

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

R Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2014

or

£ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-261

Alico, Inc.

(Exact name of registrant as specified in its charter)

Florida

*(State or other jurisdiction of
incorporation or organization)*

59-0906081

*(I.R.S. Employer
Identification No.)*

10070 Daniels Interstate Court, Fort Myers, FL

(Address of principal executive offices)

33913

(Zip Code)

Registrant's telephone number, including area code: **239-226-2000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. R Yes £ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). R Yes £ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer £

Accelerated filer R

Non-accelerated filer £

Smaller reporting company £

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

£ Yes R No

There were 7,362,090 shares of common stock, par value \$1.00 per share, outstanding as of July 22, 2014.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Statements of Comprehensive Income (unaudited) for the three and nine months ended June 30, 2014 and 2013 3

Condensed Consolidated Balance Sheets as of June 30, 2014 (unaudited) and September 30, 2013 4

Condensed Consolidated Statements of Cash Flows (unaudited) for the nine months ended June 30, 2014 and 2013 5

Notes to Condensed Consolidated Financial Statements (unaudited) 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 18

Item 3. Quantitative and Qualitative Disclosures About Market Risk 29

Item 4. Controls and Procedures 29

Part II. OTHER INFORMATION

Item 1. Legal Proceedings 30

Item 1A. Risk Factors 30

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 30

Item 3. Defaults Upon Senior Securities 30

Item 4. Mine Safety Disclosure 30

Item 5. Other Information 31

Item 6. Exhibits 32

Signatures 33

Index to Exhibits 34

Part I. Financial Information

Item 1. Financial Statements

ALICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Operating revenues:				
Citrus Groves	\$ 21,967	\$ 19,209	\$ 47,023	\$ 43,664
Agricultural Supply Chain Management	4,083	10,553	12,324	27,712
Improved Farmland	2,160	4,760	19,442	21,679
Ranch and Conservation	515	409	1,956	1,265
Other Operations	(50)	298	394	675
Total operating revenue	28,675	35,229	81,139	94,995
Operating expenses:				
Citrus Groves	13,617	12,789	29,963	31,488
Agricultural Supply Chain Management	3,916	10,095	12,085	26,886
Improved Farmland	6,591	3,028	20,986	16,044
Ranch and Conservation	164	120	870	380
Other Operations	128	132	280	332
Total operating expenses	24,416	26,164	64,184	75,130
Gross profit	4,259	9,065	16,955	19,865
Corporate general and administrative	2,097	2,253	8,410	6,525
Income from operations	2,162	6,812	8,545	13,340
Other (expense) income:				
Interest and investment income, net	88	169	115	530
Interest expense	(244)	(290)	(766)	(968)
Other loss, net	(96)	(46)	(173)	(10)
Total other expense, net	(252)	(167)	(824)	(448)
Income before income taxes	1,910	6,645	7,721	12,892
Income tax expense	791	2,566	3,236	5,002
Net income attributable to common stockholders	1,119	4,079	4,485	7,890
Comprehensive income, net of tax effect	-	-	-	-
Comprehensive income attributable to common stockholders	\$ 1,119	\$ 4,079	\$ 4,485	\$ 7,890
 Weighted-average number of shares outstanding:				
Basic	7,356	7,299	7,327	7,316
Diluted	7,356	7,375	7,351	7,350
Earnings per common share:				
Basic	\$ 0.15	\$ 0.56	\$ 0.61	\$ 1.08
Diluted	\$ 0.15	\$ 0.55	\$ 0.61	\$ 1.07
Cash dividends declared per common share	\$ 0.06	\$ 0.08	\$ 0.18	\$ 0.16

See accompanying notes to condensed consolidated financial statements (unaudited).

ALICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share and per share amounts)

	June 30, 2014	September 30, 2013
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,192	\$ 24,583
Investments	262	260
Accounts receivable, net	16,465	4,266
Due from sugar processor	11,012	-
Inventories	16,693	29,403
Assets held for sale	3,538	-
Other current assets	700	1,283
Total current assets	72,862	59,795
Investment in Magnolia Fund	2,043	5,086
Investments, deposits and other non-current assets	2,066	1,991
Cash surrender value of life insurance	905	897
Property, buildings and equipment, net	123,122	131,071
Total assets	\$ 200,998	\$ 198,840
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,385	\$ 1,729
Long-term debt, current portion	2,000	2,000
Accrued expenses	3,081	2,354
Income taxes payable	3,546	1,171
Dividend payable	441	1,461
Accrued ad valorem taxes	1,207	1,634
Other current liabilities	4,138	1,142
Total current liabilities	15,798	11,491
Long-term debt, net of current portion	32,500	34,000
Deferred income taxes, net of current portion	6,520	6,584
Deferred retirement benefits, net of current portion	4,071	4,029
Total liabilities	58,889	56,104
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value. Authorized 1,000,000 shares; issued and outstanding, none	-	-
Common stock, \$1 par value; 15,000,000 shares authorized; 7,377,106 shares issued and 7,355,890 and 7,303,568 shares outstanding at June 30, 2014 and September 30, 2013, respectively	7,377	7,377
Additional paid in capital	3,763	9,496
Treasury stock at cost, 21,216 and 73,538 shares held at June 30, 2014 and September 30, 2013, respectively	(875)	(2,816)
Retained earnings	131,844	128,679
Total stockholders' equity	142,109	142,736
Total liabilities and stockholders' equity	\$ 200,998	\$ 198,840

See accompanying notes to condensed consolidated financial statements (unaudited).

ALICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended	
	June 30,	
	2014	2013
Net cash provided by operating activities	\$ 15,412	\$ 14,753
Cash flows from investing activities:		
Purchases of property and equipment	(11,225)	(16,792)
Decrease in restricted cash	-	2,500
Decrease in real estate deposits	-	(2,500)
Proceeds from disposals of property and equipment	922	2,925
Return on investment in Magnolia	3,185	-
Collections of mortgages and notes receivable	(2)	30
Net cash used in investing activities	(7,120)	(13,837)
Cash flows from financing activities:		
Principal payments on notes payable	(1,500)	(3,400)
Borrowings on revolving line of credit	-	5,661
Repayments on revolving line of credit	-	(5,661)
Treasury stock purchases	(4,844)	(2,877)
Dividends paid	(2,339)	(1,164)
Net cash used in financing activities	(8,683)	(7,441)
Net decrease in cash and cash equivalents	(391)	(6,525)
Cash and cash equivalents at beginning of period	24,583	13,328
Cash and cash equivalents at end of period	\$ 24,192	\$ 6,803
Supplemental cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 766	\$ 818
Cash paid for income taxes	\$ 925	\$ 1,222

See accompanying notes to condensed consolidated financial statements (unaudited).

ALICO, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Description of Business and Basis of Presentation

Description of Business

Alico Inc. (“Alico”) and its wholly owned subsidiaries (collectively, the “Company”) is an agribusiness and land management company. The Company owns approximately 130,720 acres of land in six Florida counties (Alachua, Collier, Glades, Hendry, Lee and Polk). Our principal lines of business are citrus groves, improved farmland, cattle ranching and conservation and other operations.

Basis of Presentation

The accompanying (a) condensed consolidated balance sheet as of September 30, 2013, which has been derived from audited financial statements, and (b) unaudited condensed consolidated interim financial statements (the “Financial Statements”) of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Financial Statements include all adjustments, consisting of normal and recurring adjustments, which in the opinion of management were necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The results of the interim period are not necessarily indicative of the results for any other interim periods or the entire fiscal year.

The Financial Statements have been presented according to the rules and regulations of the Securities and Exchange Commission (“SEC”), instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Certain information, footnotes and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with those rules and regulations. The Company believes that the disclosures made are adequate to make the information not misleading. The Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2013.

Principles of Consolidation

The Financial Statements include the accounts of Alico, and its wholly owned subsidiaries, Alico Land Development, Inc. (“ALDI”), Alico-Agri, Ltd. (“Alico-Agri”), Alico Plant World, LLC, Alico Citrus Nursery, LLC and Alico Fruit Company, LLC (formerly known as Bowen Brothers Fruit, LLC) (“Alico Fruit”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain reclassifications have been made to the prior years’ consolidated financial statements to conform to the fiscal year 2014 presentation. These reclassifications had no impact on working capital, net income, stockholders’ equity or cash flows as previously reported.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates based upon future events. The Company periodically evaluates the estimates. The estimates are based on current and expected economic conditions, historical experience and various other specific assumptions that the Company believes to be reasonable.

Seasonality

The Company is primarily engaged in agriculture, which is of a seasonal nature and subject to the influence of natural phenomena and wide price fluctuations. Historically, the second and third quarters of our fiscal year generally produce the majority of our annual revenue, and our working capital requirements are typically greater in the first and fourth quarters of our fiscal year coinciding with our planting cycles. The results of the reported period herein are not necessarily indicative of the results for any other interim periods or the entire fiscal year.

Recent Accounting Pronouncements

On April 10, 2014, the FASB issued ASU No. 2014-08 "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 changes the criteria for reporting discontinued operations and modifies related disclosure requirements. The new guidance is effective on a prospective basis for fiscal years beginning after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. The Company is currently assessing the future impact of ASU No. 2014-08 on its financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which provides guidance for revenue recognition. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. The Company is currently assessing the potential impact of ASU No. 2014-09 on its financial statements.

Note 2. Inventories

A summary of the Company's inventories is presented below:

(in thousands)

	<u>June 30,</u> <u>2014</u>	<u>September 30,</u> <u>2013</u>
Unharvested fruit crop on the trees	\$ 12,701	\$ 16,329
Unharvested sugarcane	-	11,728
Beef cattle	3,633	1,200
Other	359	146
Total Inventories	<u>\$ 16,693</u>	<u>\$ 29,403</u>

See discussion on Note 4. "Sugarcane Lease" regarding unharvested sugarcane inventory.

Note 3. Property, Buildings and Equipment, Net

Property, buildings and equipment consisted of the following at June 30, 2014 and September 30, 2013:

(in thousands)

	<u>June 30, 2014</u>	<u>September 30, 2013</u>
Breeding herd	\$ 11,667	\$ 12,234
Buildings	13,559	11,587
Citrus trees	34,923	34,188
Sugarcane	-	16,199
Equipment and other facilities	44,149	47,278
	<hr/>	<hr/>
Total depreciable properties	104,298	121,486
Less accumulated depreciation and depletion	(62,698)	(71,857)
	<hr/>	<hr/>
Net depreciable properties	41,600	49,629
Land and land improvements	81,522	81,442
	<hr/>	<hr/>
Net property, buildings and equipment	<u>\$ 123,122</u>	<u>\$ 131,071</u>

Assets held for sale

In December 2013, the Company's Board of Directors approved listing certain parcels of real estate for sale in Polk and Hendry counties totaling approximately 3,200 acres. As a result, the Company reclassified the net book value of the properties to assets held for sale as of December 31, 2013. The estimated fair value of the properties exceeds their net book value, and no impairment was recognized as a result of the reclassification.

See Note 11. "Subsequent Events" for detail on the sale of Polk County property that was classified as held for sale.

Note 4. Sugarcane Lease

The Company entered into a triple net Agricultural Lease on May 19, 2014 (the "Lease") with its sole sugarcane customer, United States Sugar Corporation (the "Tenant") of approximately 30,600 gross acres of land in Hendry County, Florida used for sugarcane farming which includes 19,181 acres planted or plantable to sugar ("Net Cane Acres"). As a result of the Lease, the Company will no longer be directly engaged in sugarcane farming.

The term of the Lease is ten (10) years which may be extended by either party for three (3) additional one (1) year periods, except with respect to a specific portion of the leased premises (4,561 planted or plantable acres) which has a five (5) year term which may be extended by either party for an additional year but can be terminated by the Company at any time after one (1) year. The Lease includes various covenants, indemnities, defaults, termination rights and other provisions customary for lease transactions of this nature.

The annual base rent under the Lease is \$3,548,485 is payable to the Company on or before the first day of each lease year (May 1). The Tenant is obligated to pay additional rent per net cane acre annually if the year-end average net selling price per hundred weight is greater than or equal to \$28. This effectively increases the rent in the event sugar prices rise in the future. During the three and nine months ended June 30, 2014, the Company has recognized \$462,846 under this Lease agreement, respectively.

The Lease also provided for a one-time reimbursement to the Company, at book value, for certain of our costs to develop and plant sugarcane (Property, Buildings and Equipment), cultivate and care take sugarcane (Inventory) and for the purchase of certain rolling stock (Property, Buildings and Equipment) used in our sugarcane operation. The Company had a combined book value of approximately \$11,100,000 in planting and caretaking costs and approximately \$2,200,000 net book value for the rolling stock. After negotiation with USSC, we agreed to a one time reimbursement of approximately \$8,800,000 in plant cane and caretaking costs and a sales price of approximately \$2,200,000 for the rolling stock. Therefore, the Company recorded a one-time charge of approximately \$2,300,000 in the quarter ended June 30, 2014 as an operating expense in the Improved Farmland segment. In addition, the Company also received the annual base rent payment of \$3,548,485 for a total payment of approximately \$14,600,000 from USSC on July 1, 2014.

Note 5. Income Taxes

The Company's effective tax rates were 41.9% and 38.8% for the nine months ended June 30, 2014 and 2013, respectively.

The Company applies a "more likely than not" threshold to the recognition and non-recognition of tax positions. A change in judgment related to prior years' tax positions is recognized in the quarter of such change. The Company had no reserve for uncertain tax positions at June 30, 2014 and September 30, 2013. The Company recognizes interest and/or penalties related to income tax matters in income tax expense and in income taxes payable.

Note 6. Long-Term Debt

Outstanding debt under the Company's various loan agreements is presented in the table below:

(in thousands)

	<u>Revolving Line of Credit</u>	<u>Term Loan</u>	<u>Total Credit Facility</u>
June 30, 2014			
Principal balance outstanding	\$ -	\$ 34,500	\$ 34,500
Remaining available credit	\$ 60,000	\$ -	\$ 60,000
Effective interest rate	2.40 %	2.65 %	
Scheduled maturity date	October 2020	October 2020	
Collateral	Real Estate	Real Estate	
September 30, 2013			
Principal balance outstanding	\$ -	\$ 36,000	\$ 36,000
Remaining available credit	\$ 60,000	\$ -	\$ 60,000
Effective interest rate	2.43 %	2.68 %	
Scheduled maturity date	October 2020	October 2020	
Collateral	Real Estate	Real Estate	

The Company has a credit facility including a revolving line of credit ("RLOC") and term loan with Rabo AgriFinance, Inc. ("Rabo") totaling \$94,500,000 at June 30, 2014. The revolving line of credit and term loan are collateralized by 43,991 acres of farmland and 12,280 acres of additional real property containing approximately 8,600 acres of producing citrus groves.

The \$60,000,000 RLOC bears interest at a floating rate payable on the first day of each calendar quarter. The RLOC matures on October 1, 2020. At June 30, 2014, there was no outstanding balance on the RLOC. The Company pays an annual commitment fee on the RLOC equal to 0.15% of the difference between the annual average unpaid balance and the \$60,000,000 loan commitment. The commitment fee is payable on February 1 of each year. Commitment fees of approximately \$83,000 were paid in February 2014 and \$30,000 were accrued at June 30, 2014.

The interest rate on the RLOC is based on the one month LIBOR plus a spread. The spread is determined based upon our debt service coverage ratio for the preceding fiscal year and can vary from 225 to 275 basis points. The rate is currently at LIBOR plus 225 basis points. On October 1, 2015, Rabo may adjust the interest rate spread, and the spread adjustment on the RLOC is not limited. Rabo must provide a 30 day notice of the new spread. The Company has the right to prepay the outstanding balance without penalty.

The term loan requires quarterly payments of interest at a floating rate of one month LIBOR plus 250 basis points. On October 1, 2015, Rabo may adjust the interest rate to a maximum spread of LIBOR plus 5%. Rabo must provide a 30 day notice of the new spread. The Company has the right to prepay the outstanding balance without penalty. It also requires quarterly principal payments of \$500,000 through October 1, 2020 when the remaining principal balance and accrued interest will be due and payable.

See Note 11. "Subsequent Events" for detail on July 1, 2014 amendments to credit facility with Rabo.

At June 30, 2014 and September 30, 2013, Alico was in compliance with all of its covenants under the Rabo loan agreement.

On October 10, 2012, the outstanding mortgage note held by Farm Credit of Florida was paid in full. The payment included \$1,794,000 for the principal balance and \$66,000 for a prepayment penalty which was included in interest expense on our consolidated statements of comprehensive income (loss). The mortgage was collateralized by 7,680 acres of real estate used for farm leases, sugarcane and citrus production. The collateral was released upon satisfaction of the mortgage.

Maturities of the Company's debt were as follows at June 30, 2014:

(in thousands)

Due within one year	\$	2,000
Due between one and two years		2,000
Due between two and three years		2,000
Due between three and four years		2,000
Due between four and five years		2,000
Due beyond five years		<u>24,500</u>
Total	<u>\$</u>	<u>34,500</u>

Interest costs expensed and capitalized to property, buildings and equipment were as follows:

(in thousands)

	<u>Three Months Ended June 30,</u>		<u>Nine Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest expense	\$ 244	\$ 290	\$ 766	\$ 968
Interest capitalized	40	31	118	60
Total	<u>\$ 284</u>	<u>\$ 321</u>	<u>\$ 884</u>	<u>\$ 1,028</u>

Note 7. Disclosures about reportable segments

The Company manages its land based upon its primary usage and reviews its performance based upon three primary classifications – Citrus Groves, Improved Farmland and Ranch and Conservation. In addition, it operates an Agricultural Supply Chain Management business that is not tied directly to its land holdings and Other Operations that include leases for mining and oil extraction rights to third parties. The Company presents its financial results and the related discussions based upon these five segments (Citrus Groves, Improved Farmland, Ranch and Conservation, Agricultural Supply Chain Management and Other Operations). In the fourth quarter of fiscal year 2013, the Company changed its internal structure to align with the way it manages its business operations. As a result, the Company has realigned its financial reporting segments to match its internal operations. The Company has reclassified prior years to conform to the fiscal year 2014 presentation. None of these changes affect the Company's previously reported consolidated results. The primary change in previously reported segment results is to reclassify the former Land Leasing and Rentals segment's revenues and expenses to the related land classifications. A description of the Company's business segments is as follows:

- Citrus Groves include activities related to planting, owning, cultivating and/or managing citrus groves in order to produce fruit for sale to fresh and processed citrus markets.
- Agricultural Supply Chain Management and Support includes activities related to the purchase and resale of fruit and to value-added services which include contracting for the harvesting, marketing and hauling of citrus.
- Improved Farmland includes activities related to planting, owning, cultivating, managing and/or leasing improved farmland. Improved farmland is acreage that has been converted, or is permitted to be converted, from native pasture and which has various improvements including irrigation, drainage and roads.
- Ranch and Conservation includes activities related to cattle grazing, sod, native plant and animal sales, leasing, management and/or conservation of unimproved native pasture land.
- Other Operations include activities related to rock mining royalties, oil exploration and other insignificant lines of business.

