Office Leasing 2.0 : The Rise of Flexible Workspaces

(Portfolio update, Office Leasing sector, Market outlook)

FIDENT ASSET MANAGEMENT

November 2025

Agenda

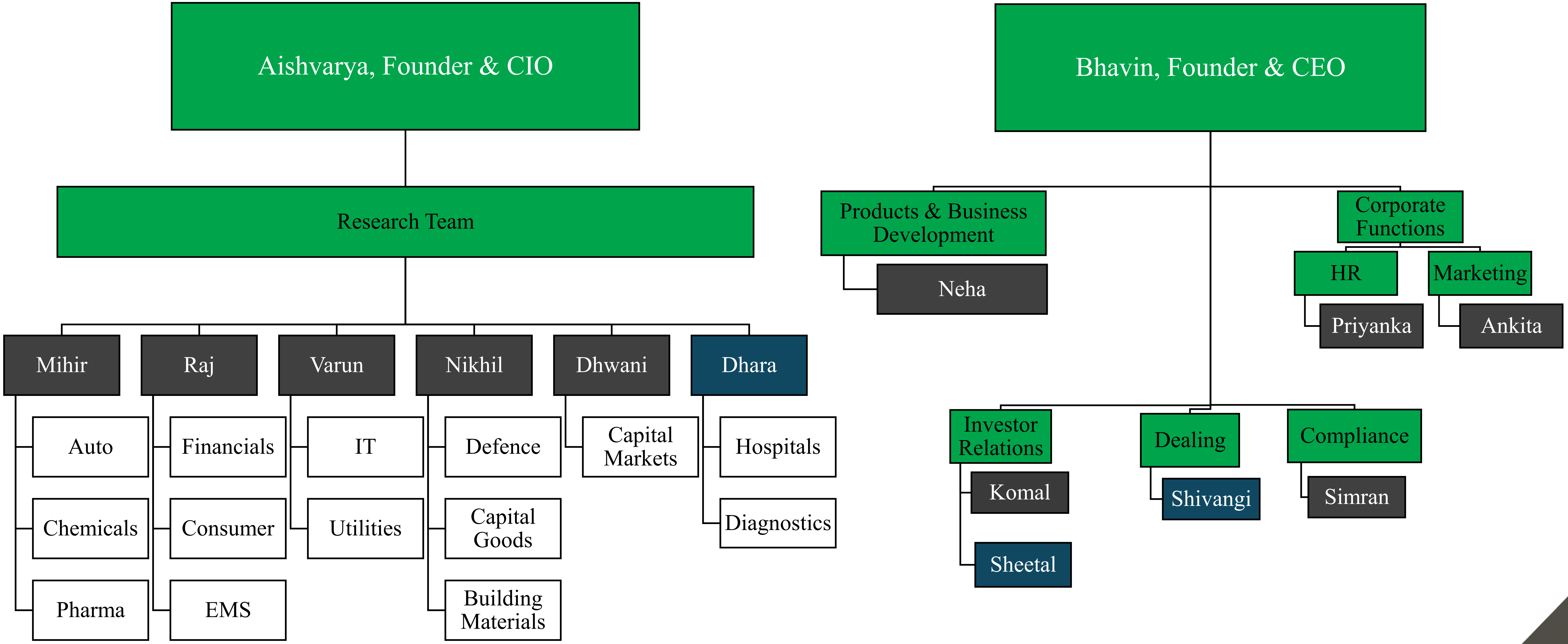
1 Firm and Performance Update

2 Office Leasing 2.0 : The Rise of Flexible Workspace

3 Q&A

Firm & Performance Update

Organization Structure



Performance Update - FAIR

Performance	1 M	3 M	6 M	1Y	Since Inception (18 Apr 2024)
FAIR	7.7%	2.8%	6.9%	4.0%	15.5%
BSE 500 TRI	4.3%	3.7%	8.3%	5.3%	11.1%
Nifty 50 TRI	4.6%	4.1%	6.7%	7.6%	11.8%
Outperformance	**3.4%**	**-0.9%**	**-1.4%**	**-1.3%**	**4.4%**

As on Oct 31 2025. Since inception performance shown as client monies were managed from this date. Performance is net of all fees and expenses. Returns have been calculated using Time Weighted Rate of Return (TWRR)/NAV method as prescribed by SEBI. Performance related information provided herein is not verified by SEBI. Retuns above 1 year are annualized. Past performance is not a reliable indicator of future results. Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; and 2) differences in the portfolio composition because of restrictions and other constraints. Performance relative to other Portfolio Managers within the selected Strategy: Click Here

Performance Update - FIBER

Performance	1 M	3 M	6 M	1Y	Since Inception (28 Jun 2024)
FIBER	**2.8%**	**-1.2%**	**12.3%**	**-1.4%**	**5.4%**
BSE 500 TRI	4.3%	3.7%	8.3%	5.3%	4.6%
BSE 250 SmallCap TRI	3.4%	0.9%	12.8%	-2.6%	1.3%
Outperformance	**-1.5%**	**-4.9%**	**4.0%**	**-6.7%**	**0.8%**

