



The U.S. Farmland Sector

December 2011



Stephen A. Kenney

Vice President-Business Development

617-747-1620

skenney@hnrq.com



A Manulife Asset Management Company



Disclaimer



The opinions expressed are those of Hancock Agricultural Investment Group and are subject to change. There is no guarantee that forecasts discussed will be realized. This material was prepared solely for informational purposes and does not constitute an offer or an invitation to any person to buy or sell any security. It should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy.

Viewers should not assume that the future performance of any specific investment, investment strategy, or product or service will be profitable or equal to corresponding indicated performance levels. Past performance is not an indicator of future returns and references to performance on are provided as historical benchmarks only.

Hancock Agricultural Investment Group is a division of Hancock Natural Resource Group, Inc., a registered investment adviser and wholly-owned subsidiary of Manulife Financial Corporation.



Hancock Agricultural Investment Group



- Founded in 1990
- \$1.5 billion in assets under management, covering nearly 250,000 acres of prime U.S., Australian and Canadian farmland (as of December 31, 2010)
- One of North America's largest farmland managers with offices located in Boston, Fresno, Charlotte, Louisville, Des Moines and Brisbane, Australia
- Local property management relationships in the U.S., Australia and Canada
- Offering farmland investment advisory services with a minimum \$5 million investment
- A division of Hancock Natural Resource Group, Inc., a wholly-owned, indirect subsidiary of Manulife Financial Corporation
- Top-five producer of almonds, walnuts, pistachios and high-end wine grapes in the U.S.





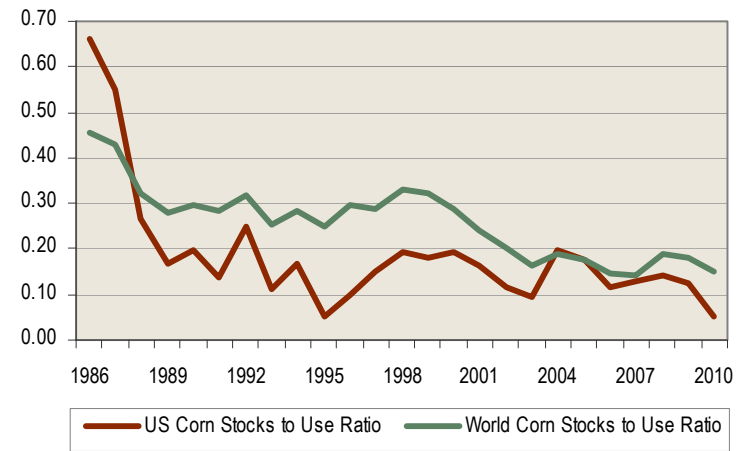
U.S. Agricultural Sector

Global Macro Trends Benefit U.S. Farmland

- Evidence of growing demand in key indicators
 - World inventories of key crops near historic lows
 - China moves from net exporter to net importer of corn

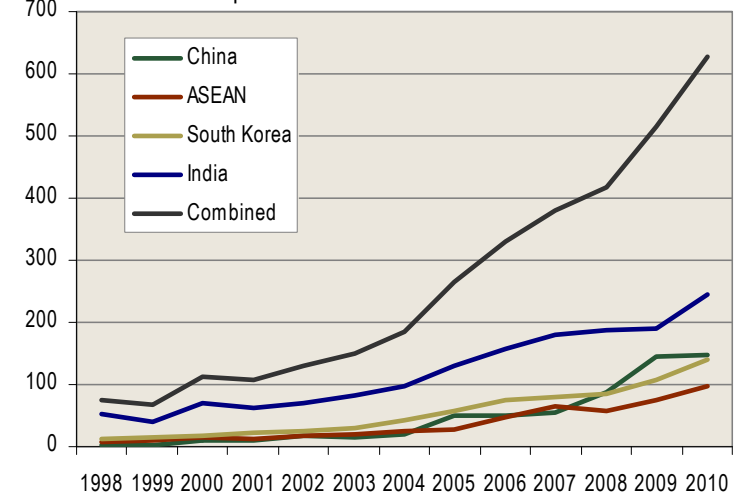
- Asian demand for permanent crops rising
 - Growing middle class consuming more snack products, nuts, wine and wine products
 - U.S. edible nut exports to Asia increasing

