

**MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS
OF
PHILPLANS FIRST, INC.**
Held on 11 February 2021 via Zoom

PRESENT:

MONICO V. JACOB
EUSEBIO H. TANCO
ESTER T. GABALDON
JOSEPH AUGUSTIN L. TANCO
MARTIN K. TANCO
MARIA VANESSA ROSE TANCO
JOSE F. BUENAVENTURA
PAOLO MARTIN O. BAUTISTA
JUAN KEVIN G. BELMONTE
JOHNIP G. CUA

ALSO PRESENT:

YOLANDA M. BAUTISTA
JAIME B. DIZON
VICTOR C. TAN
RONALD BAUTISTA
ARSENIO C. CABRERA, JR.
AMOR ROSELLE S. HERRERA

ABSENT:

RAINERIO M. BORJA

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I. CALL TO ORDER

The Chairman, Mr. Joseph Augustin L. Tanco, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Arsenio C. Cabrera, Jr., recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that the notices of the meeting were sent to all directors. Thereafter, the Corporate Secretary conducted a roll call of the directors present.

The meeting was conducted through remote communication pursuant to Section 52 of the Revised Corporation Code of the Philippines which authorizes that directors who cannot physically attend or vote at board meetings can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.

All directors attended the meeting through remote communication via Zoom. The directors confirmed that they could completely and clearly hear each other. They likewise confirmed receipt of the agenda and all of the materials for the meeting.

III. APPROVAL OF PREVIOUS MINUTES

Upon motion made and duly seconded, the Minutes of the Meeting of the Board of Directors held on 11 December 2020 were unanimously approved.

IV. SALE OF RMMI SHARES

Mr. Jacob proposed that the Corporation sell its [REDACTED] shares in Rosehills Memorial Management Philippines Inc. ("RMMI") (the "RMMI Shares") to Maestro Holdings, Inc. ("Maestro Holdings"), its parent company. The Shares constitute 65% of the issued and outstanding capital stock of RMMI. Mr. Jacob explained that the proposed sale of the RMMI Shares would help provide liquidity to the Corporation as it settles maturities to its planholders. Mr. Eusebio Tanco added that the proceeds from the sale would also help fund the liability management program of the Corporation. In this regard, Mr. Eusebio Tanco noted that the equity market is still down and the fixed income market is still flat. Hence, the Corporation needs to be able to generate funds to service the maturities as well as its liability management program. Given the state of the domestic equity and fixed income markets, it appears that the best way to generate funds would be through the sale of the Corporation's assets.

Since the Corporation and Maestro Holdings are related parties, the Corporation engaged the services of R.S. Bernaldo and Associates to provide an independent third party valuation. Mr. Romeo De Jesus of R.S. Bernaldo and Associates explained to the Board that the income or cash flow approach was found to be the most appropriate methodology for determining the value of the RMMI Shares. This approach assumes that the Corporation is a going concern. Based on the historical performance of the Company, Mr. De Jesus noted that the returns of the Corporation in previous years ranged from [REDACTED] to [REDACTED]. Hence, a mean of [REDACTED] was used in the discounted cash flow method. Based on the foregoing methodology, the value was determined to be [REDACTED] per share which is higher than the book value of [REDACTED] per share or a total equity value of [REDACTED]. Since the RMMI Shares represent 65% of the issued and outstanding capital stock of RMMI, the equity value of said shares stands at [REDACTED].

Based on the foregoing presentation, the Board agreed that [REDACTED] would be a reasonable selling price for the RMMI Shares.

Upon motion made and duly seconded, the following resolutions were unanimously approved:

RESOLUTION NO. 2021-BD-01

"RESOLVED, That the Corporation be, as it is hereby authorized, to sell [REDACTED] shares of Rosehills Memorial Management Philippines, Inc. ("RMMI") (the "Shares"), equivalent to sixty-five percent (65%) of the issued and outstanding capital stock of RMMI, to Maestro Holdings, Inc. (formerly STI Investments, Inc.) for [REDACTED] and subject to such other terms and conditions as may be beneficial to the Corporation;

"RESOLVED, That the Corporation be, as it is hereby authorized, to execute a Deed of Absolute Sale for the Shares and such other documents or agreements as may be necessary to give effect to the foregoing resolution;

"RESOLVED, FINALLY, That the Corporation's President, Mr. Monico V. Jacob be, as he is hereby authorized, to: (a) sign, execute and deliver, on behalf of the Corporation, the Deed of Absolute Sale for the Shares and such other documents or agreements as may be required to give effect to the foregoing resolutions; and (b) perform such other acts as may be necessary to give effect to the foregoing resolutions."

