



HANCOCK TIMBER RESOURCE GROUP

A COMPANY OVERVIEW



Hancock
Timber
Resource
Group®

A Manulife Investment Management Company





Our Firm: A Global Perspective

Founded in 1985, Hancock Timber Resource Group (HTRG) is the world's largest manager of timberland investments for private equity investors.* Our firm develops and manages globally diversified timberland portfolios for investors including pension funds, insurance companies, taxable corporations, foundations, endowments and family offices.



Hancock Timber Resource Group is a division of Hancock Natural Resource Group, Inc., (HNRG) a registered investment advisor and wholly owned subsidiary of Manulife Financial Corporation (NYSE: MFC). We offer several investment structures, and as of September 30, 2019, we managed approximately USD 10.6 billion in timberland assets.

We currently invest in the major timber producing regions of Australia, Canada, Chile, New Zealand and the US. We are continuing to expand, with timberland investments throughout the world and an emphasis on high-quality plantations. Our investment strategy focuses on completing large timberland acquisitions by matching the needs of our investors with those of major timberland owners, forest products companies and other financial partners. We were the first investment manager to offer a geographically diversified timberland fund, and the first to offer a private timberland Real Estate Investment Trust (REIT) for institutional investors.

We are pleased to announce that as of January 1, 2016, HTRG claims compliance with the Global Investment Performance Standards (GIPS®).†

* Fastmarkets RISI, December 2018

† Hancock Timber Resource Group claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of HTRG and/or a presentation that complies with the GIPS standards, please request via email: gipsinfo@hnrng.com.

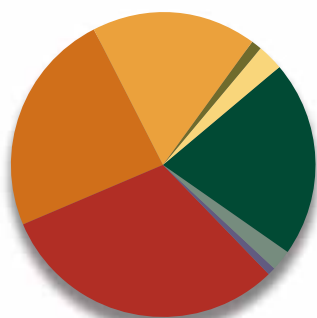
All data in the report is sourced from HTRG as of September 30, 2019 unless otherwise indicated.



Texas Canyonlands

Investment Philosophy: Diversification to Seek Returns, Reduce Risk

HTRG Assets are Geographically Diversified*



■ Australia: 18%
■ Canada: <1%
■ Chile: 3%
■ New Zealand: 21%
■ US Lake States: 2%
■ US North: 1%
■ US South: 31%
■ US West: 24%

*As of 9/30/2019
Gross market value

For more than 34 years, timberland has demonstrated strong financial results, especially for investors holding well-diversified portfolios. In addition to its track record of attractive returns and tax advantages, timberland offers a sense of security that many investors value.

Our fundamental investment philosophy is to build diversified, market-weighted, global timberland investment portfolios. Diversified portfolios are more likely to deliver higher returns with reduced risks. Tree species, markets and products vary by geographic region. As a result, returns from differing regions are not highly correlated; therefore, a geographically diversified portfolio is more likely to deliver targeted returns than a single-region portfolio. Multiple investments also minimize the idiosyncratic risk

of individual acquisitions. Our approach to portfolio design improves the risk efficiency of an investor's timberland program.

Looking ahead, we see four major trends in timberland: a shift from natural forests to plantations, continued growth in timber demand, expanded technical innovation and changes in the structure of the forest industry. These longer-term trends set the stage for our portfolio design and timber management program. Our active management and adaptive planning process incorporates regular price forecasting updates, risk assessments and portfolio adjustments.

Our performance is built upon our ability to take advantage of favorable trends and protect portfolios from unfavorable trends.

Portfolio Management: An Active, Disciplined Approach

Our active, disciplined approach to portfolio management encompasses acquisitions, portfolio management and dispositions. We listen to our investors and work with them to establish concrete, measurable, investment objectives. We design each unique portfolio based upon the investor's investment policy. We seek to accomplish this by acquiring the right sized properties, in the appropriate locations, actively managing them using the highest standards, and undertaking dispositions at strategic times, all in an effort to maximize returns.

