

WILCON DEPOT, INC.

ADVISORY TO STOCKHOLDERS

Guidelines for Cash Dividends Distribution

Record Date: March 20, 2020

Payment Date: April 16, 2020

Dividend Amount: Regular Cash Dividend at PhP 0.12 per common share

Special Cash Dividend at PhP 0.06 per common share

PART A. TAX RATES ON DIVIDENDS

The Dividends to be distributed to the stockholders will be subject to the following final withholding tax rates:

Taxpayer	Final Withholding Tax Rate
Individual citizen	Ten percent (10%)
Individual resident alien	Ten percent (10%)
Non-resident alien individual	a. Engaged in trade or business – Twenty percent (20%) b. Not engaged in trade or business – Twenty five percent (25%)
Domestic corporation	Not subject to tax
Resident foreign corporation	Not subject to tax
Non-resident foreign corporation ("NRFC")	a. Thirty percent (30%) b. If current Bureau of Internal Revenue ("BIR") rulings or jurisprudence indicate that the tax sparing requirement under Section 28 (B)(5)(b), NIRC, is complied with, i.e., that the country of residence of the NRFC allows a deemed paid tax credit of fifteen percent (15%) on taxes due from the NRFC – Fifteen percent (15%)

In the case of stockholders whose shares are lodged with the Philippine Depository and Trust Corporation or PDTC, whether individuals or non-individuals, resident or non-resident, and whether claiming a withholding tax exemption or not, their respective brokers or custodian banks shall submit to the Company a notarized list of beneficial owners containing information that will comply with BIR Revenue Memorandum Circular No. 73-2014 dated September 12, 2014, but at the very least reflecting the gross and net

dividends and taxes withheld. The aforementioned list may contain personal information that will be used for the sole purpose and within the period of processing the cash dividend payment and determining the appropriate final withholding tax to be remitted. The Company may store the said information in whatever form until its legal purpose is served pursuant to BIR rules and procedures.

The list shall be certified true and correct by the custodian's/broker's President and Head of Settlements or authorized representative, duly notarized, and submitted to the Company on or before April 13, 2020, 5:00 pm (Manila Time). The custodian/broker shall ensure that its list is consistent with the balances reflected in the PDTC alphabetical list of depository account holders and corresponding total shareholdings submitted by PDTC to the Company. Furthermore, this does not relieve the stockholders wanting to avail of the preferential tax rate/exemption from compliance with the provisions of Part B to C below. The documents required therein shall be among the documents to be submitted by the custodian/broker to the Company. Should the custodian/broker fail to submit the required documents within the time prescribed above, the Company will have to withhold and remit the taxes at the applicable withholding tax rate based on current BIR issuances and the Company will not entertain any request for tax refund.

The Company reserves the right to request for further documents to verify the information stated in the notarized list of beneficial owners of the broker or custodian bank.

PART B. NOTICE TO FOREIGN STOCKHOLDERS WHO WISH TO CLAIM TAX EXEMPTION OR A PREFERENTIAL TAX RATE

- (1) Foreign stockholders who hold certificated shares of the Company and who wish to avail of tax exemption of a preferential tax rate, please submit to the Company the documents listed in Part C of this Advisory on or before April 13, 2020, 5:00 pm (Manila Time).
- (2) Foreign stockholders whose shares are under the PCD Nominee account, please submit the documents listed in Part C of this Advisory to your respective brokers or custodian banks on or before April 7, 2020, 5:00 pm (Manila Time). The said brokers or custodians are hereby requested to verify the documents submitted and to immediately liaise with PDTC to confirm tax status of and the withholding tax applicable to the stockholders concerned. The said brokers or custodian banks are further requested to transmit to the Company the original copies of the

documents claiming tax exemption or preferential tax rates as provided in Part C of this advisory.

PART C. DOCUMENTARY REQUIREMENTS FOR SHAREHOLDERS WHO WISH TO CLAIM TAX EXEMPTION OR PREFERENTIAL TAX RATE

(1) FOR NON-RESIDENT FOREIGN STOCKHOLDERS (CORPORATE OR INDIVIDUAL) CLAIMING ENTITLEMENT TO A PREFERENTIAL TAX RATE ON DIVIDEND INCOME UNDER A TAX TREATY WITH THE PHILIPPINES. – Any foreign stockholder (the “Claiming Stockholder”) claiming entitlement to a preferential tax rate on dividend income under a tax treaty with the Republic of the Philippines under Revenue Memorandum Order No. 8-2017 (“RMO No. 8-2017”), shall be required to submit the following documents to the Company:

- a. a Certificate of Residence for Tax Treaty Relief (“CORTT”) Form duly accomplished and compliant with the provisions of BIR Revenue Memorandum Order No. 8-2017 issued on March 28, 2017; and
- b. a signed and duly notarized or consularized/apostilled (if issued abroad) certification on beneficial ownership indicating among others, the number of shares held by the claiming Stockholder in the form attached as Annex C hereof;

Upon submission of the documents above, the Claiming Stockholder shall be entitled to avail of the preferential tax rate. If the Claiming Stockholder is unable to submit the documents within the time prescribed, the Company will withhold and remit the taxes at the applicable withholding tax rates and the Company will not entertain any request for tax refund.

