

February 18, 2025<sup>(Revised)</sup>

## Knowledge Realty Trust (Knowledge Realty Office Management Services Private Limited): Provisional [ICRA]AAA (Stable) assigned

### Summary of rating action

| Instrument*   | Current Rated Amount<br>(Rs. crore) | Rating Action^                              |
|---------------|-------------------------------------|---------------------------------------------|
| Issuer rating | -                                   | Provisional [ICRA]AAA (Stable);<br>Assigned |
| Total         | -                                   |                                             |

\*Instrument details are provided in Annexure-I

^The rating assigned is provisional as of now and is subject to the fulfilment and review of all pending actions/documentation. The final rating may differ from the provisional rating in case the completed actions/documentation is not in line with ICRA's expectations.

|                                                    |                                                                  |
|----------------------------------------------------|------------------------------------------------------------------|
| Rating in the absence of pending actions/documents | No rating would have been assigned as it would not be meaningful |
|----------------------------------------------------|------------------------------------------------------------------|

ICRA has undertaken a consolidated financial analysis of Knowledge Realty Trust (KRT) and the 39 entities proposed to be housed under the trust, as enlisted in Annexure II. The real estate investment trust (REIT) has four special purpose vehicles (SPVs), which will handle the common area maintenance (CAM) of office buildings under the trust and four entities for housing solar power assets (1 operational and 3 under construction) for meeting part of the power requirement of the office buildings.

### Rationale

The assigned rating factors in the strong business profile of the trust, supported by its diversified portfolio of completed Grade-A commercial office parks with presence across six cities, strong committed occupancy levels of ~90% as of September 30, 2024 and reputed tenants having healthy credit profiles. KRT, at the time of listing, is likely to be the largest REIT in India with a portfolio of around 48.1 msf of operational and under-construction commercial office assets. The rating draws comfort from the comfortable leverage and robust debt coverage metrics estimated for the trust, with total debt/NOI likely to remain comfortable at about 3.0-3.5 times and 5-year debt service coverage ratio (DSCR) above 3.0 times over the medium term as per ICRA's projections. The rating draws comfort from the SEBI REIT regulations that restrict<sup>1</sup> the aggregate consolidated borrowings and deferred payments for the REIT and its SPVs, thereby limiting the leverage and under-construction portfolio that can be undertaken by the trust. The initial loan to asset value (LTV) is expected to be around 21% post REIT listing and is likely to remain under 30% in the medium term, thus providing financial flexibility to the trust. The trust's proposed sponsors – The Blackstone Group and the Sattva Group have an established position in the domestic commercial office industry, with an extensive track record of acquisition, construction, leasing and operating office assets across multiple locations.

As of September 2024, the REIT's operational portfolio included 27 operational office projects (housed under 29 entities) with 37.1 msf of leasable area, spread across Bengaluru, Hyderabad, Mumbai, Chennai, Ahmedabad and Gurugram. The operational portfolio had healthy committed occupancy of 90% as of September 2024 and included reputed multi-national and Indian corporates with the top five tenants accounting for ~18-20% of the annualised rentals as of September 2024. Another four commercial office projects with a combined leasable area of around 11.0 msf (housed under four entities) were under construction and future development.

<sup>1</sup> For REIT, SEBI permits leverage upto 49% of the value of its assets

Post listing, on a consolidated basis, the REIT is expected to have a mix of LRDs with amortising structure and medium-term debt with bullet maturities. The trust will remain exposed to refinancing risk for part of debt with bullet repayments; however, the risk is likely to be mitigated to an extent with the tranching of the issuances with well-spread-out maturities and the financial flexibility of Trust arising out of low expected leverage. The credit profile remains exposed to the possible increase in leverage due to any large potential future debt-funded acquisitions. However, the regulatory restriction on leverage and under-construction portfolio will mitigate the risk to some extent. The debt coverage metrics would remain susceptible to any significant decline in occupancy.

The Stable outlook reflects ICRA's expectations that the trust will be able to generate steady cash flows from a well-diversified pool of commercial office assets, maintain healthy occupancy levels from reputed tenants while maintaining comfortable leverage and strong debt coverage metrics.

