

## **RELATED PARTY TRANSACTIONS POLICY**

### **I. RATIONALE**

Citicore Energy REIT Corp. (the “Company”) promotes transparency and fairness among its stakeholders and is committed to complying with all applicable laws and regulations.

The Board of Directors of the Company (the “Board”) recognizes that Related Party Transactions (“RPT[s]”) heightens the perception and possibility of a Conflict of Interest (as defined below). As such, it has determined that the Board, with the assistance of the Related Party Transaction Review and Compliance Committee (“RPTCC”), shall oversee, review, and approve all RPTs to ensure that it is conducted in the regular course of business and on an arm’s length basis; not undertaken on more favourable economic terms to the Related Parties (as defined below) than with non-related or independent parties under similar circumstances. The Board shall also determine the extent of the Related Parties’ interest in the transaction and ensure that RPTs are adequately disclosed and reported.

### **II. OBJECTIVE**

Considering that the Company, along with its Affiliates (as defined below) belong to a common economic controlling group, business activities with Related Parties within the said group inevitably arise. Thus, the adoption of this RPT Policy (this “Policy”) is for the attainment of the following objectives:

1. To provide guidelines and procedures to be observed in relation to RPTs, which shall cover not only those transactions that give rise to credit and/or counterparty risks but also those that could pose material risk or potentially abuse the Company and its stakeholders;
2. To avoid Conflicts of Interest and fulfill good corporate governance practices and regulatory rules and regulations;
3. To ensure that there is an appropriate process for the approval of RPTs; and
4. To ensure compliance with the disclosure policies and requirements of the Company, applicable accounting standards, and regulatory authorities.

The guidelines, categories, thresholds, and disclosure requirements for RPTs shall be established in this Policy in a manner that will guarantee the fairness and transparency of such transactions.

### III. DEFINITION OF TERMS

1. **“Adviser”** – means a lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the real estate investment trust.
2. **“Affiliate”** or **“Affiliated Companies”** refers to an entity linked directly or indirectly to the Company through any one or a combination of any of the following:
  - a. Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice versa;
  - b. Interlocking directorship or officership; except in cases involving independent directors as defined under existing regulations;
  - c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity;
  - d. Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice versa;
  - e. Any person directly or indirectly controlling, controlled by, or under common control with such other entity.
3. **“Associate”** – includes:
  - a. An entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has Significant Influence;
  - b. When referring to an associate of a natural person:
    - i. Any relative of such person within the fourth (4<sup>th</sup>) degree of consanguinity or affinity; and
    - ii. Any company in which he/she and his/her relative within the fourth (4<sup>th</sup>) degree of consanguinity or affinity, directly or indirectly, has an interest of twenty-five percent (25%) or more.
4. **“Board of Directors”** refers to the Company’s Board of Directors.
5. **“Close Family Members”** are persons related to the Company’s Directors, officers and stockholders (“DOS”) within the fourth (4<sup>th</sup>) degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, auntie, uncle, first cousin, parent-in-law, son-/daughter-in-law, brother-/sister-in-law, grandparents-in-law, grandchild-in-law, auntie-in-law, uncle-in-law, and first cousin-in-law of the Company’s DOS.