Intersegment sales and transfers are accounted for by the Company as if the sales or transfers were to third parties at current market prices. Goods and services produced by these segments are sold to wholesalers and processors in the United States which prepare the products for consumption. The Company evaluates the segments performance based on direct margins from operations before general and administrative costs, interest expense and income taxes, not including nonrecurring gains and losses.

The accounting policies of the segments are the same as those described in Note 1, Description of the Business and Basis of Presentation. Total revenues represent sales to unaffiliated customers, as reported in the Company's Condensed Consolidated Statements of Operations. All intercompany transactions have been eliminated.

Information by business segment is as follows:

(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Revenues:				
Citrus Groves	\$ 21,967	\$ 19,209	\$ 47,023	\$ 43,664
Agricultural Supply Chain Management	4,083	10,553	12,324	27,712
Improved Farmland	2,160	4,760	19,442	21,679
Ranch and Conservation	515	409	1,956	1,265
Other Operations	(50)	298	394	675
Intersegment Revenues	4,173	4,674	9,299	10,919
Eliminations	(4,173)	(4,674)	(9,299)	(10,919)
Total revenue	28,675	35,229	81,139	94,995
Operating expenses:				
Citrus Groves	13,617	12,789	29,963	31,488
Agricultural Supply Chain Management	3,916	10,095	12,085	26,886
Improved Farmland	6,591	3,028	20,986	16,044
Ranch and Conservation	164	120	870	380
Other Operations	128	132	280	332
Total operating expenses	24,416	26,164	64,184	75,130
Gross profit:				
Citrus Groves	8,350	6,420	17,060	12,176
Agricultural Supply Chain Management	167	458	239	826
Improved Farmland	(4,431)	1,732	(1,544)	5,635
Ranch and Conservation	351	289	1,086	885
Other Operations	(178)	166	114	343
Total gross profit	\$ 4,259	\$ 9,065	\$ 16,955	\$ 19,865
Capital expenditures:				
Citrus Groves	\$ 2,324	\$ 1,971	\$ 6,350	\$ 3,088
Agricultural Supply Chain Management	-	2	71	10
Improved Farmland	44	860	3,729	8,506
Ranch and Conservation	103	162	879	3,194
Other Operations	(172)	16	28	107
Other capital expenditures	168	808	168	1,887
Total capital expenditures	\$ 2,467	\$ 3,819	\$ 11,225	\$ 16,792
Depreciation, depletion and amortization:				
Citrus Groves	\$ 533	\$ 535	\$ 1,587	\$ 1,578
Agricultural Supply Chain Management	41	48	123	171
Improved Farmland	572	1,307	3,194	3,721
Ranch and Conservation	335	312	997	856
Other Operations	477	95	586	287
Other depreciation, depletion and amortization	(252)	195	148	517
Total depreciation, depletion and amortization	\$ 1,706	\$ 2,492	\$ 6,635	\$ 7,130

(in thousands)

	<u>June 30,</u> <u>2014</u>	<u>September 30, 2013</u>
Assets:		
Citrus Groves	\$ 62,916	\$ 52,592
Agricultural Supply Chain Management	1,568	994
Improved Farmland	72,646	75,348
Ranch and Conservation	17,537	14,696
Other Operations	16,162	15,094
Other Corporate Assets	30,169	40,116
	<hr/>	<hr/>
Total Assets	\$ 200,998	\$ 198,840

Note 8. Stockholders' Equity

Effective November 1, 2008, the Company's Board of Directors authorized the repurchase of up to 350,000 shares of the Company's common stock through November 2013 for the purpose of funding awards under its 2008 Incentive Equity Plan. In September 2013, the Board of Directors authorized the repurchase of up to 105,000 shares of the Company's common stock beginning in November 2013 and continuing through April 2018. Stock repurchases have historically been made through open market transactions at times and in such amounts as the Company's broker determined subject to the provisions of SEC Rule 10b-18. As of June 30, 2014, no shares have been purchased under the September 2013 Board authorization and 105,000 shares continue to be available for purchase. The following table illustrates the Company's treasury stock transactions for the nine months ended June 30, 2014:

(in thousands, except share amounts)

	<u>Shares</u>	<u>Cost</u>
Balance at September 30, 2013	73,538	\$ 2,816
Purchased	118,792	4,713
Issued to Directors and Named Executive Officers	(171,114)	(6,654)
	<hr/>	<hr/>
Balance at June 30, 2014	21,216	\$ 875

Stock-based compensation expense recognized in the Condensed Consolidated Statements of Comprehensive Income in general and administrative expenses was \$204,000 and \$909,000 for the three and nine months ended June 30, 2014, respectively, and \$468,000 and \$783,000 for the three and nine months ended June 30, 2013, respectively. Stock-based compensation is recorded for Board of Directors fees paid in treasury stock and the Long Term Incentive Compensation Plan restricted common stock awards. The amount for the nine months ended June 30, 2014 includes \$195,000 related to the acceleration of the vesting of the Long Term Incentive common stock awards in accordance with the change in control discussed below.

Dilution

The dilutive effect on the weighted average shares outstanding of the company's various equity instruments is detailed below:

(in thousands)

	For the Three Months Ended		For the Nine Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Weighted Average Shares Outstanding - Basic	7,356	7,299	7,327	7,316
Unvested Restricted Stock Awards	-	76	24	34
Weighted Average Shares Outstanding - Diluted	7,356	7,375	7,351	7,350

Long Term Incentive Plan

On May 26, 2011, the Company's Board of Directors approved the Long-Term Incentive Program as part of the 2008 Equity Incentive Plan. The Company approved the contingent award of 152,403 shares of common stock to Named Executive Officers (the "NEOs") of the Company. On May 26, 2011, 58,610 shares were granted to the NEOs other than the Chief Executive Officer ("CEO") and on April 19, 2012, 93,793 shares were awarded to the CEO under restricted stock award agreements.

All of the shares of restricted stock awarded under the Long-Term Incentive Program vested automatically upon the acquisition by 734 Investors, LLC of a controlling interest in the Company. In December 2013, the Company determined that it would repurchase half of the 58,610 gross shares awarded to NEOs other than the CEO immediately upon their issuance for the purpose of retaining treasury shares for future issuance. As a result, the Company issued 68,944 shares of treasury stock in January 2014, net of withholdings for income taxes and repurchase of treasury shares. The Company recognized \$195,000 of stock-based compensation expense related to the acceleration of vesting of these grants during the quarter ended December 31, 2013.

Note 9. Contingencies

The Company is involved from time to time in routine legal matters incidental to its business. When appropriate, the Company establishes estimated accruals for litigation matters which meet the requirements of ASC 450— Contingencies. Based upon available information, the Company believes that the resolution of such matters will not have a material adverse effect on its financial position or results of operations.

Note 10. Related Party Transactions

Recent Change in Control Transaction

On November 19, 2013, 734 Agriculture, LLC ("734 Agriculture") and its affiliates, including 734 Investors, LLC ("734 Investors"), completed the previously announced purchase from Alico Holding, LLC, a company wholly owned by Atlantic Blue Group, Inc. ("Atlanticblue"), of 3,725,457 shares of our common stock (the "Share Purchase").

The common stock acquired by 734 Agriculture and its affiliates, including 734 Investors, represents approximately 51% of the Company's outstanding voting securities. On November 15, 2013, 734 Investors amended and restated its LLC operating agreement (the "LLC Agreement") to admit new members and to designate 734 Agriculture as the managing member, with authority to administer the affairs of 734 Investors, including the voting and disposition of shares of common stock, subject to certain restrictions set forth therein. As a result, upon the consummation of the Share Purchase, 734 Agriculture and its affiliates, including 734 Investors, acquired the voting power to control the election of the Company's Directors and any other matter requiring the affirmative vote or consent of the Company's shareholders.

Appointment of Directors; Resignation of Directors

With the Closing of the Share Purchase, the previously announced election of the following individuals to the Board of Directors became effective: Mr. George R. Brokaw, Member of 734 Agriculture; Remy W. Trafelet, Manager of 734 Agriculture; W. Andrew Krusen, Jr., Chairman and CEO of Dominion Financial Group; Benjamin D. Fishman, Managing Principal of Arlon Group; Henry R. Slack, former Chairman of the Board of Terra Industries, Inc. and Senior Partner of Quarterwatch, LLC; Clayton G. Wilson, former CEO of 734 Citrus Holdings, LLC d/b/a Silver Nip Citrus ("Silver Nip") and Chairman of the Board of Latt Maxcy Corporation; and R. Greg Eisner, Head of Strategy of Dubin & Company, LLC.

Ramon A. Rodriguez remained on, and continues to serve as a member, of the Board of Directors. In addition, Adam D. Compton, who previously resigned subject to and effective upon the Closing of the Share Purchase, was re-elected to the Board of Directors on November 22, 2013.

Upon the Closing of the Share Purchase, the following individuals ceased to be Directors of the Company pursuant to their previously disclosed resignations: JD Alexander, Dykes Everett, Thomas H. McAuley, Charles L. Palmer, John D. Rood, and Gordon Walker, PhD. Mr. Robert J. Viguet, Jr. resigned from the Board on November 21, 2013.

Appointment of Mr. Wilson as the Company's Chief Executive Officer

Upon the Closing of the Share Purchase, Mr. Alexander ceased to be the Company's CEO pursuant to his previously disclosed resignation. On November 22, 2013, the Board appointed Mr. Wilson to serve as the CEO, effective immediately.

734 Investors and 734 Agriculture

On November 19, 2013, 734 Agriculture and its affiliates, including 734 Investors, acquired all of the approximately 51% of Alico's common stock then owned by Atlanticblue. 734 Investors now beneficially owns, directly or indirectly, approximately 51% of the outstanding shares of the Company's common stock and possesses the voting power to control the election of the Company's Directors and any other matter requiring the affirmative vote or consent of the Company's shareholders. 734 Agriculture is the sole managing member of 734 Investors. By virtue of their ownership percentage, 734 Investors and 734 Agriculture are able to elect all of the Directors and, consequently, control Alico. Messrs. Brokaw and Trafelet are the two controlling persons of 734 Agriculture.

734 Citrus Holdings, LLC, d/b/a Silver Nip

On November 22, 2013, the Company entered into an employee lease agreement with Mr. Wilson and Silver Nip (the "Silver Nip Agreement"). Silver Nip is owned and controlled by Messrs. Brokaw, Trafelet and Wilson.

The Silver Nip Agreement provides, subject to the terms and conditions set forth therein, for the Company to furnish Mr. Wilson's services to Silver Nip to perform the functions and services that Mr. Wilson has previously performed for Silver Nip prior to his resignation as CEO of Silver Nip. The Silver Nip Agreement provides that Mr. Wilson will spend a majority of his working time performing functions and services for the Company and that in no event will Mr. Wilson be required to take any action that he or the Company determines could conflict with Mr. Wilson's exercise of his fiduciary duties under applicable law owed to the Company or could interfere with the performance of his duties as an executive officer of the Company. In exchange for furnishing Mr. Wilson's services, Silver Nip has agreed to pay to the Company the cash salary that would have been paid to Mr. Wilson pursuant to his previous employment arrangement with Silver Nip, had that arrangement continued to be in force.

The Silver Nip Agreement provides that if neither the Company nor Silver Nip has provided the other with written notice of an intention to terminate the Silver Nip Agreement at least three business days before the month's end (or any subsequent renewal period), the Silver Nip Agreement will automatically renew for a one-month period. In addition, Silver Nip may terminate the Silver Nip Agreement at any time upon 10 business days' prior written notice to the Company. As of June 30, 2014 the neither Company nor Silver Nip has provided written notice to terminate the Silver Nip Agreement.

The description of the Silver Nip Agreement is qualified in its entirety by reference to the complete terms and conditions of the agreement, which is listed as an exhibit to the Company's Current Report on Form 8-K filed on November 25, 2013. During the three and nine months ended June 30, 2014, the Company has received \$37,500 and \$90,000 under this agreement, respectively.

Atlanticblue

Prior to the Share Purchase transaction on November 19, 2013, Atlanticblue owned approximately 51% of Alico's common stock. By virtue of its ownership percentage, Atlanticblue was able to elect all of the Directors and, consequently, control Alico. JD Alexander resigned March 31, 2012 as the President and Chief Executive Officer of Atlanticblue and did not stand for re-election as a Director at the June 2012 Atlanticblue shareholders meeting. In February 2010, JD Alexander was appointed Alico's President and Chief Executive Officer, and he served on Alico's Board of Directors. Robert J. Viguet, Jr., a former Alico Director, did not stand for re-election as a Director of Atlanticblue at its June 2012 shareholders meeting. Dykes Everett was elected to the Alico Board of Directors at Alico's February 2013 shareholders meeting; he was nominated by Atlanticblue.

Alico Fruit Company ("Alico Fruit") marketed citrus fruit for TRI-County Grove, LLC at the customary terms and rates the Company extends to third parties. During the three and nine months ended June 30, 2013, Alico Fruit marketed 55,948 and 201,802 boxes of fruit, for approximately \$600,000 and \$1,907,000, respectively. Alico Fruit no longer provides marketing and/or purchases citrus fruit from TRI-County Grove, LLC, a wholly owned subsidiary of Atlanticblue.

JD Alexander

On November 6, 2013, JD Alexander tendered his resignation as Chief Executive Officer and as an employee of the Company, subject to and effective immediately after the Closing of the Share Purchase transaction on November 19, 2013. Mr. Alexander's resignation includes a waiver of any rights to any payments under his Change-in-Control Agreement with the Company. On November 6, 2013, the Company and Mr. Alexander also entered into a Consulting and Non-Competition Agreement under which (i) Mr. Alexander will provide consulting services to the Company during the two-year period after the Closing, (ii) Mr. Alexander agreed to be bound by certain non-competition covenants relating to the Company's citrus operations and non-solicitation and non-interference covenants for a period of two years after the Closing, and (iii) the Company will pay Mr. Alexander for such services and covenants \$2 million in twenty-four monthly installments. Mr. Alexander also agreed, in a separate side letter with the Company, not to sell or transfer the shares that were awarded pursuant to his Restricted Stock Award Agreement (other than to a family trust) for a period of two years after the Closing. Mr. Alexander also executed a general release in favor of the Company.

Other

Mr. Charles Palmer, who served as a member of the Board until his resignation became effective on November 19, 2013, leases approximately 2,300 acres from the Company for recreational purposes. He pays approximately \$33,000 annually at the customary terms and rates the Company extends to third parties.

Note 11. Subsequent Events

Polk County property sale

The sale of a 2,800 acre parcel of land in Polk County, Florida closed on July 1, 2014 for \$5,623,000. This parcel was surplus to our operations and was classified as held for sale at June 30, 2014. The Company received cash of \$5,267,000, which is being held by a qualified intermediary in accordance with an assignment agreement while potential like kind exchange transactions are considered which would qualify for tax-deferral treatment in accordance with Internal Revenue Code §1031.

Amendment to Credit Agreement

The Company's Credit Agreement with Rabo was amended effective July 1, 2014.

The term loan interest rate spread over one month LIBOR was decreased from 250 basis points to 225 basis points. The RLOC interest rate spread over one month LIBOR is adjusted pursuant to a pricing grid based on our debt service coverage ratio for the immediately preceding fiscal year. The amended range of spreads is from 195 to 225 basis points compared to a range of 225 to 275 basis points prior to the amendment. The Company's rate is currently at LIBOR plus 195 basis points. The annual commitment fee paid on the annual average unused portion of the RLOC was increased from 15 to 20 basis points.

Rabo may, pursuant to the amendment, adjust the interest rate spreads on July 1, 2016 and every two years thereafter. The spread adjustment on the term loan is limited to 500 basis points over one month LIBOR. The spread adjustment on the RLOC is not limited. Rabo must provide a 30 day notice of any spread adjustments, and the Company has the right to prepay outstanding balances without penalty.

Purchase and Sale Agreement

On August 7, 2014 we entered into a Purchase and Sale Agreement, (the "Purchase Agreement") with Terra Land Company (the "Buyer") to sell to the Buyer approximately 30,959 gross acres of land located in Hendry County, Florida used for sugarcane production (the "Land") for a base purchase price of \$91,436,000. The base purchase price is subject to a valuation formula adjustment in the event that either the net farmable acres or net support acres of the Land are more or less than the calculated amounts by one percent (1%) or greater. The Land excludes growing crops and sugarcane stubble on the Land as well as oil and gas rights and a 200 acre railroad related tract which we are retaining.

The parties have made customary representations, warranties, covenants and agreements in the Purchase Agreement. The Purchase Agreement provides for an inspection period not to exceed 75 days with the closing date to be 15 days after expiration of the inspection period. The transaction is expected to close in November of 2014 and is subject to certain closing conditions but does not have any financing condition. However, there can be no assurance that the closing conditions will be satisfied.

The Purchase Agreement also provides for the parties to enter into a lease at closing pursuant to which the Buyer will lease a substantial portion of the Land back to us for a period of 10 years at an annual rent equal to approximately 5% of the purchase price. We have also provided the Buyer with an exclusivity period under the Purchase Agreement. Buyer acknowledges in the Purchase Agreement that we may engage in a Section 1031 tax-free exchange in connection with this transaction and agrees to cooperate. However, there can be no assurance that we will be able to successfully complete a like-kind exchange pursuant to Section 1031.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q. Additional context can also be found in our Form 10-K for the fiscal year ended September 30, 2013, as filed with the Securities and Exchange Commission (“SEC”) on December 9, 2013.

Cautionary Statement Regarding Forward-Looking Information

We provide forward-looking information in this Quarterly Report, particularly in this Management’s Discussion and Analysis, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statements in this Quarterly Report that are not historical facts are forward-looking statements. Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on our current expectations, estimates and projections about our business based, in part, on assumptions made by our management. Factors which may cause future outcomes to differ materially from those foreseen in forward-looking statements include, but are not limited to: changes in laws, regulation and rules; weather conditions that affect production, transportation, storage, demand, import and export of fresh product and their by-products, increased pressure from disease, insects and other pests; disruption of water supplies or changes in water allocations; pricing and supply of raw materials and products; market responses to industry volume pressures; pricing and supply of energy; changes in interest rates; availability of financing for land development activities and other growth opportunities; onetime events; acquisitions and divestitures; seasonality; labor disruptions; inability to pay debt obligations; inability to engage in certain transactions due to restrictive covenants in debt instruments; government restrictions on land use; changes in agricultural land values; changes in dividends; and market and pricing risks due to concentrated ownership of stock. These assumptions are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those risks factors described in our Annual Report on Form 10-K for the year ended September 30, 2013 and our Quarterly Reports on Form 10-Q.

