

December 17, 2024

Exora Business Park Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loans	1250.00	1250.00	[ICRA]A+ (Stable); reaffirmed
Total	1250.00	1250.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation factors in the favourable location of the commercial office project, Exora Business Park, housed under Exora Business Park Private Limited (EBPPL) on Outer Ring Road East, in Bengaluru, enhancing the marketability and strong debt coverage metrics. The committed occupancy of the project improved to 89% (post factoring in recently signed LOIs) as of October 2024 from 78% as of June 2023. EBPPL's leverage (total external debt/NOI) is estimated to be adequate at around 7.3 times as of March 2025 and the debt coverage metrics are expected to remain strong with a five-year DSCR of around 1.45-1.50 times in FY2025-FY2029, supported by long tenure and favourable repayment schedule for the existing lease rental discounting (LRD) loan. The rating considers the strong financial flexibility by virtue of being part of the Blackstone Group.

The rating is, however, constrained by the high tenant concentration risk with top three tenants occupying 67% of the leased area and contributing to around 65% of rental income as of June 2024, and exposure to residual market risks for the balance area which is yet to be leased. While around 26% of the leases are due for expiry in FY2025, the same are expected to be renewed. The lease expiry for FY2026 is low at 11% of the leased area as of June 2024. The rating is also constrained by the single-asset nature of the development, which increases the market risk in case of any vacancy/non-renewal of leases. Further, the debt coverage ratios remain vulnerable to changes in interest rates and reduction in occupancy levels.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that Exora Business Park project will continue to benefit from its favourable location, adequate leverage and comfortable debt coverage metrics.

Key rating drivers and their description

Credit strengths

Adequate leverage and strong debt coverage indicators – The leverage is expected to be adequate with total external debt/NOI estimated at around 7.3 times as of March 2025. The debt coverage metrics are expected to remain strong with a five-year DSCR of around 1.45-1.50 times in FY2025-FY2029, driven by long tenure and favourable repayment schedule for the existing LRD loan.

Favourable location of the property – Exora Business Park is located on the Marathahalli-Sarjapur Outer Ring Road, in Bengaluru, enhancing its marketability and strong debt coverage metrics. It is a prime area for commercial office space, with significant demand from the IT/ITES sectors. The committed occupancy, including the recently signed LOIs, stood at 89% as of October 2024. The favourable location of the property is expected to support leasing for the balance area.

Strong promotor group with established track record lends financial flexibility – The company has a strong sponsor, i.e., the Blackstone Group, which is India's leading commercial property owner across the cities of Mumbai, Bengaluru, Delhi NCR, Chennai, Pune, Hyderabad and Ahmedabad. The sponsor has established leasing relationships with several blue-chip multinational companies as well as large Indian corporates. The long track record of the sponsor in the real estate sector and large, diverse portfolio in the retail and commercial real estate business in India provide comfort and lends high financial flexibility.

Credit challenges

Exposure to tenant concentration and residual market risks – The project has a total leasable area of 2.1 million square feet (msf), of which committed occupancy was 89% as of October 2024. The company remains exposed to residual market risks for the balance area. EBPPL has a high tenant concentration with the top three tenants occupying 67% of the leased area and contributing to around 64% of rental income as of June 2024. The single-asset nature of the development increases the market risk in case of any vacancy/non-renewal of leases.

Vulnerability of debt coverage ratios to changes in interest rate and occupancy levels – The debt coverage ratios remain vulnerable to additional debt, changes in interest rates and reduction in occupancy levels. Significant increase in interest rate or a decline in occupancy levels might exert pressure on the debt protection metrics.

Liquidity position: Adequate

The company’s liquidity position is adequate, supported by free cash balances of Rs. 76.3 crore and DSRA of Rs. 14.9 crore as on November 12, 2024. The cash flow from operations is expected to remain comfortable to service the debt obligations in the medium term.

Rating sensitivities

Positive factors– ICRA could upgrade the rating, in case of a significant reduction in indebtedness resulting in total external debt/NOI of less than 4 times and five-year DSCR of over 1.50 times on a sustained basis.

Negative factors – Pressure on EBPPL’s rating could arise, in case of inability to improve occupancy and/or material increase in indebtedness thereby weakening the coverage metrics. Specific metrics that might result in a rating downgrade include five-year average DSCR declining to below 1.30 times, on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Approach- Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company’s standalone financial profile

About the company

Exora Business Park Private Limited houses an operational commercial office project, Exora Business Park, on the Marathahalli-Sarajapur Outer Ring Road, Bengaluru. The project is spread across 22 acres of land and was developed in two phases. It comprises three buildings (B1, B2 and B3) encompassing 3.0 msf of built-up area and 2.1 msf of leasable area.

