

Affiliates for that year exceed five (5) percent of such individual's or firm's gross receipts from all sources for the prior year;

(3) The individual or firm must be an expert with respect to farmland valuations;

(4) The individual or firm must have the ability to access (itself or through persons engaged by it) appropriate farmland sales comparison data and make appropriate adjustments to the subject property, properties, or Account; and

(5) The individual or firm must not have a criminal record involving fraud, fiduciary standards, or securities laws violations.

(i) the term, "Separate Account(s)," means a segregated asset Account or Accounts which receive premiums or contributions from Customers, including employee benefit plans subject to the Act, in connection with group annuity contracts and funding agreements, with investments held in the name of JHLIC, but where the value of the contract or agreement to the Customer (contract holder) fluctuates with the value of the investment associated with such Account;

(j) the terms, "Non-Pooled Separate Account(s)" or "Non-Pooled Account(s)," mean a Separate Account or Separate Accounts established to back a single contract issued to one Customer, which may be an employee benefit plan subject to the Act;

(k) the terms, "Pooled Separate Account(s)," or "Pooled Account(s)," mean a Separate Account or Separate Accounts established to back a group of substantially identical contracts issued to a number of unrelated Customers, including employee benefit plans subject to the Act;

(l) the term, "Customer(s)," means a person or persons or entity or entities that act as the authorized representative for the investor in an Account involved in a proposed purchase or sale of Farmland Assets or an Entire Farmland Account, that is independent of JHLIC and its Affiliates, provided, however, that for any Hancock Plan, as defined in Condition 12(m), below, a "Customer" shall mean the Plan Investment Advisory Committee of JHLIC;

(m) the term, "Hancock Plan(s)," means an employee benefit plan or employee benefit plans sponsored by JHLIC or an Affiliate which invest(s) in an Account;

(n) the term, "Entire Farmland Account(s)," means all the assets and liabilities of an Account or Accounts, as defined in Condition 12(a), including but not limited to the Farmland Assets in such Account or Accounts; and

(o) "customary closing adjustments" means adjustments that may arise where agricultural land bearing crops is sold prior to harvest and may involve an agreement between the buyer and seller that either: (1) The buyer reimburse the seller for documented expenses incurred during the growing period in the cultivation of such crops, up to the date of closing; or (2) the buyer retain a certain amount of the crops and the seller receive the proceeds for any crops in excess of the amount retained by the buyer.

#### *Summary of Facts and Representations*

1. The applicant for the exemption is JHLIC, acting on behalf of itself and on behalf of HNRG. HNRG, which was established in 1995, is a wholly-owned indirect subsidiary of JHLIC. JHLIC is a wholly-owned subsidiary of John Hancock Financial Services, Inc.

2. JHLIC offers group annuity contracts and funding agreements to Customers (contract holders), including employee pension benefit plans subject to the Act. JHLIC, through HNRG, manages farmland for Customers. HNRG currently manages over 115,000 acres of farmland in the United States valued at approximately \$363 million, and 460 acres of farmland in Australia valued at approximately \$3.8 million.

3. Customers, including employee pension benefit plans, may invest directly or indirectly in farmland through Pooled and Non-Pooled Separate Accounts available under JHLIC group annuity contracts and funding agreements.<sup>2</sup>

The Pooled Separate Accounts and Non-Pooled Separate Accounts that invest in farmland are known as farmland separate accounts (the Farmland Separate Account(s)). JHLIC has established a total of five (5) such Farmland Separate Accounts. Five contract holders participate in these Farmland Separate Accounts. ERISA-Covered Plans, including Hancock Plans, and Non-ERISA Plans are contract holders of these Farmland Separate Accounts.

Over 23,000 acres of farmland are allocated to the Farmland Separate Accounts which had a value of over \$81

<sup>2</sup> It is represented that these contracts and agreements provide that, in accordance with a contract holder's direction, the premiums or contributions received from the contract holder will be allocated internally on the books of JHLIC to segregated asset account(s) (Separate Account(s)). The Investments of a Separate Account are held in the name of JHLIC, but the value of the contract or agreement to the contract holder fluctuates with the value of the investments allocated to the Separate Account. The direct expenses of managing the investments and JHLIC's fees are charged against the value of the Separate Account.

million, as of September 30, 2000. JHLIC is the sole legal owner of the assets of each Farmland Separate Account. Assets invested in the Farmland Separate Accounts are managed by JHLIC and HNRG in accordance with the investment policies established for these accounts. The investment policy for each Non-Pooled Account is established jointly by JHLIC and the contract holder. For each Pooled Account, the investment policy is established by JHLIC and adopted by each contract holder when choosing to participate in the Pooled Account.

Under the applicable contract or agreement, JHLIC or, as described below, HNRG has the right to control, manage, and administer the Farmland Separate Account in accordance with the investment policy established for the Farmland Separate Account. The management responsibilities of JHLIC under the Farmland Separate Accounts are performed by HNRG. HNRG is responsible for all decisions regarding the acquisition and disposition of farmland properties held in the Farmland Separate Accounts, although such decisions must be reviewed and approved by JHLIC's internal investment committees. In addition, HNRG has responsibility for the ongoing management of JHLIC's farmland properties, including site preparation and planting, road building and construction, leasing to tenants, maintenance, acquisition of insurance, and payment of taxes.

4. Customers desirous of obtaining JHLIC's farmland management expertise typically invest in the Farmland Separate Accounts. However, Customers and the Farmland Separate Accounts may also invest directly in Holding Entities that themselves own farmland, directly or indirectly. These Holding Entities include corporations, partnerships, or trusts. It is represented that these Holding Entities currently include entities established or maintained by JHLIC (such as separate accounts), and limited liability companies established by pension plan investors. That is, there are no unaffiliated non-plan investors currently invested in the Holding Entities. As of June 30, 2003, JHLIC and its Affiliates owned interests in farmland through such Holding Entities totaling over \$100 million in value, including investments valued at \$947,719 in JHLIC's Australian farmland investment entities.

HNRG is usually appointed the investment manager of the Holding Entity, or HNRG (or an employee) may be appointed an officer of the entity that holds the property. HNRG's