August 04, 2026

BAGMANE PRIME OFFICE REIT: [ICRA]AAA (Stable); provisional rating finalised

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Issuer rating	-	-	[ICRA]AAA (Stable); Provisional rating finalised	-@
Total	-	-		

**Instrument details are provided in Annexure I*

@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

#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.

ICRA has finalised the provisional issuer rating assigned to Bagmane Prime Office REIT[1] (Bagmane REIT/Trust) at [ICRA]AAA (Stable). The finalisation of the provisional rating takes into consideration the completion of the transfer of three special purpose vehicles (SPVs) to the Trust and issuance of units in line with the terms during the time of provisional rating assignment.

Rationale

The assigned rating factors in the Bagmane REIT's strong committed occupancy of ~99% as on December 31, 2025 (operational occupancy of ~96%) across its completed portfolio of 16.6 million square feet (msf), reputed tenant profile, low leverage (Gross LTV of 7.1% at the time of listing) and robust debt coverage metrics. The occupancy levels are expected to sustain in the medium term, supported by its favourable location and strong demand from marquee tenants such as Google, Amazon, Texas Instruments, Samsung, and Volvo, etc. The rating also positively factors in the draws comfort from the low leverage ratios as reflected by expected total debt/Net Operating Income (NOI) of 1.5-1.7 times as of March 2027 (FY2026 estimated level stood at around 1.70 times) and loan to asset value (LTV[2]) of under 30% in the medium term, providing exceptional financial flexibility. Backed by low leverage levels as well as healthy NOI, the debt coverage metrics are likely to remain robust with five-year debt service coverage ratio (DSCR) of above 2.5 times during FY2027-FY2031. Further, the regulatory framework under SEBI REIT[3] guidelines, restrict the aggregate consolidated borrowings and deferred payments for the REIT and its SPVs, thereby limiting leverage and exposure to under-construction assets. The rating derives comfort from the established track record of the sponsor, Bagmane Group, which has delivered over 29 msf of Grade A office space in Bengaluru over the past two decades, attracting marquee multinational tenants and maintaining healthy occupancy levels across its portfolio.

On a consolidated basis, the Bagmane REIT is expected to have a mix of lease rental discounting (LRDs) with an amortising structure and debt with bullet maturities in the medium term, exposing it to refinancing risks got part of the debt with bullet repayments. However, the risk is likely to be mitigated to an extent with tranching of the issuances with well-spreadout maturities and the financial flexibility of the Trust arising out of the 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

[1] *Bagmane Prime Office REIT (Bagmane REIT/Trust), a real estate investment trust (REIT), is sponsored by Bagmane group through entity, Bagmane Realty and Infrastructure LLP (BRILLP), and is managed by Bagmane Realty Investment Manager Private Limited (BRIMPL). ICRA has undertaken a consolidated financial analysis of one special purpose vehicle (SPVs), Bagmane Developers Private Limited (BDPL) and its two subsidiaries, as enlisted in Annexure II.*

[2] *Net LTV = (Gross debt – free cash & cash equivalents)/valuation of asset*

3 For REIT, SEBI permits leverage upto 49% of the value of its assets restriction on leverage and under-construction portfolio, along with the management's guidance to maintain prudent capital structure will mitigate the risk to some extent. Additionally, the portfolio's current concentration in Bengaluru limits geographical diversification, but this risk is expected to reduce over time with planned acquisitions of Grade A assets in other major cities and development of land parcels in Chennai and the National Capital Region (NCR).

Bagmane REIT's cash flows and coverage metrics remains exposed to inherent cyclicality in the real estate industry, and associated vulnerability to external factors. While the Trust is exposed to vacancy risk, the past track record of its assets maintaining healthy (over 90%) occupancy during the Covid-19 period provides comfort. Further, the long-term lease tenures of 5-15 years and substantial fitout investments by tenants provide medium-term rental visibility and mitigate the vacancy risk to an extent. The robust DSCR allows comfortable buffer to withstand risks associated with volatility in interest rate and its impact on coverage metrics.

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

Key rating drivers and their description

Credit strengths

Healthy occupancy across the completed portfolio and strong tenant profile – As on December 31, 2025, the asset portfolio of the REIT includes completed office space area of 16.6 msf and under-construction/future development area of 3.0 msf. It consists of two under-construction hotels and solar assets with an annual aggregate capacity of 164.4 MW (DC), of which 91.9 MW is operational as on December 31, 2025. The operational office space area reported a strong occupancy of around ~96% and committed occupancy of ~99% as on December 31, 2025, which is expected to sustain over the medium term, supported by the favourable location, superior asset quality and good track record of tenant stickiness owing to completive rentals in most of the assets. The tenant profile is diversified comprising marquess names such as Google, Amazon, Texas Instrument, Samsung, Volvo, etc, with top ten tenants generating ~44% of the annualised rentals as of December 2025. The substantial fitout investments by tenants and long-term lease tenures mitigate the vacancy risk to an extent and provide rental visibility.