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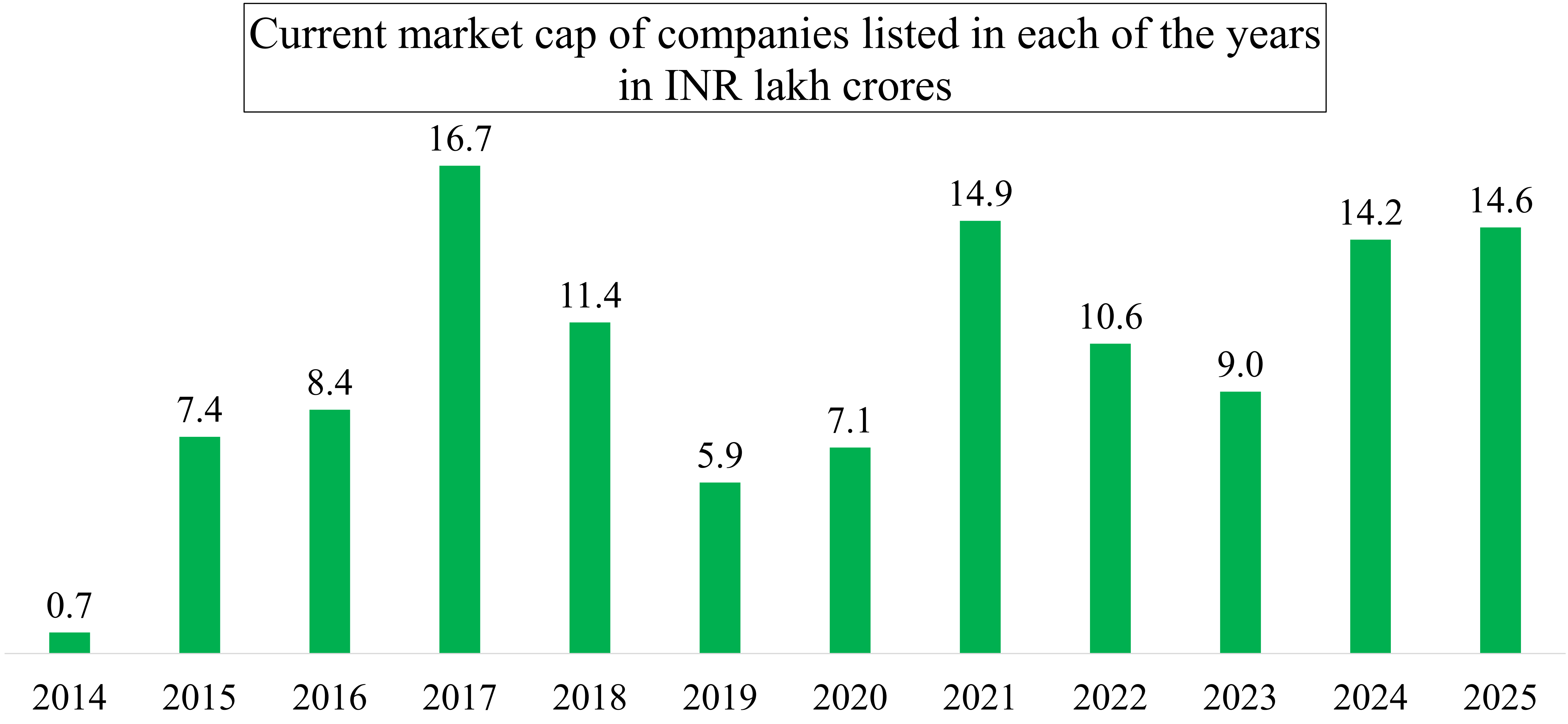
Product Update

Why Pre-IPO?



IPOs from 2021-25 contribute 13.4% of current market cap

Source: Capital IQ, BSE, Data as of 13th Nov 2025

FULL - Executive Summary

- Large Value PMS for Accredited Investors provides for higher flexibility
- Access both listed & pre-IPO opportunities
- Institutional coverage for access, monitoring & facilitating exits
- Dynamic reallocation between private & public equities
- Skin in the game – high alignment
- Established track record across both asset classes

Office Leasing 2.0 : The Rise of Flexible Workspace

Opportunities in Commercial Real Estate

- Our philosophy at **Fident** is straight-forward
  - Businesses which we understand, are difficult to be disrupted and have favourable long-term prospects
  - Companies which have strong capital allocation, robust cash flows and are run by competent management
  - Favourable risk-reward

- Commercial real estate industry has gained significant traction post covid with increasing commercial activity led by robust demand and consistent supply due to deleveraged company balance sheets. One such industry subsegment that we intend to focus on in this note is **Flex Leasing**

- To form a holistic view, we analyze various commercial leasing and real estate plays, their growth drivers and outlook to determine why flex leasing stands out due to its **high ROCE, asset light business model and strong growth**

- We have covered Hotels, Malls, Cinemas, REITs and Flex leasing in this note

Traditional Commercial Real Estate Plays (1/4)

1. Hotels

Current Landscape

- 2025 – 200k rooms, 65-70% avg industry wide occupancy, 7500-8000 avg ADR

Industry evolution

- FY12-20 – Supply glut from prior period, low occupancies, muted returns, focus on deleveraging
- FY20-25 – Golden phase for hotels, strong travel rebound, deleveraged balance sheet and shift to asset light model

Growth Outlook and View

- >100k keys to be added during FY25–29 on a base of 200k keys
- Cheaper fares, new routes, and lower room rates across South Asia are diverting Indian leisure spend abroad
- Prefer companies focusing on asset light management contracts vs owned/leased models with calibrated supply addition
- Valuations of all hotel companies have materially rerated post covid leaving minimal upside in the near term

Traditional Commercial Real Estate Plays (2/4)

2. Malls

Current Landscape

- ~340 operational malls across ~29 cities, with ~75% concentrated in Tier-1

Industry evolution

- Pre covid – Slow capacity addition & leveraged BS. Eg - Phoenix Mills grew at 5-6% CAGR with average ROCE of 9%
- FY20-25 – Revenue/EBITDA grew at a CAGR of 14%/17% on rebounding footfalls and K-shaped recovery, however average ROCE still at 8%.

Growth Outlook and View

- Positive on discretionary consumption & prefer Grade-A malls with steady occupancies and rental growth
- Valuations are expensive for the sector

Traditional Commercial Real Estate Plays (3/4)