(2) FOR NON-RESIDENT FOREIGN CORPORATIONS CLAIMING TAX SPARING RATE OF 15%. – Any foreign stockholder claiming entitlement to the 15% tax rate on dividend income under Section 28(B)(5)(b) of the NIRC shall be required to submit the following documents to the Company:

- a. certified copy of a BIR ruling addressed to it confirming the application of the tax sparing rate of 15%; and
- b. a signed and duly notarized or consularized/apostilled (if issued abroad) certification on beneficial ownership indicating, among others, the number of shares held by the Claiming Stockholder in the form attached as Annex C hereof.

If the document required under Part C (2) (a) of the above is not available, the Claiming Stockholder may submit, in lieu thereof:

- a. a certified copy of the letter request for a BIR ruling confirming the application of the tax sparing rate of 15% (together with supporting documents filed), duly received by the Bureau of Internal Revenue – Law and Legislative Division; and
- b. a signed and duly notarized or consularized/apostilled (if issued abroad) indemnity undertaking, in favor of Wilcon Depot, Inc., with a certification that the execution thereof was duly authorized by the said stockholder, substantially in the form attached as Annex A hereof.

Upon submission of the required document, the Claiming Stockholder shall be entitled to avail of the 15% tax sparing rate.

If the Claiming Stockholder is unable to submit the required document within the time prescribed, the Company will withhold and remit the taxes at the regular 30% withholding tax rate and the Company will not entertain any request for tax refund.

(3) FOR STOCKHOLDERS CLAIMING TAX EXEMPTION – Any stockholder claiming exemption from withholding tax in respect of the Dividends in accordance with any provision of the NIRC or special law shall be required to submit the following documents to the Company:

- a. certified copy of a BIR ruling addressed to it confirming the exemption claimed; and
- b. a signed and duly notarized or consularized/apostilled (if issued abroad) certification on beneficial ownership indicating, among others, the number of shares held by the Claiming Stockholder in the form attached as Annex C hereof.

If the document required under Part C(3)(a) above is not available, the claiming stockholder may submit the following in lieu thereof:

- a. a certified copy of the letter request for a BIR ruling confirming the tax exemption (together with supporting documents filed), duly received by the Bureau of Internal Revenue – Law and Legislative Division; and
- b. a signed and duly notarized or consularized/apostilled (if issued abroad) indemnity undertaking in favor of Wilcon Depot, Inc. with a certification that the execution thereof was duly

authorized by the said stockholder, substantially in the form attached as Annex B hereof.

Important Note: For stockholders whose shares are lodged with the Philippine Depository and Trust Corporation or PDTC and claiming a withholding tax exemption or preferential tax rate, upon submission of all the documents supporting the claim, kindly inform the Company of the name of your respective brokers or custodian banks in order for the Company to evaluate, assess and verify the claim.

PART D. CONTACT INFORMATION AND SUBMISSION OF DOCUMENTARY REQUIREMENTS

For any questions on the foregoing, you may contact any of the following:

Atty. Sheila P. Pasicolan-Camerino
Asst. Corporate Secretary
Tel. No. (02) 8634-8387 local 1859
Email Address: sheila_pasicolan.legal@wilcon.com.ph

Ms. Mary Jean G. Alger
VP - Investor Relations
Tel. No.: (02) 8634-8387 local 1040
Email Address: jean_alger.iro@wilcon.com.ph

All documents must be submitted to the Company **on or before April 13, 2020 - 5:00 PM** (Manila Time) at the following address:

WILCON DEPOT, INC.
6th Floor Wilcon Depot Building
90 E. Rodriguez Jr. Ave., Ugong Norte
Quezon City

Attention:

Atty. Sheila P. Pasicolan-Camerino – *Asst. Corporate Secretary* and/or
Ms. Mary Jean G. Alger – *VP - Investor Relations*

Annex A
Indemnity – tax sparing

(Date)

WILCON DEPOT, INC.

90 E. Rodriguez Jr. Ave.,
Ugong Norte, Quezon City

Attention: MS. LORRAINE BELO-CINCOCHAN
President-CEO

Re: Indemnity Undertaking – Cash Dividends from Wilcon Depot, Inc.

