

July 21, 2026

Knowledge Realty Trust: Rating reaffirmed and assigned for fresh non-convertible debenture

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator^
Non-convertible debentures	1,600.00	1,600.00	[ICRA]AAA (Stable); reaffirmed	SEBI
Non-convertible debentures	1,000.00	1,000.00	[ICRA]AAA (Stable); reaffirmed	SEBI
Non-convertible debentures	600.00	600.00	[ICRA]AAA (Stable); reaffirmed	SEBI
Non-convertible debentures	-	1,000.0	[ICRA]AAA (Stable); assigned	SEBI
Issuer Rating	-	-	[ICRA]AAA (Stable); reaffirmed	-@
Total	3,200.00	4,200.00		

*Instrument details are provided in Annexure I

^SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

@Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed

Note: ICRA has undertaken a consolidated financial analysis of 38 SPVs housed under the Trust, as enlisted in Annexure II. Out of these 38 SPVs, 30 SPVs have operational and under-construction office assets across six locations with a total portfolio of 46.4 million square feet (msf), four SPVs handle the common area maintenance (CAM) of office buildings under the Trust and balance four SPVs house solar power assets (three operational and one under construction) for meeting part of the power requirement of some of the office buildings

Rationale

The rating reaffirmation factors in the sustained strong committed occupancy levels of ~92% as on March 31, 2026 across a diversified portfolio of completed Grade-A commercial office parks with presence across six cities resulting in a strong business profile of the Knowledge Realty Trust (KRT/Trust). The Trust continues to have reputed tenants having healthy credit profiles. KRT is the second largest REIT (in terms of leasable area) in India with a portfolio of 46.5 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 3.0-3.5 times and five-year debt service coverage ratio (DSCR) above 2.0 times over the medium term as per ICRA's projections. Further, the SEBI REIT regulations 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 ~18% as of March 2026 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 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 March 2026, the REIT's operational portfolio included 27 operational office projects (housed under 29 entities) with 37.2 msf of leasable area, spread across Bengaluru, Hyderabad, Mumbai, Chennai, Ahmedabad and Gurugram. The

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

operational portfolio had a healthy committed occupancy of ~92% as of March 2026, which provides stable cash flows, thus lending strong financial flexibility. The tenants include reputed multinational and Indian corporates with the top five tenants accounting for 18% of the annualised rentals as of March 2026. Another three commercial office projects with a combined leasable area of 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. 1,000.0 crore at REIT level, 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. Hence, 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 the Trust arising out of the expected low leverage. The credit profile remains exposed to the possible increase in leverage due to any large potential future debt-funded acquisitions. Nevertheless, 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 ensuring 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 46.4 msf of operational and under-construction commercial office assets. The operations are diversified with 27 operational Grade-A commercial office projects comprising 37.2 msf of operational leasable area across Bengaluru, Hyderabad, Mumbai, Chennai, Ahmedabad and Gurugram. The office market outlook across these cities remains favourable, supported by healthy demand and increasing preference for premium quality assets. The operational portfolio had a healthy committed occupancy of ~92% as on March 31, 2026 (91% as of March 2025) and included reputed multinational and Indian corporates with the top five tenants accounting for 18% of the annualised rentals as of March 2026. 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 (three operational and one under construction) for meeting part of the power requirement of the REIT's office buildings.

Low leverage levels – The gross LTV is ~18% as of March 2026 (Net LTV² is 18%) and is likely to remain under 30% in the medium term, thus providing exceptional financial flexibility to the Trust. Further, the SEBI REIT regulations 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 Rs. 12,000-13,000 crore and as per ICRA's base case scenario, the total debt/NOI is estimated to remain comfortable at 3.0-3.5 times and five-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 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 ~74 msf of completed saleable area in the residential segment and leasable

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

area in the commercial office segment. The portfolio is likely to benefit from the experienced management team and strong parentage.

Credit challenges

Exposure to refinance risk – 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 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 rating. Nevertheless, 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 cyclical risk – The company remains exposed to the inherent cyclical risk in the real estate industry and vulnerability to external factors. The tenant leases contributing to 5% of the total gross rentals will be due for expiry in FY2027. However, the vacancy risk is partly mitigated by favourable location and premium asset quality. The debt coverage indicators remain susceptible to any considerable decline in vacancy levels. Nevertheless, 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.

Environment 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 licences for property development could also create credit risks.

Social considerations – The 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	For arriving at the rating, ICRA has consolidated the financials of KRT and its subsidiaries (list of entities in Annexure II).

Note: ICRA has undertaken a consolidated financial analysis of 39 SPVs housed under the Trust, as enlisted in Annexure II. Out of these 39 SPVs, 31 SPVs have operational and under-construction office assets across six locations with a total portfolio of 46.5 million square feet (msf), four SPVs handle the common area maintenance (CAM) of office buildings under the Trust and balance four SPVs house solar power assets (three operational and one under construction) for meeting part of the power requirement of some of the office buildings.