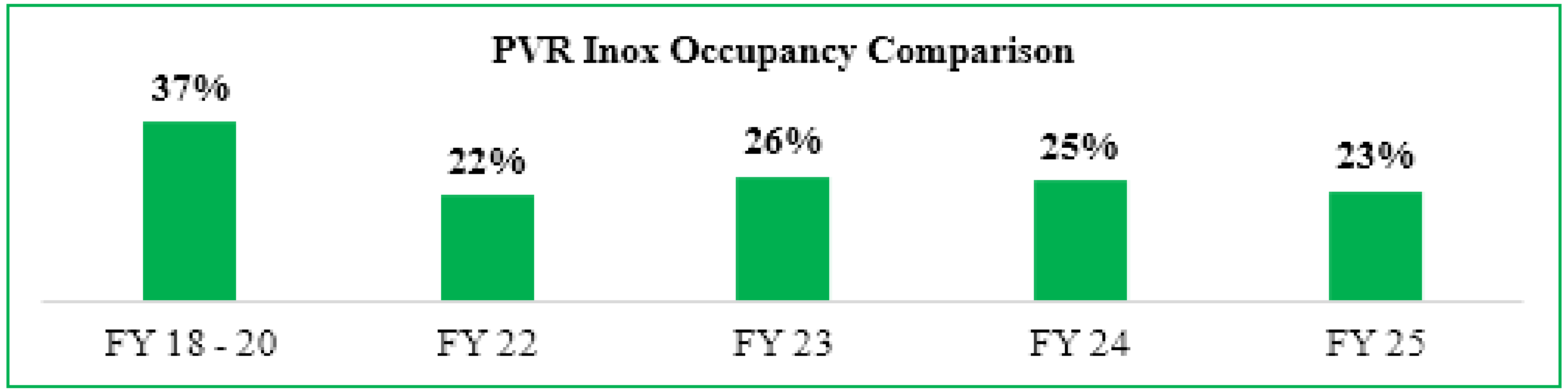
3. Cinemas

Current Landscape

- 9,500 screens, base is concentrated with long tail: post-merger PVR INOX has 1,750 screens while Cinépolis has 485, however with higher ATPs, revenue share is > 35%

Industry evolution

- Low occupancies post covid due to low quality content and increasing influence of OTT platforms



Source – Company presentations, Fident research

- Resultantly new screen addition is muted due to shallow occupancies, and minimal excluding top 2-3 players

Growth Outlook and View

- Low occupancies, erratic release calendars, and abysmal content quality keep the near-term view cautious

- Industry moving towards asset light contracts

Traditional Commercial Real Estate Plays (4/4)

4. REITS

Current Landscape

- SEBI notified the REIT framework in 2014. Four REITs are listed today: Embassy, Mindspace, Brookfield and Nexus

Industry evolution

- As of Q4 FY25, Indian REITs collectively managed ~₹1.63 lakh crore of assets which is about 12–15% of India's Grade-A office inventory (top 6–8 cities)
- REITs are now classified as equity

Growth Outlook and View

- Mid single digit supply growth and SEBI regulations make REITS a risk averse investment
- We believe that REITs are a good alternative to bonds in client portfolios, it should not be treated as a replacement for equities

What is Flex Leasing?

Flex workspaces are **asset light**, operator run small scale offices useful for small to mid-scale companies having employee strength of upto 1000

Flexibility and Customization: Tenants can **customize** and purchase seats as per their need usually paying a bundled all-inclusive fee for all services

What are Flex Workspaces?

There **are two co-working models**:

Co-working (Small offices for startups) and **Managed office** (Large office >100 seats)

One Point of Contact: In flex, a single operator sits between the landlord and occupier vs multiple vendors for multiple services (rent, CAM, housekeeping) in case of traditional leasing

Comparison of Various Commercial Real Estate Plays

Key Parameters	Hotels	Malls	Reits	Cinemas	Flex workspace
Supply growth	Medium	Low	Low	Medium	High
Demand/footfall Growth	Medium to high	Low	Medium	Low to medium	**High**
Gestation period	High	High	Medium	Medium	Low
Upfront investment	Very high	Very high	Very high	Medium to high	**Low**
ROCEs	Medium (10%-20% for MA)	Low (10-12%)	Low (8-10%)	Low (8-10%)	**High (20-30%)**
Supplier/Customer Concentration	Medium/Low	Medium/Low	High/High	High/Low	High/Low
Cyclicality	High	Low	Low	High	Low

Source – Fident Research

Operating Models In Flex Leasing (1/2)

1. Co-working And Managed Office

Particulars	Co-working	Managed Office
Office size	Up to 100 seats	Above 100
Key players	WeWork, Awfis (68%)	Indiqube, EFC, Smartworks, Awfis (32%)
Revenue per seat	Higher due to monthly/annual passes and low bargaining power WeWork: Rev per seat: Rs 18,000/m	Lower due to large office size and higher bargaining power Indiqube revenue per seat - Rs 8,000/m
Occupancy & tenure	Higher churn; shorter tenures (upto 24 months)	Stickier occupancy; multi-year lock-ins common
Client profile	Freelancers, startups, SMEs, project teams	Mid-large enterprises, GCCs, regulated sectors needing privacy/compliance
Growth	18-20% CAGR over FY20-25	25-30% CAGR over FY20-25
ROCE	30%+ at centre level	20-25% at centre level

Source – Awfis, WeWork DRHPs, Fident Research

Preferred Model - Ideally managed office is a better business model considering the strong visibility of occupancy and cash flows and thus most of the flex operators are opting for this model, however a small mix of co-working in prime areas can work as a margin lever with higher revenue/seat for small co-working spaces

Operating Models in Flex Leasing (2/2)

2. Straight Lease Vs Managed Aggregation

Particulars	Straight Lease Model (SL)	Managed Aggregation Model (MA)
Fit-out and other Capex cost	Borne by the flex space operator (75k/Seat)	Large portion of the Capex is funded by landlords (25-30k/Seat
Landlord income	Fixed monthly rent	Minimum guaranteed rent + Revenue sharing
Operational risk	Operator takes the risk of vacancy and operational expenditures	Revenue and expenditure both are shared with landlords
ROCE (for lease operators)	25%	35-40%
Payback period	36 months	12-24 months