Overview

We manage our land based upon its primary usage and review its performance based upon three primary classifications – Citrus Groves, Improved Farmland and Ranch and Conservation. In addition, we operate an Agricultural Supply Chain Management business that is not tied directly to our land holdings and Other Operations that include leases for mining and oil extraction rights to third parties. We present our financial results and the related discussions based upon these five segments (Citrus Groves, Improved Farmland, Ranch and Conservation, Agricultural Supply Chain Management and Other Operations). In the fourth quarter of fiscal year 2013, we changed our internal operations to align with the way we manage our business operations. As a result, we have realigned our financial reporting segments to match our internal operations. We have reclassified prior years to conform to the fiscal year 2014 presentation. None of these changes affect our previously reported consolidated results. The primary change in previously reported segment results is to reclassify the former Land Leasing and Rentals segment’s revenues and expenses to the related land classifications.

In connection with our pursuit of growth opportunities consistent with our mission, we intend to regularly evaluate potential acquisitions and divestitures and other business opportunities, some of which are material in nature. If appropriate opportunities present themselves, we may engage in selected acquisitions, divestitures and other business growth initiatives or undertakings. To the extent we engage in such opportunities it could, among other things, change our revenue mix, require us to obtain additional debt or equity financing and have a material impact on our business and financial condition.

Segments

We own approximately 130,720 acres of land in six counties (Alachua, Collier, Glades, Hendry, Lee and Polk), and operate five segments related to our various land holdings.

- Citrus Groves include activities related to planting, owning, cultivating and/or managing citrus groves in order to produce fruit for sale to fresh and processed citrus markets.
- Agricultural Supply Chain Management and Support includes activities related to the purchase and resale of fruit, as well as, to value-added services which include contracting for the harvesting as well as marketing and hauling of citrus.
- Improved Farmland includes activities related to planting, owning, cultivating, managing and/or leasing improved farmland. Improved farmland is acreage that has been converted, or is permitted to be converted, from native pasture and which may have various improvements including irrigation, drainage and roads.
- Ranch and Conservation includes activities related to cattle grazing, sod, native plant and animal sales, leasing, management and/or conservation of unimproved native pasture land.
- Other Operations include activities related to rock mining royalties, oil exploration and other insignificant lines of business.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base these estimates on historical experience, available current market information and on various other assumptions that management believes are reasonable under the circumstances. Additionally we evaluate the results of these estimates on an on-going basis. Management’s estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes during this reporting period to the policies and disclosures set forth in Part II, Item 7 in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013.

Recent Events

Sugarcane lease

We entered into a triple net Agricultural Lease on May 19, 2014 (the “Lease”) with our sole sugarcane customer, United States Sugar Corporation (the “Tenant”) of approximately 30,600 gross acres of land in Hendry County, Florida used for sugarcane farming which includes 19,181 acres planted or plantable to sugar (“Net Cane Acres”). As a result of the Lease, we will no longer be directly engaged in sugarcane farming.

The term of the Lease is ten (10) years which may be extended by either party for three (3) additional one (1) year periods, except with respect to a specific portion of the leased premises (4,561 planted or plantable acres) which has a five (5) year term which may be extended by either party for an additional year but can be terminated by us at any time after one (1) year. The Lease includes various covenants, indemnities, defaults, termination rights and other provisions customary for lease transactions of this nature.

The annual base rent under the Lease is \$3,548,485 and is payable to us on or before the first day of each lease year (May 1). The Tenant is obligated to pay additional rent per net cane acre annually if the year-end average net selling price per hundred weight is greater than or equal to \$28. This effectively increases the rent in the event sugar prices rise in the future.

The Lease also provided for a one-time reimbursement to the Company, at book value, for certain of our costs to develop and plant sugarcane (Property, Buildings and Equipment), cultivate and care take sugarcane (Inventory) and for the purchase of certain rolling stock (Property, Buildings and Equipment) used in our sugarcane operation. We had a combined book value of approximately \$11,100,000 in planting and caretaking costs and approximately \$2,200,000 net book value for the rolling stock. After negotiation with USSC, we agreed to a one time reimbursement of approximately \$8,800,000 in plant cane and caretaking costs and a sale price of approximately \$2,200,000 for the rolling stock. Therefore, the Company recorded a one-time charge of approximately \$2,300,000 in the quarter ended June 30, 2014 as an operating expense in the Improved Farmland segment. In addition, we also received the annual base rent payment of \$3,548,485 for a total payment of approximately \$14,600,000 from USSC on July 1, 2014.

We believe that the Sugarcane Lease will reduce both operational and production risks while eliminating capital expenditures related to planting costs and sugarcane farming equipment. The Lease will increase the Company's free cash flow while maintaining our operating income and reducing depreciation expense. The Lease also allows the Company to participate in future rising sugar prices, if any.

Purchase and Sale Agreement

On August 7, 2014 we entered into a Purchase and Sale Agreement, (the "Purchase Agreement") with Terra Land Company (the "Buyer") to sell to the Buyer approximately 30,959 gross acres of land located in Hendry County, Florida used for sugarcane production (the "Land") for a base purchase price of \$91,436,000. The base purchase price is subject to a valuation formula adjustment in the event that either the net farmable acres or net support acres of the Land are more or less than the calculated amounts by one percent (1%) or greater. The Land excludes growing crops and sugarcane stubble on the Land as well as oil and gas rights and a 200 acre railroad related tract which we are retaining.

The parties have made customary representations, warranties, covenants and agreements in the Purchase Agreement. The Purchase Agreement provides for an inspection period not to exceed 75 days with the closing date to be 15 days after expiration of the inspection period. The transaction is expected to close in November of 2014 and is subject to certain closing conditions but does not have any financing condition. However, there can be no assurance that the closing conditions will be satisfied.

The Purchase Agreement also provides for the parties to enter into a lease at closing pursuant to which the Buyer will lease a substantial portion of the Land back to us for a period of 10 years at an annual rent equal to approximately 5% of the purchase price. We have also provided the Buyer with an exclusivity period under the Purchase Agreement. Buyer acknowledges in the Purchase Agreement that we may engage in a Section 1031 tax-free exchange in connection with this transaction and agrees to cooperate. However, there can be no assurance that we will be able to successfully complete a like-kind exchange pursuant to Section 1031.

Recent Change in Control Transaction

On November 19, 2013, 734 Agriculture, LLC ("734 Agriculture") and its affiliates, including 734 Investors, LLC ("734 Investors"), completed the previously announced purchase from Alico Holding, LLC, a company wholly owned by Atlantic Blue Group, Inc. ("Atlanticblue"), of 3,725,457 shares of our common stock (the "Share Purchase").

The common stock acquired by 734 Agriculture and its affiliates, including 734 Investors, represents approximately 51% of the Company's outstanding voting securities. On November 15, 2013, 734 Investors amended and restated its LLC operating agreement (the "LLC Agreement") to admit new members and to designate 734 Agriculture as the managing member, with authority to administer the affairs of 734 Investors, including the voting and disposition of shares of common stock, subject to certain restrictions set forth therein. As a result, upon the consummation of the Share Purchase, 734 Agriculture and its affiliates, including 734 Investors, acquired the voting power to control the election of the Company's Directors and any other matter requiring the affirmative vote or consent of the Company's shareholders.

Appointment of Directors; Resignation of Directors

With the Closing of the Share Purchase, the previously announced election of the following individuals to the Board of Directors became effective: Mr. George R. Brokaw, Member of 734 Agriculture; Remy W. Trafelet, Manager of 734 Agriculture; W. Andrew Krusen, Jr., Chairman and CEO of Dominion Financial Group; Benjamin D. Fishman, Managing Principal of Arlon Group; Henry R. Slack, former Chairman of the Board of Terra Industries, Inc. and Senior Partner of Quarterwatch, LLC; Clayton G. Wilson, former CEO of 734 Citrus Holdings, LLC d/b/a Silver Nip Citrus ("Silver Nip") and Chairman of the Board of Latt Maxcy Corporation; and R. Greg Eisner, Head of Strategy of Dubin & Company, LLC.

Ramon A. Rodriguez remained on, and continues to serve as a member of, the Board of Directors. In addition, Adam D. Compton, who previously resigned subject to and effective upon the Closing of the Share Purchase, was re-elected to the Board of Directors on November 22, 2013.

Upon the Closing of the Share Purchase, the following individuals ceased to be Directors of the Company pursuant to their previously disclosed resignations: JD Alexander, Dykes Everett, Thomas H. McAuley, Charles L. Palmer, John D. Rood, and Gordon Walker, PhD. Mr. Robert J. Viguier, Jr. resigned from the Board on November 21, 2013.

Appointment of Mr. Wilson as the Company's Chief Executive Officer

Upon the Closing of the Share Purchase, Mr. Alexander ceased to be the Company's CEO pursuant to his previously disclosed resignation. On November 22, 2013, the Board appointed Mr. Wilson to serve as the CEO, effective immediately.

Results of Operations

The following table sets forth a comparison of results of operations for the three and nine months ended June 30, 2014 and 2013:

(in thousands)

	Three Months Ended				Nine Months Ended			
	June 30,		Change		June 30,		Change	
	2014	2013	\$	%	2014	2013	\$	%
Operating revenues:								
Citrus Groves	\$ 21,967	\$ 19,209	\$ 2,758	14.4 %	\$ 47,023	\$ 43,664	\$ 3,359	7.7 %
Agricultural Supply Chain Management	4,083	10,553	(6,470)	(61.3)%	12,324	27,712	(15,388)	(55.5)%
Improved Farmland	2,160	4,760	(2,600)	(54.6)%	19,442	21,679	(2,237)	(10.3)%
Ranch and Conservation	515	409	106	25.9 %	1,956	1,265	691	54.6 %
Other Operations	(50)	298	(348)	(116.7)%	394	675	(281)	(41.6)%
Total operating revenues	<u>28,675</u>	<u>35,229</u>	<u>(6,554)</u>	<u>(18.6)%</u>	<u>81,139</u>	<u>94,995</u>	<u>(13,856)</u>	<u>(14.6)%</u>
Gross Profit:								
Citrus Groves	8,350	6,420	1,930	30.1 %	17,060	12,176	4,884	40.1 %
Agricultural Supply Chain Management	167	458	(291)	(63.5)%	239	826	(587)	(71.0)%
Improved Farmland	(4,431)	1,732	(6,163)	(355.8)%	(1,544)	5,635	(7,179)	(127.4)%
Ranch and Conservation	351	289	62	21.4 %	1,086	885	201	22.7 %
Other Operations	(178)	166	(344)	(207.1)%	114	343	(229)	(66.7)%
Total gross profit	<u>4,259</u>	<u>9,065</u>	<u>(4,806)</u>	<u>(53.0)%</u>	<u>16,955</u>	<u>19,865</u>	<u>(2,910)</u>	<u>(14.6)%</u>
Corporate, general and administrative expenses	<u>2,097</u>	<u>2,253</u>	<u>(156)</u>	<u>(6.9)%</u>	<u>8,410</u>	<u>6,525</u>	<u>1,885</u>	<u>28.9 %</u>
Income from operations	<u>2,162</u>	<u>6,812</u>	<u>(4,650)</u>	<u>(68.3)%</u>	<u>8,545</u>	<u>13,340</u>	<u>(4,795)</u>	<u>(35.9)%</u>
Other expense, net	<u>(252)</u>	<u>(167)</u>	<u>(85)</u>	<u>50.8 %</u>	<u>(824)</u>	<u>(448)</u>	<u>(376)</u>	<u>83.9 %</u>
Income before income taxes	<u>1,910</u>	<u>6,645</u>	<u>(4,735)</u>	<u>(71.2)%</u>	<u>7,721</u>	<u>12,892</u>	<u>(5,171)</u>	<u>(40.1)%</u>
Income tax expense	<u>791</u>	<u>2,566</u>	<u>(1,775)</u>	<u>(69.2)%</u>	<u>3,236</u>	<u>5,002</u>	<u>(1,766)</u>	<u>(35.3)%</u>
Net income	<u>\$ 1,119</u>	<u>\$ 4,079</u>	<u>\$ (6,510)</u>	<u>(159.6)%</u>	<u>\$ 4,485</u>	<u>\$ 7,890</u>	<u>\$ (6,937)</u>	<u>(87.9)%</u>

A discussion of our segment results of operations follows.

The table below presents key operating measures for the three and nine months ended June 30, 2014 and 2013:

(in thousands, except per box and per pound solid data)

	Three Months Ended				Nine Months Ended			
	June 30,		Change		June 30,		Change	
	2014	2013	\$	%	2014	2013	\$	%
Revenue From:								
Early and Mid Season	\$ -	\$ 2	\$ (2)	(100.0)%	\$ 19,281	\$ 17,923	\$ 1,358	7.6 %
Valencias	21,626	18,953	2,673	14.1 %	25,064	23,216	1,848	8.0 %
Fresh Fruit	278	236	42	17.8 %	2,055	2,443	(388)	(15.9)%
Other	63	18	45	250.0 %	623	82	541	NM
Total	\$ 21,967	\$ 19,209	\$ 2,758	14.4 %	\$ 47,023	\$ 43,664	\$ 3,359	7.7 %
Boxes Harvested:								
Early and Mid Season	-	-	-	-	1,645	1,899	(254)	(13.4)%
Valencias	1,369	1,549	(180)	(11.6)%	1,614	1,967	(353)	(17.9)%
Total Processed	1,369	1,549	(180)	(11.6)%	3,259	3,866	(607)	(15.7)%
Fresh Fruit	32	31	1	3.2 %	185	251	(66)	(26.3)%
Total	1,401	1,580	(179)	(11.3)%	3,444	4,117	(673)	(16.3)%
Pound Solids Produced:								
Early and Mid Season	-	6	(6)	(100.0)%	10,222	11,613	(1,391)	(12.0)%
Valencias	9,298	10,579	(1,281)	(12.1)%	10,826	13,134	(2,308)	(17.6)%
Total	9,298	10,585	(1,287)	(12.2)%	21,048	24,747	(3,699)	(14.9)%
Pound Solids per Box:								
Early and Mid Season	-	-	-	-	6.21	6.12	0.10	1.6 %
Valencias	6.79	6.83	(0.04)	(0.6)%	6.71	6.68	0.03	0.5 %
Price per Pound Solid:								
Early and Mid Season	\$ -	\$ -	\$ -	-	\$ 1.89	\$ 1.54	\$ 0.34	22.2 %
Valencias	\$ 2.33	\$ 1.79	\$ 0.53	29.8 %	\$ 2.32	\$ 1.77	\$ 0.55	31.0 %
Price per Box:								
Fresh Fruit	\$ 8.69	\$ 7.61	\$ 1.07	14.1 %	\$ 11.09	\$ 9.73	\$ 1.36	13.9 %
Operating Expenses:								
Cost of Sales	\$ 9,631	\$ 8,160	\$ 1,471	18.0 %	\$ 20,335	\$ 19,843	\$ 492	2.5 %
Harvesting and Hauling	3,986	4,629	(643)	(13.9)%	9,628	11,645	(2,017)	(17.3)%
Total	\$ 13,617	\$ 12,789	\$ 828	6.5 %	\$ 29,963	\$ 31,488	\$ (1,525)	(4.8)%

NM - Not Meaningful

We sell our Early and Mid-Season and Valencia oranges to processors that convert the majority of the citrus crop into orange juice. Processors buy our citrus on a pound solids basis, which is the measure of the soluble solids (sugars and acids) contained in one box of fruit. Fresh Fruit is generally sold to packing houses that purchase our citrus on a per box basis. Our Operating Expenses consist primarily of Cost of Sales and Harvesting and Hauling. Cost of Sales represents the cost of maintaining our citrus groves for the preceding calendar year and does not vary in relation to production. Harvesting and Hauling represents the cost of bringing citrus product to processors and varies based upon the number of boxes produced.

The declines for the three and nine months ended June 30, 2014 in boxes harvested, pounds solids produced and pounds solids per box are being driven by growing season fluctuations in production, primarily resulting from changes in weather and the effects of diseases and pests, including Citrus Greening. The industry and the Company both experienced higher than normal premature fruit drop in certain areas of our groves and smaller sized fruit that contributed to the 16% smaller box harvest than prior year. Although our total pounds solid produced for the nine months ended June 30, 2014, declined 14.9% versus the same period of the prior year, our total revenue increased 7.7% due to the significant increase in the price per pound solid for both the Early and Mid-Season and Valencia oranges.

The statewide environmental and horticultural factors described above have negatively impacted our crops and certain key operating measures presented above. The USDA, in its July 11, 2014 Citrus Forecast, indicated that it expects the final Florida orange crop to decline by 29,200,000 boxes or approximately 22% versus the prior year, and therefore our per acre production continues to significantly outpace the average production in the state of Florida. The USDA estimate will not be updated again until the first estimate of the 2014/2015 season is released.

The increase in Citrus Groves gross profit for the three and nine months ended June 30, 2014 relates primarily to the increased prices and revenue discussed above offset by plus an increase of 2.5% in growing costs for the 2013/2014 harvesting season crop to \$20,335,000 from \$19,843,000. Per box harvest and hauling costs for the three and nine months ended June 30, 2014 remained in line with the three and nine months ended June 30, 2013.

Agricultural Supply Chain Management

The table below presents key operating measures for the three and nine months ended June 30, 2014 and 2013:

(in thousands, except per box and per pound solid data)

	Three Months Ended				Nine Months Ended				
	June 30,		Change		June 30,		Change		
	2014	2013	\$	%	2014	2013	\$	%	
Purchase and Resale of Fruit:									
Revenue	\$ 3,398	\$ 9,052	\$ (5,654)	(62.5)%	\$ 10,095	\$ 22,830	\$ (12,735)	(55.8)%	
Boxes Sold	235	731	(496)	(67.9)%	836	2,377	(1,541)	(64.8)%	
Pound Solids Sold	1,571	4,979	(3,408)	(68.4)%	5,195	14,839	(9,644)	(65.0)%	
Pound Solids per Box	6.69	6.81	(0.13)	(1.9)%	6.21	6.24	(0.03)	(0.5)%	
Price per Pound Solids	\$ 2.16	\$ 1.82	\$ 0.34	19.0 %	\$ 1.94	\$ 1.54	\$ 0.40	26.3 %	
Value Added Services:									
Revenue	\$ 670	\$ 1,368	\$ (698)	(51.0)%	\$ 1,891	\$ 4,392	\$ (2,501)	(56.9)%	
Value Added Boxes	71	1,164	(1,093)	(93.9)%	652	3,128	(2,476)	(79.2)%	
Other Revenue	\$ 15	\$ 133	(118)	(89.0)%	\$ 338	\$ 490	(152)	(31.1)%	

The declines in Purchase and Resale of Fruit revenue, boxes sold and pound solids sold, as well as the declines in Value Added Services revenue and boxes, is all being primarily driven by overall declines in Florida production as well as a management decision to reduce the number of external boxes handled by Alico Fruit Company in fiscal year 2014.