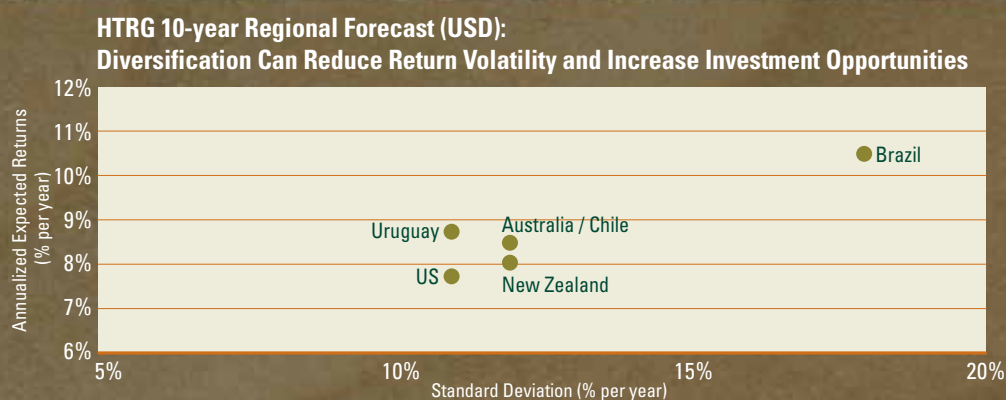
We believe our principal portfolio management tools are among the most sophisticated in the business. They include:

- a) regular portfolio assessments,
- b) required rate of return analysis
- and c) hold/sell analysis.

- **Portfolio Assessment** accumulates information for each property and the portfolio as a whole, including projections of total return, cash flow, market value and inter- and intra-regional diversification over time. The assessment compares these measures to the investment objectives, and then recommends any adjustments needed to ensure the portfolio is in line with the investment policy.

- **Required Rate of Return Analysis** assesses the rate of return required to compensate the investor for the specific risks associated with owning a specific property. We take into consideration factors such as location, markets, property liquidity, etc.

- **Hold/Sell Analysis** utilizes key financial market and timber growth indicators to determine whether or not to continue to hold a property. A simple “buy-and-hold strategy” does not typically take advantage of the inefficiencies that characterize timberland markets.



Source: HNRG Research as of September 30, 2019

All expected returns are presented on a nominal basis, unlevered, gross of investment management fees and constitute no guarantee of results. Actual returns may vary. Diversification does not guarantee a profit nor protect against loss in any market. Past returns are not a guarantee of future results; potential for profit as well as for loss exists.



Australian wombat



Mt. Rainier, Washington

Acquiring Timberland: Shift in Ownership Can Create Opportunities

For the past 34 years, we have acquired high-quality timberlands for our clients by capitalizing on changing trends in forest ownership. Financial challenges within the traditional forest products company sector, combined with the increasing demand from institutional investors for high-quality timberland investments, has resulted in an on-going shift in forest ownership. In the future, other large, non-industrial forest landowners will likely become active sellers as timberland ownership transitions away from the industrial sector. In some parts of the world the public sector plays a major role in developing timber plantation estates. Privatization of government assets, particularly in Australia and Europe, has resulted in additional global timberland investment opportunities.

Hancock Timber Resource Group, on behalf of our clients, is one of the largest timberland owners in the US as well as the largest private owner of softwood timberland plantations in Australia and New Zealand.* Since our founding, we have completed 93 acquisitions in six countries. Our US acquisitions have included properties in 25 states. The acquisitions have ranged in size from USD 1.4 million to over USD 1.8 billion from 56 separate sellers. Although we acquire properties of all sizes, we specialize in large, complex transactions. In September 2017, we acquired approximately 79,000 acres (31,970 hectares) in northwestern Wisconsin that included three working forest conservation easements held by the Wisconsin Department of Natural Resources.

We seek to structure transactions that meet or exceed investor expectations while providing good value for sellers. We are recognized by the industry as being a reliable buyer, having successfully closed every transaction for which we have signed a purchase and sale agreement.



*Fastmarkets RISI, December 2018

Hancock Forestry in Action: The Value of Working Forests

We believe in our active forest management approach so strongly that we trademarked it as Hancock Forestry®. Hancock Forestry means a commitment to meeting the highest standards for timberland property management. Our commitment to scientific excellence supports our investment approach, assuring the highest-quality management practices while producing the highest-quality trees.

Our forest managers come from within our company, overseeing more than 5.6 million acres (2.3 million hectares) on 98 properties. We establish and adhere to high standards worldwide.

In modern forestry, stewardship and sustainability are essential strategies to maximize value. We embrace them as core guiding principles that enable us to pursue environmental values while seeking additional revenue. Collaborations with conservation

partners also build relationships and help reduce operating risks for our company and investors. We believe that good stewardship is also good business.

We initiated our stewardship and sustainability programs by systematically working with conservation groups and government agencies to safeguard sensitive lands. We have sold more than 470,000 acres (190,000 hectares) into public and conservation ownership.