## Key rating drivers and their description

### Credit strengths

**Well-diversified portfolio of assets with strong tenant profile** – The trust's operations are diversified with 27 operational Grade-A commercial office projects comprising of 37.1 msf of operational leasable area across Bengaluru, Hyderabad, Mumbai, Chennai, Ahmedabad and Gurugram. The operational portfolio had healthy committed occupancy of ~90% as on September 30, 2024 and included reputed multi-national and Indian corporates with the top five tenants accounting for ~18-20% of the annualised rentals as of September 2024. Another four commercial office projects with a combined leasable area of around 11.0 msf (housed under four entities) were under construction and future development. Consequently, at the time of REIT listing, the trust is likely to have a portfolio of around 48.1 msf of operational and under-construction commercial office assets. The REIT will also have four SPVs, which will handle the CAM of office buildings under the trust and four entities for housing solar power assets (1 operational and 3 under construction) for meeting part of the power requirement of the REIT's office buildings.

**Low initial leverage expected post REIT formation** – The initial LTV is expected to be around 21% at the time of REIT listing and is likely to remain below 30% in the medium term, thus providing financial flexibility to the trust. The rating draws comfort from the SEBI REIT regulations that restrict the aggregate consolidated borrowings and deferred payments for the REIT and its SPVs, thereby limiting the leverage and under-construction portfolio that can be undertaken by the trust. Post listing, the REIT is projected to have an external debt of Rs. 12,000 – 12,500 crore. As per ICRA's base case scenario, the total debt/NOI likely to remain comfortable levels at about 3.0-3.5 times and 5-year DSCR above 3.0 times over the medium term as per ICRA's projections.

**Established track record of REIT sponsors and manager** – The trust's proposed sponsors – The Blackstone Group and the Sattva Group have an established position in the domestic commercial office industry, with an extensive track record of acquisitions, construction, leasing and operating office assets across multiple locations. The Blackstone Group is one of the leading owners of office spaces in India, with a large portfolio of office properties across Bengaluru, Pune, Hyderabad and Mumbai, the National Capital Region (NCR) and Chennai. The Sattva Group has an established position in the real estate market with a track record of around four decades and has executed over ~75.9 msf of completed constructed area in the residential and commercial office segment. The portfolio is likely to benefit from the experienced management team and strong parentage.

### Credit challenges

**Exposure to refinance risk; future acquisition by the trust and its funding pattern remains a key monitorable** – Post listing, on a consolidated basis, the REIT is expected to have a mix of LRDs with amortising structure and medium-term debt with bullet maturities. The trust will remain exposed to refinancing risk for part of debt with bullet repayments; however, the risk is likely to be mitigated to an extent with the tranching of the issuances with well-spread-out maturities and the financial flexibility of Trust arising out of low expected leverage. The leverage of the trust would depend 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 ratings. However, ICRA draws comfort from the management's strategy that the new acquisition would be funded such that the overall leverage remains comfortable.

**Vulnerability of commercial real estate sector to cyclicalities** – The company remains exposed to the inherent cyclicalities in the real estate industry and vulnerability to external factors. ICRA notes that tenant leases contributing to 2% and 8% of the total gross rentals will be due for expiry in H2 FY2025 and FY2026. The debt coverage indicators remain susceptible to any considerable decline in vacancy levels. However, the risk is partially mitigated by the reputed tenants with strong businesses, established track record of the sponsor groups in the commercial real estate industry as well as the substantial fitout costs incurred by these tenants, which increase the tenant stickiness to an extent. Additionally, the debt coverage indicators remain vulnerable to significant increase in interest rates, though adequate cushion is expected to be available to mitigate the risk.

### Liquidity position: Strong

The trust's liquidity position will be supported by stable rental income from the underlying assets and low operational expenditure in the leasing business. Healthy cash flow from operations will be comfortable to cover the debt servicing obligations.