6. **“Conflict of Interest”** arises when the personal and/or financial interests of a person or entity are inconsistent or incompatible with the best interests of the Company, which includes any circumstance that could cast doubt on the person’s or entity’s ability to act with total objectivity with regard to the Company’s interests.
7. **“Control”** exists in favor of a parent corporation when it has the power to direct or govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly, through subsidiaries, more than one half (1/2) of the voting power of an enterprise, unless, in exceptional circumstances, it can clearly be demonstrated that such ownership does not constitute control. Control exists even when the parent owns one half (1/2) or less of the voting power of an enterprise when there is power:
  - a. Over more than one half (1/2) of the voting rights by virtue of an agreement with investors;
  - b. To direct or govern the financial and operating policies of the enterprise under a statute or an agreement;
  - c. To appoint or remove the majority of the members of the board of directors or equivalent governing body; or
  - d. To cast the majority votes at meetings of the board of directors or equivalent governing body.
8. **“Corresponding Persons in Affiliated Companies”** are the DOS of the affiliated companies and their Close Family Members.
9. **“Exempt RPTs”** are RPTs that will not require review and approval of the RPTRCC, but require reporting to the Board.
10. **“Fund Manager”** – refers to the person engaged by the REIT to perform such functions as a Fund Manager as enumerated in Republic Act No. 9856, also known as “The Real Estate Investment Trust (REIT) Act of 2009”, and its Implementing Rules and Regulations.
11. **“Investor Securities”** – means shares of stock issued by a REIT or derivatives thereof.
12. **“Material Contract”** – refers to an agreement or arrangement where the amount involved is at least five percent (5%) of the deposited property of the REIT of which is not entered into in the ordinary course of business of the REIT; provided, however, that the following shall be deemed a Material Contract regardless of the amount:
  - a. Related Party Transactions;
  - b. Agreements between the REIT and the Fund Manager;



- c. Agreements between the REIT and the Property Manager;
  - d. Agreements between and among shareholders relating to the transferability of the shares of stock of the REIT, control of the REIT and voting rights over shares of stock of the REIT, such as but not limited to, voting trust agreements, pooling agreements, joint venture agreements, option agreements, and agreements granting rights of first refusal or conversion rights;
  - e. Any acquisition or disposition of real estate by the REIT;
  - f. Contracts relating to investments of the REIT;
  - g. Any Contract creating mortgages, encumbrances, liens, or rights on the real estate of the REIT;
  - h. Contract of any nature that limits the declaration or distribution of dividends by the REIT;
  - i. Any contract relating to joint venture, spin off, consolidation or merger, take-over or change in Control involving the REIT;
  - j. Any contract that may be expected to materially affect the market activity and/or the price of the Investor Securities.
13. **“Material Related Party Transactions” or “Material RPTs”** pertain to transactions between and among Related Parties, either individually, or in aggregate over a twelve (12)-month period with a total contractual value exceeding ten percent (10%) of the total consolidated assets of the Company regardless of how the payment terms of the contract are structured.
14. **“Property Manager”** – refers to a professional administrator of real properties who is engaged by the REIT to provide property management services, lease management services, marketing services, project management services, including rent collection, tenant services, care of the physical plant, security, leasing, marketing of the property to outside prospects, and other similar services pertaining to the property under administration.
15. **“Related Party” or “Related Parties”** shall cover:
- a. The Company’s Affiliates and Associates, its DOS and related interests, their Close Family Members, and the Corresponding Persons in Affiliated Companies;
  - b. An Associate, joint venture, or an entity that is controlled, jointly controlled or Significantly Influenced or managed by a person who is a Related Party and whose interests may pose potential conflict with the interest of the Company;

- c. The director, officer, or principal stockholder of the REIT or associate of such persons;
  - d. The Sponsor/Promoter of the REIT;
  - e. The Fund Manager of the REIT;
  - f. The Adviser of the REIT;
  - g. The Property Manager of the REIT;
  - h. A director, Principal Shareholder or Principal Officer of the Sponsor/Promoter of the REIT, REIT's Fund Manager or Property Manager, or associate of any such persons; and
  - i. Related Corporation to the REIT, the REIT's Fund Manager, or the REIT's Property Manager.
16. **“Related Party Transaction” or “RPT”** means a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged, which shall include outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party.
17. **“Significant/ly Influence/d”** is the power to participate in the financial and operating policy decisions of the Company but has no control or joint control of those policies.
18. **“Significant RPTs”** pertain to transactions between and among Related Parties, either individually, or in aggregate over a twelve (12)-month period amounting to a total contractual value amounting to at least Ten Million Pesos (PhP 10,000,000.00) and up to ten percent (10%) of the total consolidated assets of the Company, regardless of how the payment terms of the contract are structured.
19. **“Sponsor/Promoter”** – means any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in incorporating a REIT.