U.S. and World Corn Stocks-to-use Ratio: 1986 - 2010



Source: USDA

U.S. Exports of Edible Tree Nuts to Asia: 1998 - 2010



Source: USDA, US Dept. Of Commerce



U.S. Agricultural Sector

Farmland Fundamentals Demonstrate Industry Health

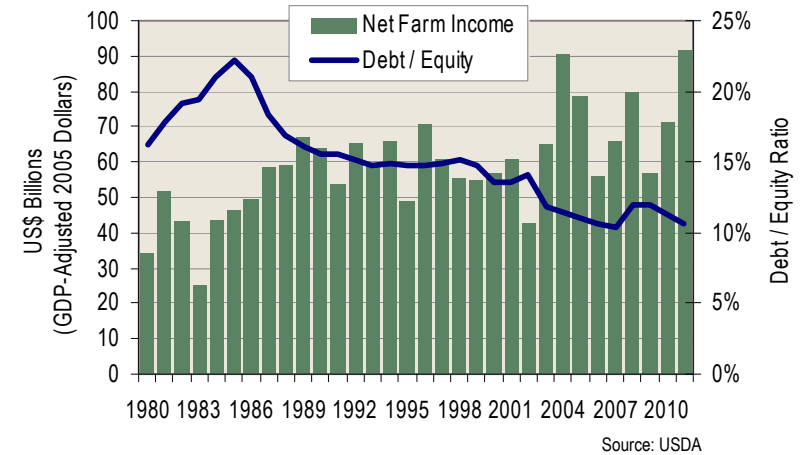


- U.S. farm incomes strong
 - Ag Exports: +22% 2010
+24% 2011F
 - Net Farm Income: +26% 2010
+31% 2011F

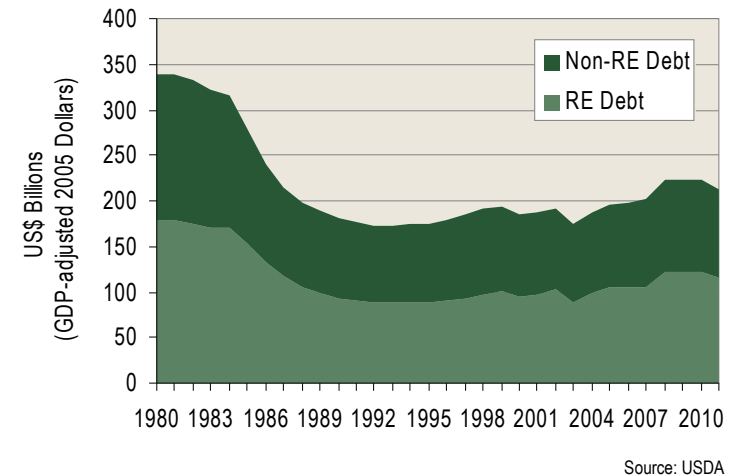
- Farm sector asset values continue to grow faster than debt levels

- Farmers using less debt to expand operations
 - Sector debt ratios near historic lows
 - Overall debt level near lows in both nominal and real terms
 - Both RE and non-RE forecast to be paid down in 2011