### Rating sensitivities

**Positive factors** – Not Applicable

**Negative factors** – Decline in occupancy below 80% of the operational portfolio, 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 | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Real Estate Investment Trusts (REITs)</a><br><a href="#">Policy on Provisional Ratings</a> |
| Parent/Group support            | Not Applicable                                                                                                                                                |
| Consolidation/Standalone        | The rating is based on the combined financials of the issuer (list of entities in Annexure II).                                                               |

### Pending actions/documents required to be completed for conversion of provision rating into final

The rating assigned is provisional as of now (as denoted by the prefix Provisional before the rating symbol) and is subject to the transfer of designated entities to the trust and raising of the proposed unit capital. The assigned rating is provisional and would be converted into final upon:

➤ Transfer of the 39 entities (which are part of initial asset portfolio) to the trust. These entities are:

1. Worldwide Realcon Private Limited
2. Sattva Knowledge Centre Private Limited
3. Kosmo One Business Park Private Limited
4. One Qube Realtors Private Limited
5. Exora Business Park Private Limited
6. Pluto Atriza Business Parks Private Limited
7. One International Center Private Limited
8. Bhumi Axis Infrastructures Private Limited

9. Octave Viventi Developers Private Limited
10. Orwell Horizon Properties Private Limited
11. Devbhumi Urban Spaces Private Limited
12. Sattva Horizon Private Limited
13. Pluto Business Parks Private Limited
14. One World Center Private Limited
15. Cessna Garden Developers Private Limited
16. Darshita Housing Private Limited
17. Darshita Infrastructure Private Limited
18. Softzone Tech Park Limited
19. Harkeshwar Realtors Private Limited
20. Jaganmayi Real Estates Private Limited
21. Quadro Info Technologies Private Limited
22. GV Techparks Private Limited
23. Debonair Realtors Private Limited
24. Salarpuria Developers Private Limited
25. Salarpuria Griha Nirman Private Limited
26. BSP Office Management Services Private Limited
27. Sattva Infra Management Private Limited
28. Sattva Properties Management Private Limited
29. Pluto Solista Business Parks Private Limited
30. Devbhumi Realtors Private Limited
31. One BKC Realtors Private Limited
32. Moonlike Construction Private Limited
33. One BKC Solar Energy Private Limited
34. Prima Bay Private Limited
35. Prima Bay Solar Energy Private Limited
36. Darshita Hi-rise Private Limited
37. Darshita Edifice Private Limited
38. NABS Datazone Private Limited
39. Shirasa Regency Park Private Limited

- Issuance of unit capital by trust in line with the proposed capital structure. Post the issuance of units, and planned debt raising by the trust, ICRA estimates that the consolidated debt to enterprise value of the trust to be around 21% of the REIT's total expected portfolio of around 48.1 msf.

The provisional rating indicates the final rating that is likely to be assigned to the trust after the completion of the pending items mentioned above, ceteris paribus.

### Validity of the provisional rating

The validity period shall be computed from the completion date of fundraising and the issuance of units by the trust. The validity period shall be of 90 days along with the possibility to extend it by up to a further of 90 days on a case-to-case basis. In no circumstance shall the validity of provisional rating be extended beyond 180 days from the date of issuance of units by the trust. For further details refer to ICRA's Policy on Provisional Ratings available at <https://www.icra.in/>.

If neither the pending actions/documents nor the availing of the borrowing facilities is completed after one year of assignment of the provisional rating, ICRA would withdraw the provisional rating. However, the validity period may be extended beyond one year, subject to the conditions outlined in ICRA's Policy on Provisional Ratings available at <https://www.icra.in/>.

## Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed by the entity within 90 days (validity period) from the date of issuance of units by the trust, the provisional rating will be converted into final upon the review of the required actions/documents to the extent these are completed by the end of the validity period. This implies that the provisional rating may even be revised at the end of the validity period, while being converted into final, to a level commensurate with the rating in the absence of the pending actions/documents (as disclosed earlier in the rationale). ICRA may consider extending the validity period in accordance with its Policy on Provisional Ratings available at <https://www.icra.in/>

## About the trust

Knowledge Realty Trust was incorporated on October 18, 2024. The trust is proposed to be a listed REIT and is expected to have a portfolio of 27 operational office projects comprising of 37.1 msf of operational leasable area and around 11.0 msf of under construction and future development area. Additionally, the SPVs will own four renewable energy assets. The Blackstone Group and Sattva Group are the co-sponsors for the proposed REIT.