Our sustainability programs have been expanded to include carbon sequestration, wetland mitigation and biodiversity. We market alternative-energy sites in addition to recreation access, gravel and minerals. In 2010, we identified and successfully implemented a carbon credit sales strategy for properties in New Zealand. The carbon credit sale was Hancock Timber's first monetization of

sequestered CO₂. The carbon revenue was not incorporated into the original acquisition model, but was realized through the efforts of our New Zealand forest management team.

We know our reputation depends on verifiable performance. That's why third-party auditors certify our forests as sustainably managed, primarily through the **Sustainable Forestry Initiative® (SFI®)** program and **Forest Stewardship Council® (FSC®)**. When we acquire forests where no standards exist, we introduce them. In 2004 we brought FSC certification to Australia, where we are one of the largest private forest landowners.

In 2015, Manulife became a signatory to the United Nations Environment Program-Principles for Responsible Investment (PRI). In December 2018, HNRG published the first annual Report on Sustainability and Responsible Investing.

Stewardship in Action: Stories from the Field

- **Safeguarding the Brolga, a Vulnerable Australian Bird.** The Brolga is listed as "vulnerable" under the Victorian Flora and Fauna Guarantee Act. Hancock Victorian Plantations (HVP), is committed to protecting the Brolga's habitat by recording nest locations on HVP's Geographic Information System. The GIS system provides an alert for plantation activities that might disrupt their habitat. Data is also submitted to Victorian Biodiversity Atlas which contributes to the statewide tracking of the species.
- **Improving Forest Health Helps Local Communities.** Hancock Chilean Plantations (HCP) is a sustainably managed timberland estate in Southern Chile. Forest health was improved by removing poor quality species, which encouraged the return of natural habitat and expedited forest growth. The harvesting activities benefited local economies by providing employment opportunities and wood for local business consumption. The project has had a positive and sustainable impact on the forest's health while providing jobs for a community.
- **Partnering with The Muckleshoot Indian Tribe.** The Muckleshoot Tribe and Hancock Forest Management have a long standing relationship that has strengthened through dedication to sustainability and stewardship which positively impacts the community, forest, and local economy. This partnership has resulted in the development and implementation of unique and meaningful K-12 forestry education, career opportunities for tribal members, an eco-therapy program, as well as numerous other beneficial programs.



Australian Brolga, photo courtesy of Kim Wormald



Brazilian eucalyptus plantation

Effective Exits: Timely Disposition for Premium Value

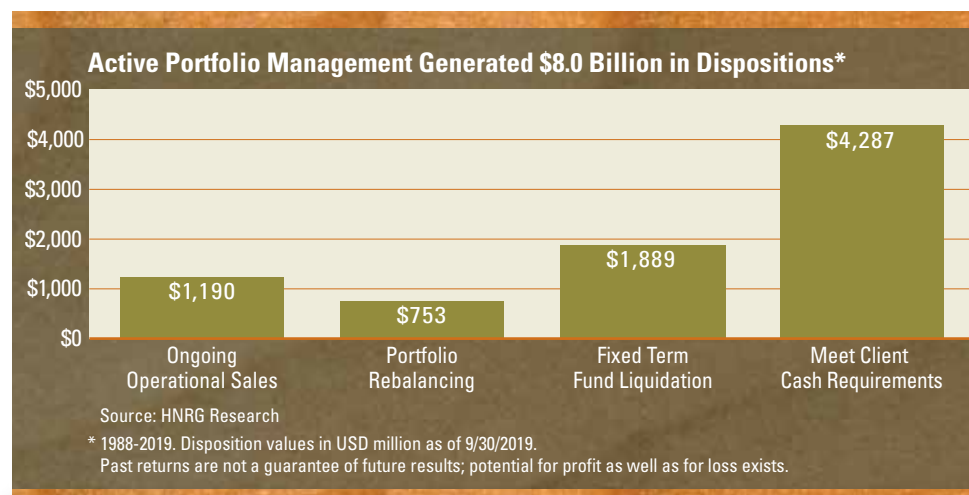
In addition to strategic acquisitions and solid forest management, effective timberland investing requires timely disposition of timberland assets to generate returns for investors.

We have sold more than USD 8.1 billion in timberland properties for our investors. Nearly half of these sales resulted from our active portfolio management program. If the rise in the asset value makes it more attractive to sell than realize future cash flows, we will then sell part or all, of that property. The buyers of our properties include forest product companies, other timberland investment organizations, loggers, private individuals, government organizations as well as numerous conservation groups.

Active portfolio management has not only historically increased returns but it

has also reduced portfolio risk. To date, we have been able to realize a premium over appraised value. The premiums are especially significant for sales that we initiate as part of our active portfolio management program. In addition,

in cases where investors have elected to withdraw funds for various reasons, we have successfully liquidated entire portfolios over relatively short periods of time without sacrificing value.