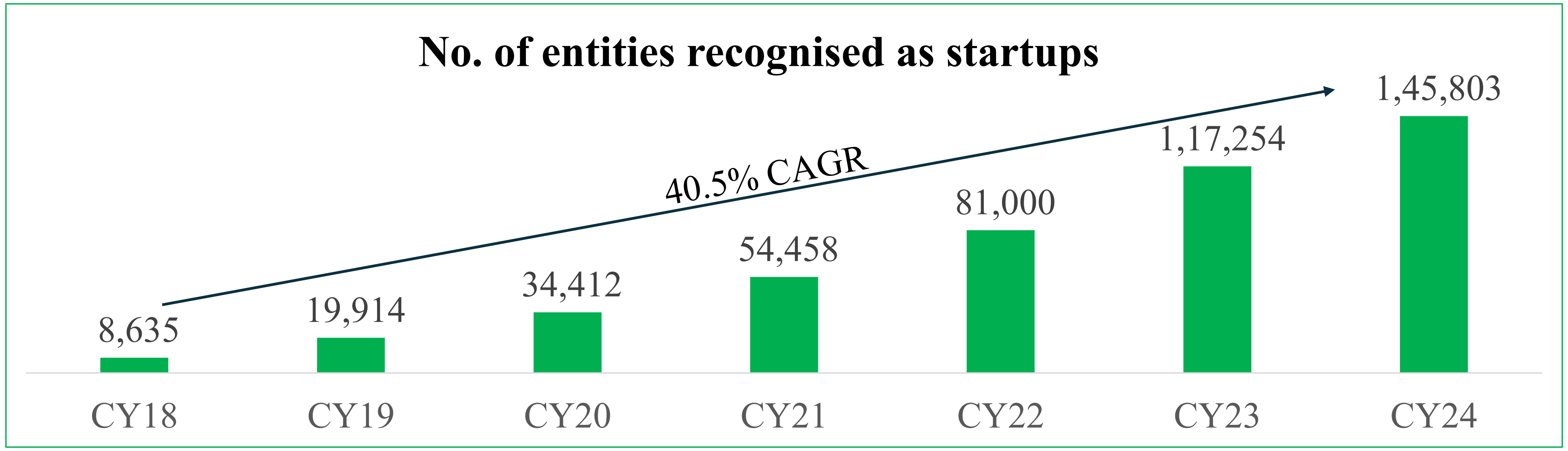
Source – Awfis, WeWork DRHPs, Fident Research

Preferred Model

Deploying straight-lease in prime, high-velocity micro-markets where pricing power and occupancies are durable while using managed-aggregation in peripheral or emerging corridors where absorption is uncertain, thereby de-risking capex and sharing volatility with landlords using a calibrated portfolio works best.

Why do we like Flex Leasing (1/2)

- **Strong industry growth**
  Indian commercial office stock growing at 6-8% CAGR while the flex leasing industry has grown at 20-25% CAGR with strong growth in startups



Source – Devx DRHP

- **Asset-light & high-ROCE**
  Flex operators enjoy greater pricing power and no large upfront payout due to back-to-back contracts. The result is 25–30% centre-level ROCE, well above REITs, hotels, and other real-estate plays while maintaining strong cashflows.

- **Diversified revenue**
  For office REITs, IT/BFSI anchors drive >60% of rentals, Smartwork's top 20 clients contribute 21% to revenues which is amongst the highest in the industry. This curbs single-client dependence, cushions vacancy shocks

Why do we like Flex Leasing (2/2)

- **High industry concentration**
  Top 5 players in the industry contribute close to 85% of the seating and revenue share, increasing pricing power, scale led operating efficiencies and resultantly better unit economics.

- **A play on both Tier 1 & Tier 2 India**
  Tier 1 - Currently Tier 1 consists of >90% of the flex workspace portfolio primarily due to higher availability of Grade A buildings. Tier 1 flex office stock is expected to grow at 23% CAGR for the next 5 years

Particulars (MSF)	FY25	FY30	CAGR
Office stock	952	1275	6%
Flex Office stock	**81**	**225**	**23%**
Penetration levels			
Bangalore	12.5%	20.0%	
Pune	9.0%	20.0%	
All other metro cities	7.8%	15.0%	
Average Penetration	8.5%	17.6%	

Source –WeWork DRHP, Fident Research

Tier 2 - Though < 5% of the total flex office supply, the growth is >Tier 1 cities. Tier 2 flex office stock is up 9x in 6 years

Expect 45% supply CAGR in Tier 2 cities led by increasing hybrid workspace culture, lower rents and increasing demand of hub and scope office model

Competitive Analysis – Operating Model

Particulars	Awfis	Smartworks	Indiqube	WeWork
Landlord Model (SL vs MA)	MA	SL	SL	SL
Tenancy Model (CW vs MO)	CW (68%), MO (32%)	MO (100%)	MO (100%)	CW (100%)
Focus market (Tier 1/Tier 2)	Tier 1: 90%, Tier 2: 10% Present across 9 Tier 2 cities	Tier 1: 100%	Tier 1: 100%	Tier 1: 100%
Property type	Grade A + Grade B	Grade A	Grade A + Grade B	Grade A
Top 10 client concentration	8%	15-17%	18-20%	12%
Average centre size	0.03 MSF	0.14 MSF	0.05 MSF	0.03 MSF

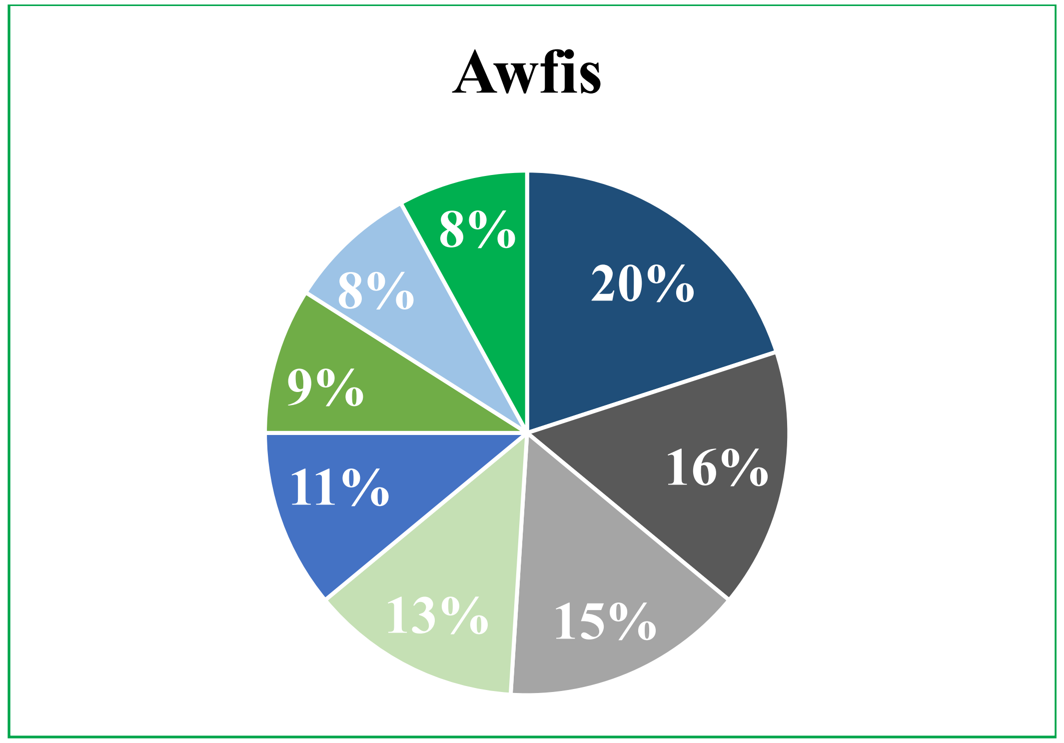
Source – Company presentations, Fident Research

