March 03, 2026

Arliga Azure Projects Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	1513.66	[ICRA]A (Stable); assigned
Long-term – Unallocated	1.34	[ICRA]A (Stable); assigned
Total	**1515.0**	

**Instrument details are provided in Annexure-I*

Rationale

The rating assigned to Arliga Azure Projects Private Limited (AAPPL) factors in the healthy occupancy of the office assets, backed by favourable location and adequate debt service coverage ratio (DSCR) during FY2027-2029 due to low repayment obligations. At present, AAPPL houses three assets – Azure, Centennial and NXT with 1.85 million square feet (msf) of leasable area and committed occupancy of 94% as of January 2026. The rating notes the favourable location of the assets – Azure in Hebbal, Centennial and NXT in Whitefield, Bengaluru, which are strategically situated in prime locations whose micromarkets are major hubs for IT/ITeS companies, thereby enhancing their marketability. Aided by the healthy leasing pipeline, the occupancy of the assets is expected to improve further in the near term. The rating considers the reputed sponsor profile of AAPPL, driven by the Brookfield Group through BSREP III New York FDI I (DIFC) Limited. The Brookfield Group is one of the world's largest alternative asset managers, with more than a decade of experience of operating in India. It has more than ~USD 13 billion in assets under management (AUM) as of December 2025, which provides strong financial flexibility.

The rating, however, remains constrained by the expected elevated leverage levels for the company with total external debt/net operating income (NOI) estimated at 8.5 – 9.0 times as of March 2027. Owing to modest repayment obligations in the medium term (till FY2029), the leverage is unlikely to improve materially. Nevertheless, the coverage metrics remains adequate in the interim. In the subsequent years, ICRA expects resizing of debt or monetisation should help in deleveraging of the asset and improve its coverage metrics. The cash surplus in the interim is likely to retain in the SPV, which should continue to aid the liquidity position. The company faces moderate tenant concentration risk as 47% of the total leasable area is occupied by top 5 tenants as of January 2026. The rating notes the vulnerability of debt coverage ratios to changes in interest rate or any material reduction in occupancy levels of the assets. However, the risks are partially mitigated by the established operational track record of the assets, a strong tenant profile and competitive rentals.

The Stable outlook on the rating reflects ICRA's belief that the company will benefit from the favourable location of the assets, healthy occupancy levels, along with the strong financial flexibility associated with the sponsor group.

Key rating drivers and their description

Credit strengths

Healthy occupancy backed by favourable asset locations – AAPPL houses three assets – Azure, Centennial and NXT with 1.85 msf of leasable area and committed occupancy of 94% as of January 2026. The rating factors in the favourable location of the assets – Azure in Hebbal, Centennial and NXT in Whitefield, Bengaluru, which are strategically situated in prime locations whose micromarkets are major hubs for IT/ITeS companies, thereby enhancing their marketability. Backed by healthy leasing pipeline, the occupancy of the assets is expected to improve further in the near term. In addition, AAPPL has adequate DSCR during FY2027-2029 of >1.20 times due to lower repayment obligations.

Reputed sponsor group with established track record provides strong financial flexibility –The Brookfield Group is one of the largest real estate investment managers globally. In India, through its affiliates, Brookfield has an established track record of more than a decade, with more than USD 13 billion of real estate AUM as of December 2025. The portfolio is likely to benefit from the experienced management team and strong parentage, which provided strong financial flexibility and will support the asset SPVs in case of any liquidity requirements.

Credit challenges

Eleveated leverage and exposure to moderate tenant concentration risk – AAPPL is expected to have elevated leverage levels with total external debt/NOI estimated at 8.5 – 9.0 times as of March 2027. The debt levels are likely to remain elevated in the near to medium term as the company has low principal repayment obligations during FY2027-2029, post which the leverage is likely to moderate. In the subsequent years, ICRA expects re-sizing of debt or monetisation should help in deleveraging of the asset and improve its coverage metrics. The cash surplus in the interim is likely to retain in the SPV, which should continue to aid the liquidity position. The company faces moderate tenant concentration risk as 47% of the total leasable area is occupied by top 5 tenants as of January 2026. However, the risk is partially mitigated by the established operational track record of the assets, a strong tenant profile and competitive rentals.

Exposure to cyclicality in commercial real estate – The company remains exposed to the inherent cyclicality in the real estate industry and is susceptible to external factors. The rating notes the vulnerability of its debt coverage metrics to changes in interest rates or material reduction in occupancy levels.

Liquidity position: Adequate

AAPPL's liquidity position is adequate, supported by free cash and bank balances of Rs. 11 crore as on December 31, 2025, apart from debt service reserve account (DSRA) balance of Rs. 12.3 crore (one month principal + interest obligation). The company does not have any principal repayment obligations until July 2027. Its cash flows from operations are expected to remain comfortable to service debt obligations in FY2028 and FY2029. AAPPL does not have significant debt funded capex plans in medium term.

Rating sensitivities

Positive factors – The rating can be upgraded if the company is able to sustain high occupancies and material reduction in indebtedness leading to improvement in leverage and coverage metrics on a sustained basis. Specific credit metric for an upgrade includes total external debt/NOI of less than 6.0 times on a sustained basis

Negative factors – Pressure on the rating could emerge if there is a material decline in occupancy or a significant increase in indebtedness, resulting in a deterioration of debt protection metrics on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Realty - Lease Rental Discounting (LRD) Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

About the company

Arliga Azure Projects Private Limited (AAPPL) is 100% held by Brookfield Asset Management (BAM) managed fund (BSREP III New York FDI I (DIFC) Limited). At present, it houses three operational commercial office parks – Azure, NXT, Centennial located in Bengaluru. The company has a leasable area of 1.85 msf with a committed occupancy of 94% as of January 2026.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	59.1	64.2
PAT	25.1	-1.7
OPBDIT/OI	67.7%	70.3%
PAT/OI	42.5%	-2.6%
Total outside liabilities/Tangible net worth (times)	7.7	3.6
Total debt/OPBDIT (times)	6.6	4.0

Interest coverage (times)	1.2	1.8

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

Note: The assets – Centennial and NXT got added to AAPPL in Q3 FY2026

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	March 03, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long Term	1513.66	[ICRA]A (Stable)	-	-	-	-	-	-	-	-
Unallocated limits	Long Term	1.34	[ICRA]A (Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	Simple
Unallocated limits	NA

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	**Term loan**	FY2024	NA	FY2039	1513.66	[ICRA]A (Stable)
NA	**Unallocated**	NA	NA	NA	1.34	[ICRA]A (Stable)

Source: Company

Please Click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation approach

Source: Company

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Abhishek Lahoti
+91 40 6939 6433
abhishek.lahoti@icraindia.com

Valapreddy Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

D Mohammed Rabbani
+91 40 6939 6422
d.rabbani@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Registered Office

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

Branches