

Policy Title	Distribution Policy (“Policy”)
Entity	PropShare Investment Manager Private Limited (“ Investment Manager ”) in its capacity as Investment Manager of the Property Share Investment Trust (“ Trust ”) and schemes thereunder.
Applicability	This Policy is applicable to the Investment Manager, the Property Share Investment Trust and its schemes and special purpose vehicles thereunder (“ SPVs ”) in connection with the distributions of the schemes of the Trust and SPVs (“ SM REIT Distributions ”).
Introduction & Purpose	This Policy is framed in line with the requirement of Regulation 26ZK of Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014, as amended and the SEBI Master Circular on Real Estate Investment Trusts dated May 15, 2024, as amended, including any guidelines, circulars, notifications and clarifications framed or issued thereunder (“ REIT Regulations ”). This Policy aims to provide a comprehensive framework on the conditions related to investment and distribution of cash flows generated by the Trust.
Key Terms	<p>(a) All REIT Distributions shall be made in accordance with Regulation 26ZK of the REIT Regulations and other guidelines, circulars and notifications issued by the Securities and Exchange Board of India (“SEBI”) and other regulatory authorities from time to time.</p> <p>(i) The Investment Manager shall ensure not less than 95% of the net distributable cash flows (“NDCF”) of the SPVs are distributed to the scheme of the Trust subject to applicable provisions of the Companies Act, 2013;</p> <p>Further, please note that the amount retained by the SPVs shall be utilized only in such manner as may be specified by the Board from time to time.</p> <p>The Investment Manager shall ensure 100% of the NDCF of the schemes of the Trust as distributions (“REIT Distributions”) to the Unitholders of the schemes of the Trust.</p> <p>(b) REIT Distributions shall be declared and made at least once in every quarter in every financial year and shall be made not later than fifteen working days from the end of the quarter.</p> <p>(c) Unless otherwise specified in the offer documents, the schemes of Trust’s first distribution after the date of listing of the units of the schemes of the Trust (“Units”), will be as per the REIT Regulations and applicable law.</p> <p>(d) In terms of the REIT Regulations, if the distribution is not made within 7 working days of declaration, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% percent per annum for the delayed period. Such excess interest shall not be recovered by the investment manager from the SM REIT in any form.</p> <p>(e) Any distribution shall be made on a distribution date proportionately to persons who are Unitholders of the respective schemes as of the close of business on the record date for such distribution. The record date shall be the last business day of the calendar month immediately preceding the month in which the distribution date falls or such other date such date as is fixed by the Investment Manager in consultation with the trustee of the schemes of the Trust (“Trustee”).</p> <p>(f) Distributions will be declared in Rupees and each Unitholder will receive its/her/his distribution in Rupees. The form, frequency and amount of future distributions on the Units will depend on the earnings, financial position and results of operations of the schemes of the Trust and SPVs, as well as contractual restrictions, provisions of applicable law.</p> <p>(g) Distributions shall be made by electronic fund transfer or by such other manner of payment in accordance with applicable law.</p>

	<p>(h) The Investment Manager shall maintain records for at least seven years, pertaining to distribution declared and made to the Unitholders of the schemes of the Trust.</p> <p>(i) Deduction of taxes at source:</p> <p>(i) The Trustee may, in consultation with the Investment Manager, make any deductions of taxes, cess, fees, charges, assessments and duties that may be required to be deducted or withheld under applicable laws before making any payment to any Unitholder, whether by way of distribution, redemption of any Units or otherwise.</p> <p>(ii) Subject to applicable law, the Trustee or the Investment Manager, as the case may be, shall not be liable to account to any Unitholder or otherwise for any payment made or suffered by the Trustee or the Investment Manager in good faith to any duly empowered revenue authority for taxes or other charges in any way arising out of or relating to any transactions of whatsoever nature under these presents, notwithstanding that any such payment ought not to be or need not have been made or suffered.</p> <p>(j) In accordance with the REIT Regulations, in the event any amount remains unclaimed or unpaid out of the distributions declared by the scheme of the Trust, such amount shall be transferred to the “Investor Protection and Education Fund” constituted by SEBI in terms of Section 11 of the Securities and Exchange Board of India Act, 1992 in a manner as may be specified by SEBI.</p> <p>(k) In the event of dissolution or winding up of the schemes of the Trust, all of the assets of the schemes of the Trust or the proceeds therefrom shall be distributed or used as follows and in the following order of priority:</p> <p>(i) First, towards the payment of the debts and liabilities of the schemes of the Trust, including without limitation any statutory fees, any amounts due to the to the Trustee (including but not limited to trustee remuneration), Investment Manager or a service provider and the expenses of liquidation;</p> <p>(ii) Second, towards the setting up of any reserves which the Trustee (on the advice of the Investment Manager) or the authority in-charge of the winding up of the affairs of the schemes of the Trust may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the schemes of the Trust; and</p> <p>(iii) Third, towards the Unitholders in the ratio of their beneficial interest in accordance with the terms of the REIT Regulations and the offer documents filed by the schemes of the Trust for its initial public offering of Units.</p>
NDCF	The NDCF in relation to the schemes of the Trust, the SPVs shall be calculated in accordance with the REIT Regulations and the applicable SEBI guidelines and in the manner set out in Annexure A .
Conflict with Applicable Law	The Policy shall not contradict with the provisions of any applicable law. In case of any discrepancy, the provisions of applicable law shall prevail over the provisions of this Policy.
Amendment	<p>(a) Any amendment or variation to this Policy shall be undertaken in compliance with the REIT Regulations and other applicable law.</p> <p>(b) Notwithstanding the above, this Policy will stand automatically amended to the extent of any change in applicable law, including any amendment to the REIT Regulations, without any action from the Investment Manager or approval of the unitholders of the Trust.</p>