SL – Straight Lease MA – Managed aggregation CW – Coworking MO – Managed office

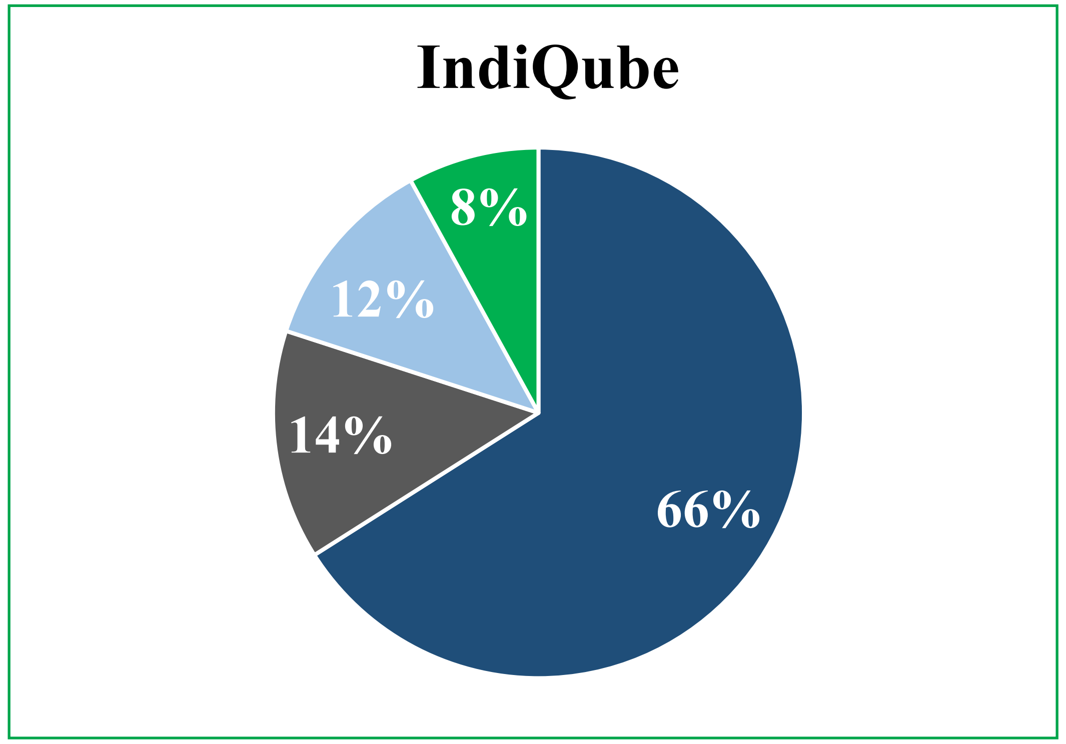
Competitive Analysis – Geographical Mix

Seats/Occupancy

147000 / 75%

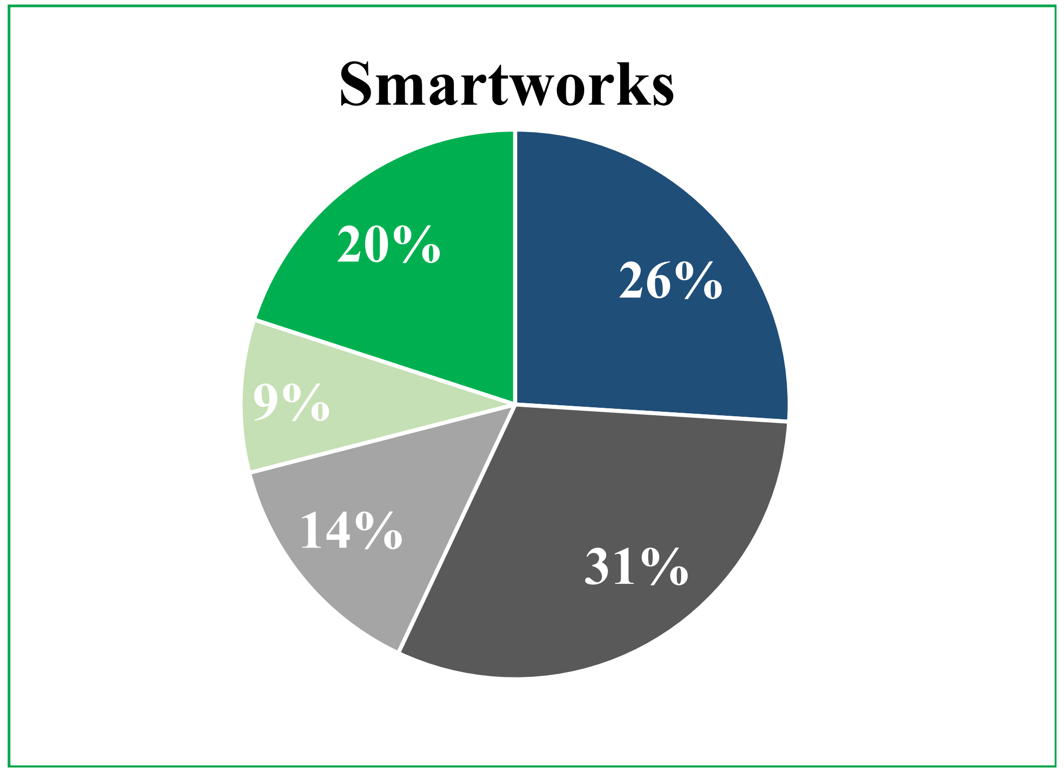


165000 / 85%

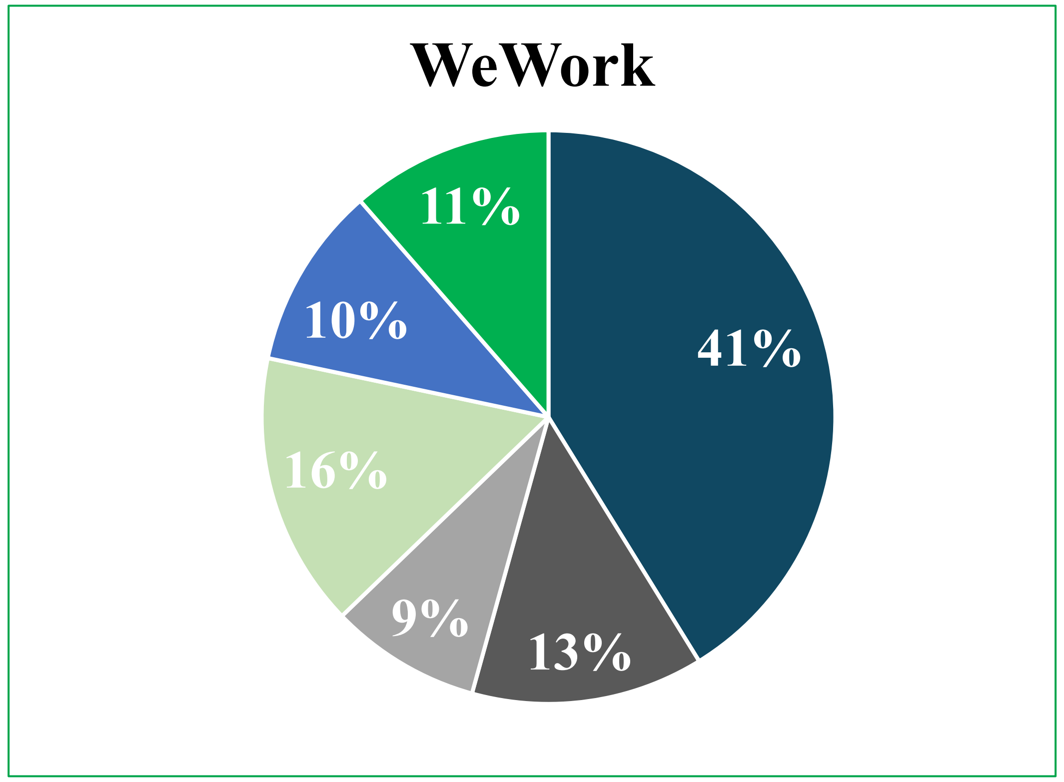


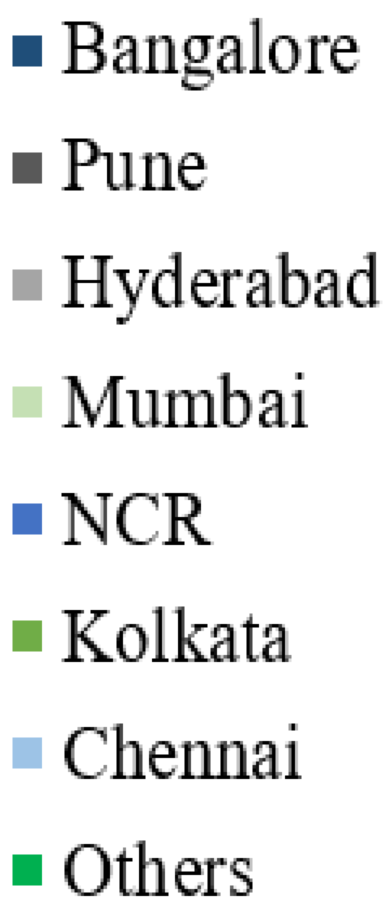
Seats/Occupancy

195000 / 83%



115000 / 77%

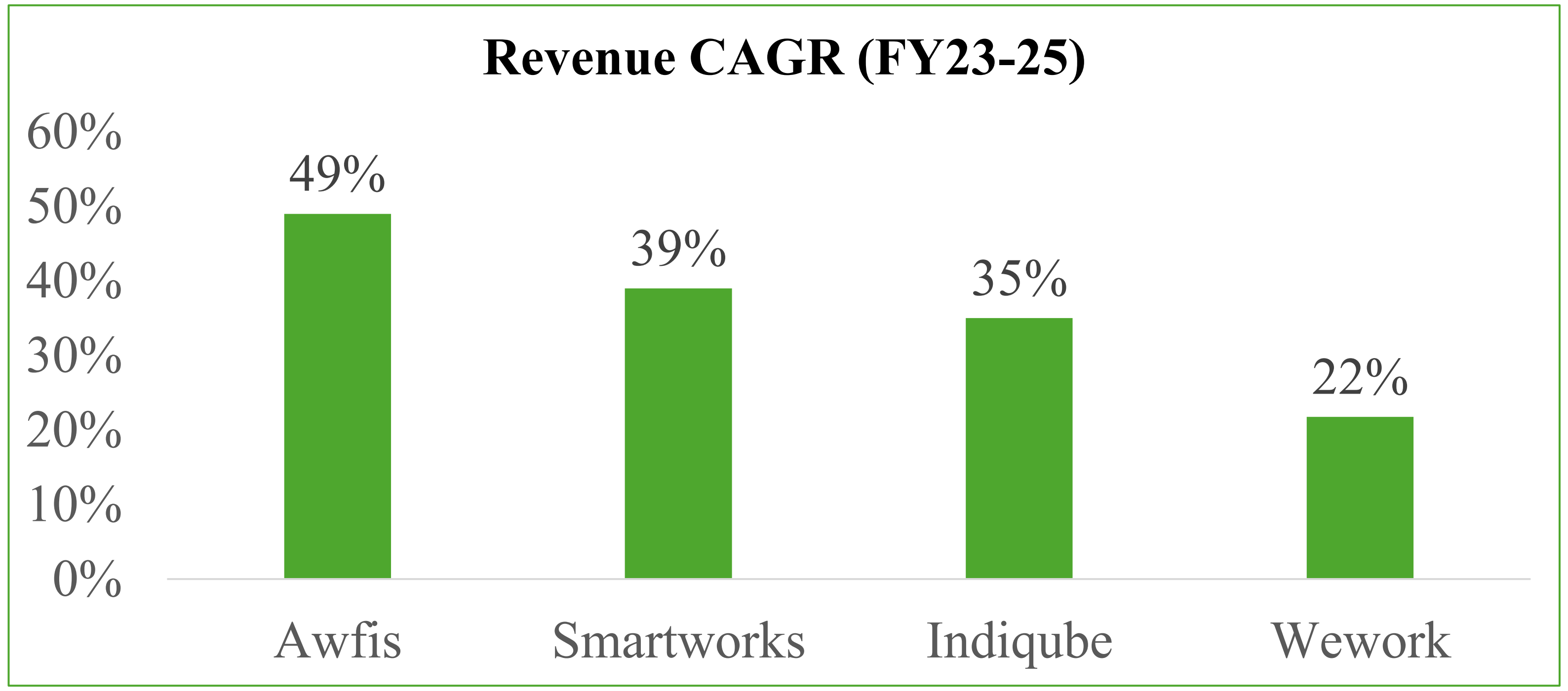


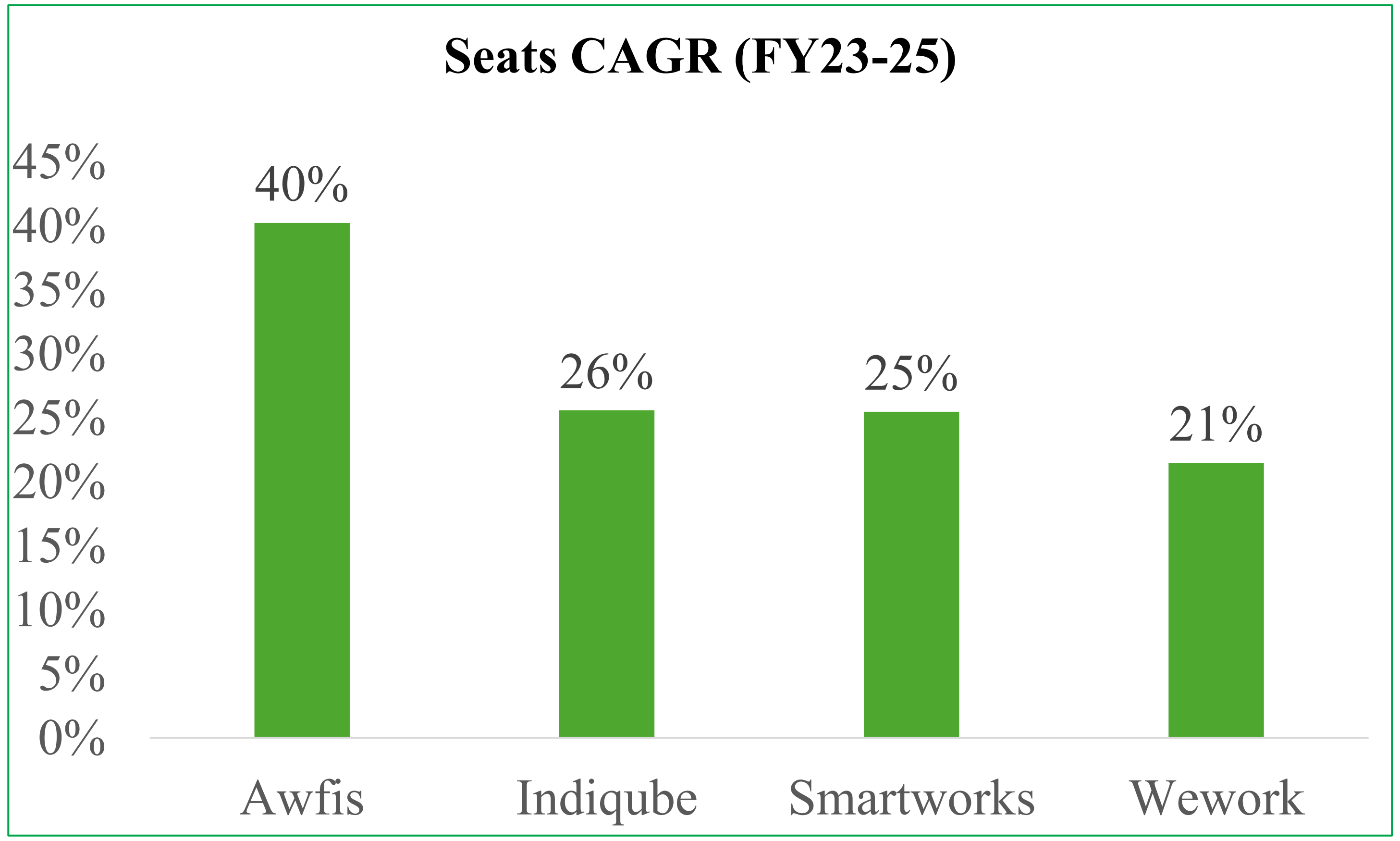


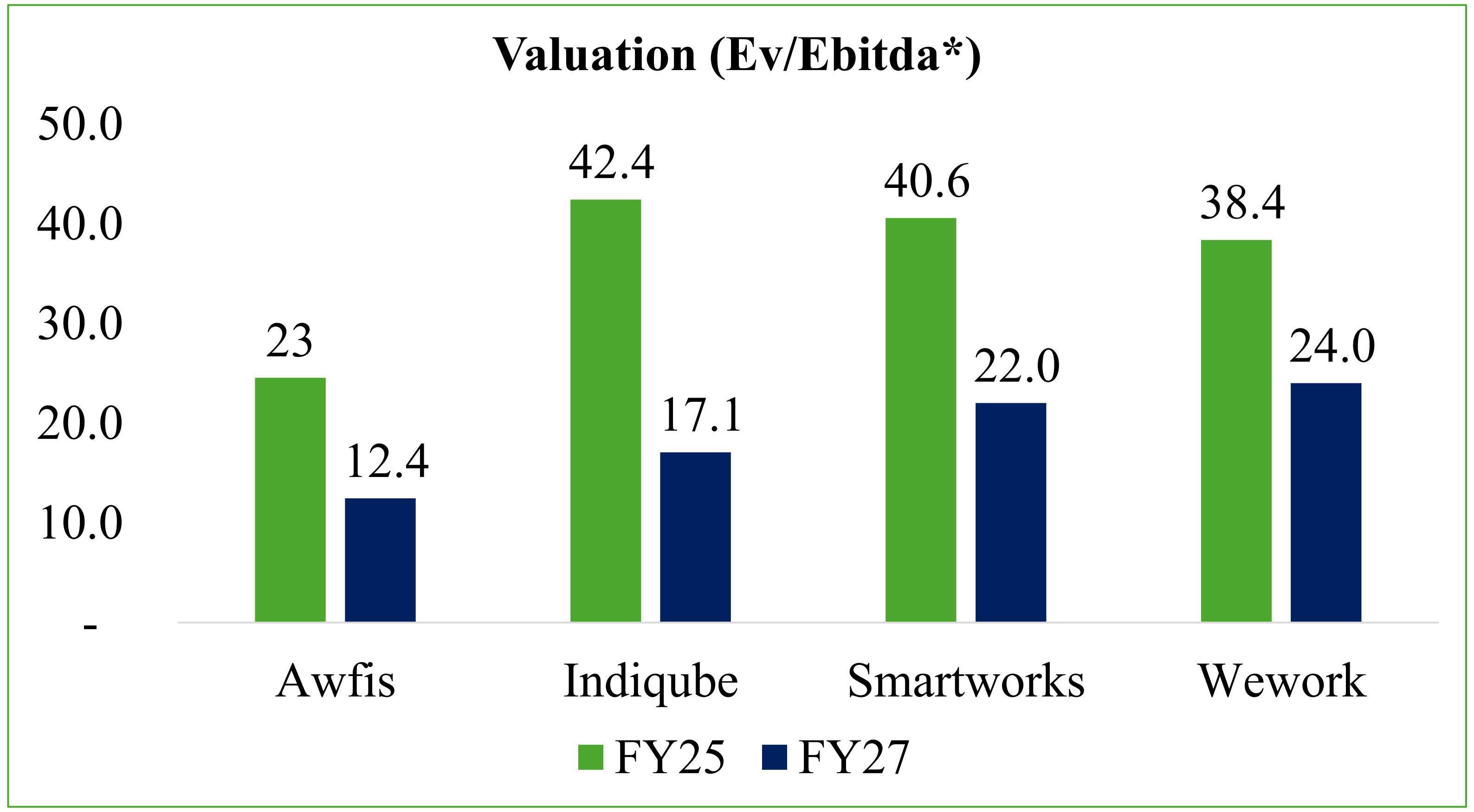
Source – Company presentations

Awfis & Indiqube look comfortably placed on growth and valuations

- We like Awfis mainly for its geographical diversification, higher share of managed aggregation with sharing of capex by the landlords and higher share of small clients