## Key financial indicators

Key financial indicators are not applicable as Knowledge Realty Trust is a recently formed entity.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

| Instrument    | Current (FY2025) |                                |             |                                | Chronology of rating history for the past 3 years |        |        |        |        |        |
|---------------|------------------|--------------------------------|-------------|--------------------------------|---------------------------------------------------|--------|--------|--------|--------|--------|
|               | Type             | Amount<br>Rated<br>(Rs. crore) | FY2025      |                                | FY2024                                            |        | FY2023 |        | FY2022 |        |
|               |                  |                                | Date        | Rating                         | Date                                              | Rating | Date   | Rating | Date   | Rating |
| Issuer rating | -                | -                              | Feb-18-2025 | Provisional [ICRA]AAA (Stable) | -                                                 | -      | -      | -      | -      | -      |

## Complexity level of the rated instruments

| Instrument    | Complexity Indicator |
|---------------|----------------------|
| Issuer rating | Not Applicable       |

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       | -                        | Provisional [ICRA]AAA (Stable) |

Source: Company

## Annexure II: List of entities considered for consolidated analysis

| Company Name                                   | Ownership | Consolidation Approach |
|------------------------------------------------|-----------|------------------------|
| Worldwide Realcon Private Limited              | 100%      | Full Consolidation     |
| Sattva Knowledge Centre Private Limited        | 100%      | Full Consolidation     |
| Kosmo One Business Park Private Limited        | 100%      | Full Consolidation     |
| One Qube Realtors Private Limited              | 100%      | Full Consolidation     |
| Exora Business Park Private Limited            | 100%      | Full Consolidation     |
| Pluto Atriza Business Parks Private Limited    | 100%      | Full Consolidation     |
| One International Center Private Limited       | 100%      | Full Consolidation     |
| Bhumi Axis Infrastructures Private Limited     | 100%      | Full Consolidation     |
| Octave Viventi Developers Private Limited      | 100%      | Full Consolidation     |
| Orwell Horizon Properties Private Limited      | 100%      | Full Consolidation     |
| Devbhumi Urban Spaces Private Limited          | 100%      | Full Consolidation     |
| Sattva Horizon Private Limited                 | 100%      | Full Consolidation     |
| Pluto Business Parks Private Limited           | 100%      | Full Consolidation     |
| One World Center Private Limited               | 100%      | Full Consolidation     |
| Cessna Garden Developers Private Limited       | 100%      | Full Consolidation     |
| Darshita Housing Private Limited               | 100%      | Full Consolidation     |
| Darshita Infrastructure Private Limited        | 100%      | Full Consolidation     |
| Softzone Tech Park Limited                     | 100%      | Full Consolidation     |
| Harkeshwar Realtors Private Limited            | 100%      | Full Consolidation     |
| Jaganmayi Real Estates Private Limited         | 100%      | Full Consolidation     |
| Quadro Info Technologies Private Limited       | 100%      | Full Consolidation     |
| GV Techparks Private Limited                   | 100%      | Full Consolidation     |
| Debonair Realtors Private Limited              | 100%      | Full Consolidation     |
| Salarpuria Developers Private Limited          | 100%      | Full Consolidation     |
| Salarpuria Griha Nirman Private Limited        | 100%      | Full Consolidation     |
| BSP Office Management Services Private Limited | 100%      | Full Consolidation     |
| Sattva Infra Management Private Limited        | 100%      | Full Consolidation     |
| Sattva Properties Management Private Limited   | 100%      | Full Consolidation     |
| Pluto Solista Business Parks Private Limited   | 100%      | Full Consolidation     |
| Devbhumi Realtors Private Limited              | 100%      | Full Consolidation     |
| One BKC Realtors Private Limited               | 100%      | Full Consolidation     |
| Moonlike Construction Private Limited          | 49%       | Full Consolidation     |
| One BKC Solar Energy Private Limited           | 100%      | Full Consolidation     |
| Prima Bay Private Limited                      | 100%      | Full Consolidation     |
| Prima Bay Solar Energy Private Limited         | 100%      | Full Consolidation     |
| Darshita Hi-rise Private Limited               | 100%      | Full Consolidation     |
| Darshita Edifice Private Limited               | 100%      | Full Consolidation     |
| NABS Datazone Private Limited                  | 100%      | Full Consolidation     |
| Shirasa Regency Park Private Limited           | 100%      | Full Consolidation     |