The decline in Alico Fruit Company gross profit relates primarily to the changes in revenue outlined above.

Improved Farmland

The table below presents key operating measures for the three and nine months ended June 30, 2014 and 2013:

(in thousands, except per net standard ton and per acre data)

	Three Months Ended				Nine Months Ended			
	June 30,		Change		June 30,		Change	
	2014	2013	\$	%	2014	2013	\$	%
Revenue From:								
Sale of Sugarcane	\$ 1,410	\$ 4,400	\$ (2,990)	(68.0)%	\$ 17,428	\$ 20,125	\$ (2,697)	(13.4)%
Molasses Bonus	56	135	(79)	(58.5)%	817	812	5	0.6%
Land Leasing	694	225	469	208.4%	1,197	742	455	61.3%
Total	<u>\$ 2,160</u>	<u>\$ 4,760</u>	<u>\$ (2,600)</u>	<u>(54.6)%</u>	<u>\$ 19,442</u>	<u>\$ 21,679</u>	<u>\$ (2,237)</u>	<u>(10.3)%</u>
Net Standard Tons Sold	46	98	(52)	(53.1)%	590	546	44	8.1%
Price Per Net Standard Ton:								
Sale of Sugarcane	\$ 30.65	\$ 44.90	\$ (14.25)	(31.7)%	\$ 29.55	\$ 36.86	\$ (7.31)	(19.8)%
Molasses	\$ 1.22	\$ 1.38	\$ (0.16)	(11.6)%	\$ 1.38	\$ 1.49	\$ (0.10)	(6.9)%
Net Standard Tons/Acre	21.57	38.00	(16.43)	(43.2)%	35.20	41.13	(5.93)	(14.4)%
Operating Expenses:								
Cost of Sales	\$ 2,973	\$ 1,886	\$ 1,087	57.6%	\$ 13,881	\$ 11,580	\$ 2,301	19.9%
Harvesting and Hauling	428	1,041	(613)	(58.9)%	3,759	4,181	(422)	(10.1)%
Land Leasing Expenses	3,190	101	3,089	NM	3,346	283	3,063	NM
Total	<u>\$ 6,591</u>	<u>\$ 3,028</u>	<u>\$ 3,563</u>	<u>117.7%</u>	<u>\$ 20,986</u>	<u>\$ 16,044</u>	<u>\$ 4,942</u>	<u>30.8%</u>

NM - Not Meaningful

Acres used to produce sugarcane increased to 16,728 in fiscal year 2014 from 13,272 in fiscal year 2013. The increase in net standard tons sold is related to the increased acreage in production for the nine months ended June 30, 2014 versus the same period of the prior year. The increase in production for the nine months ended June 30, 2014 versus the same period of the prior year is more than offset by the 20% decrease in price per net standard ton that has resulted from changes in market conditions in fiscal year 2014 versus fiscal year 2013. Our Operating Expenses consist primarily of Cost of Sales and Harvesting and Hauling. Cost of Sales represents the cost of maintaining our sugarcane land for the preceding calendar year and does not vary in relation to production. Harvesting and Hauling represents the cost of bringing sugarcane product to our processor and varies based upon the number of net standard tons produced.

The decrease in gross profit for the three and nine months ended June 30, 2014 versus the same period of the prior year is related primarily to the 20% decrease in price per standard ton discussed above, partially offset by a 4.9% decrease in growing costs per acre and a 16.8% decrease in harvest and hauling costs per net standard ton versus the nine months ended June 30, 2013 which relates primarily to the elimination of long-haul charges related to the transportation of sugarcane via truck.

Additionally, the gross profit of the Improved Farmland segment was negatively impacted by a one-time charge of approximately \$2,300,000 million in the quarter ended June 30, 2014 recorded as an operating expense related to the reimbursement to the Company, at book value, for certain of our costs to develop and plant sugarcane, cultivate and care take sugarcane and purchase certain rolling stock used in our sugarcane operation. The one-time reimbursement relates to the triple net agricultural lease entered into with our sole sugarcane customer, United States Sugar Corporation.

See complete disclosure of the sugarcane lease in Item 2. "Recent Events".

Ranch and Conservation

The table below presents key operating measures for the three and nine months ended June 30, 2014 and 2013:

(in thousands, except per pound data)

	Three Months Ended				Nine Months Ended			
	June 30,		Change		June 30,		Change	
	2014	2013	\$	%	2014	2013	\$	%
Revenue From:								
Sale of Calves	\$ 47	\$ 97	\$ (50)	(51.5)%	\$ 308	\$ 265	\$ 43	16.2%
Sale of Culls	-	-	-	-	692	3	689	NM
Land Leasing	468	312	156	-	956	997	(41)	(4.1)%
Total	<u>\$ 515</u>	<u>\$ 409</u>	<u>\$ 106</u>	<u>25.9%</u>	<u>\$ 1,956</u>	<u>\$ 1,265</u>	<u>\$ 691</u>	<u>54.6%</u>
Pounds Sold:								
Calves	30	80	(50)	(62.5)%	188	207	(19)	(9.2)%
Culls	-	1,019	(1,019)	(100.0)%	794	1,030	(236)	(22.9)%
Price Per Pound:								
Calves	\$ 1.57	\$ 1.21	\$ 0.35	29.2%	\$ 1.64	\$ 1.28	\$ 0.36	28.0%
Culls	\$ -	\$ -	\$ -	-	\$ 0.87	\$ 0.68	\$ 0.19	28.2%
Operating Expenses:								
Cost of Calves Sold	\$ 64	\$ 67	\$ (3)	(4.5)%	\$ 284	\$ 180	\$ 104	57.8%
Cost of Culls Sold	100	-	100	-	455	4	451	NM
Land Leasing Expenses	-	-	-	-	128	85	43	50.6%
Other	-	53	(53)	(100.0)%	3	111	(108)	(97.3)%
Total	<u>\$ 164</u>	<u>\$ 120</u>	<u>\$ 44</u>	<u>36.7%</u>	<u>\$ 870</u>	<u>\$ 380</u>	<u>\$ 490</u>	<u>128.9%</u>

NM - Not Meaningful

The increases in revenue and gross profit for the three and nine months ended June 30, 2014 versus the same periods of the prior year primarily relate to timing of the sale of cull cows and bulls from our breeding herd. We sold significantly more cull cows and bulls during the first nine months of fiscal year 2014 than we sold during the first nine months of fiscal year 2013. We expect to sell our entire calf inventory during the fourth quarter of fiscal year 2014. We have entered into a contract to sell the majority of our calves for an average price of \$2.04 per pound in the months of July and August 2014.

Other Operations

The results of the Other Operations segment for the nine months ended June 30, 2014 are approximately \$0.2 million less than the same period of the prior year due to reduced rock mine royalties.

General and Administrative

The increase in general and administrative expenses for the nine months ended June 30, 2014 versus the same period of the prior year relates primarily to costs incurred related to the change in control described above in "Recent Events," which totaled 2,300,000. The charges included \$195,000 for the acceleration of the vesting of the Long-Term Incentive Plan awards, \$849,000 for the cost of Director and Officer insurance for the departing Directors and Officers and \$583,000 related to a consulting and non-competition agreement with the former CEO.

Other Income (Expense), net

Other income (expense), net for the nine months ended June 30, 2014 are approximately \$0.4 million less than the same period of the prior year due to a reduction in net investment income from the Magnolia Fund Investment.

Income Tax Expense

Income tax expense was approximately \$791,000 and \$2,566,000 for the three months ended June 30, 2014 and 2013, respectively. The Company's effective tax rates were 41.4% and 38.6% for the three months ended June 30, 2014 and 2013, respectively. Income tax expense was approximately \$3,236,000 and \$5,002,000 for the nine months ended June 30, 2014 and 2013, respectively. The Company's effective tax rates for the nine months ended June 30, 2014 and 2013 were 41.9% and 38.8%, respectively. The change in rates relates primarily to the non-deductible nature of projected political contributions for fiscal year 2014 and limitations on certain deductions related to the vesting of the long-term incentive grants.

Seasonality

Historically, the second and third quarters of our fiscal year produce the majority of our annual revenue, and our working capital requirements are typically greater in the first and fourth quarters of our fiscal year coinciding with our planting cycles. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

Liquidity and Capital Resources

A comparative balance sheet summary is presented in the following table:

(in thousands)

	<u>June 30,</u> <u>2014</u>	<u>September 30,</u> <u>2013</u>	<u>Change</u>
Cash and cash equivalents	\$ 24,192	\$ 24,583	\$ (391)
Investments	\$ 262	\$ 260	\$ 2
Total current assets	\$ 72,862	\$ 59,795	\$ 13,067
Total current liabilities	\$ 15,798	\$ 11,491	\$ 4,307
Working capital	\$ 57,064	\$ 48,304	\$ 8,760
Total assets	\$ 200,998	\$ 198,840	\$ 2,158
Notes payable	\$ 32,500	\$ 34,000	\$ (1,500)
Current ratio	4.61 to 1	5.20 to 1	

We believe that our current cash position, revolving credit facility and the cash we expect to generate from operating activities will provide us with sufficient liquidity to satisfy our working capital requirements and capital expenditures for the foreseeable future. We have a \$60,000,000 revolving line of credit ("RLOC") which was available for our general use at June 30, 2014. See Item 1. Financial Statement, Note 6. Long-Term Debt in the Notes to the Condensed Consolidated Financial Statements (Unaudited). If the Company pursues significant growth opportunities in the future, it could have a material adverse impact on our cash balances, and we may need to finance such activities by drawing down monies under our RLOC and if necessary, obtaining additional debt or equity financing. We reduced our third and fourth quarter dividends to \$0.06 per share in order to retain additional cash increasing our flexibility to reinvest in our business and pursue growth opportunities consistent with our mission.

The decrease in cash and cash equivalents was primarily due to the following factors:

- Capital expenditures of \$11,225,000,
- Treasury stock purchases of \$4,844,000,
- Dividends paid of \$2,339,000, and
- Principal payments on debt of \$1,500,000

These decreases in cash and equivalents were offset by the return on investment in Magnolia of \$3,185,000, and cash provided by operations of \$15,412,000.

Net Cash Provided by Operating Activities

The following table details the items contributing to Net Cash Provided by Operating Activities for the nine months ended June 30, 2014 and 2013:

(in thousands)

	<u>Nine Months Ended June 30,</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
Net Income	\$ 4,485	\$ 7,890	\$ (3,405)
Depreciation and Amortization	6,635	7,130	(495)
Net Loss (Gain) on Sale of Property and Equipment	973	(201)	1,174
Other Non-Cash Income Expenses	766	730	36
Change in Working Capital	2,553	(796)	3,349
Cash provided by operations	<u>\$ 15,412</u>	<u>\$ 14,753</u>	<u>\$ 659</u>

The factors contributing to the decrease in net income for the nine months ended June 30, 2014, versus the same period of the prior year are discussed in "Results of Operations." Depreciation and Amortization decreased versus the nine months ended June 30, 2013 and Loss on Sale of Property and Equipment increased due to the reimbursement of inventory and plant cane costs by USSC and sale of rolling stock to USSC in May 2014.

Due to the seasonal nature of our business, working capital requirements are typically greater in the first and fourth quarters of our fiscal year coinciding with our planting and harvest cycles. Cash flows from operating activities typically improve in our second and third fiscal quarters as we harvest our crops.

Net Cash Used In Investing Activities

The following table details the items contributing to Net Cash Used in Investing Activities for the nine months ended June 30, 2014 and 2013:

(in thousands)

	Nine Months Ended June 30,		Change
	2014	2013	
Purchases of property and equipment:			
Sugarcane planting	\$ (2,792)	\$ (3,064)	\$ 272
Improvements to farmland	(937)	(5,442)	4,505
Citrus nursery	(4,783)	(1,501)	(3,282)
Citrus tree development	(733)	(745)	12
Breeding herd purchases	(752)	(3,194)	2,442
Rolling stock, equipment and other	(1,228)	(2,846)	1,618
Total	(11,225)	(16,792)	5,567
Disposal of property and equipment	922	2,925	(2,003)
Return on investment in Magnolia	3,185	-	3,185
Other	(2)	30	(32)
Cash used in investing activities	\$ (7,120)	\$ (13,837)	\$ 6,717

The decrease in purchases of property and equipment relate primarily to a decrease in the number of cows and bulls purchased to augment our breeding herd, a decrease in purchases of rolling stock, equipment and other assets as well as improvement to farmland related to the completion of the sugarcane expansion in fiscal year 2013, partially offset by capital expenditures related to the building of our citrus tree nursery in fiscal year 2014.

The increase in the return on investment in Magnolia versus the first nine months of fiscal year 2013 relates primarily to the reinstatement of cash distributions by Magnolia after its conversion of a large portion of its tax certificate portfolio to tax deeds.

Net Cash Used In Financing Activities

The following table details the items contributing to Net Cash Used in Financing Activities for the nine months ended June 30, 2014 and 2013:

(in thousands)

	Nine Months Ended June 30,		Change
	2014	2013	
Principal payments on notes payable	\$ (1,500)	\$ (3,400)	\$ 1,900
Treasury stock purchases	(4,844)	(2,877)	(1,967)
Dividends paid	(2,339)	(1,164)	(1,175)
Cash used in financing activities	\$ (8,683)	\$ (7,441)	\$ (1,242)

The decrease in principal payments on notes payable for the nine months ended June 30, 2014 relates to the payoff of the Farm Credit Mortgage in the first nine months of fiscal year 2013 (see "Note 5. Long-Term Debt" in the Notes to Condensed Consolidated Financial Statements).

We increased our repurchases of stock for fiscal year 2014 subject to the provisions of SEC rule 10b-18 in order to fund grants under the 2008 incentive equity plans (see "Note 8. Stockholder's Equity" in the Notes to Condensed Consolidated Financial Statements).

Purchase Commitments

Alico, through its wholly owned subsidiary Alico Fruit, enters into contracts for the purchase of citrus fruit during the normal course of its business. The remaining obligations under these purchase agreements totaled approximately \$16,714,000 at June 30, 2014 for delivery in fiscal years 2014 through 2016. All of these obligations are covered by sales agreements. Alico's management currently believes that all committed purchase volume will be sold at cost or higher.

Contractual Obligations and Off Balance Sheet Arrangements

There have been no material changes during this reporting period to the disclosures set forth in Part II, Item 7 in our Form 10-K for the fiscal year ended September 30, 2013.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes during this reporting period in the disclosures set forth in Part II, Item 7A in our Form 10-K for the fiscal year ended September 30, 2013.

ITEM 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

As of the end of the period covered by this report, an evaluation, as required by Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934 as amended ("Exchange Act"), was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of our disclosure controls and procedures are effective to ensure that all information required to be disclosed in the reports that we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act that occurred during our last fiscal quarter that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

See Part I, Item I, Financial Statements, Note 4. Income Taxes and Note 9. Contingencies in the Notes to Condensed Consolidated Financial Statements (Unaudited).

ITEM 1A. Risk Factors.

There have been no material changes in the risk factors set forth in Part 1, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There were no sales of unregistered equity securities during the period.

The Board of Directors has authorized the repurchase of up to 105,000 shares of our common stock from shareholders. Through June 30, 2014, the Company had purchased zero shares and had available to purchase an additional 105,000 in accordance with its Board of Directors repurchase authorization.

	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs(1)</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</u>
Month of October 2013	35,333	\$ 38.83	35,333	-

- (1) We had various arrangements with UBS Investment Bank ("UBS") between September 27, 2012 and November 1, 2013 to purchase securities under an authorization in accordance with the timing, price and volume restrictions contained in sections (b)(2)-(4) of Rule 10b-18. During the period from September 27 through November 1, 2013, UBS agreed to purchase securities according to the various authorizations. The limit prices ranged from less than or equal to \$31.00 per share to less than or equal to \$40.00 per share at various times.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Mine Safety Disclosure.

None.

ITEM 5. Other Information.

Entry Into a Material Definitive Agreement

On August 7, 2014 we entered into a Purchase and Sale Agreement, (the "Purchase Agreement") with Terra Land Company (the "Buyer") to sell to the Buyer approximately 30,959 gross acres of land located in Hendry County, Florida used for sugarcane production (the "Land") for a base purchase price of \$91,436,000. The base purchase price is subject to a valuation formula adjustment in the event that either the net farmable acres or net support acres of the Land are more or less than the calculated amounts by one percent (1%) or greater. The Land excludes growing crops and sugarcane stubble on the Land as well as oil and gas rights and a 200 acre railroad related tract which we are retaining.

The parties have made customary representations, warranties, covenants and agreements in the Purchase Agreement. The Purchase Agreement provides for an inspection period not to exceed 75 days with the closing date to be 15 days after expiration of the inspection period. The transaction is expected to close in November of 2014 and is subject to certain closing conditions but does not have any financing condition. However, there can be no assurance that the closing conditions will be satisfied.

The Purchase Agreement also provides for the parties to enter into a lease at closing pursuant to which the Buyer will lease a substantial portion of the Land back to us for a period of 10 years at an annual rent equal to approximately 5% of the purchase price. We have also provided the Buyer with an exclusivity period under the Purchase Agreement. Buyer acknowledges in the Purchase Agreement that we may engage in a Section 1031 tax-free exchange in connection with this transaction and agrees to cooperate. However, there can be no assurance that we will be able to successfully complete a like-kind exchange pursuant to Section 1031.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, a copy of which will be filed in the Company's next periodic report covering the period the Purchase Agreement was entered into.

