

Example of Timberland Ownership Profile

38. Hancock Timber Resources Group

Hancock Timber Resource Group (HTRG) is a division of Hancock Natural Resource Group Inc. (HNRG), a registered investment adviser and wholly owned subsidiary of Manulife Financial Corporation (MFC) of Canada. Hancock Forest Management, Inc. is a subsidiary of HNRG.

HTRG was an original TIMO and came to prominence by managing the assets of the huge CalPERS funds. However from 2004 it started cashing in its profits, and sold 83,000 acres in Alabama to Rayonier for \$89 million and 19,000 acres in Oklahoma to GMO for \$13 million; and by the end of 2004 CalPERS had closed the sale of some 321,000 acres [previously managed by HNRG to the TIMO Forest Investment Associates (FIA)]. These areas included 104,000 acres on the borders of Florida and Alabama (Bear Creek), 113,000 acres in Alabama, 41,000 acres in Mississippi, 36,000 acres in South Carolina, and 26,000 acres in North Carolina.

In addition to the CalPERS sales in 2004, HNRG had reportedly sold 27,000 acres in Maine to private interests for \$9.5 million; in late 2004 a further 49,000 acres to the REIT Plum Creek and 32,000 acres to private interests, and 13,000 acres in Oregon to Hampton; and another 109,000 hectares (270,000 acres) in the US South to private interests.

Its client timberland sales in 2004 totalled an estimated 650,000 acres, although on the plus side, HNRG did purchase about 99,000 acres of trees in the CNI (New Zealand) from Kiwi Forests, and a 79,000 acre tract in Louisiana.

After the shock of this major managed area loss in 2005, HNRG retaliated by securing the largest single transaction in Q3 2005, with the purchase (on behalf of investors) of 930,000 acres from Harvard Endowment Fund of (mostly) US timberlands, including 461,000 acres in Texas, 135,000 acres in Pennsylvania and 327,000 acres in Washington. In addition, it acquired 15,000 acres of timberlands in New Zealand, previously managed by the TIMO GFP. The value was reported to be US\$ 1.4 - 1.6 billion, but we think it was probably the largest sale in TIMO history, topping the \$1.65 billion Boise lands sale in early 2005. It also attracted a new "non-traditional" investor client, being the Government owned New Zealand Superannuation Fund to invest in both New Zealand with HNRG and in Oregon and Texas in the USA.

Also in mid-2005, HNRG acquired Prudential Timber Investments Inc (PruTimber), the TIMO unit of Prudential Financial. The gross area managed by PruTimber included the transfer of about 340,000 acres of timberland worth about \$540 million (averaging \$1,590 an acre). This includes nearly 130,000 acres in the US South, more than 145,000 acres in New Zealand (where PruTimber had acquired more than 150,000 acres of timberland from Fletcher Forests in 2003), 45,000 acres in Brazil and 20,000 acres in Hawaii. About 105-110,000 acres of timberlands formerly managed by PruTimber did not get transferred, but instead the owner, Arkansas Retirement Fund put bids out for management. A new TIMO, Pinnacle Forest Investments won the bid -- see later.

These transactions returned HNRG to the top of the TIMO "acres under management" ranking in 2005. Then, in late 2005, HNRG managed 2.0 million acres of timberland in the USA and 815,000 acres offshore, including 568,000 (gross) acres in Australia (including much unproductive land), and 59,000 acres in Canada. As of October 31, 2005, assets under management totalled \$4.8 billion.

Hancock continued buying and in 2006 purchased 494,000 acres belonging to the Rank Group (CHH) in New Zealand for a reported NZ\$ 1.5 - \$1.6 billion.

In 2007 it was involved in small executed and pending sales, including 20,000 acres to Soterra for \$21 million (\$1,050/ac); and 28,000 acres in TX and 40,000 acres in GA/FL, although that sale may have been deferred until 2008.

In February 2008, HTRG had 3.73 million acres under management; including 2.31 million acres under management in the USA and about 726,000 acres in New Zealand, and 603,000 acres in Australia.

Region	Acres*	Acres (%)
Northeast	128	3%
Pacific Northwest	615	16%
Southeast	905	24%
Southwest	650	17%
Hawaii	14	0%
Total USA	2,312	62%
New Zealand	726	19%
Canada	52	1%
Brazil	35	1%
Australia	603	16%
Total	3,727	100%

* Excludes 2008 TimberSTAR purchase area of 901,000 acres

Post Script: In a granddaddy of acquisitions in late- Feb. 2008, Manulife Financial Corp., Canada's largest insurer, and the parent company of HTRG, agreed to buy 900,000 acres of forestland for \$1.71 billion from iStar Financial Inc. and its partners [Also see **TimberSTAR** profile below for more details].

Example of Timberlands Ownership List -- South Africa (000 Ha)

COMPANY / ORGANISATION	Area		Area
MONDI BP (Exclude. Swaziland)	201	AMATHOLE FOREST HOLDINGS (ex SAFCOL)	5
SIYAQHUBEKA (ex SAFCOL)	21		
MONDI SHANDUKA	29	Natal Timber Co-op (NTC)	3
Sub Total MONDI	251	Central Timber Co-op (CTC)	12
		Transvaal Wattle Co-op (TWC)	6
SAPPI FORESTS (Excl. Usutu)	248	Union Co-op Ltd (UCL)	3
		Sub-Total CO-OPS	24
HANS MERENSKY (Northern Timbers)	11		
Singisi (ex SAFCOL)	43	COMMERCIAL GROWERS (FSA MGG)	297
Singisi (ex. DWAF)	15		
Sub Total SINGISI	58	EMERGENT FARMERS	45
Sub Total HANS MERENSKY	69		
		Sub-Total Private	1122
GLOBAL FOREST PRODUCTS	67		
		Komatiland Forest (KLF)	130
MASONITE	18		
		MUNICIPALITIES	4
Steinhoff Southern Cape	6		
NE Cape Forests (PG Bison) ex Mondi	33	DWAF	26
Sub-Total STEINHOFF	39		
		Sub-Total Public	160
MTO (ex SAFCOL)	59		
		GRAND TOTAL	1,282