

December 02, 2025

Knowledge Realty Trust: [ICRA]AAA (Stable) assigned to proposed NCDs; reaffirmed for issuer rating and existing NCDs

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	-	1,600.00	[ICRA]AAA (Stable); assigned
Non-convertible debentures	1,600.00	1,600.00	[ICRA]AAA (Stable); reaffirmed
Issuer Rating	-	-	[ICRA]AAA (Stable); reaffirmed
Total	1,600.00	3,200.00	

*Instrument details are provided in Annexure I

Note: ICRA has undertaken a consolidated financial analysis of 34 SPVs housed under the trust, as enlisted in Annexure II. Out of these 34 SPVs, 26 SPVs have operational and under construction office assets across 6 locations with a total portfolio of 46.3 million square feet (msf), 4 SPVs handle the common area maintenance (CAM) of office buildings under the trust and balance 4 SPVs house solar power assets (1 operational and 3 under construction) for meeting part of the power requirement of some of the office buildings.

Rationale

The assigned rating factors in the strong business profile of the Knowledge Realty Trust (KRT/Trust), supported by its diversified portfolio of completed Grade A commercial office parks with presence across six cities, strong committed occupancy levels of ~92% as on September 30, 2025 and reputed tenants having healthy credit profiles. KRT is the second largest REIT (in terms of leasable area) in India with a portfolio of 46.3 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 2.0 times over the medium term as per ICRA's projections. The rating draws comfort from the SEBI REIT regulations that restrict¹ 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 gross loan to asset value (LTV) is ~20% as of September 2025 and is likely to remain under 30% in the medium term, thus providing exceptional financial flexibility to the trust. The trust's 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 2025, the REIT's operational portfolio included 27 operational office projects (housed under 25 entities) with 37.1 msf of leasable area, spread across Bengaluru, Hyderabad, Mumbai, Chennai, Ahmedabad and Gurugram. The operational portfolio had a healthy committed occupancy of ~92% as of September 2025 and included reputed multi-national and Indian corporates with the top five tenants accounting for 19% of the annualised rentals as of September 2025. Another three commercial office projects with a combined leasable area of around 9.2 msf (housed under three entities) are under construction and for future development.

ICRA notes that the Trust plans to raise NCDs of Rs. 1,600.0 crore at REIT level with lower interest rate, which will be primarily used to refinance the debt at the SPV level. On a consolidated basis, the REIT currently has a mix of LRDs/ term loans with amortising repayment structure and medium-term debt like NCDs with bullet maturities. So, the trust will remain exposed to

¹ For REIT, SEBI permits leverage upto 49% of the value of its assets

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 the trust arising out of expected low 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. While interest rates are linked to floating benchmark index, ICRA notes that KRT's low leverage provides adequate cushion to withstand sharp spike (100-200 bps) in interest cost in interim, if any.

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 REIT has a portfolio of 46.3 msf of operational and under-construction commercial office assets. The operations are diversified with 27 operational Grade-A commercial office projects comprising 37.1 msf of operational leasable area across Bengaluru, Hyderabad, Mumbai, Chennai, Ahmedabad and Gurugram. The operational portfolio had healthy committed occupancy of ~92% as on September 30, 2025 (91% as of March 2025) and included reputed multi-national and Indian corporates with the top five tenants accounting for ~19% of the annualised rentals as of September 2025. Another three commercial office projects with a combined leasable area of around 9.2 msf (housed under three entities) are under construction and for future development. The REIT has 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 leverage levels – The gross loan to asset value (LTV) is ~20% as of September 2025 (Net LTV² is 18%) and is likely to remain under 30% in the medium term, thus providing exceptional 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. The REIT is projected to have an external debt of around Rs. 12,000-13,000 crore and as per ICRA's base case scenario, the total debt/NOI is likely to remain comfortable at about 3.0-3.5 times and 5-year DSCR above 2.0 times over the medium term.

Established track record of REIT sponsors and manager – The trust's 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, 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 – On a consolidated basis, the REIT currently has a mix of LRDs/term loans with amortising structure and medium-term debt like NCDs 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

² Net LTV = (Gross debt – free cash & cash equivalents)/ valuation of assets

flexibility of the trust arising out of expected low 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 cyclicity – The company remains exposed to the inherent cyclicity in the real estate industry and vulnerability to external factors. ICRA notes that the tenant leases contributing to 6% and 5% of the total gross rentals will be due for expiry in H2 FY2026 and FY2027 respectively. 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 rise in interest rates, though adequate cushion is expected to be available to mitigate the risk.

Environmental and social risks

Environmental considerations – The real estate segment is exposed to risks of increasing environmental norms affecting operating costs, including higher costs of raw materials such as building materials and cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can impact its business operations. The effect of changing environmental regulations on licenses for property development could also create credit risks.