ITEM 6. Exhibits

Exhibit No.	Description of Exhibit	
10.1	Agricultural Lease Agreement dated May 19, 2014 between Alico, Inc. and United States Sugar Corporation.	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	Furnished herewith
101.INS	** XBRL Instance Document	Filed herewith
101.SCH	** XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	** XBRL Taxonomy Calculation Linkbase Document	Filed herewith
101.DEF	** XBRL Taxonomy Definition Linkbase Document	Filed herewith
101.LAB	** XBRL Taxonomy Label Linkbase Document	Filed herewith
101.PRE	** XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

**In accordance with Rule 406T of Regulation S-T, these XBRL (eXtensible Business Reporting Language) documents are furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALICO, INC.
(Registrant)

Date: August 11, 2014

By: /s/Clayton G. Wilson
Clayton G. Wilson
Chief Executive Officer

Date: August 11, 2014

By: /s/W. Mark Humphrey
W. Mark Humphrey
Chief Financial Officer and Senior Vice President

Index to Exhibits

Exhibit No.	Description of Exhibit	
10.1	Agricultural Lease Agreement dated May 19, 2014 between Alico, Inc. and United States Sugar Corporation.	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	Furnished herewith
101.INS	** XBRL Instance Document	Filed herewith
101.SCH	** XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	** XBRL Taxonomy Calculation Linkbase Document	Filed herewith
101.DEF	** XBRL Taxonomy Definition Linkbase Document	Filed herewith
101.LAB	** XBRL Taxonomy Label Linkbase Document	Filed herewith
101.PRE	** XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

** In accordance with Rule 406T of Regulation S-T, these XBRL (eXtensible Business Reporting Language) documents are furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.

Tenant: _____
Country: _____
Acres (+/-): _____
Crop: _____
Effective Date: _____
End of Term: _____

AGRICULTURAL LEASE
Alico, Inc., Ft. Myers, Florida

THIS AGRICULTURAL LEASE (this "Lease") is made and entered into as of the 8th day of May, 2014, by and between ALICO, INC., a Florida corporation ("ALICO" or "Landlord") and UNITED STATES SUGAR CORPORATION, a Delaware corporation ("U.S. SUGAR" or "Tenant").

WITNESSETH:

In consideration of the obligation of Tenant to pay rent as provided hereinbelow, and the terms, provisions and covenants hereinafter set forth, the parties hereto agree as follows:

A. **Premises.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, in accordance with and subject to the terms and conditions set forth hereinbelow and in the General Conditions set forth in **Exhibit "A"** (the "General Conditions"), attached hereto and made a part hereof, that certain real property more particularly described as **Exhibit "B"** attached hereto and made a part hereof (the "Leased Premises"). Portions of the Leased Premises are subject to the C-139 Basin Requirements set forth in Section 3.04 of the General Conditions. The Leased Premises include all buildings and other improvement to the property, which the parties agree comprises gross acreage amounting to approximately Thirty Thousand Six Hundred (30,600) acres, which includes Nineteen Thousand One Hundred (19,181) acres planted or plantable to sugar ("Net Cane Acre" or "Net Cane Acres"), more or less. For purposes of calculations of the Base rent (as defined in section D.2. hereinbelow) and the Additional Rent (as defined in section D.3. hereinbelow) under the terms of this Lease, the Leased Premises shall be presumed to be Nineteen Thousand One Hundred (19,181) Net Cane Acres, unless and until additional acreage is permitted for sugar or other crops as contemplated by this Lease, at which time such additional acreage shall be incorporated into said calculations under the terms of this Lease.

In the event of a conflict between the map of the Leased Premises and the legal description, the legal description shall prevail.

B. **Term.** The term of this Lease shall be for ten (10) years commencing on May 1, 2014 (the "Commencement Date") and, unless terminated earlier pursuant to the provisions of this Lease, shall terminate on April 30, 2024 ("Term").



1. On May 1, 2023 and on each May 1st subsequent thereto, the Term shall be extended three (3) additional Lease Year unless written notice of non-renewal is given by either party hereto to the other party no less than six (6) months prior to the renewal date.

2. U.S. SUGAR shall assume control over the Leased Premises upon completion of the 2013/2014 harvest season. The parties anticipate that this date will be on or about April 15, 2014.

3. Notwithstanding anything herein to the contrary, solely as to the portion of the Leased Premises identified on Exhibit "B" as "Hill Grade" which consists of approximately Four Thousand, Eight Hundred (4,561.50) Net Cane Acres ("Hill Grade Portion of the Leased Premises"):

(a) The Term of this Lease shall be for five years (5) commencing May 1, 2014 and, unless terminated earlier pursuant to the provisions of this Lease, shall terminate on April 30, 2019.

(b) On May 1, 2015 and on each May 1st subsequent thereto, the Term shall be extended one (1) additional Lease Year unless written notice of non-renewal is given by either party hereto to the other party.

(c) This Lease may be terminated by ALICO solely as to the Hill Grade Portion of the Leased Premises at any time upon one (1) year's notice to U.S. SUGAR.

4. Upon the termination of this Lease as to the Hill Grade Portion of the Leased Premises and/or as to the Leased Premises (which may exclude the Hill Grade Portion of the Leased Premises if the Lease as to the Hill Grade Portion of the Leased Premises has terminated prior to the date this Lease is terminated as to the remainder of the Premises), ALICO shall reimburse U.S. SUGAR for U.S. SUGAR's Actual Capitalized Planting Costs (for the purpose of this Agreement, "Actual Capitalized Planting Costs" shall be those reasonable costs incurred by U.S. SUGAR in planting (which includes the cost of seedcane), farming, cultivating, sugarcane on the Premises) plus fertilizer, insecticide, soil amendments, and pesticide costs (collectively "U.S. SUGAR's Planting Costs") as follows and as applicable per acre:

(a) If at the time of such termination, U.S. SUGAR cannot harvest its plant cane (1st harvest), then ALICO shall reimburse U.S. SUGAR one hundred percent (100.0%) of U.S. SUGAR's Planting Costs for all such sugarcane on the Hill Grade Portion of the Premises or the Premises, as applicable;

(b) If the cane harvested immediately prior to termination is plant cane (1st harvest), ALICO shall reimburse U.S. SUGAR sixty six and six/tenths percent (66.6%) of U.S. SUGAR's Planting Costs for all such sugarcane on the Hill Grade Portion of the Premises and/or the Premises, as applicable; and

(c) If the cane harvested immediately prior to termination is first stubble cane (2nd harvest), ALICO shall reimburse U.S. SUGAR thirty three and three/tenths (33.3%) of U.S. SUGAR's Planting Costs for all such sugarcane on the Hill Grade Portion of the Leased Premises and/or the Leased Premises, as applicable.

CW
Landlord

KM
Tenant

(d) Additionally, ALICO shall reimburse U.S. SUGAR for any sugarcane inventory on the termination date as to the Hill Grade Portion of the Leased Premises and/or the Leased Premises, as applicable, at a rate computed as follows: Three Dollars and Fifty Cents (\$3.50) multiplied by the average net standard tons per acre which U.S. SUGAR attained on the Leased Premises during U.S. SUGAR's sugarcane harvest season immediately preceding the termination date (the "Reimbursement Amount").

(e) U.S. SUGAR shall supply such commercially reasonable documentation as requested by ALICO to establish and/or confirm the total of U.S. SUGAR's Planting Costs and Reimbursement Amount. U.S. SUGAR agrees to keep at its principal office records relating to said Planting Costs and Reimbursement Amount and ALICO shall have the right to audit said records, such audit to take place during normal business hours and not unreasonably interfere with U.S. SUGAR's office operations. If such audit shows the amount of Planting Costs and/or Reimbursement Amount reimbursed to U.S. SUGAR hereunder was overstated by greater than five percent (5%), then U.S. SUGAR shall pay the difference to ALICO, as well as the reasonable cost of such audit, upon demand.

C. Use. U.S. SUGAR, its successors and assigns, shall use the Leased Premises exclusively for growing crops, including sugarcane. U.S. SUGAR may clear the Leased Premises and prepare same for cultivation and may construct or improve roads, drainage ditches, canals, dikes, water impoundments and other structures on the Leased Premises, consistent with the terms of this Lease. U.S. SUGAR may install and operate drainage pumps or motors on the Premises and any new pumps installed by U.S. SUGAR shall continue to be the property of U.S. SUGAR, and U.S. SUGAR may remove such pumps or motors at any time during the Term of this Lease or upon expiration or termination of this Lease. Any planting, crop or marketing quotas allocated to the Premises during the Term of this Lease shall be the property of U.S. SUGAR and may be transferred to other property by U.S. SUGAR during the Term of or upon expiration or termination of this Lease.

D. Rent. As used herein, the term "Lease Year" shall mean (a) May 15, 2014 through April 30, 2015, and (b) the period May 1 through and including the subsequent April 30 of each year commencing May 1, 2015 through and including April 30, 2016.

1. Rent due hereunder shall be due and payable in advance on or before the first day of each Lease Year.

2. Base Rent. U.S. SUGAR shall pay ALICO rent at the rate of One Hundred Eighty Five Dollars and No Cents (\$185.00) per Net Cane Acre leased hereunder as follows:

Lease Year Commencing	Annual Base Rent
May 15, 2014	\$3,548,485.00
May 1, 2015	\$3,548,485.00
May 1, 2016	\$3,548,485.00

CW
Landlord

KM
Tenant

May 1, 2017	\$3,548,485.00
May 1, 2018	\$3,548,485.00
May 1, 2019	\$3,548,485.00
May 1, 2020	\$3,548,485.00
May 1, 2021	\$3,548,485.00
May 1, 2022	\$3,548,485.00
May 1, 2023	\$3,548,485.00
May 1, 2024	\$3,548,485.00
May 1, 2025	\$3,548,485.00
May 1, 2026	\$3,548,485.00
May 1, 2027	\$3,548,485.00
May 1, 2028	\$3,548,485.00

(calculated as follows: 19,181 Net Cane Acres x \$185 per Net Cane Acre per Lease Year = \$3,548,485.00)

In the event this Lease is terminated as to the Hill Grade Portion of the Leased Premises, the Annual Base Rent shall be reduced accordingly by Eight Hundred Eighty Eight Thousand Dollars and No Cents (\$843,877.50) (calculated as follows: 4,561.50 Net Cane Acres x \$185 per Net Cane Acre per Lease Year = \$843,877.50), to wit, the Annual Base Rent shall be reduced to Two Million Six Hundred Forty Five Thousand Dollars and No Cents (\$2,704,422.50) (calculated as follows: 14,619.50 Net Cane Acres x \$185 per Net Cane Acre per Lease Year = \$2,704,607.50.)

3. Additional Rent. In addition to the base rent, U.S. SUGAR shall pay ALICO at the end of each Lease Year an additional amount per Net Cane Acre (“Additional Rent”), regardless of whether the Net Cane Acre land is planted to sugar or other crops, based on the year-end average net selling price per hundred weight (“NSP”) for the year-end immediately preceding the applicable Lease Year that U.S. SUGAR receives from United Sugars Corporation, the exclusive sales agent of all refined sugar produced by U.S. SUGAR, from the sale of refined sugar, as follows:

<u>NSP</u>	<u>Additional Rent Per Acre</u>	<u>Total Rent (Base Rent + Additional Rent)</u>
\$28.00 to \$29.99	\$15.00	\$200.00
\$30.00 to \$33.99	\$50.00	\$235.00
\$34.00 to \$37.99	\$75.00	\$260.00
\$38.00 to \$40.99	\$100.00	\$285.00
\$41.00 and above	\$25.00 per \$1.00 increase in NSP	\$310.00 and up

4. Simultaneously with the payment of the Additional Rent described herein, U.S. SUGAR shall provide ALICO with commercially reasonable documentation supporting the calculation of such Additional Rent payment. U.S. SUGAR agrees to keep at its principal office records relating to said NSP and ALICO shall have the right to audit said records, such audit to take place during normal business hours and not unreasonably interfere with U.S. SUGAR’s office operations. If such audit shows the NSP calculations were understated by greater than five percent (5%), then U.S. SUGAR shall pay the difference to ALICO, as well as the reasonable cost of such audit, upon demand.

CW
Landlord

KM
Tenant

E. Residences. The Leased Premises includes three (3) residences (the "Residences"). U.S. SUGAR may allow its employees and/or agents to occupy any or all of the Residences and, in such event, only during such time as a U.S. SUGAR employee or agent is residing in any of the Residences and only with respect to the Residences occupied by a U.S. SUGAR employee or agent: (a) U.S. SUGAR shall use all due care to protect and maintain said Residences, performing all prudent repairs and maintenance; (b) U.S. SUGAR shall enter into agreements with such employees and/or agents regarding the terms of such occupancy; (c) U.S. SUGAR shall for all purposes be the "landlord" for such occupancies, and shall indemnify ALICO against any claims by its employees and agents, or those claiming through its employees or agents or out of any occupancy of the Residences; and (d) In furtherance of the foregoing, U.S. SUGAR will protect the property against trespass and other occupancy outside of specific agreements with U.S. SUGAR.

F. Reimbursement for Stubble Cane. U.S. SUGAR shall also reimburse ALICO for all stubble cane on the Premises as of May 1, 2014. The reimbursement amount shall be mutually agreed upon by the parties hereto based on current industry standards prior to U.S. Sugar taking possession of the Leased Premises.

G. Rolling Stock. The parties hereto agree to negotiate in good faith prior to U.S. Sugar taking possession of the Leased Premises in an effort to agree upon (a) what rolling stock related to sugarcane production that ALICO will sell to U.S. SUGAR, and U.S. SUGAR will purchase from ALICO, and (b) the purchase price of said rolling stock. In the event the parties do not timely agree to such terms, ALICO is free to remove such rolling stock from the Leased Premises prior to the commencement date.

H. Obligations Pertaining to ALICO Employees. U.S. SUGAR and ALICO will cooperate with each other with the intent of U.S. SUGAR offering employment to such of the following ALICO's existing sugarcane employees if, and to the extent, U.S. SUGAR determines that such employees are needed for the continuing operation of the Leased Premises pursuant to the terms of this Agreement and provided reasonable employment terms are negotiated and agreed upon between U.S. SUGAR and said employees:

ALICO Employee

Last Name	First Name	Seniority Date	Job Title Description
Bryant	Kenneth	09/21/2004	Sugarcane Foreman
Owens	Jeffrey	09/13/2005	Mgr Sugarcane Ops
Bolix	Randall	12/20/2013	Laborer
De Santiago Martinez	Rogelio	10/07/2009	Utility Operator
Garcia	Miguel	11/19/2003	Equipment Operator I
Gomez	Pedro	10/11/2004	Equipment Operator II
Gonzalez	Wilfredo	12/01/2011	Laborer

CW
Landlord

KM
Tenant

Perez	Atanasio	09/25/2000	Equipment Operator II
Perez	Guillermo	12/15/2006	Equipment Operator I
Talley	Charles	09/03/2013	Assistant to Foreman
Venancio	Jorge	02/12/2008	Laborer
Zavala	Miguel	05/09/2013	Laborer
Jones	Bobby	05/18/2011	Sugarcane Foreman
Espinosa	Cody	01/18/2012	Assistant to Foreman
Gonzalez Borrego	Leosbet	01/24/2014	Laborer
Hernandez	Joe	07/22/2011	Equipment Operator II
Santos	Frank	09/03/2013	Laborer

I. Sales Tax. The parties believe this Lease to be exempt from sales tax pursuant to Fla. Stat. §212.031. In the event that such taxes are or become due on the Rent, U.S. SUGAR agrees to pay all applicable sales or rental taxes on each such payment of Rent.

J. Ad Valorem Taxes. U.S. SUGAR shall be responsible for the cost of all real property taxes, general and special assessments levied by any authority against the Leased Premises and such payments shall constitute additional Rent hereunder. ALICO shall be responsible for timely paying real property taxes and assessments on the Leased Premises, and U.S. SUGAR shall be responsible for promptly paying ALICO upon presentment of a bill reflecting such charges. U.S. SUGAR shall be responsible for directly paying personal property taxes levied or assessed against any personal property on the Leased Premises. Any levy or assessment which includes time either before or after this Lease is in effect shall be prorated between the parties on a per diem basis.

K. Road and Ditch Maintenance. Alico shall be responsible for maintaining the roads on the Leased Premises for its own use and that of U.S. SUGAR. Alico shall be responsible for maintaining the ditches which provide water to groves owned by Alico, to the extent they are not managed by drainage districts, and U.S. SUGAR shall be responsible for reimbursing Alico for maintenance performed by ALICO and attributable to U.S. SUGAR's use of the Leased Premises. The parties agree to cooperate in good faith to determine each party's financial responsibilities under this provision.

L. Not Related Persons. This is an arms-length transaction, and Landlord and Tenant are not "related persons" under the Securities Exchange Act of 1934.

M. Modification of Permits. Without limiting Tenant's obligations under the General Conditions to comply with all provisions of all applicable permits, Alico agrees to cooperate with U.S. SUGAR in modifying existing South Florida Water Management District ("District") permits, applying for new District permits, and in applying for other permits (collectively "Permits"), provided all are reasonable for U.S. SUGAR's permitted uses under this Lease. All application, design and implementation costs for such Permits, and for all Permits acquired by U.S. SUGAR for the Leased Premises, shall be paid by U.S. SUGAR, and Alico shall not be obligated to incur any cost or expense in the obtaining or implementation of such permits. U.S. SUGAR shall not be obligated to pursue litigation in order to obtain any Permit and may abandon any Permit that it has applied for if, in U.S. SUGAR's sole discretion, U.S. SUGAR determines that the terms or conditions for obtaining any Permit are too burdensome or economically prohibitive to accomplish. In the event (a) U.S. SUGAR is unable to obtain all Permits necessary for the operation of the Leased Premises as a sugarcane farm, (b) U.S. SUGAR abandons any Permit or Permit proceeding as provided for herein, or (c) any Permit is revoked or is not renewed, which would in the reasonable opinion of U.S. SUGAR make the farming of sugarcane on the Leased Premises impracticable, then, in any such event, U.S. SUGAR may immediately terminate this Lease as to those portions of the Leased Premises where Permits have been denied, restricted or abandoned, and neither party shall have any further obligation or liability hereunder.

CW
Landlord

KM
Tenant

N. Agricultural Chemicals. U.S. SUGAR's use of agricultural chemicals on the Leased Premises is limited to those chemicals identified in Schedule "4" to this Lease. Tenant must advise Landlord of all agricultural chemicals anticipated to be used by Tenant in Tenant's operations on the Leased Premises, and Landlord must agree to list those agricultural chemicals on Schedule "4" prior to any use of such agricultural chemicals on the Leased Premises.

O. Water for Freeze Protection. ALICO grows, and will continue to grow, citrus on groves adjacent to portions of the Leased Premises, specifically the "2 X 6 Farm" portions of the land (the adjacent parcel being the "2 X 6 Grove"). The 2 X 6 Grove is subject to the same District permits as the 2 X 6 Farm portions of the Land, and pulls water from the same ditches and canals. ALICO hereby reserves, and U.S. Sugar acknowledges such reservation, the right to such amounts of water as are adequate for irrigation and freeze protection of the 2 X 6 Grove, and U.S. Sugar shall pump and direct water to the 2 X 6 Grove for such purposes.