V. SALE OF HERITAGE PARK INVESTMENT CERTIFICATES

Management proposed the sale of three hundred twenty four (324) Heritage Park Investment Certificates (collectively, the "HPICs") covering three hundred twenty four (324) garden lots in Heritage Park, together with the memorial plans bundled with the HPICs. The proposed purchase price is [REDACTED] per HPIC or an aggregate purchase price for the HPICs of [REDACTED], exclusive of value-added tax. The purchase price for the bundled memorial plans is [REDACTED] per memorial plan or an aggregate purchase price of [REDACTED] for the bundled memorial plans, exclusive of value-added tax. The buyer of the HPICs and the bundled memorial plans shall be A Whole New World Corporation (the "Buyer").

Based on discussions between the parties, the Buyer shall pay a downpayment equivalent to twenty-five percent (25%) of the purchase price for the HPICs and the bundled memorial plans or the aggregate amount of [REDACTED]. The balance of the purchase price for

the HPICs and the bundled memorial plans shall be payable in five (5) equal annual installments.

Mr. Eusebio Tanco and Atty. Jacob noted that the proceeds from the sale of the HPICs and the bundled memorial plans would provide liquidity to the Corporation. This liquidity is needed in relation to the payment of maturities.

Upon motion made and duly seconded, the following resolutions were unanimously approved:

RESOLUTION NO. 2021-BD-01-A

"RESOLVED, That the Corporation be, as it is hereby authorized, to sell to A Whole New World Corporation (the "Buyer") Three Hundred Twenty Four (324) Heritage Park Investment Certificates (collectively, the "HPICS") representing Three Hundred Twenty Four (324) garden lots in Heritage Park, as more particularly described in Annex A hereto, for the purchase price of [REDACTED] per HPIC or an aggregate purchase price of [REDACTED] (the "HPICs Purchase Price"), with twenty-five percent (25%) of the HPICs Purchase Price or the amount of [REDACTED] payable upon execution of the Deed of Absolute Sale and the balance of [REDACTED] payable in five (5) equal annual installments beginning from the first anniversary date from execution date of the Deed of Absolute Sale and every year thereafter;

"RESOLVED, FURTHER, That the Corporation be, as it is hereby authorized, to sell to the Buyer three hundred twenty four (324) memorial plans bundled with the HPICs (the "Memorial Plans"), as more particularly described in Annex B hereto, for the purchase price of [REDACTED] per Memorial Plan or an aggregate purchase price of [REDACTED] (the "Memorial Plans Purchase Price"), with of the Memorial Plans Purchase Price or the amount of [REDACTED] payable upon execution of the Deed of Absolute Sale and the balance of [REDACTED] payable in five (5) equal annual installments beginning from the first anniversary date from execution date of the Deed of Absolute Sale and every year thereafter;

“RESOLVED, That the Corporation be, as it is hereby authorized, to: (a) execute a Deed of Absolute Sale for the HPICs and the Memorial Plans, subject to the terms and conditions set forth above and subject to such other terms and conditions as may be beneficial to the Corporation; and (b) execute such other documents or agreements as may be necessary to give effect to the foregoing resolutions;

“RESOLVED, FINALLY, That the Corporation’s President, Mr. Monico V. Jacob be, as he is hereby authorized, to: (a) sign, execute and deliver, on behalf of the Corporation, the Deed of Absolute Sale for the HPICs and the Memorial Plans and such other documents or agreements as may be required to give effect to the foregoing resolutions; and (b) perform such other acts as may be necessary to give effect to the foregoing resolutions.”

VI. UPDATE REGARDING DECLARATORY RELIEF CASE

Atty. Jacob and Atty. Cabrera updated the Board on the status of the declaratory relief case filed by the Corporation against the Insurance Commission before the Regional Trial Court of Makati on 11 January 2021. Said case sought an interpretation of Section 30 of the Pre-Need Code in determining the sufficiency of trust funds. The Corporation has taken the view that plan benefit payables should be excluded when computing the sufficiency of pre-need reserves. On the other hand, the deputy Commissioners of the Insurance Commission have taken the position that the plan benefits payables should be considered in determining the sufficiency of the Corporation’s pre-need reserves despite the issuance of an Insurance Commission circular stating that pre-need reserves should exclude matured plan benefits payable. The deputy Commissioners of the Insurance Commission sought to declare the trust funds of the Corporation deficient and to place the Corporation under conservatorship. Hence, the petition for declaratory relief also sought a temporary restraining order and a writ of injunction against the Insurance Commission. Atty. Jacob noted that the Insurance Commission has also not issued a pre-need license to the Corporation but has also not suspended the Corporation’s operations, leaving it in a legal limbo.