Social considerations – The downside social risks faced by REITs like KRT could be said to be low. The demand for commercial office space, particularly those with good ancillary infrastructure and connectivity has been growing in India as the service economy expands. While there could be societal trends like preference for work-from-home, which could weigh on demand, on balance, the tailwinds for commercial real estate remain reasonably strong. Further, rapid urbanisation and a large working age population will support the demand for commercial real estate in India and benefit REITs like KRT.

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 in the near term.

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	Corporate Credit Rating Methodology Real Estate Investment Trusts (REITs)
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the combined financials of the issuer (list of entities in Annexure II).

About the trust

Knowledge Realty Trust was listed on the BSE/NSE on August 18, 2025. The REIT has a portfolio of 46.3 msf of operational and under-construction office assets spread across six locations in India. The Blackstone Group and Sattva Group are the co-sponsors for the REIT. Knowledge Realty Office Management Services Private Limited is the Investment Manager for the trust.

The trust is sponsored by The Blackstone Group and the Sattva Group, who 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.

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 (FY2026)					Chronology of rating history for the past 3 years					
	FY2026					FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs. crore)	Dec 02, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	-	[ICRA]AAA (Stable)	Sep 05, 2025	[ICRA]AAA (Stable)	Feb 18, 2025	Provisional [ICRA]AAA (Stable)	-	-	-	-
				Sep 16, 2025	[ICRA]AAA (Stable)	-	-	-	-	-	-
NCD	Long Term	1,600.0	[ICRA]AAA (Stable)	Sep 16, 2025	[ICRA]AAA (Stable)	-	-	-	-	-	-
NCD [^]	Long Term	1,600.0	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-

[^]proposed NCD

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	Simple
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
INE1JAR07010	NCD	9/26/2025	7.20%	9/26/2028	1,600.00	[ICRA]AAA (Stable)
NA	Proposed NCD	NA	NA	NA	1,600.00	[ICRA]AAA (Stable)
NA	Issuer rating	NA	NA	NA	-	[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
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
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 LLP	100%	Full Consolidation

Company Name	Ownership	Consolidation Approach
NABS Datazone Private Limited	100%	Full Consolidation
Shirasa Regency Park Private Limited	100%	Full Consolidation

Source: Company; ICRA Research

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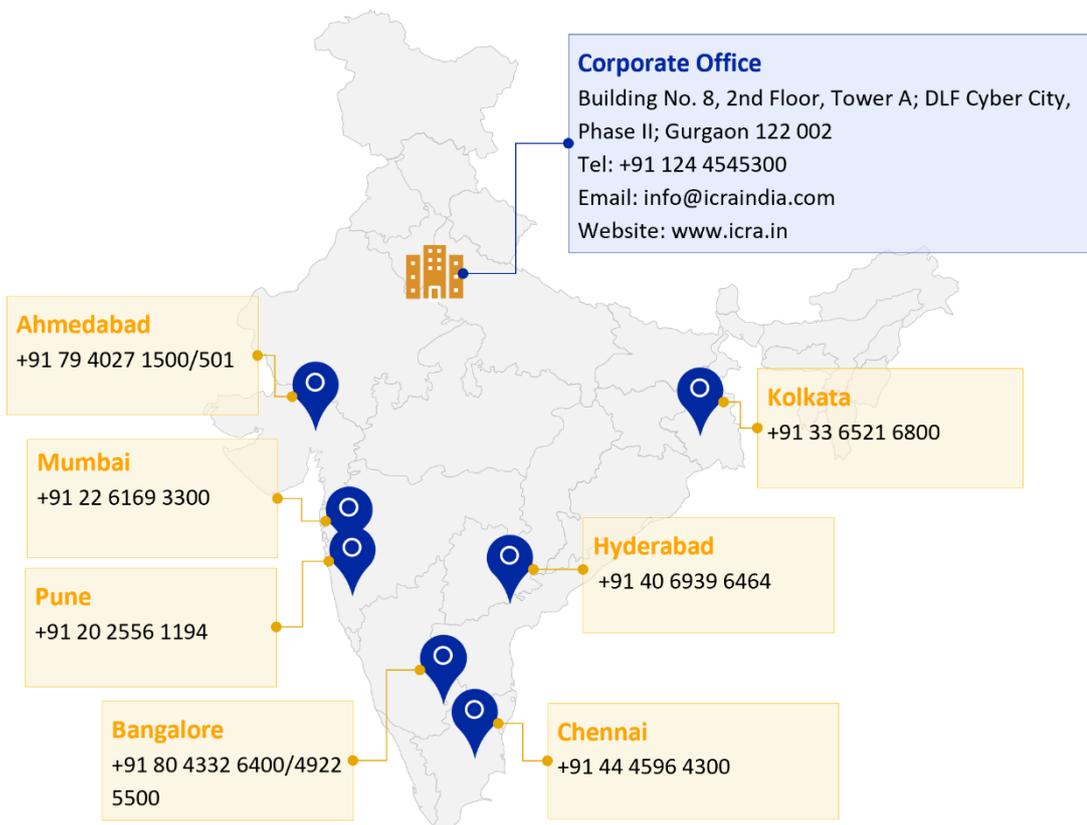


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