Source: Company; ICRA Research

### Corrigendum

Rationale dated February 18, 2025 has been revised with changes as below:

- The number of assets and number of SPVs on page 1, page 2, page 4 and page 5 have been corrected and the 'private listed REIT' has been updated to 'listed REIT' on page 5 under company profile

## ANALYST CONTACTS

**Ashish Modani**

+91 20 6606 9912

[ashish.modani@icraindia.com](mailto:ashish.modani@icraindia.com)

**Anupama Reddy**

+91 40 6939 6427

[anupama.reddy@icraindia.com](mailto:anupama.reddy@icraindia.com)

**Tushar Bharambe**

+91 22 6169 3347

[tushar.bharambe@icraindia.com](mailto:tushar.bharambe@icraindia.com)

**Vishal R**

+91 44 4596 4300

[vishal.r@icraindia.com](mailto:vishal.r@icraindia.com)

**Chintan Chheda**

+91 22 6169 3363

[chintan.chheda@icraindia.com](mailto:chintan.chheda@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)



## ICRA Limited

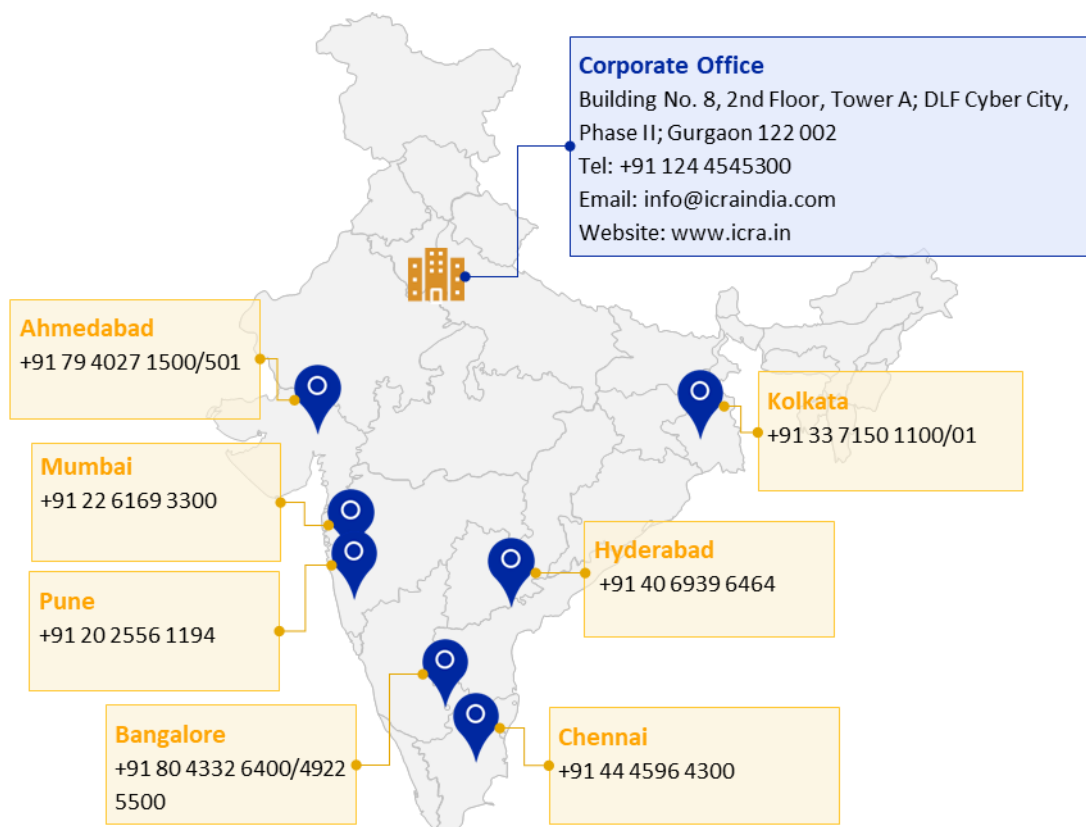


### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.