About the company

Knowledge Realty Trust was listed on the BSE/NSE on August 18, 2025. The REIT has a portfolio of 46.4 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

KRT (Consolidated)	FY2026
Operating income	3,046.6
PAT	375.4
OPBDIT/OI	80.7%
PAT/OI	12.3%
Total outside liabilities/Tangible net worth (times)	0.3
Total debt/OPBDIT (times)	5.0
Interest coverage (times)	3.6

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	July 21, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Non-convertible Debenture	Long Term	1,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-
Non-convertible Debenture	Long Term	1,000.00	[ICRA]AAA (Stable)	Sep 16, 2025	[ICRA]AAA (Stable)	-	-	-	-
				Dec 02, 2025	[ICRA]AAA (Stable)	-	-	-	-
				Mar 30, 2026	[ICRA]AAA (Stable)	-	-	-	-
Non-convertible Debenture	Long Term	1,600.00	[ICRA]AAA (Stable)	Sep 16, 2025	[ICRA]AAA (Stable)	-	-	-	-
				Dec 02, 2025	[ICRA]AAA (Stable)	-	-	-	-
				Mar 30, 2026	[ICRA]AAA (Stable)	-	-	-	-
Non-convertible Debenture[^]	Long Term	600.00	[ICRA]AAA (Stable)	Dec 02, 2025	[ICRA]AAA (Stable)	-	-	-	-
				Mar 30, 2026	[ICRA]AAA (Stable)	-	-	-	-
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)	-	-	-	-
				Dec 02, 2025	[ICRA]AAA (Stable)	-	-	-	-
				Mar 30, 2026	[ICRA]AAA (Stable)	-	-	-	-

[^]proposed NCD

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	NA
Non-convertible Debenture	Complex
Non-convertible Debenture	Complex
Non-convertible Debenture	Complex
Non-convertible Debenture	Complex

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](https://www.icra.in)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator^
INE1JAR07010	NCD	9/26/2025	7.20%	9/26/2028	1,600.00	[ICRA]AAA (Stable)	SEBI
INE1JAR07028	NCD	2/9/2026	7.54%	5/8/2029	1,000.00	[ICRA]AAA (Stable)	SEBI
INE1JAR07036	NCD	6/19/2026	7.54%	2/21/2029	600.00	[ICRA]AAA (Stable)	SEBI
NA	Proposed NCD	NA	NA	NA	1,000.00	[ICRA]AAA (Stable)	SEBI
NA	Issuer rating	NA	NA	NA	-	[ICRA]AAA (Stable)	-@

Source: Company

^SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

@Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed

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

Company Name	Ownership	Consolidation Approach
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
Devbhumi Elixir Realty Private Limited	100%	Full Consolidation
Devbhumi Novamagma Projects Private Limited	100%	Full Consolidation
Devbhumi Opal Realty Ventures Private Limited	100%	Full Consolidation
Devbhumi Orwell Realty Private Limited	100%	Full Consolidation
One Unity Center Private Limited	100%	Full Consolidation

Source: Trust; ICRA Research

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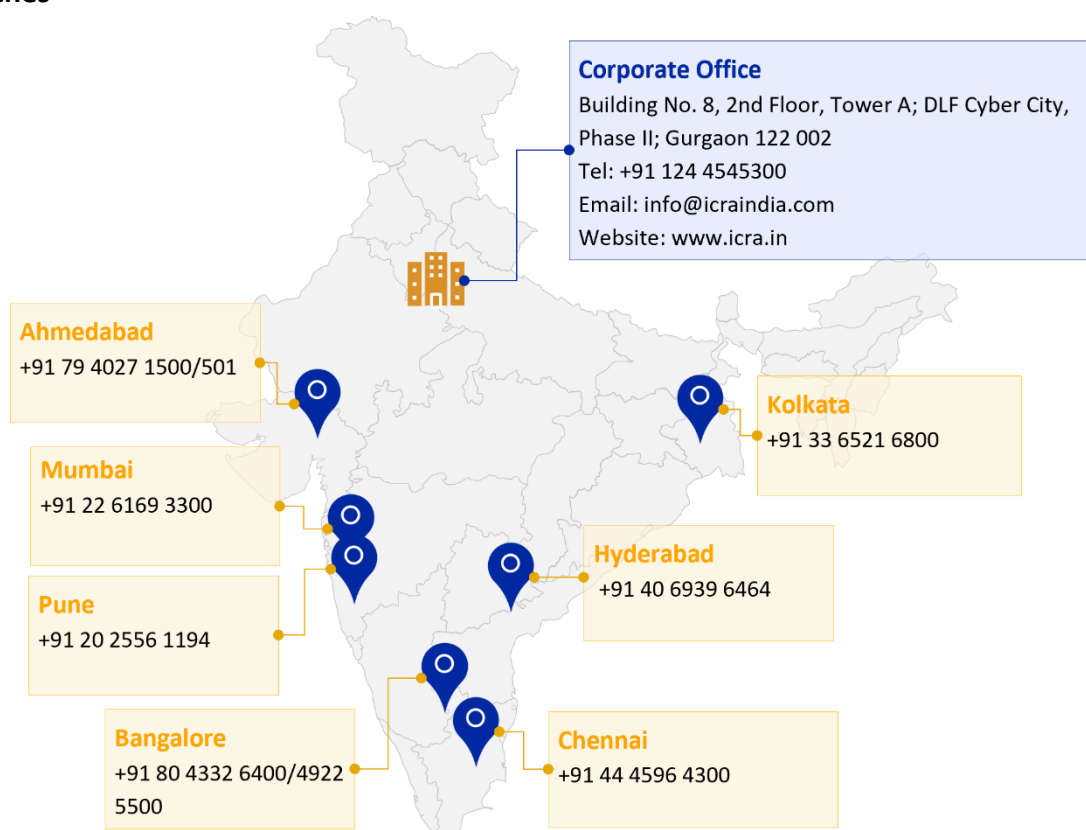
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