P. Assignability. Notwithstanding limitations in the General Conditions, U.S. SUGAR may sublease or assign this Lease with the prior written consent of ALICO, which consent shall not be unreasonably withheld or delayed, provided that any such sublease or assignment shall require written consent of the assignee or subtenant to adherence to the terms of this Lease. Regardless of any assignment or sublease hereunder, U.S. SUGAR shall remain obligated for the performance of all terms under this Lease unless and until specifically released from same by ALICO, which release may be withheld in ALICO's sole discretion for any reason or for no reason.

Q. Subordination, Non-Disturbance, and Attornment. This Lease shall be subject and subordinate to the lien, operation and effect of any present or future mortgage encumbering all or any part of the Leased Premises and to all modifications, consolidations, renewals, extensions, or replacements therefore; provided that the holder of any such mortgage shall agree in the mortgage or other written instrument that this Lease shall not be terminated or otherwise affected by the enforcement of any such mortgage if, at the time thereof, no default under this Lease then exists. Upon written request from Landlord, Tenant agrees to execute and deliver a subordination, non-disturbance, and attornment agreement on the then-standard form prescribed by the holder of such mortgage, provided such then-standard form does not modify or amend any provisions of this Lease. Tenant shall attorn to any foreclosing mortgagee, purchaser at a foreclosure sale, or purchaser by deed in lieu of foreclosure. At the election of the holder of any mortgage, this Lease may be declared superior and prior in right to such mortgage provided such election is by written instrument executed by the holder of such mortgage.

CW
Landlord

KM
Tenant

R. Memorandum of Lease. The terms of the General Conditions notwithstanding, the parties shall execute and deliver upon the commencement date of this Lease a Memorandum of Lease in form and substance substantially similar to the document attached hereto and made a part hereof as **Exhibit "C"**, which shall be recorded in the public records of Hendry County, Florida memorializing the existence of this Lease.

S. **Notice.** Any notice, election, consent, or other communication required or permitted to be given to a party pursuant to this Lease will be in writing and will be determined to have been duly given when delivered personally, if sent by overnight courier (e.g., FedEx), or by United States Certified or Registered Mail, return receipt requested, postage prepaid, as follows:

As to Landlord:

ALICO, INC.
Attn: Clay G. Wilson
10070 Daniels Interstate Court, Suite 100
Ft. Myers, Florida 33913

With a copy to
DEAN, MEAD, MINTON & ZWEMER
Attn: Dennis G. Corrick
1903 S. 25th St., Suite 200
Fort Pierce, FL 34947

As to Tenant:

UNITED STATES SUGAR CORPORATION
111 Ponce de Leon Avenue
Clewiston, Florida 33440
Attn: Kenneth W. McDuffie, Senior Vice President,
Sugarcane Operations

With a copy to:
UNITED STATES SUGAR CORPORATION
111 Ponce de Leon Avenue
Clewiston, Florida 33440
Attn: Edward Almeida, Esq., Vice President, Legal Affairs

T. **WAIVER OF TRIAL BY JURY:** AS AN INDUCEMENT TO LANDLORD AND TENANT AGREEING TO ENTER INTO THIS LEASE, LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY AGAINST THE OTHER PARTY PERTAINING TO ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE OR TENANT'S OCCUPANCY OF THE PREMISES.

U. **Quiet Enjoyment.** ALICO covenants that, as long as U.S. SUGAR performs its agreements hereunder, U.S. SUGAR shall have the right to quietly enjoy and use the Leased Premises at all times relevant hereto without interference from ALICO or any parties claiming by, through, or under ALICO, subject only to the provisions of this Lease, which right of quiet enjoyment shall extend to the right to possess, remove, and sell any and all crops, sugarcane and sugar and byproducts made therefrom on the Leased Premises.

CW
Landlord

KM
Tenant

V. Breach. If either ALICO or U.S. SUGAR shall fail to perform or shall breach any agreement of the Lease and such default shall continue for thirty (30) days after a written notice specifying the performance required shall have been given to the other party failing to perform, the party so giving notice may institute action in a court of competent jurisdiction to terminate this Lease or to compel performance of the agreement or may seek any other remedy provided at law.

W. Hazardous Materials. ALICO covenants and warrants to U.S. SUGAR that neither ALICO nor anyone claiming under ALICO nor, to the best of ALICO's knowledge, any previous occupants of the Premises have been involved in operations on the Premises or made use of the Premises in a manner that could lead to the imposition on ALICO or U.S. SUGAR of liability under any Federal or State laws or regulations concerning hazardous or harmful substances. ALICO hereby indemnifies and holds U.S. SUGAR harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys' or experts' fees and expenses) of every kind and nature suffered by or asserted against U.S. SUGAR as a direct or indirect result of any hazardous substance placed on the Premises prior to U.S. SUGAR's occupation thereof, or as the result of any warranty or representation made by ALICO being false or untrue in any material adverse respect, or as the result of ALICO's non-compliance with any requirement under any law, regulation or ordinance, local or State or Federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances. The rights and obligations of this paragraph are expressly intended to and shall survive the expiration or termination of the Lease.

X. Force Majeure.

1. If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, adverse weather, unusual delay in transportation, delay by the other party hereto or other cause without fault and beyond the control of the party obligated (financial inability excepted), (herein called "Force Majeure"), then upon written notice to the other party, the performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay. The parties hereto, however, shall exercise good faith efforts to remedy any such cause of delay or cause preventing performance.

2. If U.S. SUGAR's use of the Leased Premises is materially impaired by circumstances or events beyond the control of U.S. SUGAR, including but not limited to the loss of capacity in or damage to the mill processing the sugarcane from the Leased Premises, loss or damage to crops due to natural disaster, or prohibitions or restrictions imposed by law, or governmental entity imposes any direct or indirect restrictions or quotas on the amount of sugarcane or sugar to be marketed or produced from the Leased Premises or from U.S. SUGAR's mill, then with one (1) year advance written notice to ALICO, at U.S. SUGAR's sole option, U.S. SUGAR may (1) reduce the amount of land leased hereunder pro rata based on the resulting percentage reduction in sugarcane or sugar production by U.S. SUGAR during such period of restriction or (2) terminate the Lease in its entirety.

CW
Landlord

KM
Tenant

Y. U.S. SUGAR's rights and interests herein, shall run with the Leased Premises and shall be binding upon and inure to the benefit of the successors and assigns of ALICO, and to U.S. SUGAR and its successors and assigns, and to any and all parties hereafter having any right, title, or interest in the Leased Premises or any part thereof. The provisions of this Lease are intended to run with the title to the Leased Premises. Accordingly, as used herein, the term "ALICO" shall include successors-in-title with respect to the Leased Premises, or any part thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

Signed, sealed and delivered in the presence of:

Witnesses

/s/ Denise Plair
Print Name: Denise Plair

/s/ Mary Lofton
Print Name: Mary Lofton

Witnesses

/s/ Ann Marie Pilling
Print Name: Ann Marie Pilling

/s/ Eneyda Rios
Print Name: Eneyda Rios

CW
Landlord

LANDLORD:

ALICO, INC., a Florida corporation

By: /s/ Clay G. Wilson
Print Name: Clay G. Wilson
Title: CEO/President

TENANT:

UNITED STATES SUGAR
CORPORATION, a Delaware corporation

By: /s/ Kenneth W. McDuffie
Print Name: Kenneth W. McDuffie
Title: Sr. Vice President, Sugarcane Operations

KM
Tenant

EXHIBIT "A"
TO AGRICULTURAL LEASE

GENERAL CONDITIONS

Article I.
AS IS

This Exhibit "A" is an exhibit to a certain "AGRICULTURAL LEASE" by and between Alico, Inc. and United States Sugar Corporation dated _____, 2014 ("Lease").

NOTWITHSTANDING ANYTHING IN THIS EXHIBIT "A" TO THE CONTRARY, IN THE EVENT, (A) THERE IS A CONFLICT BETWEEN THE PROVISIONS IN THIS EXHIBIT "A" AND THE PROVISIONS IN THE MAIN BODY OF THE LEASE, OR (B) THERE ARE PROVISIONS IN THE MAIN BODY OF THE LEASE THAT ADDRESS THE SAME OR SIMILAR PROVISIONS ADDRESSED IN THIS EXHIBIT "A" (FOR EXAMPLE, NOTICE PROVISIONS IN THIS EXHIBIT "A" AND NOTICE PROVISIONS IN THE MAIN BODY OF THE LEASE), THEN THE PROVISIONS IN THE MAIN BODY OF THE LEASE (AND NOT THE PROVISIONS IN THIS EXHIBIT "A") SHALL IN ALL RESPECTS GOVERN AND CONTROL.

Section 1.01 No Covenants or Warranties of Fitness. Tenant leases the Land "AS IS, WHERE IS, WITH ALL FAULTS", and Landlord makes no covenants, representations or warranties as to its fitness for farming or for any other purpose. Tenant acknowledges that Tenant has had the opportunity to inspect the Land, and has determined that the Leased Premises are fit for Tenant's intended purpose of farming crops, including sugarcane.

Section 1.02 Landlord's Use of, and Leasing of, Nearby Lands. Landlord uses adjoining and nearby lands for grazing of cattle, and leases adjoining and nearby lands to others for cattle grazing, agricultural and recreational uses. Tenant's acceptance of this Lease is specifically conditioned upon Tenant's acknowledgement of such neighboring uses and their possible impact on Tenant's use of the Land. Landlord practices, and requires of all tenants, due care in the conduct of all activities upon Landlord's lands. Therefore, Tenant hereby assumes the risk, waives all claims against Landlord and holds Landlord harmless for the conduct of such activities on Landlord's other lands. Without limitation, such activities include grazing of cattle, use of agricultural chemicals, and hunting.

Article II.
CONDUCT OF TENANCY

Section 2.01 Prohibited Uses. The Leased Premises will not be used for: (i) recreational purposes; (ii) grazing or raising of livestock; (iii) hunting; (iv) fishing; or (v) illegal activities. Hunting nuisance animals may be permitted only as permitted under the terms of this Lease.

Section 2.02 Cultivation and Operation. Tenant agrees and covenants to perform its farming operations on the Land during the term hereof in an efficient, economic, and husbandlike manner and to employ all modern methods of farming as are customarily practiced in the area.

CW
Landlord

KM
Tenant

Section 2.03 Fence. Tenant shall maintain any existing fences on the Leased Premises throughout the term of the Lease. Tenant may enclose portions of the Leased Premises with additional fencing in Tenant's reasonable discretion, and once constructed, shall maintain such fences throughout the term of the Lease.

Section 2.04 Trees and Timber, Other Assets of Landlord. Use of the trees and timber on the Leased Premises is specifically excluded from Tenant's rights under this Lease. Accordingly, Tenant shall not cut or remove any standing trees, dead or fallen timber from the Land. Tenant shall not for any purpose drive nails, spikes, staples or the like into, or otherwise deface or mar any tree, green or dead, on the Land. Tenant may not avail itself of rock, fill dirt, equipment or other assets of Landlord without specific written consent of the Landlord to do so. For purposes of this section, Landlord's consent may only be granted by the Landlord's VP of Sugarcane, Sod & Farm Leases; no field employee of Landlord is authorized to give such consent.

Section 2.05 Irrigation and Discharge Pumps. The foregoing section notwithstanding, Tenant may, with Landlord's written consent, have non-exclusive use of irrigation and discharge pumps owned by Landlord and located on the Land. Landlord's consent is specifically subject to Tenant's proper maintenance and use of the pumps. Such proper use and maintenance includes, without limitation, greasing and lubricating the pump, regularly checking engine oil, monitoring fuel levels, checking water levels and adding of good water (not ditch water) and checking of belts on electric and diesel pumps. Tenant shall maintain and provide to Landlord upon request a monthly log of times run and maintenance performed on the pumps. Improper use of Landlord's pumps may result in loss of use, or charge to Tenant for damage.

Section 2.06 Waste and Nuisance. Tenant agrees to conduct Tenant's operations upon the Land with care, and to not permit waste of the Land nor destroy or remove without the consent of the Landlord any of the buildings, sheds, engines, windmills, pumps, water tanks, pipes, fences, drains, culverts, beams, and any other fixtures and improvements existing on the Leased Premises on the Commencement Date, or to place, construct or put any of these items on the Leased Premises during the term of the Lease, without the prior written consent of Landlord (which consent shall not be unreasonably withheld if such fixtures or improvements are necessary for Tenant's Use) and any permits necessary to authorize such placement or construction. Tenant will not maintain, commit, or permit the maintenance or commission of any nuisance on the Leased Premises or use the Leased Premises for any unlawful purpose.

Section 2.07 Plastics. In the event plastics are used in the Tenant's Use, Tenant must remove said plastics no later than thirty (30) days after use. Plastics will not be disked into the ground. All plastics will be properly removed and disposed of in accordance with Legal Requirements, as that term is defined below.

CW
Landlord

KM
Tenant

Section 2.08 Roads, Ditches, Dikes, Etc. Tenant shall not construct: any ditches requiring or requiring modification of, surface water management permits; dikes; roads; other improvements or structures without the prior written consent of Landlord. With Landlord's written approval, Tenant may be permitted to construct drainage infrastructure that does not require any modification to existing water management district permits. Tenant understands that such improvements may require permits from various governmental agencies before the commencement of construction begins. In the event any such improvements require or are otherwise governed by permits, Tenant shall comply with the terms of such permits, as set forth in Section 3.02 of this Lease. Tenant will hold Landlord harmless from any liability arising out of Tenant's operations under these permits, failure to obtain such permits or failure to pay such permit fees or charges. Tenant further covenants and agrees to maintain any and all existing roads, ditches and dikes in a manner satisfactory to Landlord.

Section 2.09 Improvements; Duty of Repair. Tenant agrees to keep the Leased Premises, including but not limited to all fences, culverts, buildings, wells, improvements, dikes, canals and ditches (including ditches to adjoining properties) in as good state of repair as existed on the Commencement Date, subject to ordinary wear and tear. Tenant expressly agrees to assume sole responsibility arising out of Tenant's failure to keep the Land in the state of repair required hereby.

Section 2.10 Compliance with Legal Requirements. Tenant will promptly comply with all present and future laws, rules, regulations and directives of any municipal, county, state, federal or other governmental or quasi-governmental authority applicable to the Land or to Tenant's acts or activities on the Land (the "Legal Requirements"). Tenant's attention is specifically directed, among other things, to the need to notify the county building and zoning departments of any structures, other than temporary farm buildings, to be placed on the Leased Premises, and to the need to comply with all permitting requirements of South Florida (or Southwest Florida, if applicable) Water Management District, Florida Department of Environmental Protection, Army Corps of Engineers, and the Environmental Protection Agency throughout the Term of this Lease, and without cost to Landlord. Tenant will promptly comply with the Legal Requirements whether they are foreseen or unforeseen, or ordinary or extraordinary. Tenant has specifically examined the South Florida (or Southwest Florida, if applicable) Water Management District Environmental Resource and Water Use permits for the Land and specifically undertakes that the Tenant's operations will be conducted in such a way as not to cause a violation, or require a modification, of those permits. The term Legal Requirements, as used throughout this Lease, shall be broadly construed.

Section 2.11 Permits. All expenses incurred through Tenant's use of the Land will be the sole responsibility of Tenant, including any contract for electrical power. Tenant will be responsible for obtaining and paying for all permits necessary for the utilization of the Land, including but not limited to storage tank registrations, water permits, pesticide use permits, burn permits, waste removal permits, etc. Such payments will be made promptly prior to delinquency. Tenant will further hold Landlord harmless from any liability arising out of Tenant's operations under any such permit, Tenant's failure to obtain such permits, or Tenant's failure to pay such permit fees or charges.

CW
Landlord

KM
Tenant

Section 2.12 Hunting Nuisance Animals.

(a) Hunting nuisance animals will be permitted only after the Tenant has received written authorization from the Florida Game and Fresh Water Fish Commission to hunt, remove, or destroy animals which interfere with Tenant's farming operation, and only as further provided herein. Tenant will be responsible for obtaining the necessary permits and agrees to indemnify and hold Landlord harmless for any violation of Federal, state, or local hunting laws, and for any damages or injury resulting therefrom. Tenant will notify Landlord of any and all such permit applications and will supply Landlord with copies of all applications submitted and permits received before any such hunting occurs. In addition to any other permit which is a Legal Requirement, Tenant shall apply to Landlord's VP of Sugarcane, Sod & Farm Leases for a permit indicating Landlord's consent to hunt nuisance animals on the Leased Premises (a "Landlord Permit"). Such application shall include a copy of photo ID for each person Tenant wishes to have Landlord's consent to hunt nuisance animals on the Land. Any person found hunting on Landlord's property and not listed on a Landlord Permit shall be considered a trespasser. The Landlord Permit indicates consent to hunt nuisance animals only on the Leased Premises, is valid only until Tenant's Use is completed, and must be returned at that time.

(b) Tenant agrees to prohibit any use of firearms on the Land except as provided above, and agrees to assume responsibility for enforcing this prohibition. Tenant will pay Landlord a penalty of \$100 per day per infraction for violation of this clause. Notwithstanding the above, Landlord reserves the right to prohibit the hunting of nuisance animals, in Landlord's sole discretion.

(c) For purposes of this Lease, the term "nuisance animals" shall be limited to hogs, raccoons and coyotes. There will not be any shooting at or taking of deer, turkeys or alligators on the Leased Premises, or Landlord's property, under any circumstance. Any nuisance animals taken under the Landlord Permit shall be destroyed before removal from the Leased Premises.

Section 2.13 Vehicles to be Used on Land. Tenant agrees to use only the following vehicles to access the Land: equipment and vehicles owned and/or operated by Tenant or Tenant's employees, contractors, agents, guests or invitees. This limitation does not prohibit vehicles necessary for planting, caretaking, harvesting the crop, or providing necessary goods or services in connection with planting, caretaking or harvesting Tenant's crop. Tenant agrees to participate in any reasonable procedures at no out-of pocket cost or expense to Tenant, necessary to protect Landlord's adjacent agricultural activities from infection by plant and animal diseases, including but not limited to decontamination procedures related to citrus canker and foot and mouth disease at Landlord's request.

Section 2.14 Off-Road and Recreational Vehicles. The use of ATVs and other recreational vehicles on the Leased Premises is prohibited, except utility-type four-wheeled vehicles commonly known as "Mules," or "Gators," and such vehicles must be operated by employees of Tenant, and may not be operated in excess of 20 mph. Such vehicles may only be used in direct support of Tenant's Use; personal and recreational use are strictly prohibited. If any employee, agent, guest or invitee of Tenant is found to be operating such vehicles outside the Leased Premises, the equipment will be banned from Landlord's property.