Atty. Cabrera informed the Board that the Regional Trial Court issued a temporary restraining order valid for 20 days. However, the Regional Trial Court did not issue a preliminary injunction on the ground that it could not restrain the Insurance Commission from performing its duties under the Pre-Need Code. The Corporation subsequently filed a Motion for Reconsideration and a Motion for Inhibition. On this point, Atty. Cabrera explained that it is the Regional Trial Court that has jurisdiction to interpret provisions of law. Nevertheless, the Corporation

will remain under the authority of the Insurance Commission. The Motion for Reconsideration and Motion for Inhibition are still pending.

With regard to conservatorship, Atty. Jacob noted that the Corporation has a positive net worth of [REDACTED]. Hence, it cannot be placed under conservatorship under the rules of the Insurance Commission.

Mr. Dizon added that the Pre-Need Code provides that trust funds should be sufficient to cover pre-need reserves with no mention of plans benefits payable. He noted that plan benefits payable should be treated as corporate liabilities and that unclaimed benefits are current liabilities which should be separated from the Corporation's long term liabilities. Mr. Dizon further stated that the Insurance Commission is amenable to the Corporation setting up a separate trust fund which will be used solely to pay for the plan benefit payables. Hence, this trust fund will also be a restricted trust fund.

VII. EDSA PROPERTY

By way of background, Atty. Jacob informed the Board that the EDSA property is one of the Corporation's service assets. The acquisition cost of the EDSA property was [REDACTED] per square meter. Based on the latest appraisal, the value of the property has risen to [REDACTED] per square meter. The Corporation owns 40% of the EDSA property.

Mr. Eusebio Tanco informed the Board that he has signed a non-binding letter of intent for the possible sale of the EDSA property at the price of [REDACTED] per square meter. If the sale pushes through, this will generate [REDACTED] in proceeds for the Corporation.

With regard to the sale of service assets, the Board noted that this was the right move for the Corporation as it will get nice returns on the sale of the properties.

VIII. LIABILITY MANAGEMENT PROGRAM UPDATE

Mr. Dizon updated the Board on the results of the Corporation's liability management program. For the year 2020, the result was [REDACTED] with [REDACTED] from January to March 2020 and [REDACTED] from April to December 2020. A total of [REDACTED] from the 2020 liability management program will be processed in 2021.

For 2021, the target for the liability management program is [REDACTED]. As of 9 February 2021, the liability management program has already hit [REDACTED]. Management proposed that the liability management program be extended to March 2021.

In connection with the foregoing, Mr. Eusebio Tanco said that the focus for 2021 would be on liability containment. The Corporation will also try to stay as liquid as possible.

IX. BENEFIT PAY-OUTS UPDATE

Mr. Dizon updated the Board on benefit pay-outs. For the 2020 second semester education benefit payout, the remaining amount to be paid out net of those who availed of the liability management program is [REDACTED]. Of said amount, the amount of [REDACTED] shall be paid out on or before 26 February 2021. This will leave a balance of [REDACTED].

With regard to the 2020 deferred maturity benefits, a total of [REDACTED] shall be paid out on or before May 2021.

X. SALES UPDATE

Mr. Bautista informed the Board that total FYP as of 29 January 2021 amounted to [REDACTED] versus a target of [REDACTED]. A total of [REDACTED] is pending. In response to queries of the Board, management clarified that it is still selling some profitable pension and education plans although the focus is on the sale of life plans.

As of 6 February 2021, a total of 65 Heritage Park memorial lots have been sold divided into 64 lawn lots and 1 garden lot. Total lot sales amounted to [REDACTED].

XI. OPEX REVIEW

Mr. Dizon informed the Board that operating expenses have dropped by [REDACTED] versus last year. Operating expenses related to personnel and premises have dropped by [REDACTED] and [REDACTED], respectively. Other operating expenses have also dropped by [REDACTED]%. With regard to electronic data processing, operating expenses have risen by [REDACTED]. These expenses relate to SAP and the digitalization program.

XII. ADJOURNMENT

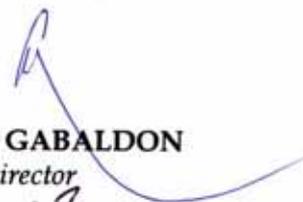
There being no further business to transact, upon motion duly made and seconded, the meeting was adjourned.


ARSENIO C. CABRERA, JR.
Corporate Secretary

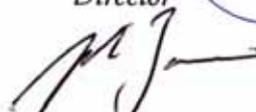
ATTEST:


MONICO V. JACOB
Director


EUSEBIO H. TANCO
Director

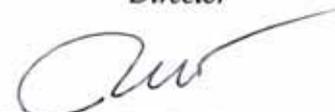

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