a better idea of..

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
15 in the first half, 13 without jewelry.

Kunal Lakhan - Analyst, BofA Securities
Sorry, the rent-to-consumption ratio.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Kunal, can I just come back to you on that? It's not handy with me, but I can share with you.

Kunal Lakhan - Analyst, BofA Securities
Sure, Pratik, thank you so much. All the best, Dalip sir, and congratulations.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you so much. Thanks, Kunal.

Operator
Thank you very much. As there are no further questions, I'll now hand the conference over to Mr. Pratik Dantara for closing comments.

Pratik Dantara - Chief Investor Relations Officer and Head Strategy, Nexus Select Trust
Thank you everyone for joining the call today. Wishing you all a very happy Diwali. Thank you.

Dalip Sehgal - Executive Director and CEO, Nexus Select Trust
Thank you, everybody. Thanks.

Operator
[Operator Closing Remarks]