

March 26, 2026

Prestige Falcon Business Parks: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	700.00	700.00	[ICRA]A+ (CE) (Stable); reaffirmed
Total	700.00	700.00	

Rating Without Explicit Credit Enhancement

[ICRA]BBB+

*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

Rationale

The rating of [ICRA]A+ (CE) for the long-term fund-based limits of Prestige Falcon Business Parks (PFBP) factors in the strength of an unconditional and irrevocable corporate guarantee provided by Prestige Estates Projects Limited (PEPL), rated at [ICRA]A+(Stable)/ [ICRA]A1, the holding company of PFBP. The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, PEPL.

The ratings considers Prestige Group's established operational track record in the real estate industry and its strong project execution capabilities. PFBP is developing a commercial project of Grade-A office space, known as Prestige Tech Forest, in Varthur, Bengaluru, with a gross area of 2.44 million square feet (msf), of which PFBP's share is 68% (1.66 msf). Further, of this 1.66 msf, the firm has designated 1.13 msf towards leasing, while the remaining 0.53 msf is for sale, with 0.50 msf sold as of December 2025. The rating derives comfort from the favourable location of the project at Varthur, Bengaluru, which enhances its marketability and is expected to translate into adequate pre-leasing tie-ups till its completion. PFBP's credit profile remains exposure to execution and market risks. The firm is exposed to residual execution risk with 17% of the total project cost for its ongoing commercial project yet to be incurred. Moreover, no leasing tie-ups are secured as of December 2025, resulting in significant market risk. Nonetheless, the project's favourable location and advanced stages of construction, along with the Prestige Group's established track record in execution and leasing of commercial real estate projects mitigate this risk to an extent. Any significant delays in achieving leasing tie-ups at adequate rental rates for the project could adversely impact its ability to refinance the construction finance (CF) loan availed for this project. Nevertheless, PFBP has sufficient time to achieve adequate leasing tie-ups for refinancing the bullet repayment for the CF loan falling due in September 2027. The rating notes the vulnerability of the firm to inherent cyclicity in commercial real estate sector.

Adequacy of credit enhancement

For assigning the ratings, ICRA has assessed the attributes of the guarantee issued by PEPL in favour of the said facilities. The corporate guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument, and has the other relevant attributes specified in ICRA's methodology for considering a credit enhancement. The payment mechanism is post-default in nature. Given these attributes, the guarantee provided by PEPL results in an enhancement in the rating of the said instrument to [ICRA]A+ (CE) against the rating of [ICRA]BBB+ without explicit credit enhancement. In case the ratings of the guarantor or the unsupported ratings of PFBP change in future, the same would have a bearing on the ratings of the aforesaid facilities. The ratings of these facilities may also change in a scenario, whereby, in

ICRA's assessment, there is a change in the strength of the business linkages between the guarantor and the rated entity, or in the reputation sensitivity of the guarantor to a default by the rated entity, or in the strategic importance of the rated entity for the guarantor.

Salient covenants of the rated facility

- Debt to equity to be a maximum of 1.58:1
- Fixed asset coverage ratio (FACR) should be a minimum of 1.5 times.

Key rating drivers and their description

Credit strengths

Corporate guarantee from PEPL – The rated instrument is backed by a corporate guarantee from PEPL. The guarantee is legally enforceable, irrevocable, unconditional, and covers the entire amount and tenor of the rated instrument, and has the other relevant attributes specified in ICRA's methodology for considering a credit enhancement. The payment mechanism is post-default in nature.

Strong promotor group with established track record – The Prestige Group has over 39 years of extensive experience in real estate development. It is one of the leading real estate developers in South India and is expanding its presence in Mumbai and NCR. As of December 2025, the Group has successfully delivered 313 projects totalling around 206 msf, including 50 msf in the commercial segment. It has developed a diversified portfolio of real estate projects focussing on residential, commercial, hospitality and retail segments and offers a variety of services such as property management services, sub-leasing and fit-out services. Currently, the Group has 65 ongoing projects with a total developable area of around 126 msf including 22 msf in commercial segment.

Favourable location of project – The commercial project, Prestige Tech Forest, is located in Varthur, Bengaluru, which forms part of the larger Whitefield–Outer Ring Road commercial corridor and is an upcoming area for commercial office property. Further, the project is accessible from major residential catchments like Whitefield, Brookfield and Sarjapur Road. The project's favourable location has driven strong sales traction, with 95% of the 0.53 msf being sold as of December 2025 and is expected to similarly translate into adequate pre-leasing status by the scheduled completion.