ANNEXURE A

NDCF at SPV Level

I. Calculation of NDCF at SPV level:

Particulars
Cash flow from operating activities as per Cash Flow Statement of SPV
Add: Treasury income/ income from investing activities (interest income received from FD, tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)
Add: Proceeds from sale of real estate investments, real estate assets adjusted for the following: <ul style="list-style-type: none"> • Applicable capital gains and other taxes • Related debts settled or due to be settled from sale proceeds • Directly attributable transaction costs
Less: Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss Account and any shareholder debt / loan from REIT.
Less: Debt repayment (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt, in any form or equity raise as well as repayment of any shareholder debt / loan from REIT)
Less: any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: <ol style="list-style-type: none"> (i). loan agreement entered with banks / financial institution from whom the REIT or any of its SPVs have availed debt, or (ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the REIT or any of its SPVs, or (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the REIT or any of its SPVs, or (iv). agreement pursuant to which the SPV operates or owns the real estate asset, or generates revenue or cashflows from such asset (such as, sale deed, lease agreement, and any other agreement of a like nature, by whatever name called); or (v). statutory, judicial, regulatory, or governmental stipulations (<i>please refer to note 2 below</i>)
Less: any capital expenditure on existing assets owned / leased by the SPV, to the extent not funded by debt / equity or from reserves created in the earlier years (<i>please refer to note 9 below</i>)
Net Distributable Cash Flows for SPV's

Manager has not considered changes in security deposit as part of NDCF as the same is in the nature of liability which is refundable at the time of expiry or termination of the lease.

NDCF at Schemes of the Trust Level

II. Calculation of NDCF at the schemes level:

Particulars
Cashflows from operating activities of the REIT
Add: Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework (<i>please refer to note 1 and 8 below</i>)
Add: Treasury income/ income from investing activities of the schemes of the REIT (interest income received from FD, tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis).
Add: Proceeds from sale of real estate investments, real estate assets or shares of SPVs adjusted for the following: <ul style="list-style-type: none"> • Applicable capital gains and other taxes; • Related debts settled or due to be settled from sale proceeds; • Directly attributable transaction costs
Less: Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss Account of the schemes of the REIT
Less: Debt repayment at schemes of the REIT level (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt in any form or funds raised through issuance of units)
Less: any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: <ul style="list-style-type: none"> (i). loan agreement entered with financial institution, or (ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the schemes of the REIT or any of its SPVs, or (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the schemes of the REIT or any of its SPVs, or (iv). agreement pursuant to which the schemes of the REIT operates or owns the real estate asset, or generates revenue or cashflows from such asset (such as, sale deed, lease agreement, and any other agreement of a like nature, by whatever name called), or (v). statutory, judicial, regulatory, or governmental stipulations (<i>please refer to note 2 below</i>)
Less: any capital expenditure on existing assets owned/ leased by the REIT, to the extent not funded by debt/ equity or from contractual reserves created in the earlier years (<i>please refer to note 9 below</i>)
Net Distributable Cash Flows at schemes of the Trust level (Distributable Income)

Notes:

1. The NDCF computed at SPV level for a particular period shall be added under this line item, even if the actual cashflows from the SPV to the schemes of the REIT has taken place post that particular period, but before finalization and adoption of accounts of the schemes of the REIT.
2. The scheme of the REIT retains the option to distribute any surplus amounts, unless such surplus is required to create reserves for any subsequent period. Please note that unutilised amount from the issue expenses and general corporate purposes portions of the use of proceeds of the respective schemes of the REIT can be considered as surplus.
3. The option to retain 5% distribution under REIT Regulation shall be computed at SPV level, in accordance with Applicable Law.
4. The schemes of the REIT along with its SPVs shall ensure that minimum 95% distribution of NDCF (at SPV level) is met for a given financial year on a cumulative periodic basis as specified for mandatory distributions in the REIT Regulations (*subject to provisions of Note 1 above*).
5. Surplus cash available in SPVs due to:
 - (i). 5% of NDCF withheld in line with the REIT Regulations in any earlier year(s) or quarter(s); or

- (ii). such surplus being available in a new SPV on acquisition of such SPV by the schemes of the REIT; or
 - (iii). any other reason, excluding if such surplus cash is available due to any debt raise could be considered for distribution by the SPV to the schemes of the REIT, or by the schemes of the REIT to its Unitholders in part or in full but needs to be disclosed separately in the NDCF computation and Distribution.
6. Any restricted cash (disclosed as such) should not be considered for NDCF computation by the SPV or the schemes of the REIT (e.g. unspent CSR balance for any year deposited in a separate account as per Companies Act, 2013 which will be utilized in subsequent years, DSRA reserve, major maintenance reserve etc.).
 7. The schemes of the REIT and the SPVs shall not distribute any cashflows by obtaining external debt, except to the extent clarified in note 2 above (this will exclude any working capital / OD facilities obtained by the schemes of the REIT/ SPVs as part of treasury management/ working capital purposes as long as they are squared off within the quarter).
 8. Cash flows received from SPV's which represent distributions of NDCF computed as per the relevant framework at the schemes of the REIT level for further distribution to Unitholders shall exclude any such cash flows used by the schemes of the REIT for onward lending to any other SPVs to meet operational/ interest expenses or debt servicing of such other SPVs.
 9. Capital expenditure shall include amounts incurred and paid towards asset enhancement and are capitalized to asset value in the financial statements including lease payments. It is further clarified that existing assets as referred to in this line item includes any new structure/ building/ other infrastructure constructed on an existing infrastructure asset which is already a part of the schemes of the REIT.