#### IV. GENERAL PRINCIPLES

1. The Company shall strictly comply with all the requirements of the REIT Act of 2009, the Revised Corporation Code and pertinent laws, its Articles of Incorporation and By-Laws, regulations and circulars issued by the Securities and Exchange Commission (“SEC”), the Bureau of Internal Revenue (“BIR”), the Banko Sentral ng Pilipinas (“BSP”), and other government agencies in connection with the review and approval of RPTs. In this regard, any contract or amendment thereto, between the Company and Related Parties, including contracts involving the acquisition or lease of assets and contracts for services, must comply with the following minimum requirements:

- a. Full, fair, timely, and accurate disclosures on the identity of the parties, their relationship with the Company, and other important details of the transactions have been made to the Philippine Stock Exchange and the Securities and Exchange Commission;
  - b. Be on fair and reasonable terms, including the contract price;
  - c. Approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the Company;
  - d. Must also be approved by the RPTCC Majority of members of the RPTCC must be independent directors who shall vote unanimously in approving such Related Party Transactions.
  - e. Compliance with SEC Memorandum Circular No. 10, series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the SEC.
  - f. Accompanied by a Fairness Opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Securities and Exchange Commission, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and
  - g. Any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the Company.
2. The Company shall ensure that all transactions with, or for the benefit of, any Related Party are on terms and conditions that are arm's length and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval as provided in this Policy.
  3. The principle of arm's length requires that RPTs are conducted at arm's length and made in the ordinary course of business; the terms and conditions of the transaction should not be more favorable than those transactions with non-related or independent parties. The terms and conditions shall include those relating, but not limited to, the term of the agreement, interest rates, fees, considerations, collaterals, and other relevant information that will allow a clear determination that no preferential treatment was given to the Related Party.

## **V. IDENTIFICATION AND MANAGEMENT OF RPTs**

1. The Company, through the Board and the RPTRCC, shall implement appropriate controls and procedures to effectively identify, manage, and monitor RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with this Policy and the relevant rules and regulations. The Company shall also set thresholds and categories for the disclosure



and approval of RPTs. The amount of each RPT shall be considered for purposes of applying the thresholds.

2. The RPTRCC shall promptly report to the Board the complete details of each new, existing, or proposed RPT for its review and/or approval, in accordance with this Policy. If the RPT, prior to its commencement was not identified, it must be subsequently reviewed and/or ratified by the Board.
3. The Compliance Officer of the Company shall ensure that the Company complies with relevant rules and regulations, and is informed of regulatory developments in areas affecting Related Parties. The said Compliance Officer shall aid in the review of the Company's transactions and identify any potential RPTs for review of the RPTRCC. Such Compliance Officer shall ensure that this Policy is kept updated and is properly implemented throughout the Company.
4. The Chief Financial Officer of the Company is responsible for ensuring that all Significant and Material RPTs, as well as those involving Directors and/or officers, are identified and submitted to the RPTRCC for review or evaluation.
5. Regardless of the amount involved in a transaction or contract, it is the responsibility of each Director and officer to:
  - a. promptly notify the Board and/or the Compliance Officer, as soon as he/she becomes aware, of all material facts related to any form of RPT as well as his/her direct and indirect financial interest in such RPT; and
  - b. obtain approval of the Board prior to entering into the subject transaction in accordance with this Policy.
6. If an actual or potential Conflict of Interest arises on the part of a Director, officer, or employee involving any RPT, he/she is mandated to immediately disclose the same to the Board or the Compliance Officer.
7. The RPTRCC may establish additional guidelines to manage and monitor Conflicts of Interest among management, the Board, and shareholders, including misuse of corporate assets and abuse in RPTs.
8. The Company prohibits the grant of personal loans, advances, guarantees and securities, in any manner, to its Directors and/or officers, including their spouses and other dependents.
9. Senior management shall implement appropriate controls to effectively manage and monitor Significant and Material RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with the Company's policies and pertinent SEC regulations.