Credit challenges

Exposure to high market risk and residual execution risks – As the project is still under-construction with 17% of the overall project cost yet to be incurred as of December 2025, it remains susceptible to residual execution risk. Further, PFBP has no leasing tie-ups in place, exposing it to market risk. Nonetheless, the favourable location and advanced stage of the project, along with Prestige Group's established track record in leasing commercial real estate projects, partially mitigates these risks.

Exposure to refinancing risk – The firm is exposed to refinancing risk owing to the bullet repayment structure of the CF loan and its dependence on timely achievement of leasing tie-ups and commencement of lease rentals, with any material delay likely to pressure cash flows and adversely affect its ability to refinance the CF loan. However, supported by the long residual tenor, the firm has adequate headroom to conclude sufficient leasing arrangements to enable refinancing of the bullet repayment obligation, which is due in September 2027.

Exposure to cyclicity in commercial real estate – The firm remains exposed to the inherent cyclicity 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

For the rated entity (PFBP): Adequate

On a standalone basis, PFBP's liquidity profile is adequate. The remaining project cost is around Rs. 191 crore as of December 2025 is expected to be funded primarily by undrawn debt of Rs. 162 crore and balance by collections from customers.

For the guarantor (PEPL): Adequate

The company's liquidity profile is adequate, with unencumbered cash and liquid investments of Rs. 2,365.5 crore as on September 30, 2025. ICRA expects PEPL's debt servicing obligations (P+I) to be serviced comfortably from its CFO. Further, it has significant capex of Rs. 5,100-5,300 crore in FY2026 and Rs. 5,900-6,100 crore in FY2027 towards the commercial office and hospitality division, which is likely to be met by a mix of debt funding and internal accruals.

Rating sensitivities

Positive factors – Timely commencement of rentals and healthy collections from the sale of commercial project resulting in healthy debt protection metrics, along with an improvement in the credit profile of the guarantor, PEPL, could result in a rating upgrade.

Negative factors – Downward pressure on the rating could emerge if there is a delay in ramp-up leasing at adequate rental rates impacting the company's ability to timely refinance the CF loan. Additionally, deterioration in the credit profile of the guarantor, PEPL or the weakening of business linkages or strategic importance of the company towards the guarantor could also put pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Realty – Commercial/Residential/Retail
Parent/Group support	Parent Company: Prestige Estates Projects Limited (PEPL) ICRA expects the ultimate parent PEPL; rated [ICRA] A+(Stable)/ [ICRA] A1, to provide timely financial support to the company for funding any shortfall given their close financial linkages, the company's strategic importance for the parent and the parent's reputation sensitivity to default. Moreover, PEPL has provided an irrevocable, unconditional corporate guarantee to the rated bank facility of PFBP.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

About Prestige Falcon Business Parks

Prestige Falcon Business Parks (PFBP) is a partnership firm incorporated on July 14, 2021, to carry out commercial real estate business in India. PFBP was reconstituted on March 28, 2024, with the retirement of Prestige Office Ventures as the partner and the admission of Prestige Exora Business Parks Limited (PEBPL) as new partner. As on date, 99% profit-sharing ratio is with Prestige Estates Projects Limited (PEPL) and remaining 1% by PEBPL. It is developing a project, known as Prestige Tech Forest, in Varthur, Bengaluru, with a gross area of 2.44 msf (firm's share- 68%) of Grade-A office space with DCCO of September 2027. Of the 0.53 msf allocated for commercial sale, 0.50 msf has been sold as of December 2025.

Key financial indicators: Not applicable being a project company.

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					
	Type	Amount Rated (Rs. crore)	March 26, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	700.00	[ICRA]A+ (CE) (Stable)	December 18, 2024	[ICRA]A+ (CE) (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple

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	April 2023	NA	September 2027	700.00	[ICRA]A+ (CE) (Stable)

Source: Firm

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Ashish Modani
+91 20 6606 9912
ashish.modani@icraindia.com

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

Pulkit K Varshney
+91 80 4332 6427
pulkit.varshney@icraindia.com

Sanjay Virani
+91 40 6939 6417
sanjay.virani@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



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