Gentlemen:

This refers to the cash dividends due from WILCON DEPOT, INC. (the “Company”) to _____, a corporation organized and existing under the laws of _____ and with principal place of business at _____ (the “Stockholder”) in the amount of _____ (Php _____) pursuant to the declaration of the Board of Directors of the Company in its meeting held on February 24, 2020 (the “Dividends”).

The Stockholder requests the Company to apply a withholding tax rate of fifteen percent (15%) on the Dividends pursuant to Section 28 (B)(5)(b) of the National Internal Revenue Code (the “Tax Sparing Provision”), which reduces from 30% to 15% the withholding tax on dividends received by a nonresident foreign corporation on the condition that the country of residence of the Stockholder will allow the latter a credit for taxes deemed to have been paid in the Philippines (but actually waived or spared) equivalent to 15%, representing the difference between the regular income tax rate of 30% and the 15% tax sparing rate.

In this connection, it hereby represents and warrants:

- (a) That [the country of residence of Stockholder], in accordance with its laws now currently in force, fulfills the foregoing ‘deemed paid in tax credit’ condition.
- (b) That it shall comply with Revenue Memorandum Circular No. 80-91 requiring the submission by the Stockholder of documents showing the

actual amount credited by the foreign government against income tax due from the Stockholder in respect of the Dividends. The documents required under RMC 80-91 may only be provided after the payment of the Dividends and the filing of its own income tax return in its country of residence. It is only upon presentation of those documents to the Bureau of Internal Revenue ("BIR") that its entitlement to the tax sparing rate may be determined.

The Stockholder acknowledges that the Company, as withholding agent, is made primarily responsible for the remittance of the correct amount of withholding taxes due on the Dividends. Further, penalties are imposed upon the Company under Philippine law for failure to do so. In view thereof, the Stockholder undertakes:

- a) To indemnify and hold the Company and its shareholders, directors, officers, employees, agents and assignees harmless from and against any and all claims, losses, expenses, taxes, penalties or fines incurred in relation to the filings or payments of, or failure to file or pay, any amounts to the Philippine tax authorities due to or on account to Dividends;
- b) In the event of an assessment issued by the BIR for the Company's failure to file or pay the correct amount of tax to the Philippine tax authorities on the basis of the Stockholder's representations stated herein, to be solely liable for, and promptly pay when due, any taxes, fees, charges or other amounts (including interest and penalties) due to any authorities in the Philippines with respect to the Dividends. For this purpose, the Stockholders undertakes to pay to the Company whatever amounts may be required to pay for any shortfall in the amount of tax withheld and remitted. Furthermore, the Stockholders expressly authorizes the Company to pay over to the Philippine tax authorities any amounts that the Company may hold belonging to the stockholders to settle any deficiency tax liability of the Stockholder arising from the receipt of the Dividends; and
- c) To submit to the Company proof of compliance with RMC 80-91, including copies of documents provided to the BIR in connection therewith.

The Stockholder accepts the continuity of this indemnity undertaking which shall survive a transfer of shares.

The Stockholder hereby further represents, warrants and certifies that all consents, permits and approvals required for the execution of this indemnity undertaking have been secured and are in full force and effect, and that the person signing this undertaking has been duly authorized to do so by the Stockholder.

(Name and signature of Stockholder
or authorized representative)

Agreed and accepted on _____, 2020 by:

WILCON DEPOT, INC.

By:

(NOTARIAL ACKNOWLEDGEMENT & CONSULARIZATION/APOSTILIZATION)

Annex B
Indemnity – tax exemption

(Date)

WILCON DEPOT, INC.

90 E. Rodriguez Jr. Ave.,
Ugong Norte, Quezon City

Attention: MS. LORRAINE BELO-CINCOCHAN
President-CEO

Re: Indemnity Undertaking – Cash Dividends from Wilcon Depot, Inc.

Gentlemen:

This refers to the cash dividends due from WILCON DEPOT, INC. (the “Company”) to _____, with principal place of business at _____ (the “Stockholder”) in the amount of _____ (Php _____) pursuant to the declaration of the Board of Directors of the Company in its meeting held on February 24, 2020 (the “Dividends”).

The Stockholder hereby represents and warrants to the Company that it falls within any one (1) of the following categories of taxpayers whose income in the Philippines are exempt from tax in accordance with the provisions of the National Internal Revenue Code of 1997, as amended (the “Tax Code”) or any other special law or charter creating it **(please check and fill in the spaces below, as applicable)**:

- An entity whose income from the Philippines is exempt from tax in accordance with Section 32 (B) (7) (a) of the Tax Code because it is:
 - The Government of: _____
 - A financing institution owned, controlled, or enjoying refinancing from the Government of: _____
 - An international or regional financial institution established by the Government of: _____

- A Philippine Government-owned or Controlled-Corporation, Agency or Instrumentality whose income in the Philippines are not subject to tax in accordance with Section 27 (C) of the Tax Code, a special law, or charter creating it.

