

KEPWEALTH PROPERTY PHILS. INC.
POLICY ON RELATED PARTY TRANSACTIONS

I. Introduction

Kepwealth Property Phils. Inc. (“KPPI” or “The Company”) that all related party transactions, as hereinafter defined, are conducted: (a) at arm’s length term, which would serve only to the best interest of the Company and accordingly, its stockholders; (b) fairly and with transparency; (c) with no particular group or individual who will benefit at the expense of any of the public investors or minority shareholders; and (d) to ensure the transactions are properly approved and disclosed in accordance with applicable laws, rules, and regulations.

II. Purpose

The purpose of this related party transaction policy (“**Policy**”) is to guide officers and the board of directors (“**Board**”) of the Company on the proper approval and the disclosure requirements on transactions entered into between the Company and its related parties.

III. Definition

“**Related Party**” shall cover the Company’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company’s directors, officers, shareholders and related interests (“**DOSRI**”), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

“**Close Family Members**” are persons related to the Company’s directors, officers and shareholders, within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, grandparent, grandchild, parent-in-law, son/daughter in law, brother/sister in law, grandparent in law and grandchild in law of the Company’s directors, officers and stockholders.

“**Related Party Transaction**” is defined as a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged, which should be interpreted broadly to include not only transactions that are entered into with Related Parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party.

IV. Coverage / Materiality Threshold

- a. Mergers and acquisitions between Related Parties;
- b. Loans or advances to and from a Related Party exceeding 10% of the Company’s assets, provided that the loans or advances to and from directors, including Close Family Members, at whatever amount, which shall be at arm’s length and at market rate, shall be covered by this Policy. Guarantee and Suretyship agreements to and from a Related Party in an amount exceeding Ten Million Pesos (Php10,000,000.00), obtained in a single or a series of transaction(s) within a period of three (3) years shall be covered by this Policy.
- c. Contractual arrangement with a Related Party for a service that is not in the ordinary course of business with fees exceeding 5% of the Company’s assets, provided that the engagement of services of the directors, including their Close Family Members, at whatever amount, which shall be at arm’s length and at market rate, shall also be covered by this Policy.

V. Exclusions

This Policy shall not apply to the following:

- a. Compensation of directors and executive officers of the Company;
- b. Compensation of employees of the Company;
- c. Share transactions such as dividends, repurchase, and rights offerings which are available to all shareholders on a pro-rata ownership basis; and
- d. Transfer of resources between the Company and its subsidiaries or affiliates.

VI. Guidelines to Ensure Arm's Length Terms

1. In the review of Related Party Transactions, the Related Party Transactions Committee shall ensure that Related Party Transactions are for the best interest of the Company. As appropriate for the circumstances, the Related Party Transactions Committee shall consider the following:
 - a) The extent of Related Party's interest in the transaction;
 - b) Material facts of the proposed Related Party Transaction, including the proposed aggregate value of the transaction;
 - c) Whether the transaction with the Related Party is proposed to be, or was, entered into on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances;
 - d) The purpose of, and the potential benefits to the Company of the Related Party Transaction;
 - e) Availability of other sources of comparable products or services; and
 - f) Any other information regarding the Related Party Transaction of the Related Party in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.
2. It is the responsibility of any director and executive officers of the Company to notify the Related Party Transactions Committee of any proposed Related Party Transaction identified in *Section IV: Coverage and Materiality* as soon as they become aware of the said transaction and obtain approval prior to entering into the transaction.

VII. Disclosure

Related Party Transactions are disclosed in the Company's financial statements, annual reports, and other applicable filings in accordance with the relevant rules and issuances of the Securities and Exchange Commission, Philippine Stock Exchange and other applicable regulatory bodies. The disclosure includes, but is not limited to, the name of the Related Party, relationship with the Company for each Related Party Transaction, the nature and value for each Related Party Transaction. Such disclosure is also made publicly-available by the Company, for the benefit of all shareholders and other stakeholders, through the Company's website and such other channels as applicable.

VIII. Review by the Related Party Transactions Committee

The Related Party Transaction Committee shall review and approve all covered Related Party Transactions in accordance with the principles of transparency, integrity and fairness, to ensure that they are at arm's length, the terms are fair, and they will inure to the best interest of the Company and its subsidiaries or affiliates and their shareholders, including minority shareholders.

If a transaction passes the review of the Related Party Transaction Committee, the said committee shall endorse the same to the Board for final approval.

Any member of the Related Party Transaction Committee or the Board who has an interest in the Related Party Transaction under review shall immediately inform the committee or Board of the circumstance and abstain from participating in the discussion and from voting thereon. His/her presence shall also not be considered in determining the presence of a quorum at the meeting of the Related Party Transaction Committee or the Board.

IX. Whistle-Blowing Mechanism

The Whistle-Blowing Policy of the Company shall apply to any abuse of Related Party Transaction. *See Whistle-Blowing Policy of the Company.*

X. Restitution of losses and other remedies for abusive Related Party Transactions

All Related Party Transactions which require shareholders' approval, as determined by the Related Party Transaction Committee, are submitted to all shareholders including minority shareholders, for approval. The Company shall encourage non-related or disinterested shareholders to decide on the matter.

Non-compliance with any of the provisions of this Policy may result in the nullification or revocation of any agreement or contract involved in the execution of the Related Party Transaction.

XI. Policy Review

The Related Party Transaction Committee shall review and assess the adequacy of this Related Party Transaction Policy at least annually and recommend for approval by the Board any changes it considers as needed.