10. The Company shall establish a Related Party registry or a record of the organizational and structural composition of the Company and its Related Parties, including any changes thereto.

## VI. MATERIALITY THRESHOLDS OF RPTs

1. The RPTRCC shall be granted the sole authority to review RPTs. Those falling within the following materiality thresholds shall require the approval of the Chief Executive Officer and/or President or the Board, as the case may be:

Nature of Transaction	Transaction/s Value	Approving Party
Significant RPTs	PhP 10 Million up to 10% of the total consolidated assets of the Company	Chief Executive Officer and/or President
Material RPTs	Exceeding 10% of the total consolidated assets of the Company	Board of Directors
RPTs involving Directors and/or officers	Regardless of Amount	Board of Directors
Transactions that are deemed Material Contracts	Regardless of Amount	Board of Directors

2. Notwithstanding that certain RPTs do not meet the foregoing thresholds for review, if it can be shown that the relevant RPT was deliberately split into two (2) or more transactions for the sole purpose of avoiding review by the RPTRCC, the Comptroller or the Chief Accountant may submit the said RPT to the RPTRCC for review. Splitting of an RPT to avoid coverage of this Policy is strictly prohibited.

## VII. EXEMPT RPTs

The following Exempt RPTs shall no longer require the review and approval by the RPTRCC **but** must be disclosed to the Board:

1. Sale or purchase of goods and services, in the ordinary course of business, among the Company and its Affiliates at arm's length terms and is not considered a Significant RPT. To ensure fairness and transparency, this exception is still subject to compliance with applicable SEC disclosure requirements and the Transfer Pricing guidelines set forth in Revenue Regulation No. 02-2013 issued by the BIR.
2. Transactions of the Company involving the exercise of corporate powers such as investments, subscriptions, equity restructuring, dividend declarations, repurchase of shares, rights offering, and corporate guarantees to Affiliates.



3. Transactions between the Company and its Affiliates in connection with the funding of the operations of the said Affiliates and its projects, or other transactions with the objective of providing shared services or other services for operational efficiency.
4. Transactions between the Company and a joint venture company which is not controlled, jointly controlled or Significantly Influenced or managed by a person who is a Related Party, where both the Company and its joint venture partner have approved the same.
5. Transactions, under similar terms, generally available to all employees.
6. Compensation and employment of executive officers and Directors approved by the Nomination, Compensation, and Personnel Committee.
7. Charitable contributions by the Company where the charitable institution is a Related Party, if the aggregate amount involved does not exceed Five Million Pesos (PhP 5,000,000.00).
8. Banking related services or transactions with a Related Party, if the terms are generally the same or similar to offers of other banks in the ordinary course of business.

#### **VIII. REVIEW AND APPROVAL OF RPTs**

1. The RPTRCC shall conduct a thorough review of RPTs, except Exempt RPTs, focusing on the terms and conditions, the business purpose, the justifications in entering into the RPTs, and the Company's compliance with existing laws, rules and regulations on RPTs. In this regard, the RPTRCC shall consider the following factors, among others, to the extent relevant to the proposed RPTs:
  - a. The Related Party's relationship to the Company and interest in the transaction;
  - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - c. The benefits to the Company of the proposed RPT;
  - d. The availability of other sources of comparable products or services;
  - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances;
  - f. Whether the proposed RPTs include any potential reputational risk issues that may arise as a result thereof;
  - g. Whether the RPTs would present an improper Conflict of Interest for any Director or senior officer of the Company, taking into account the size; and

