

in excess of the amount retained by the buyer.

For an Entire Farmland Account, it is represented that fair market value shall be determined by a qualified, independent entity experienced in the auditing and valuation of farmland accounts similar to the type involved in the transaction and the valuation of assets or liabilities other than Farmland Assets, including but not limited to assets such as short-term investments or accounts receivable from prior crop sales or leases, and liabilities such as investment or property management fees payable or property taxes payable, and may include customary closing adjustments. It is represented that the valuation of an Entire Farmland Account would be similar to valuation of a business or going concern in any transaction. If the entity that performs the valuation of the Entire Farmland Account is not a qualified real estate appraiser, then it is represented that such a qualified real estate appraiser will be engaged to value the Farmland Assets included in the Entire Farmland Account.

16. JHLIC will provide a notice to each Customer investing in the Accounts participating in the purchase or sale of a Farmland Asset or Farmland Assets or Entire Farmland Account. The notice will be provided at least 30 days before entering a subject transaction, and will include information regarding the Farmland Asset(s) or Entire Farmland Account involved and the proposed terms of the transaction, including the approved purchase price and how the transaction would meet the goals and investment policies of each Customer. If there is any change in the purchase price, notice of such change in the purchase price will be provided to the Customer at least 30 days prior to the consummation of the transaction.

17. An Account will not participate in a subject transaction, if the assets of any Hancock Plan or Hancock Plans in the Account exceed 20 percent (20%) of the total assets of the Account.

18. The applicant maintains that the proposed exemption is in the interest of JHLIC's plan Customers and their participants and beneficiaries because it will provide those Customers with attractive and appropriate investment opportunities that might not otherwise be available to them. In this regard, it is represented that transfers of a Farmland Asset, Farmland Assets, or an Entire Farmland Account between Farmland Separate Accounts, including Accounts in which a Hancock Plan invests, allow the Buying Accounts to invest more quickly and to invest in Farmland Assets that might not otherwise be

available to them. JHLIC believes that investors commit to establishing a farmland investment portfolio because they have identified a current need for such an asset category. Once a Customer has committed to a farmland program, it is important to invest the funds as rapidly as is prudent. As attractive farm properties are relatively scarce, allowing a transfer of farm parcels in accordance with this proposed exemption would provide an opportunity for the Buying Accounts to invest funds more rapidly than would be possible if the purchase involved a seller having no relationship to JHLIC.

Further, both the Selling and Buying Accounts will incur lower transaction or start-up costs as a result of the proposed exemption. In this regard, it is represented that a transfer of legal ownership of property is not necessary when the transfer is between Farmland Separate Accounts maintained by the same insurer. As JHLIC has legal title to all assets allocated to its Separate Accounts, and generally may reallocate these assets among such Accounts without a change in legal title, significant transaction costs can be avoided. In addition, real estate sales commissions and brokerage fees, which can amount to over half the entire cost of a transaction, will be avoided in all cases.

Furthermore, because JHLIC or HNRG is the manager of both the Selling and Buying Account, more information about the property would be available to the Buying Account than would be if both Accounts were not managed by JHLIC or HNRG. This significantly reduces the risk to the Buying Account. In addition, because JHLIC or HNRG is already familiar with the property, the Buying Account would avoid certain "due diligence" expenses normally associated with the purchase of a new property, such as the costs of well testing, soil and root analysis, and environmental testing.

19. The applicant maintains that denial of this proposed exemption would prevent the transfer of properties from one Farmland Separate Account to another and would require instead that a property be liquidated and sold to an unrelated third party. The Buying Account would therefore be deprived of attractive and appropriate investment opportunities, when such opportunities are scarce. In addition, the Selling and Buying Accounts would incur higher transaction or start-up costs if they were each required to enter into transactions with parties whose assets are not managed by JHLIC or HNRG.

20. In summary, the applicant represents that the proposed

transactions satisfy the statutory criteria for an exemption under section 408(a) of the Act because:

a. The minimum asset requirement for ERISA-Covered Plan participation in the proposed transactions will ensure that the fiduciaries reviewing such transactions are sophisticated investors familiar with complex investments;

b. Prior to entering a subject transaction, each affected Customer will receive disclosures regarding the Farmland Asset(s) or Entire Farmland Account involved in the proposed transaction and the terms of such transaction;

c. Any change in the terms of a proposed transaction must be disclosed to the affected Customer at least 30 days prior to the consummation of such transaction;

d. An Independent Fiduciary will be appointed by JHLIC or an Affiliate to review and approve the proposed transactions, as set forth in Condition 3;

e. In each transaction requiring the participation of an Independent Fiduciary, the purchase and sale of a Farmland Asset or Farmland Assets or an Entire Farmland Account will not be consummated, unless the Independent Fiduciary determines that the transaction is in the best interest of the particular Account involved based on the investment policies and objectives of such Account;

f. Each Account which buys or sells a particular Farmland Asset or Farmland Assets or Entire Farmland Account will pay no more than or receive no less than the fair market value of the Farmland Asset(s) or Entire Farmland Account at the time of the transaction;

g. Each purchase or sale of a Farmland Asset or Farmland Assets or Entire Farmland Account between Accounts will be a one-time cash transaction;

h. Each Account involved in the purchase or sale of a Farmland Asset or Farmland Assets or Entire Farmland Account will pay no real estate commissions or brokerage fees relating to the transaction;

i. An Account will not participate in a proposed transaction, if the assets of any Hancock Plan or Hancock Plans in the Account exceed 20 percent (20%) of the total assets of the Account;

j. No purchase or sale transaction will be designed to benefit the interests of one particular Account over another; and

k. The General Accounts of both JHLIC and JHVLIC will not participate, directly or indirectly, in the subject transactions.