The project was developed by Prestige Exora Business Parks Limited (PEBPL), a special purpose vehicle (SPV) of the Prestige Estates Projects Limited (PEPL) – the flagship entity of the Bengaluru-based Prestige Group. The Prestige Group entered into definitive agreements with the Blackstone Group for the sale of this asset and the Blackstone Group acquired the management control of PEBPL in March 2021. Subsequently, the asset was demerged from PEBPL into a separate entity, Pluto Cessna Business Parks Private Limited. The demerger process was completed in May 2022 and the effective date was March 09, 2021.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	233.3	214.7
PAT	17.8	26.1
OPBDIT/OI	68.7%	77.9%
PAT/OI	7.6%	12.1%
Total outside liabilities/Tangible net worth (times)	2.4	2.3
Total debt/OPBDIT (times)	7.5	7.5
Interest coverage (times)	1.7	1.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts 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

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	FY2025			FY2024		FY2023		FY2022	
	Type	Amount Rated (Rs Crore)	Dec 17, 2024	Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long Term	1250.00	[ICRA]A+ (Stable)	17-OCT-2023	[ICRA]A+ (Stable)	24-AUG-2022	[ICRA]A+ (Stable)	-	-
				-	-	23-SEP-2022	[ICRA]A+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loans	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	Fund-based – Term loans	June 30, 2022	NA	June 30, 2037	1250.00	[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- Not applicable

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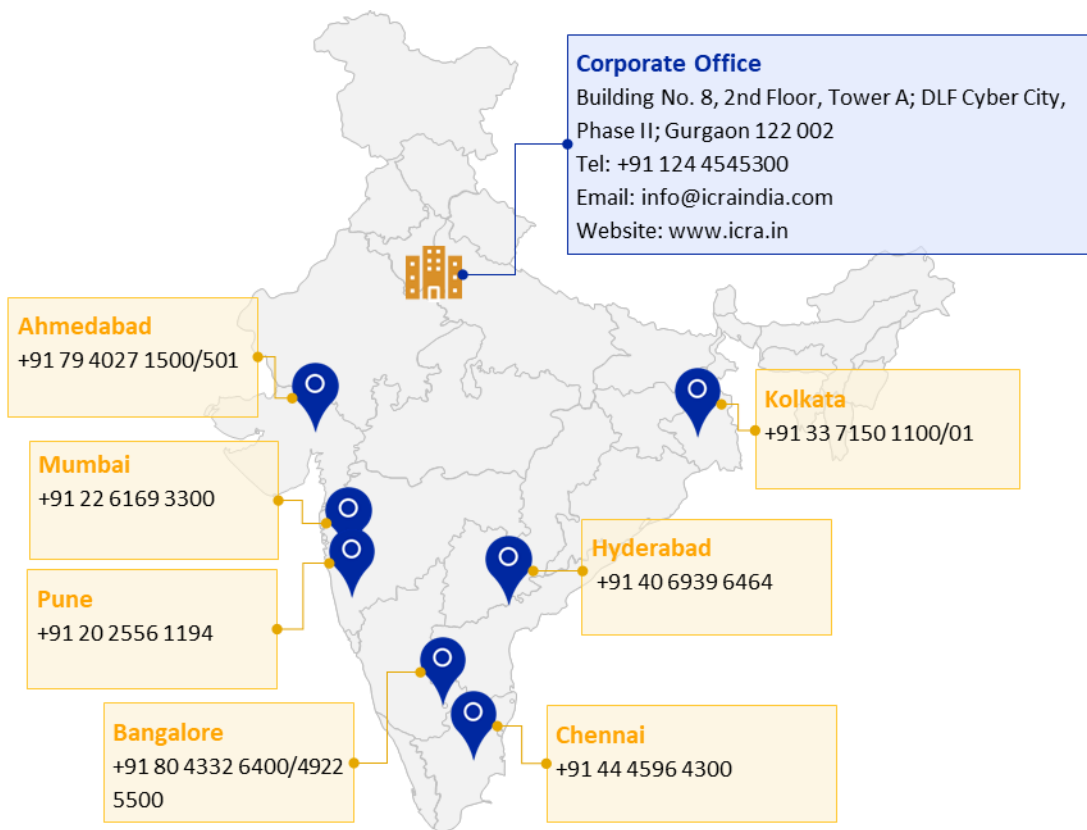
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