- An entity which enjoys tax exemption specifically in accordance with special law or charter creating it.

The Stockholder further represents and warrants that its exemption from Philippine tax includes income arising from activities conducted for profit, or activities which are not in its ordinary course of business such as income from investments in domestic corporations.

The Stockholder acknowledges that the Company, as withholding agent, is made primarily responsible for the remittance of the correct amount of withholding taxes on the Dividends. Further, penalties are imposed upon the Company under Philippine law for failure to do so. In view thereof, the Stockholder hereby undertakes to:

- (a) Submit proof satisfactory to the Company of its exemption from withholding tax on the Dividends, such as, but not limited to, a certification or certified true copy of a charter or special law (authenticated, if issued abroad) from the applicable government agency, and such other official documentation (certified, notarized/authenticated, as applicable) confirming its exemption from Philippine tax;

- (b) Indemnify and hold the Company and its shareholders, directors, officers, employees, agents and assignees harmless from against any and all claims, losses, expenses, taxes, penalties or fines incurred in relation to the filings or payments of, or failure to file or pay, any amounts to the Philippine tax authorities due to or on account of the Dividends; and

- (c) In the event of an assessment issued by the BIR for the Company's failure to file or pay the correct amount of tax to the Philippine tax authorities on the basis of the Stockholder's representations stated herein, the Stockholder will be solely liable for, and will promptly pay when due, any taxes, fees, charges or other amounts (including interest and penalties) due to any authorities in the Philippines with respect to the Dividends. The Stockholder expressly authorizes the Company to pay over to the Philippine tax authorities any amounts

that the Company may hold belonging to the Stockholder to settle any deficiency tax liability of the Stockholder arising from the receipt of the Dividends. Should the Company decide to settle all or part of the obligation with its own funds, the Stockholder undertakes to promptly reimburse the Company for cost expended in relation to the said assessment/s.

Based on the foregoing, the undersigned hereby requests the Company not to withhold taxes on the dividends to be distributed to the Stockholder. The Stockholder accepts the continuity of this indemnity undertaking which shall survive a transfer of shares.

The Stockholder hereby further represents, warrants and certifies that all consents, permits and approvals required for the execution of this indemnity undertaking have been secured and are in full force and effect, and that the person signing this undertaking has been duly authorized to do so by the Stockholder.

(Name and signature of Stockholder
or authorized representative)

Agreed and accepted on _____, 2020 by:

WILCON DEPOT, INC.

By:

(NOTARIAL ACKNOWLEDGEMENT & CONSULARIZATION/APOSTILIZATION)

Annex C

CERTIFICATION

I, [name], of legal age, [nationality], with office address at _____, being the [position] of [name of custodian bank or broker], a corporation duly organized and existing under the laws of _____, with office address at _____, under oath, do hereby certify that:

The following is a list of the beneficial owners of the _____ shares of **WILCON DEPOT, INC.** (the "Company") held by [name of custodian/security services firm], in its capacity as agent/custodian, as of March 20, 2020, the record date for the dividends declared by the Company's Board Directors on February 24, 2020:

Beneficial Owner (Corporations/Individuals) and corresponding BP ID no/s.	Nationality and Residence	Number of shares owned	Gross Amount of Dividends	Withholding Tax (WT)	WT Rate	Net Dividends
Total						

The Stockholder agrees to indemnify and hold the Company and its shareholders, directors, officers, employees, agents and assignees harmless from and against any and all claims, losses, expenses, taxes, penalties or fines incurred in relation to the filings or payments of, or failure to file or pay, any amounts to the Philippine BIR due to or on account of the dividends, on the basis of the Company's reliance upon the information found in this Certification.

[Name of custodian or broker] further agrees and acknowledges that it will be solely liable for, and will promptly pay when due, any taxes, fees, charges or other amounts (including interest and penalties) due to the BIR with respect to the dividends payable to its clients, as indicated in this Certification. For this purpose, [name of custodian or broker] undertakes to pay to the Company, upon written notice, the amounts that the Company may be required to pay to the BIR for any shortfall in the amount of tax withheld and remitted. [name of custodian or broker] accepts the continuity of this indemnity undertaking, which shall survive the transfer of shares.

The signatory/ies of this instrument represent and warrant that they have the power, authority, and legal capacity to execute and perform the obligations under this instrument on behalf of [name of custodian or broker] under the penalties of perjury.

IN WITNESS WHEREOF, this Certification has been signed this _____ in _____.

(Name and Position)

(NOTARIAL ACKNOWLEDGEMENT & CONSULARIZATION/APOSTILIZATION)