CW
Landlord

KM
Tenant

Section 2.15 Tenant's Employees on Land. Tenant agrees that only the following persons will have access to the Land: Tenant's employees, contractors, agents, guests or invitees. This limitation does not prohibit persons necessary for planting, caretaking, harvesting the crop, or providing necessary goods or services in connection with planting, caretaking or harvesting the crop.

Section 2.16 Trespassers. Tenant will be responsible for the removal and eviction of any and all trespassers from the Land. Landlord will have no responsibility with respect to the removal or eviction of trespassers during the Term, but retains the right to do so.

Section 2.17 No Structures or Trailers. No structures or mobile homes will be placed on the Land without the prior written consent of the Landlord, which may be withheld for any reason or for no reason.

Section 2.18 Inspection by Landlord; No Duty. Landlord, for itself and its agents, representatives, or employees, reserves the right to enter the Land at all reasonable times in order to inspect the Land to determine whether Tenant is complying with the terms of this Lease, and to do all other lawful acts that are necessary to protect Landlord's interest in the Land, including, without limitation, repairs, additions, or alterations of any property on the Land. Notwithstanding the foregoing, compliance with the terms of this Lease is the sole responsibility of the Tenant. The right of the Landlord to inspect the premises will not create a duty to inspect, nor will Tenant be entitled to rely on the same, nor will it be construed or interpreted as a waiver of or estoppel to Landlord's right to require Tenant's strict compliance with the terms of this Lease, or to any enforcement action brought by the Landlord.

Section 2.19 Surrender of the Land. Tenant agrees to surrender the Land in the same condition and repair as it existed upon commencement of the Term, subject to ordinary wear and tear, upon the end of the Term. Tenant agrees to level and disk all beds, ditches, or other modifications to the Land created by Tenant, restore each perimeter dike to its functional condition, restore all points of access for ingress and egress to the Leased Premises, and leave the Land clean to the reasonable satisfaction of the Landlord at the conclusion of the growing season. Tenant shall remove all mulch and similar materials which will not decompose promptly. Landlord will be reasonable in its requirements for the condition of the Land. The failure by Tenant to restore the Leased Premises as specified at the end of the Term will result in the Landlord contracting for the work and Tenant being liable for all expenses reasonably incurred by Landlord in restoring the Land to good condition.

Section 2.20 Removal of Equipment, Materials and Personal Property. At the end of the Term, Tenant will, at Tenant's expense, remove all equipment and materials placed by Tenant on the Leased Premises including, but not limited to pumps, engines, drainage, culverts, containers, tanks, chemicals, fuel, batteries, dumpsters, equipment, scrap iron, sheds, barrels, boxes, plastic containers, waste materials and any other property pertaining to Tenant's use or operation. "Waste Materials" includes, without limitation, cans, pallets, glass, cardboard, hay bales, and unrepaired or abandoned equipment. Any equipment or property not removed on the expiration of this Lease may, at Landlord's discretion, be deemed the property of Landlord, but Tenant will nonetheless be liable for all expenses reasonably incurred by Landlord in removing such property and equipment.

CW
Landlord

KM
Tenant

Section 2.21 Possession on Termination. Tenant agrees to yield possession of the Land at the termination of the Lease. Tenant further agrees to pay, as liquidated damages for failure to vacate, the sum of double the per diem Rent per day for every day after the date of the termination of this Lease that occupancy is withheld.

Article III.
ENVIRONMENTAL

Section 3.01 Environmental Protection Requirements. Tenant is responsible for constructing and maintaining Tenant's facilities and conducting Tenant's operations in a manner that employs all reasonable means to limit the potential for environmental contamination of the Land and adjoining lands. This Article is to be read in harmony with other Articles of this Lease. When the terms and conditions of this Article are more restrictive than other Articles that could be construed to encompass the same topic, this Article shall control. Further, this Article shall be broadly interpreted so as to protect the environmental integrity and condition of the Land and to require compliance with Legal Requirements as to the Land under all circumstances.

Section 3.02 Water Use and Surface Water Management Permits. Tenant will comply with all terms and conditions of the existing South Florida Water Management District or Southwest Florida Water Management District permits (either, as applicable to the Land, the "District"), as applicable, for water use and surface water management on the Leased Premises, including any and all reporting requirements and best management practices required for the property. A list of District permits is attached hereto and made a part hereof as **Schedule "1"**.

Tenant will not drill or rework any well on the premises without prior written consent of Landlord, and without appropriate permits from the District and any other public agency regulating water use and water wells. In order to comply with District water use permit requirements, Tenant will keep accurate pumping records of wells on the Land. Such records will be submitted to Landlord on a monthly basis, or more frequently if so required by the District, or any other applicable governmental agency, and will be kept in a manner and submitted in a form acceptable to the District. All new wells must be constructed by a licensed well contractor and meet all federal, state and local laws and regulations. Wells not in use should be provided with a temporary cap.

Tenant will not substantially alter the existing surface water management system without prior written consent of Landlord and without appropriate permits from the District and any other public agency regulating surface water management and wetlands.

Section 3.03 Wetland Protection. Tenant must notify Landlord and obtain Landlord's permission before undertaking any soil excavation activities, including routine canal/ditch maintenance. No excavated soil or any type of material may be placed in a wetland system. Wetlands, wetland buffer areas and other preservation areas shall not be used by Tenant for any purpose. A wetland will be defined as set forth in Chapters 373 and 403, F.S., or any regulation promulgated thereunder, or as defined under any other applicable federal, state or local statute, rule, regulation or order or as delineated by a jurisdictional determination of any agency or other governmental entity. For purposes of the prohibitions set forth in this paragraph, the term wetland shall be broadly construed.

CW
Landlord

KM
Tenant

Section 3.04 C-139 Basin Requirements. If the Land is within the C-139 Basin, then in addition to Tenant's other environmental obligations under this Lease, Tenant must comply with all requirements for the control of phosphorus imposed on lands within the C-139 Basin as may be required by the District or requested by Landlord, including but not limited to the use of specific Best Management Practices, the preparation of annual reports and any other activities deemed necessary by Landlord. Without limitation, Tenant shall be bound by the terms and conditions of the Phosphorus Source Control Permit 26-00323-E, as it may be amended from time to time. Tenant shall be responsible for the payment of any fines and the cost of any corrective action which may be imposed by the District or another government agency as a result of the Tenant failing to comply with regulations imposed by the District or other government agency.

Section 3.05 Best Management Practices. Tenant shall implement Best Management Practices appropriate for Tenant's use of the property, including without limitation those listed on **Schedule "2"**, attached hereto and made a part hereof, within thirty (30) days. Simultaneously with the execution of this Lease, Tenant (or sublessee, if appropriate) has received a copy of the District permit governing the Land, and has completed the Written Certification attached hereto and made a part hereof as **Schedule "3"**.

Section 3.06 Records. Tenant agrees to maintain, and give to Landlord and to Landlord's authorized representative, the right to inspect, at all reasonable times and upon twenty-four (24) hours notice, records relating to compliance with the District permits, Best Management Practices, and environmental compliance matters relating to the Land. In addition, Tenant will provide Landlord with any and all monitoring data and reports which Tenant is required to keep in accordance with all Legal Requirements, including but not limited to, all records required by the District, Florida Department of Environmental Protection, Army Corps of Engineers, and the Environmental Protection Agency, as well as those reporting requirements associated with the storage, use or disposal of pesticides, fungicides or any other such material.

Section 3.07 Burning. Any burning on the Land will be subject to the prior approval of the applicable federal, state and local governmental agencies where required. Tenant is responsible for obtaining all permits required by any applicable governmental agency prior to any such burn for complying with all Legal Requirements during such burn.

Section 3.08 Tenant Responsible for Waste Generated. The Tenant warrants, covenants and represents that it is familiar with requirements applicable to proper waste disposal. Tenant understands that it is solely in charge of all farming and related activities on-site and is the sole generator of all waste material leaving the site and will not be acting as agent or on behalf of Landlord in any manner with regard to any chemical or solid waste storage, use or disposal arrangements. Tenant shall contract with licensed waste handlers, obtain receipts for any waste recycled or disposed of, and be able to verify to Landlord upon request that all waste is being handled by licensed handlers, and not disposed of on-site.

CW
Landlord

KM
Tenant

Section 3.09 Waste Stream Management. The Tenant must manage its waste stream in a manner that protects the environmental integrity of the Land. All wastes generated by Tenant must be promptly disposed of in accordance with all Legal Requirements. No waste will be allowed to accumulate. No dumping or other disposal of any liquid, solid or semi-solid waste will be allowed upon the Leased Premises. Burial of any waste is strictly prohibited. Tenant shall maintain a dumpster for solid waste on the Leased Premises throughout the Term.

Section 3.10 Prohibited Substances. With the exception of petroleum products for use in farm implements and vehicles, pesticides in use, or liquid or granular fertilizers, no other "pollutant", as defined in Chapters 376, 377 or 403, Fla. Stat. or Chapter 62, F.A.C., as the same may be amended from time to time, will ever be stored in any tank upon the Leased Premises. This prohibition does not cover approved recycling containers provided by approved used oil, oil filter, or antifreeze haulers provided that the container size does not exceed 550 gallons. No material classified as hazardous waste which is subject to regulation under 42 U.S.C. 6901 et sec or any other federal, state or local law or regulation may ever be generated, stored or brought onto the Land.

Section 3.11 Landlord Limitations on Agricultural Chemicals. Tenant may use on the Leased Premises only use those herbicides, pesticides, fertilizers and fungicides listed on **Schedule "4"** and registered and labeled for Tenant's Use, as that term is defined herein. Any such use must be in strict accordance with the labels. Tenant will store, apply, and dispose of such materials in accordance with all applicable regulations, including the reporting requirements associated with the storage, use or disposal of such materials.

Section 3.12 Handling of Agricultural Chemicals. Agricultural chemicals permitted hereunder should be stored, handled and applied in accordance with all Legal Requirements. Tenant will not bring on the Leased Premises, cause to be brought on the Leased Premises nor in any way commit to the Leased Premises by dumping, ground rig spraying, aerial spraying or any other manner pesticides, fertilizers, chemicals or petroleum products which when used separately or in a combined state could be regulated as a hazardous waste under any applicable law. Except as set forth on **Schedule "4"** attached hereto, Tenant will not bring on the Leased Premises or allow or cause to be brought on the Leased Premises any pesticide or fertilizer which would or could be categorized as a prohibited use or canceled pesticide or fertilizer. Except as set forth on **Schedule "4"** attached hereto, Tenant will not bring on the Leased Premises nor allow or cause to be brought on the Leased Premises any pesticide or fertilizer which is or could be categorized as a restricted use pesticide or fertilizer without first obtaining all necessary permits for the use, storage or application thereof on the Leased Premises. In the use, storage or application of any pesticides, fertilizers and chemicals by Tenant or Tenant's officers, directors, agents, employees, or contractors, including their successors, heirs and assigns, Tenant will take all such precautions as are necessary to see that such pesticides, fertilizers and chemicals are stored, maintained and applied in such a way as to be consistent with all Legal Requirements.

Section 3.13 Chemical Storage. Pesticides will be stored in a locked, weather resistant, us floored structure. Such structure (hereinafter the "Storage Facility") should have containment capacity or be located so that a release will not enter a wetland, surface water body, the air, soil or groundwater. The Storage Facility should be afforded good housekeeping so as to prevent any build-up or release of spilled agricultural chemicals. Overnight outdoor storage of pesticides is strictly prohibited.

CW
Landlord

KM
Tenant

Section 3.14 Special Warranty for Storage and Disposal. Tenant covenants, warrants and represents that Tenant is familiar with 40 CFR Part 165 "Recommended procedures for the disposal and storage of pesticides and pesticide containers". Tenant also understands that no container or other solid or liquid waste disposal of any type is permitted on the Leased Premises. However, at the Tenant's option, Tenant may dispose of residual pesticide by proper application of triple rinse as part of the application process. As a best management practice, the Tenant should properly dispose of all containers as provided in 40 CFR Parts 262 and 165 and as required by any other applicable local, state or other federal requirement.

Section 3.15 Mixing and Loading Procedures. Mixing/loading of agricultural chemicals will not be performed within 100' of any well, or at a site where a release would drain into a surface water body or wetland system. Agricultural chemicals may not at any time, for any duration, be stored within 100' of any well. Mixing/loading sites should be alternated to prevent any possible pesticide contaminant accumulation. Equipment washing and any triple rinsing should also be performed at multiple sites.

Section 3.16 Product Storage and Use. Products such as new motor oil, grease, lubricants, fluids, etc., which are not prohibited by the terms of this Lease, shall be stored in leak-tight containers and dispensed in a manner that does not allow any of the material to spill on the ground. For example, new oil, antifreeze, solvents, batteries, oil filters, etc. should be stored in a protected manner so that any foreseeable events will not cause entry or contamination to the surrounding environment.

Section 3.17 Prohibited Tanks. Above ground fuel tanks ("ASTs") over 550 gallons and below ground tanks of any size, for any purpose other than use as septic tanks, are strictly prohibited. No material other than domestic waste water, as defined and allowed by Chapter 62-600, F.A.C. and any other applicable federal, state or local requirement, will be placed into any septic system. The proper permitting, operation and closure of any such system will be the sole responsibility of the Tenant.

Section 3.18 Fuel Tanks. All fuel storage tanks must comply with all applicable federal, state and local laws and regulations, and be monitored by the Tenant for signs of corrosion, leakage or overfill/spill occurrence.

Section 3.19 Tank Placement and Procedure. Above ground fuel tanks of a capacity of 550 gallons or less must be located so that no part of the tank is in contact with the soil and the tank can be readily inspected for leaks. Such tanks must be registered with the Florida Department of Environmental Protection, and comply with all applicable laws, including without limitation, Ch. 376, Fla. Stat., and 62-762 Fla. Admin. Code. All fuel lines, connections and other apparatus must be well maintained to prevent fuel leakage. All detected leaks should be repaired immediately. All fuel spills over 25 gallons must be reported to Landlord immediately upon discovery. Landlord, at its option and in its sole discretion, may oversee or control any needed assessment and remediation activities at Tenant's expense.

CW
Landlord

KM
Tenant

Section 3.20 Right of Entry. Notwithstanding any other provision of this Lease, the Landlord, at its option and in its sole discretion, will have the right to enter the Leased Premises at any time for the purpose of responding to an environmental condition in order to prevent waste or other damage to the Leased Premises. Landlord shall not be liable to Tenant for any constructive eviction, crop damage or loss of usable acreage claim by the Tenant for such entry, which areas of entry may include, but not be limited to, operational staging areas, monitoring well placement areas, soil removal areas, storage areas, etc. Landlord agrees, to the extent practicable, to limit Landlord's disturbances to the area reasonably necessary for any such operations.

Section 3.21 Remedial Actions and Default. It is the intent of this Lease to require Tenant to be responsible for any adverse environmental conditions related to Tenant's activities on the Land; in no instance is the language herein to be construed to impose liability on Tenant for adverse environmental conditions present on the Land at the time of Tenant's possession nor is it to be construed to limit Tenant's liability for any adverse environmental conditions which arise due to the acts of the Tenant or its officers, directors, agents, employees, or contractors, including their heirs and assigns.

During the Term, upon notification by the Landlord or upon the Tenant otherwise becoming aware of a violation of any environmental law caused by Tenant or Tenant's activities, Tenant will begin all remedial actions required by law solely at its own expense, in accordance with all Legal Requirements and in accordance with any directions or instructions that Landlord may, at its option, reasonably require of Tenant, or those given by any regulatory agency. Non-compliance with any part of this Article shall constitute default under this Lease. Nothing in this Article will prevent the Landlord from taking remedial action at any time to prevent waste or deterioration of the Leased Premises. The Tenant will be solely responsible for returning the Leased Premises to the environmental condition existing at the Commencement Date.

Section 3.22 Payment of Environmental Costs. Tenant agrees to pay the cost of any inspection, investigation, audit, cleanup, site remediation or detoxification and the preparation of any closure or other required plans, consent orders, other orders, license applications, and the like, whether such action is required during or following the Term of this Lease to the full extent that such action is attributable, directly or indirectly, to Tenant's activities or operations, including but not limited to the use, generation, storage, or disposal of any petroleum products, pesticides, fertilizers, chemicals, hazardous substances, or Materials (as that term is defined in Section 3.23), on or under the Land during the tenancy of this Lease. The obligations created above will survive this Lease, and will be in addition to the remedies available to the Landlord under any other applicable law.

CW
Landlord

KM
Tenant

Section 3.23 Environmental Indemnity. Since Tenant will be in charge and control of all material handling and storage areas upon the Land, Tenant agrees to indemnify, hold harmless and defend Landlord from all claims, demands, suits, damages (including foreseeable and unforeseeable consequential and punitive damages) assessments, fines, penalties, costs and other expenses (including attorneys' fees and other court costs) brought on behalf of any person or entity arising from the use, storage or disposal of any chemicals, pollutants, pesticides, petroleum products, batteries (including waste material) and other substances (cumulatively the "Materials") used, generated, stored or brought onto the Leased Premises by Tenant, which Materials, or their use, storage or disposal, are regulated under any local, state or federal law. This indemnity will extend to any off-site treatment, storage or disposal by Tenant of any Material that leaves the Land and for which the Landlord becomes responsible either voluntarily or involuntarily. The scope of the Tenant's indemnification hereunder will extend to any act or omission of the Tenant, or its officers, directors, agents, employees, contractors, guests or invitees including their successors, heirs and assigns. Claims include but are not limited to those claims, either threatened or realized, for injuries to the contamination of or the death of persons, or damages to or the destruction of property, the air, soil, waters, groundwaters, the environment, livestock, plants, animals, and aquatic life arising from exposure to or the escape of the above described materials due to such material's presence either on or off-site. Claims will also include claims for restoration costs, damages or compliance with any administrative violation notice, rule or order. This indemnity will survive the Term of this Lease, and any failure by Landlord to discover any environmental contamination or noncompliance during the Term. Injuries include those to Landlord or Tenant, their officers, directors, agents, employees, or contractors, including their heirs and assigns, or any other person or entity arising out of the above described acts or omissions of Tenant.

Article IV.
GENERAL PROVISIONS.

Section 4.01 Assignment or Sublease. This Agreement will be legally binding upon the parties hereto and their heirs, legal representatives, successors and assigns. Notwithstanding the foregoing, Tenant may not assign this Lease, or sublet the Land without the prior written consent of the Landlord, which will not be unreasonably withheld, delayed, or conditioned.

Section 4.02 Liens. Tenant will keep the Land free and clear of all liens arising out of any work performed, materials furnished, or obligations incurred by Tenant.

Section 4.03 Intentionally Deleted.