U.S. Net Farm Income and Debt/Equity: 1980 -2011F



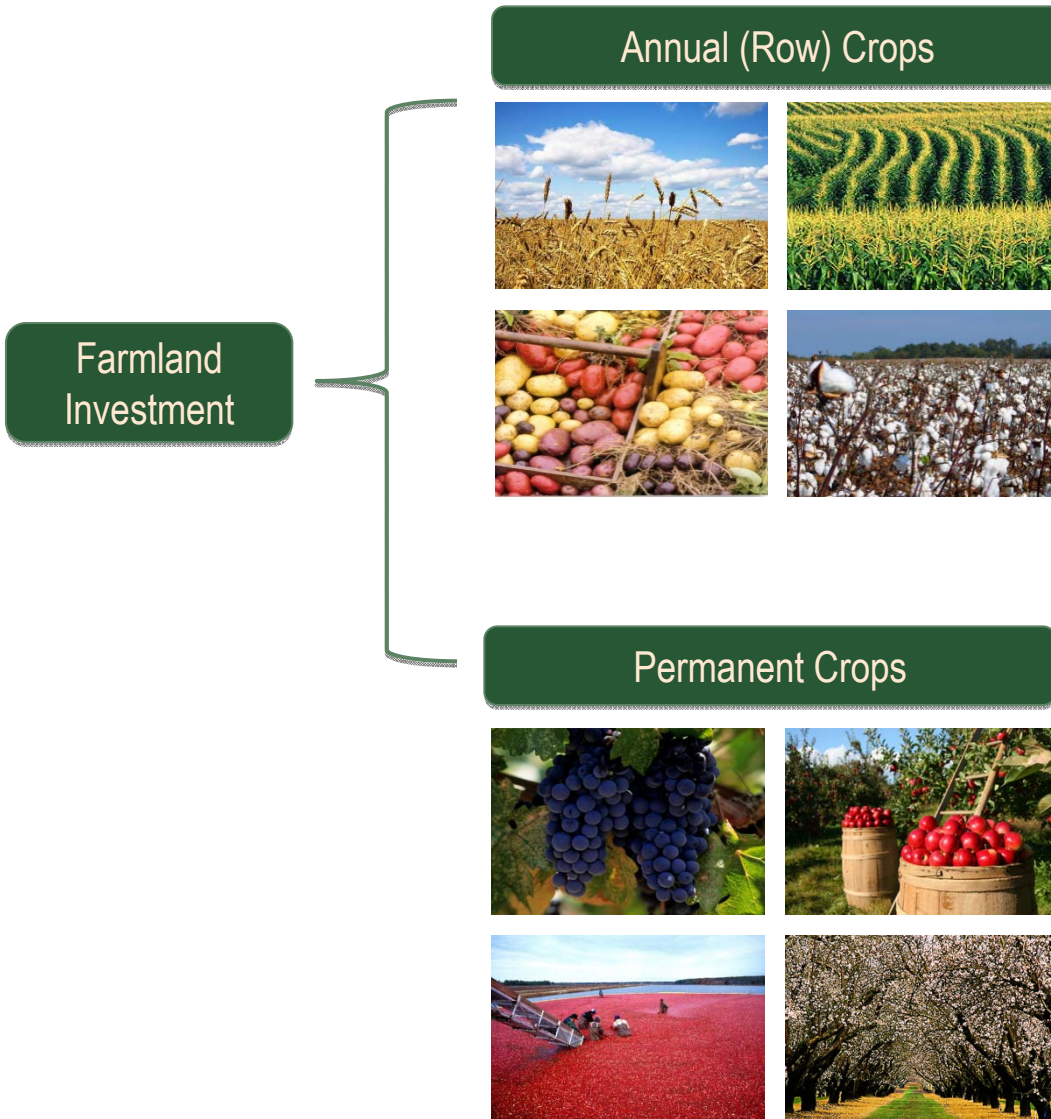
U.S. Farm Sector Debt: 1980 -2011F





U.S. Agricultural Sector

Cropping types and Management Structures

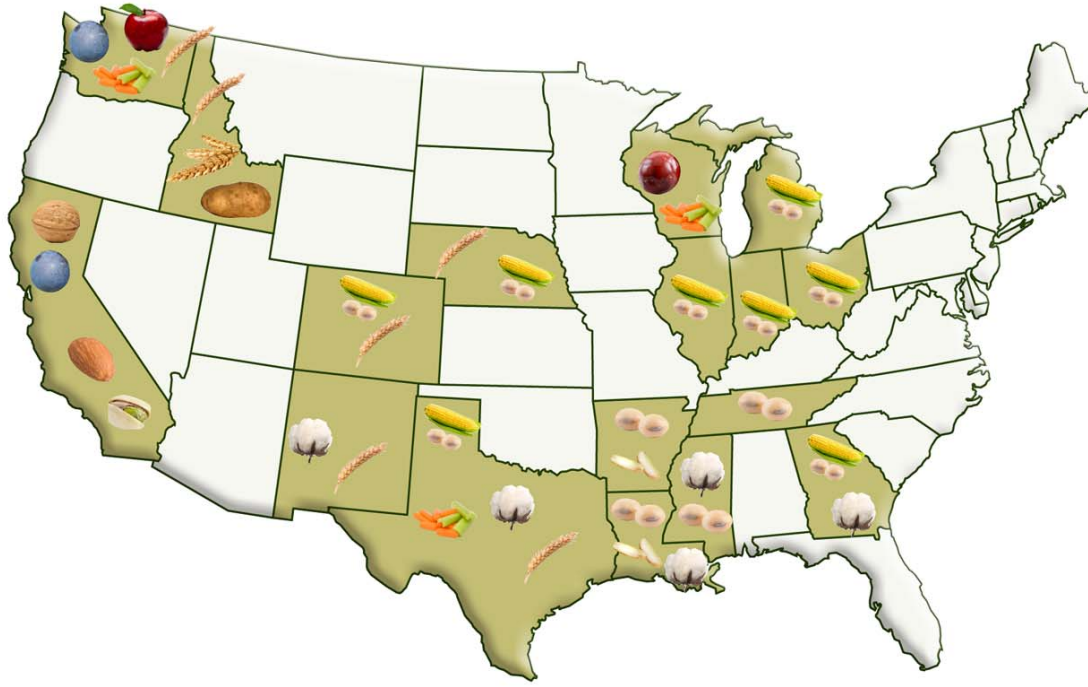


- Fee simple investment
- Leased to local operators in multi-year contracts
- Appraised annually by certified, third-party appraiser
- Land value appreciation
- Lower volatility

- Fee simple or leasehold investments
- Mature or developmental properties
- Lease to operate or directly operate
- Appraised annually by certified, third-party appraiser
- Higher risk/return profile than row



U.S. Agricultural Sector



Annual Crops

- Corn/Soybeans
- Cotton
- Rice
- Soybeans
- Vegetables
- Wheat
- Barley
- Potatoes

Permanent Crops

- Almonds
- Apples
- Cranberries
- Pistachios
- Walnuts
- Wine Grapes



Biography



Stephen A. Kenney, Vice President - Business Development

Stephen is responsible for marketing and new business development for HAIG. Previously, Mr. Kenney assisted with portfolio management and investment analysis for HAIG's institutional farmland investment program. Prior to joining HAIG in 2005, Stephen was a business analyst for a securities processing institution responsible for credit risk management and prior to that he held banking and finance positions with Wells Fargo and Morgan Stanley. He is a member of the Boston Security Analysts Society and the chairman of the NCREIF Farmland Committee. Stephen holds a BS in Finance from Iowa State University and a MS in Finance from Brandeis University and is active in the family farming operation in Iowa.