Case Study: Mixed-Use Real Estate Developer; Mall Owner & Operator

1 Idea generation

a. The Company provides relevant real estate space for brands with much higher footfalls. Most of the malls are at prominent destination in key cities

b. Higher real estate cost & availability of large size land parcel within the city makes it a higher entry barrier business

c. Per capita grade A malls are significantly lower in India, which provides very high growth visibility in coming years

d. With rising urban population, rising income levels & aspirations, demand for quality real estate for retail will remain high

e. Strong unit economics

2 In depth company analysis

Business

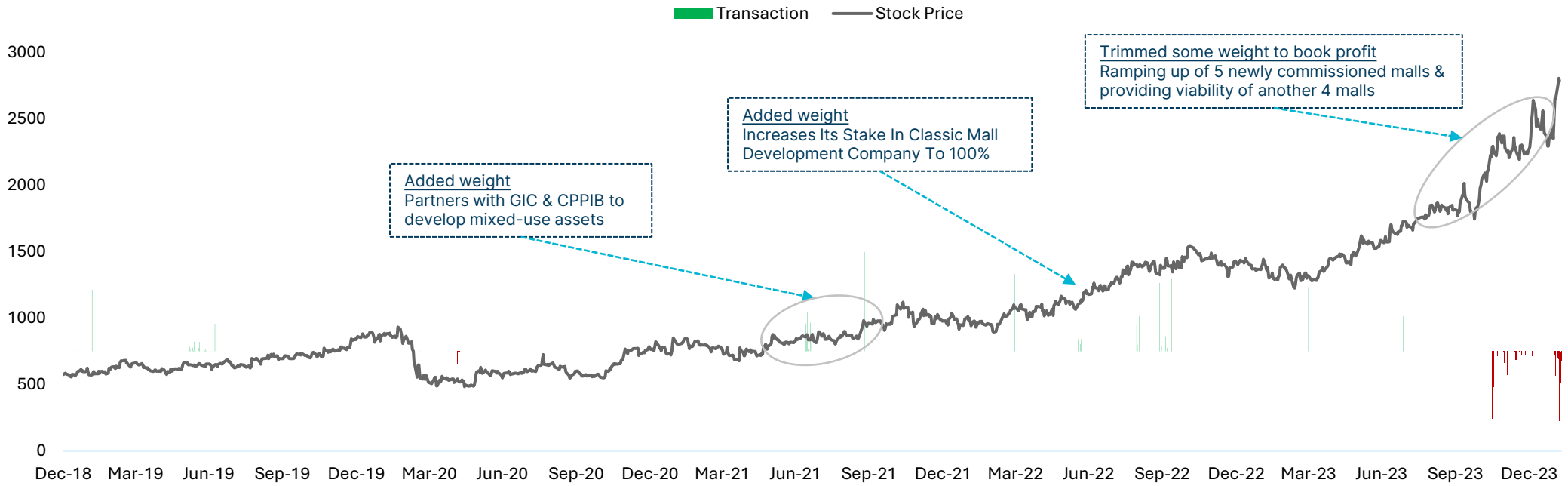
- Evolved from a single retail destination in early 2000s to the pioneer of retail-led mixed-use developer in the country
- India's largest owner and operator of Grade A retail mall with 9 Malls having leasable area of ~10.94 Mn sq ft across 6 cities and 4 in pipeline with 2.3 Mn sq ft.
- It also has mixed-use assets encompassing commercial space of ~1.4 Mn sq ft and ~1.2 Mn sq ft in pipeline. It has 2 hotels & 1 more is expected in next 2 years.

Management

- Mall development is a long gestation business requiring meticulous real estate selection, timely execution, & enduring brand relationships which the company has evidently showcased over last 2 decades.
- Despite growing its real assets at brisk pace, it has maintained its capital structure by getting renowned partners like CPPIB, GIC at SPV level
- Very high focus on capital efficiency at unit level reflecting in its return ratios of mature malls (40%+ in the flagship mall & 22%+ in the top 4 malls)

Valuations

- Strong industry potential coupled with strong free cash flow generation provides good visibility of growth for next many years
- Better way to play discretionary spend theme across categories & at a relatively reasonable valuations



Source: Bloomberg, Internal. Data as of Feb 2024

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