Section 4.04 Notice. See Section "S. Notice" in the main body of the Lease

Section 4.05 Insurance. During the term of this Lease, Tenant agrees to self-insure and/or procure and maintain in full force and effect the following insurance coverages:

(a) Comprehensive general liability coverage meeting the following requirements:

(i) Intentionally Deleted.

(ii) Minimum Limits Required: \$1,000,000 each occurrence; \$1,000,000 personal & advertising injury; \$2,000,000 general aggregate; \$2,000,000 products- completed operations aggregate;

(iii) Tenant, is affiliated organizations, and each of the aforementioned parties' successors, assigns, officers, employees, directors, shareholders, partners and members must be included as additional insureds; and

CW
Landlord

KM
Tenant

(iv) Coverage must be primary without contribution from other insurance available to Tenant.

(b) Comprehensive automobile liability coverage (for all vehicles on any portion of the Leased Premises) meeting the following requirements:

(i) Intentionally Deleted.

(ii) Minimum Limits Required: \$ 1,000,000 per accident;

(iii) Intentionally Deleted.

(iv) Tenant and its affiliated organizations, and each of the aforementioned parties' successors, assigns, officers, employees, directors, shareholders, partners, and members must be included as designated insureds on ISO endorsement CA2048 or its equivalent.

(c) Statutory workers' compensation coverage meeting the following requirements:

(i) Workers Compensation Insurance - Section "3.A." of the NCCI (industry standard) declarations page must list the state where the Leased Premises are located. Even if the applicable state is listed in section "3.C. Other States Insurance", it must also be listed in section "3.A.";

(ii) Employers Liability Minimum Limits Required: \$500,000 each accident, \$500,000 disease - each employee, \$500,000 disease - policy limit;

(d) Intentionally Deleted.

(e) Confirmation by Tenant of self-insurance and/or Certificates of insurance indicating the then-current coverages and naming Landlord as an additional insured (with the exception of workers' compensation coverage) shall be provided to Landlord prior to the entry upon the Leased Premises by any employee, agent, independent contractor or invitee of Tenant and at the time of any renewals and/or modifications of such policies. Additional confirmations and/or certificates of insurance shall be furnished by Tenant to Landlord from time to time if requested by Landlord to confirm the then-existing insurance coverages. Each policy shall require that the insurer endeavor to give Landlord at least thirty (30) days' advance, written notice by the insurer prior to any cancellation thereof.

(f) Intentionally Deleted.

(g) Intentionally Deleted.

(h) Intentionally Deleted.

CW
Landlord

KM
Tenant

Section 4.06 No Partnership. This Lease does not give rise to a relationship of principal and agent or of partnership or of joint venture between the parties hereto or any other relationship between the parties hereto other than the relationship of Landlord and Tenant.

Section 4.07 Excuse. See section "X. Force Majeure" and all subsections thereto in the main body of the Lease. This provision shall not be construed to limit Tenant's environmental obligations hereunder.

Section 4.08 Condemnation. If any part or all of the Land be taken for any public or quasi- public use under any statute or by right of eminent domain or by any purchase under threat of or in lieu of such taking, the Term of this Lease will terminate as to the portion taken when possession is so taken. In such event, Landlord will be entitled to the entire award or price. Tenant will not be entitled to any compensation for Tenant's leasehold interest in the Leased Premises, but Tenant may, to such extent as may be permitted by law, claim compensation from the taking authority for business damages, drainage equipment, moveable structures, fixtures and chattels which are the property of Tenant.

Section 4.09 Default of Tenant. See section "V. Breach" in the main body of the Lease.

Section 4.10 No Waiver of Breach. The waiver by Landlord of a breach of any provision of this Lease by Tenant will not operate or be construed as a waiver of any subsequent breach by Tenant.

Section 4.11 Abandonment. If Tenant abandons the Land before the end of the term of this Lease, the Landlord may, at Landlord's option, cancel this Lease or he may enter said premises as an agent of Tenant, by force or otherwise, without being liable in any way thereof, and relet the Land with or without any of the Tenant's equipment that may be therein, at such price and upon such terms and for such duration of time as Landlord may determine, and receive the rent therefrom. Should Tenant abandon the Land before the end of the Term of this Lease, then Tenant forfeits all rights to any of the rents paid as well as to the crop under cultivation on the Land and Landlord has the exclusive option to abandon or cultivate and harvest the crop. If Tenant abandons the crop, Tenant is not entitled to proceeds from the crop should it be sold, nor to expected profit. Notwithstanding the foregoing, Tenant shall not be deemed to have abandoned the Land unless Tenant receives written notice from Landlord of such abandonment and fails to cure said abandonment within thirty (30) days from receipt of Landlord's written notice.

Section 4.12 Insolvency or Bankruptcy. If Tenant becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Tenant, and Tenant does not remove the bankruptcy within ninety (90) days, then Landlord may terminate this Lease at the option of the Landlord to the extent permitted by law. Tenant will not object to Landlord's motioning the Court for appropriate relief from the automatic stay in order to accomplish said termination and the enforcement of all rights and remedies available to the Landlord hereunder.

CW
Landlord

KM
Tenant

Section 4.13 Hold Harmless. Tenant will hold harmless, protect, defend, and Landlord from any and all claims, demands, damages, and liability, including attorneys' fees and costs, brought by, or on behalf of any third persons, including employees and agents of Tenant, by reason of death, personal injury, property damage, financial loss, or any other damage or injury arising out of Tenant's use, enjoyment or occupancy of the Land, including, but not limited to, liability arising from the storage, use, or disposal of chemicals, petroleum products, pesticides, fungicides, fertilizers, and similar materials. Landlord will hold harmless, protect, defend and indemnity Tenant from any and all claims, demands, damages, and liability, including attorneys' fees and costs, brought by, or on behalf of any third persons, including employees and agents of Landlord, by reason of death, personal injury, property damage, financial loss, or any other damage or injury arising out of Landlord's use, enjoyment or occupancy of the Land, including, but not limited to, liability arising from the storage, use, disposal of chemicals, petroleum products, pesticides, fungicides, fertilizers, and similar materials.

Section 4.14 Governing Law. All questions relative to the execution, validity, interpretation, and performance of this lease will be governed by the laws of the State of Florida, and venue for any action arising hereunder will lie exclusively in the Florida county in which the Land lies.

Section 4.15 Attorneys' Fees. In any action at law or in equity, or administration or arbitration proceeding, to enforce or interpret the terms of this Lease, the prevailing party will be entitled to attorney's fees, costs and necessary disbursement, including such fees prior to the commencement of litigation, and on appeal, in addition to any other relief to which such party may be entitled.

Article V.
MISCELLANEOUS.

Section 5.01 Miscellaneous.

(a) This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord, and shall be binding upon and inure to the benefit of Tenant, its successors, and, to the extent assignment permitted hereunder, Tenant's assigns. The pronouns of any gender shall include the other genders, and either the singular or the plural shall include the other.

(b) All rights and remedies of Landlord and Tenant under this Lease shall be cumulative, and none shall exclude any other rights or remedies allowed by law or this Lease.

(c) Time is of the essence under this Lease.

(d) This Lease constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior understandings between them concerning the same. This Lease may not be altered, changed or amended, except by an instrument in writing executed by all parties hereto. The terms and provisions of this Lease shall not be construed against or in favor of a party hereto merely because such party is the "Landlord" or the "Tenant" hereunder or such party or its counsel is the draftsman of this Lease.

CW
Landlord

KM
Tenant

(e) If Tenant is a corporation, partnership or other entity, Tenant warrants that all consents or approvals required of third parties (including but not limited to its board of directors or partners) for the execution, delivery and performance of this Lease have been obtained and that Tenant has the right and authority to enter into and perform its covenants contained in this Lease.

(f) Whenever in this Lease there is imposed upon Landlord or Tenant the obligation to use their best efforts, reasonable efforts or diligence, Landlord and Tenant shall be required to do so only to the extent the same is economically feasible and otherwise will not impose upon Landlord or Tenant extreme financial or other burdens.

(g) Any reference to the "Term" (or the "Lease Term") shall be deemed to include any renewal or extension thereof where appropriate.

(h) If any term or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be unreasonable, invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid or unenforceable, shall not be affected thereby, and each remaining provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

(i) The captions at the beginning of the several paragraphs of this Lease are for convenience of reference only. They shall be ignored in construing this Lease.

(j) This Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, and such counterparts together shall constitute one and the same instrument.

(k) Neither this Lease nor any memorandum shall be recorded in any public records. If this Lease is recorded in violation of this provision, it shall not serve as notice.

(l) This Lease shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida.

(m) Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present a health risk to persons who are exposed to it over time. Levels of radon that exceed Federal and State guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health unit.

(n) With respect to all payments of Rent, Additional Rent and any and all other payments required by Tenant hereunder, Tenant shall have no right of set-off, deduction, counterclaim, suspension or, except as expressly provided in the Lease, abatement.

CW
Landlord

KM
Tenant

Witnesses

/s/ Denise Plair

Print Name: Denise Plair

/s/ Mary Lofton

Print Name: Mary Lofton

Witnesses

/s/ Ann Marie Pilling

Print Name: Ann Marie Pilling

/s/ Eneyda Rios

Print Name: Eneyda Rios

CW
Landlord

LANDLORD:

ALICO, INC., a Florida corporation

By: /s/ Clay G. Wilson

Print Name: Clay G. Wilson

Title: CEO/President

Date: 5-19-14

TENANT:

UNITED STATES SUGAR
CORPORATION, a Delaware corporation

By: /s/ Kenneth W. McDuffie

Print Name: Kenneth W. McDuffie

Title: Sr. Vice President, Sugarcane Operations

Date: 5/12/14

KM
Tenant



EXHIBIT "C"

Memorandum of Lease

This instrument prepared by and
after recording return to:
Edward Almeida, Esq.
Vice President, Legal Affairs
United States Sugar Corporation
111 Ponce de Leon Avenue
Clewiston, Florida 33440
Tel: (863) 902-2418
Fax: (863) 902-2120
E-mail: ealmeida@ussugar.com

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "Memorandum") is dated as of 5/15/14, 2014 ("Effective Date") among UNITED STATES SUGAR CORPORATION, a Delaware corporation ("U.S. SUGAR"), whose mailing address is 111 Ponce de Leon Avenue, Clewiston, Florida 33440 and ALICO, INC., a Florida corporation ("ALICO") whose mailing address is 10070 Daniels Interstate Court, Suite 100, Ft. Myers, Florida 33913.

U.S. SUGAR and ALICO hereby certify as follows:

1. U.S. SUGAR and ALICO have entered into a certain "Lease Agreement" ("Lease"), dated as of 5/15/14, pursuant to which ALICO has leased to U.S. SUGAR, and U.S. SUGAR has leased from ALICO, the land described in **Exhibit "A"** attached hereto (collectively, "Premises") upon the terms and subject to the conditions set forth in the Lease.
2. The Lease expires April 30, 2024, unless sooner terminated in accordance with the terms of the Lease; provided, however, that the term of the Lease may be extended as follows: On May 1, 2024 and on each April 1st subsequent thereto, the Lease term shall be extended one (1) additional "Lease Year" (as such term is defined in the Lease) unless written notice of non-renewal is given by either party hereto to the other party.
3. The covenants and agreements of the parties under the Lease are covenants running with the Premises.
4. ALICO and U.S. SUGAR enter into this Memorandum, which is to be recorded in the land record office of Hendry County, Florida, in order that third parties may have notice of the Agreement. This Memorandum shall not supersede or in any way modify the terms or conditions of the Agreement or be used in interpreting the Agreement.

CW
Landlord

KM
Tenant

IN WITNESS WHEREOF, ALICO and U.S. SUGAR have caused this Memorandum to be executed as of the Effective Date.

Signed and delivered
in the presence of:

/s/ Ann Marie Pilling
Witness Signature

Ann Marie Pilling
Print Witness Name

/s/ Eneyda Rios
Witness Signature

Eneyda Rios
Print Witness Name

Signed and delivered
in the presence of:

/s/ Denise Plair
Witness Signature

Denise Plair
Print Witness Name

/s/ Mary Lofton
Witness Signature

Mary Lofton
Print Witness Name

STATE OF FLORIDA
COUNTY OF LEE

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 19th day of May 2014, by Clay G. Wilson as CEO/President of ALICO, INC., a Florida corporation, who is personally known to me, who acknowledged that he/she executed such instrument on behalf of, and with the full and binding authority of said corporation, and who did take an oath.

(Notary Seal)

[SEAL] A. DENISE PLAIR
MY COMMISSION #EE 832069
EXPIRES: January 4, 2017
Bonded Thru Notary Public Underwriters

UNITED STATES SUGAR CORPORATION
a Delaware corporation

By: Kenneth W. McDuffie

Print Name: Kenneth W. McDuffie

Title: Sr. Vice President, Sugarcane Operations

ALICO, INC., a Florida corporation

By: Clay G. Wilson

Print Name: Clay G. Wilson

Title: CEO/President

/s/ A. Denise Plair
Notary Public, State of Florida at Large

A. Denise Plair
Print Notary Public's Name

My Commission Number: EE 832069

My Commission Expires: 1-04-17

CW
Landlord

KM
Tenant

STATE OF FLORIDA
COUNTY OF HENDRY

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 12th day of May 2014, by Kenneth McDuffie as Sr. Vice President of UNITED STATES SUGAR CORPORATION, a Delaware corporation, who is personally known to me, who acknowledged that he/she executed such instrument on behalf of, and with the full and binding authority of said corporation, and who did take an oath.

(Notary Seal)

[SEAL]	JESSE L. PATE, SR. MY COMMISSION EXPIRES December 14, 2014 #EE 032864 Bonded Thru Notary Public Underwriters NOTARY PUBLIC, STATE OF FLORIDA
--------	--

/s/ Jesse L. Pate Sr.

Notary Public, State of Florida at Large

JESSE L. PATE SR.

Print Notary Public's Name

My Commission Number: EE 032864

My Commission Expires: Dec 14, 2014

NOTARY PUBLIC, State of Florida

Print Name:

CW
Landlord

KM
Tenant

SCHEDULE "1"
TO GENERAL CONDITIONS

LIST OF APPLICABLE SOUTH FL. WATER MGMT. DISTRICT PERMITS &
APPLICATIONS

Consumptive Use Permits

26-00453-W - Hill Grade, Application #060626-26
26-00631-W - 2x6, Applications #101020-6 and #090226-38
26-00617-W - Port LaBelle, Applications #101013-2 and #090226-31
26-00173-W - Collins Slough West, Applications #101012-34 and #090226-44
26-00174-W - Collins Slough East, Application #090226-8
26-00315-W - Alico Jog, Application #090226-35

Environmental Resource Permits

26-00453-S - Hill Grade, Applications #101129-10, #101101-2, #070612-27, #020408-21,
#020129-14 and #960611-5
26-00003-S-03 - 2x6, Applications #990412-23 and #10059-A
26-00617-S - Port LaBelle, Applications #140225-24, #990603-20, #980911-20 and #980810-11
26-00466-S Collins Slough West, Application #911021-4
26-00175-S - Collins Slough East, (Entire Permit Expired/Cancelled, Applic. # 050608-19)
26-00315-S - Alico Jog - Application #11205-B

CW
Landlord

KM
Tenant

SCHEDULE "2"
TO GENERAL CONDITIONS

Applicable BMP's are Nutrient Application Control, Nutrient Spill Prevention, Soil Testing and utilization of Above Ground Impoundment (AGI).

- 1) Nutrient Application Control is keeping the fertilizer a minimum of 4' from canals and not overlapping the application. Examples: Banding at the root zone, side dressing, pneumatic controlled-edge application, fertilization through the irrigation system, or placement of fertilizer under plastic near the root. We specify the type year in the annual BMP report.
 - 2) Nutrient Spill Prevention is having protocols in place to prevent fertilizer spills during transfer, handling, storage. The SFWMD usually looks for education type material and proof of instruction to verify this BMP.
 - 3) Soil Testing is testing soil samples to obtain a recommended phosphorous application for the crop type. Receipts and recommendations are required to verify this BMP.
 - 4) Utilization of AGI is pumping the excess water being drained from the farm fields into the AGI.
-

SCHEDULE "3"
TO GENERAL CONDITIONS

WRITTEN CERTIFICATION OF LANDUSER (LESSEE OR OPERATOR)

I hereby certify that, I have received a copy of Permit No. see attached 1 with application No. see attached, dated see attached. I agree to comply with the permit and implement the terms and conditions of the permit as it is indicated in lease. In addition, I agree to provide entry at any time to the area for South Florida Water Management District staff or their duly authorized agents, as provided for in subsection 40E-63.444(d), F.A.C., or as otherwise provided by the issued permit. If the undersigned is a sublessee, or otherwise not a party to the Lease, the undersigned hereby agrees to comply with the terms of the Lease.

UNITED STATES SUGAR CORPORATION

Type or print lessee name

/s/ Kenneth W. McDuffie

Signature of Lessee of parcel/farm (if no the lessee, certify below)

I hereby certify that I am the authorized agent of the lessee

Kenneth W. McDuffie, Sr. Vice President, Sugarcane Operations

Type or print name and title

/s/ Kenneth W. McDuffie

Signature

5/12/14

Date:

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Clayton G. Wilson certify that;

1. I have reviewed this Quarterly Report on Form 10-Q of Alico, Inc. (Alico),
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, and is not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Alico as of, and for, the periods presented in this report;
4. Alico's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Alico and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Alico, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of Alico's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in Alico's internal control over financial reporting that occurred during Alico's most recent fiscal quarter ended June 30, 2014, that has materially affected, or is reasonably likely to materially affect, Alico's internal control over financial reporting; and
5. Alico's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Alico's auditors and audit committee of Alico's Board of Directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 11, 2014

/s/ Clayton G. Wilson
Clayton G. Wilson
Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, W. Mark Humphrey that;

1. I have reviewed this quarterly report on Form 10-Q of Alico, Inc. (Alico),
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, and is not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Alico as of, and for, the periods presented in this report;
4. Alico's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Alico and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Alico, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of Alico's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in Alico's internal control over financial reporting that occurred during Alico's most recent fiscal quarter ended June 30, 2014, that has materially affected, or is reasonably likely to materially affect, Alico's internal control over financial reporting; and
5. Alico's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Alico's auditors and audit committee of Alico's Board of Directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 11, 2014

/s/ W. Mark Humphrey
W. Mark Humphrey
Chief Financial Officer and Senior Vice President

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Alico, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on August 11, 2014, (the "Form 10-Q"), I, Clayton G. Wilson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2014

/s/ Clayton G. Wilson
Clayton G. Wilson
Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Alico, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on August 11, 2014, (the "Form 10-Q"), I, W. Mark Humphrey, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2014

/s/ W. Mark Humphrey
W. Mark Humphrey
Chief Financial Officer and Senior Vice President