- h. Any other information the RPTRCC deems relevant to allow determination if the terms are comparable to those given to unrelated parties or reasonable under the circumstances.
2. After considering the foregoing factors, among others, the RPTRCC shall decide if the subject RPT meets the arm's length requirements and is not subject to any Conflict of Interest. Thereafter, it shall endorse the same for the approval of the Chief Executive Officer and/or President or the Board, as defined in Section VI.
3. All Exempt RPTs shall only require reporting to the Board.
4. Before the execution of any Material RPT, the Board should appoint an external independent party to evaluate the fairness of the terms of the said Material RPT. An external independent party may include, but is not limited to, accounting/auditing firms and third-party consultants, appraisers, or any competent person who can provide guidance for an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interests of the company and its shareholders.
5. All Material RPTs and RPTs involving Directors and/or officers shall be approved by at least two-thirds (2/3) vote of the Board, including the unanimous vote of the Independent Directors. For aggregate RPTs within a twelve (12)-month period that breaches the materiality threshold, the same Board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same Related Party.
6. Directors with personal interest in a certain RPT should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

## **IX. DISCLOSURE**

1. The management of the Company shall adequately disclose in its Annual Report the overarching policies and procedures for managing RPTs, including managing actual and potential Conflicts of Interest; responsibilities of the RPTRCC; nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments, of Material RPTs.
2. The Compliance Officer shall submit a report on material exposures to RPTs, which shall include the Material RPTs of the Company's non-financial Affiliates, within twenty (20) calendar days after the end of the reference quarter.
3. Moreover, RPTs which must be reported to the SEC shall be disclosed in accordance with the Securities Regulation Code, Philippines Financial Reporting & Accounting Standards, and other applicable laws, rules and regulations. The Company shall

comply with PAS 24's required disclosures of relationships between the Company and its Affiliates irrespective of whether there were transactions between them, outstanding balances, and commitments, in their consolidated and individual financial statements.

4. Pursuant to the relevant regulation, the Company shall submit the following to the SEC:
  - a. A summary of Material RPTs entered into during the reporting year which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-AGCR) to be submitted annually every May 30; and
  - b. Advisement Report of any Material RPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company Corporate Secretary.
5. At a minimum, the disclosure in both (a) and (b) above shall include the following information:
  - a. Complete name of the Related Party;
  - b. Relationship of the Parties;
  - c. Execution date of the Material RPT;
  - d. Financial or non-financial interest of the Related Parties;
  - e. Type and nature of transaction as well as description of the assets involved;
  - f. Total assets of the Company;
  - g. Amount or contract price;
  - h. Percentage of the contract price to the total assets of the Company;
  - i. Carrying amount of the collateral, if any;
  - j. Terms and conditions;
  - k. Rationale for entering into the transaction; and
  - l. The approval obtained (i.e. names of the Directors present, Directors who approved the Material RPT, and the corresponding voting percentage obtained).

## **X. INTERNAL OVERSIGHT**

The Internal Audit Department of the Company shall conduct an annual review of the effectiveness of the Company's system and internal controls governing RPTs. The resulting audit report, including breaches in limits, shall be communicated directly to the Audit and Risk Oversight Committee.

## **XI. SANCTIONS AND REMEDIES UNDER THIS POLICY**

Non-compliance with any provision of this Policy, in particular, with the reporting and disclosure requirements, the guidelines prior to entering into RPTs, and the prohibited RPTs, shall result in the invalidation of the contract or agreement related with the RPT.



Directors, officers, and/or employees or those responsible for losses incurred by the Company arising out of or in connection with violation of this Policy shall indemnify the Company for such losses as well as for the opportunity cost. Those who have been remiss in their duties in handling RPTs shall be subject to disciplinary measures in accordance with the Company's Code of Business Conduct and Ethics and/or other existing Company policies, without prejudice to the applicable legal remedies which the Company may avail including the filing of the Company of appropriate cases in court of competent jurisdiction. The Board shall have the discretion to further impose appropriate penalties against erring Directors, officers, and employees who violated this Policy.

## **XII. REVIEW**

This Policy shall be reviewed and assessed from time to time and may be amended in accordance with SEC rules and regulations, subject to the approval of the Board.

**THIS POLICY WAS APPROVED BY THE BOARD ON 26 JULY 2021.**



**EDGAR B. SAAVEDRA**  
*Chairman of the Board*



**RAYMUND JAY S. GOMEZ**  
*Compliance Officer*