Low leverage and robust debt coverage metrics – The LTV (on net basis) is expected to be around 7.5-8% as on March 31, 2027 and is expected to remain below 30% in the medium term, thus providing exceptional financial flexibility. 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, providing some comfort. ICRA expects Bagmane REIT's debt to be around Rs. 3,300-3,500 crore by March 2027, with low leverage as reflected by total debt/annualised NOI of 1.5–1.7 times as of March 31, 2027 and robust debt coverage metrices with five-year average DSCR of above 2.5 times during FY2027-FY2031.

Established track record of REIT sponsor and manager – The Bagmane REIT's sponsor, Bagmane Group, has an established presence in the domestic commercial office segment, with a strong track record of developing and operating Grade A office spaces in Bengaluru. The Group has delivered around 29 msf of commercial office space during the past two decades, attracting marquee multinational tenants and maintaining healthy occupancy levels across its assets. The sponsor's demonstrated capability in construction, leasing and asset management, along with its established market position, provides comfort regarding the operational stability of the portfolio.

Credit challenges

Exposure to refinance risk – On a consolidated basis, the REIT is expected to have a mix of LRDs with amortising structure and medium-term debt with bullet maturities. As a result, the Trust will remain exposed to the refinancing risk for part of debt with bullet repayments. However, the risk is likely to be mitigated to an extent with the tranching of issuances with well-spreadout maturities and the financial flexibility of the Trust arising out of low expected leverage. Further, 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. Nevertheless, ICRA draws comfort from the management's strategy that the new acquisition would be funded such that the overall leverage remains comfortable.

Exposure to geographical concentration risk – The REIT's asset portfolio remains concentrated in Bengaluru, resulting in limited geographical diversification at present. However, the risk is mitigated to an extent with REIT's stated strategy to acquire Grade A assets in other major cities over the medium to long term. Further, the Bagmane Group's planned office developments on its Chennai and NCR land parcels provide a potential pipeline for future geographical diversification.

Vulnerability of commercial real estate sector to cyclicality – The company remains exposed to the inherent cyclicality in the real estate industry and vulnerability to external factors. Further, tenants accounting to 13% and 20% of the total leased area will be due for expiry in Q2-Q4 FY2027 and FY2028, respectively, exposing it to vacancy risk. 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 the tenants, which increase the tenant stickiness to an extent. Additionally, the debt coverage indicators remain susceptible to significant increase in interest rates. However, the low leverage and adequate cushion in coverage metrics provides comfort.

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 licences for property development could also create credit risks.

Social considerations – The social risks faced by REITs like Bagmane REIT 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 Bagmane REIT.

Liquidity position: Strong

The liquidity position of the Trust 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 adequate to cover its debt servicing obligations. Additionally, the Bagmane REIT has cash and cash equivalents of Rs. 464.0 crore as on December 31, 2025 and has capex plans of Rs. 1300-1400.0 crore in FY2027, which is expected to be funded via debt.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Decline in occupancy below 80% for 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 30%, 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) Policy on Provisional Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the combined financials of the. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Bagmane Prime Office REIT was listed on the BSE/NSE on May 14, 2026. The REIT has a portfolio of six operational office projects in Bengaluru with an aggregate leasable area of 16.6 msf, along with under-construction/future-development area of 3.0 msf as of December 31, 2025. In addition, the portfolio includes two under-construction hotels with 607 keys, expected to be operational by FY2029, and operational as well as under-construction solar energy assets for captive consumption. The Trust is sponsored by Bagmane Group and Bagmane Realty Investment Manager Private Limited is the Investment Manager for the Trust.

Key financial indicators (audited)

Combined Financials – Bagmane Prime Office REIT	FY2024	FY2025	9M FY2026
Operating income	2,205.4	2,370.8	1,942.9
PAT	809.9	897.1	829.0
OPBDIT/OI	77.6%	79.6%	83.1%
PAT/OI	36.7%	37.8%	42.7%
Total outside liabilities/Tangible net worth (times)	4.5	3.5	1.9
Total debt/OPBDIT (times)	2.3	2.0	1.4
Interest coverage (times)	4.8	4.8	6.4

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					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	August 04, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	0.00	[ICRA]AAA (Stable)	Dec 29, 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	Financial sector regulator#
NA	**Issuer rating**	NA	NA	NA	0.00	[ICRA]AAA (Stable)	-@

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	Bagmane REIT Ownership as on June 30, 2026	Consolidation Approach
Bagmane Developers Private Limited	100%	Full consolidation
Bagmane Rio Private Limited	93%	Full consolidation
Bagmane Green Power Private Limited*	100%	Full consolidation

Source: Company; *Bagmane Green Power LLP converted to Bagmane Green Power Private Limited wef July 01, 2026

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ABOUT ICRA LIMITED

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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.

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