- Indiqube has mastered the art of managing large offices with high focus on Bangalore market. It has close to 20% market share in that market. Geographical diversification and capacity utilisation would be the key things to watch out for.







* EBITDA – as per IGAAP   Source – Company presentations, Concall, Fident Research

Where Do We Stand

Indian flex leasing industry is undergoing a structural megatrend with a huge runway for growth both on the demand and supply side. Rising penetration of GCCs and increasing scale of small-scale businesses and startups bode well for this industry.

Few factors that are positive for this industry are:

1. Asset light business model

2. Inherently high ROCE

3. Strong growth but stable unit economics (low churn and decent revenue visibility)

4. Low customer concentration

We prefer Awfis amongst the various flex workspace players for its diversification and decent valuations

Q&A

What makes us go constructive on market

Government

- GST Rationalisation
- Income tax cut
- Government Capex

RBI

- Repo rate cut
- CRR
- Liquidity infusion

Corporate

- Profitability to GDP (5.2%)
- Strong Balance sheet
- Earning revival & Capex Recovery

Issues are more global than local

- Good monsoon
- Robust consumer sentiment
- Export growth & GST impact ~ limited
- Bank credit growth
- Comfortable inflation
- Comfortable level of crude
- FIIs selling fatigue visible
- Tariff and geopolitical concern mostly behind
- Indian market valuation

Area of concern

- Fiscal math (with weak Direct and indirect tax growth)
- Urban growth
- Private capex

Market Outlook: Catalyst

1. Strong Earnings Momentum

- Q2FY26 earnings have surprised positively.
- Mid-cap companies have led the outperformance, signaling a broader growth revival. Capex theme indicates recovery.

2. Political Stability

- NDA's decisive win in Bihar reinforces political continuity. Boosts policy stability expectations and strengthens investor confidence.

3. Broad-Based Sectoral Strength

- Rally extends beyond large caps; Midcap 150 outperform Nifty 50 in last 6 /12 months.
- Key outperforming sectors: PSU Banks, Auto, Consumer Durables

4. Key Near-Term Trigger

- Markets closely watching progress on the India–US trade deal.
- A breakthrough here could unlock a sharper, sentiment-driven up-move.

(Q2FY26)	Sales YoY	EBITDA YoY	PAT ex-Fin YoY	PAT incl-Fin YoY
Nifty 50	9%	6%	5%	5%
Nifty Next 50	6%	35%	30%	22%
Nifty Midcap 100	13%	27%	52%	26%
NSE 200	9%	13%	15%	10%
NSE 200 (ex-commodities)	-2%	8%	9%	7%
Nifty Smallcap 100	10%	9%	16%	7%
NSE 500	9%	13%	16%	10%
Large Cap	8%	11%	12%	7%
Mid Cap	12%	12%	21%	18%
Small Cap	10%	14%	16%	16%

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19 November 2025

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