A Leader in Research: Forest Economics Underlies Investment Success

Timberland and logs trade in inefficient markets, where knowledge can determine the competitive advantage. Our investment success depends on it.

We seek the distinction as a leader through our:

- Experienced in-house research staff
- Large proprietary database of timber and timberland values in key timber-producing regions of the world
- Regular access to leading external research on timberland investment
- Frequent interaction with commercial and investment banking communities, and participation in industry-related conferences

- Sponsorship and participation in university and other industry-based forestry and economic research cooperatives

Because of our original research in timberland investment economics, we routinely interact with leading academics in this field. As a result, we often become aware of trends or changes before they become mainstream information.

Our regularly published research includes:

- **Hancock Timberland Investor** - research newsletter
- **Research Reports** - longer discussions of general topics and quantitative analysis of specific issues
- **Research Briefs** - summaries of topical in-house research and current news

Twice a year, our research group forecasts timber prices for the major timber-producing regions of the world. These timber price forecasts support our acquisition and disposition efforts as well as our projections of timberland investment performance.

In addition to our economic research, we support biological research on topics that relate to increasing timber yield or improving the sustainability of forestry investments. We are a member of all the major regional tree-breeding cooperatives where we acquire seedlings with the best available genetics for the sites we are planting. Our research can be accessed through our website, www.hancocktimber.com.



Black cherry logs

The Hancock Timber Difference: Experienced Professionals Using Sophisticated Tools



Black bear

Timberland: Favorable Long-term Risk-Adjusted Returns (1994-2018)*



* Sources: Data for timberland returns from NCREIF Timberland Index. Data for US Commercial Real Estate from the NCREIF Property Index. Data for International Equities from the MSCI EAFE International Equities Index. Data for Small Cap Equities from the Morningstar/Ibbotson series IA SBBI US Small Stock TR USD. Data for US Long Term Corporate Bonds from the Morningstar/Ibbotson series IA SBBI US LT Corporate Bonds TR. Data for US Treasury Bills from the Morningstar/Ibbotson series, IA SBBI US 30 Day Tbill TR USD. Data for the US S&P 500 from Macrobond. Data for Public Forest Product companies from 1993 to 2014 refer to the series S&P 500 Forest Products and data for Public Forest Products from 2015-2018 refer to the S&P Composite 1500 Paper and Forest Product Series. Past returns are not a guarantee of future results.

Experienced Professionals

Our investment team includes the people that conducted some of the first quantitative economics research on timberland investment. Between our investment and property management businesses, we have broad, deep expertise in forestry, investment management and finance. Many of our professionals have MBAs, PhDs and the CFA designation. With our personnel actively managing approximately 98 separate properties operating across five countries and seventeen US states, our integrated platform allows us to readily identify market changes and accurately benchmark risk-adjusted performance between regions. Together, it creates a unique foundation for better decision making and better performance.

Sophisticated Tools

As the timberland investment world continues to evolve, we have continued to expand our proprietary investment, portfolio and pricing models. Whether it is Monte Carlo simulation, land record keeping, accounting or compliance review, our program is designed to assure investors that their assets are secure, meeting their long-term investment objectives with an appropriate level of risk.

Timber fundamentals remain true

Despite cyclical changes in regional markets, we believe the key fundamental attributes of the timber asset class will remain true — low risk (as measured by low volatility with low correlation with returns from other asset classes) and positive

correlation with inflation, especially unanticipated inflation. Our strategy of developing geographically diversified timberland portfolios has provided meaningful improvements in the performance of mixed-asset portfolios for more than 34 years. In building the timberland asset class during that time, we have developed a strong foundation of knowledge, experience and resources. All of it enables us to identify and capitalize on opportunities. We believe that creates more value for our investors.

To learn more about the Hancock Timber Resource Group, visit our website at www.hancocktimber.com.





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Hancock Timber Resource Group is a division of Hancock Natural Resource Group, Inc. (HNRGI), a registered investment adviser and wholly owned subsidiary of Manulife Financial Corporation. HNRG also is an operating company of Manulife Investment Management, Manulife's investment management arm. Hancock Forest Management, Inc., Hancock Forest Management (NZ) Limited, Hancock Natural Resource Group Australasia Pty Limited and John Hancock Natural Resource Corporation are wholly owned subsidiaries of HNRGI.

Hancock Forestry® is a registered trademark of Hancock Natural Resource Group, Inc.

Past performance is not indicative of future results.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

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