

DISTRIBUTION POLICY OF CUBE HIGHWAYS TRUST

A. Preamble

The Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars (including Master Circular for InvITs, as amended from time to time, SEBI circular SEBI/HO/DDHS/DDHS-PoD/P/CIR/2023/185 dated December 06, 2023, as amended from time to time), notifications and clarifications framed or issued thereunder (the **"InvIT Regulations"**), prescribes certain conditions in relation to distribution to be made to the Unitholders of an infrastructure investment trust. The Distribution Policy (the **"Policy"**), aims to outline the process and procedure for distribution in relation to Cube Highways Trust (the **"Trust"**). Accordingly, Cube Highways Fund Advisors Private Limited (the **"Investment Manager"**), in its capacity as the investment manager to the Trust has formulated this Policy, in accordance with the NDCF Laws (as defined below).

- B. The terms (i) **"Applicable law"** shall mean the laws having jurisdiction over the matter in question, including all applicable statutes, enactments, acts of legislature, ordinances, rules, bye-laws, regulations, notifications, decrees, arbitral awards, consents, directions, directives, orders or regulations or other governmental or regulatory restrictions or conditions, or any similar form of decision of, or determination by, any governmental authority, including the Securities and Exchange Board of India, whether in effect as of the date of this Policy or thereafter; (ii) **"Tax", "Taxes" or "Taxation"** means all forms of direct and indirect taxes, duties, levies, imposts, including without limitation corporate income tax, withholding tax, minimum alternate tax, sales tax, goods & services tax, value added tax, dividend distribution tax, customs and excise duties, service tax, capital gains tax and other transaction taxes, real estate taxes, registration taxes, transfer taxes, environmental taxes, other municipal taxes and duties and any other type of surcharge, cess, taxes or duties, and any interest, penalties, surcharges or fines relating thereto; and (iii) **"NDCF Laws"** shall mean the Applicable law, InvIT Regulations and the Income Tax Act, 1961.
- C. The net distributable cash flows of the Trust (the **"Distributable Income"**) shall be based on the cash flows generated by it including from the underlying operations undertaken by the special purpose

vehicles (together, the **"SPVs"**) and any holding companies (such holding companies together, the **"Holding Companies"**/ **"HoldCo"** and together with the SPVs, the **"Portfolio Assets"**) held by the Trust or any other sources of funds (such as, cash surplus available in acquired assets, subject to compliance with NDCF Laws).

- D. The Distributable Income and the net distributable cash flows of any SPV or HoldCo shall be calculated in accordance with the NDCF Laws.
- E. In the event (i) any infrastructure asset or Portfolio Assets is sold by the Trust; or (ii) the equity shares or interest in any Portfolio Asset is sold by the Trust, then the Investment Manager may utilise the sale proceeds for any purposes as permitted under the NDCF Laws.
- F. The Trust shall distribute the Distributable Income with an endeavor to distribute 100% of the **Distributable Income** to its Unitholders holding Ordinary Units (the **"Unitholders"**). Such distribution and the distributions mentioned in this Policy shall be declared and made once every quarter of a financial year or such other period as mandated under the NDCF Laws. The distribution, when made, shall be made in Indian Rupees.
- G. All distributions to the Unitholders shall be made in compliance with the NDCF Laws. The actual amount received by the Unitholders will be subject to Taxes and other statutory deductions as applicable. The Investment Manager shall be responsible for deducting all types of Taxes on all payments made by the Investment Manager and depositing them with the relevant governmental agency, if stipulated, in the manner specified under the NDCF Laws.
- H. For the purposes of certainty during the period of the projections disclosed in the offer document in relation to the initial offer of Ordinary Units by the Trust and as no regulatory framework has been prescribed for the redemption, buyback of units of the Trust or reduction of unit capital or any other similar mode, notwithstanding anything contained in this distribution policy, no distributions shall be made to the Unitholders by way of redemption or buyback of units or return of unit capital, reduction of unit capital or any other similar mode, prior to a period of 4 years from the date of allotment of Ordinary Units pursuant to the Initial Offer.



I. Subject to NDCF Law and accounting standards, it is clarified that, for the purpose of calculation of the Distributable Income, the cash flows of the Trust shall be classified into two parts:

1. Dividend, interest, treasury income and capital gains of the Trust ("**Income Bucket A**"). All expenditures of the Trust (including, amongst others, interest expenses and fees payable to the Investment Manager, the ("**Expenditures**") shall be paid out of Income Bucket A, proportionately towards various income streams; and
2. Capital repayments to the Trust ("**Income Bucket B**"). Any capital outflows (including, among others, principal repayments by the Trust on its borrowings and capital infusions into the SPVs, referred to as the ("**Capital Outflows**") shall be paid out of Income Bucket B. If any expenses are directly attributable to this bucket, they can be reduced from this bucket.

In the event the cash flows in Income Bucket A are not sufficient to meet the Expenditures set out above, such Expenditures shall be paid of Income Bucket B. Similarly, in the event the cash flows in Income Bucket B are not sufficient to meet the Capital Outflows set out above, such Capital Outflows shall be paid of Income Bucket A. The Distributable Income calculated on the basis of Income Bucket A shall be further classified as interest, dividend, gains, or other income in the ratio of the inflows.

H. In accordance with the InvIT Regulations, if the distribution is not made within the specified timeline for declaration, the Investment Manager shall be liable for any consequences under the NDCF Laws. Further, any amounts resulting from such liability shall not be recovered in the form of fees or any other form payable to the Investment Manager by the Trust.

I. It is clarified that Unitholder holding Subordinate Units (*as defined in the InvIT Documents*) of the Trust shall not be entitled to any distribution rights or other economic rights in relation to their Subordinate Units.

J. **Conflict with NDCF Laws**

The Policy shall not contradict the provisions of any NDCF Laws. In the event of any discrepancy, the provisions of the NDCF Laws shall prevail over the provisions of this Policy.

K. **Amendment**

- (i) Any amendment or variation to this Policy shall be undertaken by the Board of Directors of the Investment Manager in compliance with NDCF Laws.
- (ii) Notwithstanding the above, this Policy will stand amended to the extent of any change in NDCF Laws without any action from the Investment Manager or approval of the Unitholders of the Trust.

Adopted by the Board of Directors of Cube Highways Fund Advisors Private Limited on behalf of the Trust.