

# EXHIBIT “E”

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ROSAMOND FARM LEASE

THIS ROSAMOND FARM LEASE (the "Lease") is made and entered into as of September 11, 2009 (the "Commencement Date"), between WDS CALIFORNIA II LLC, a Delaware limited liability company ("Landlord"), and CRYSTAL ORGANIC FARMS, LLC, a California limited liability company ("Tenant"), who agrees as follows:

1. PREMISES

1.1 Description of Land. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions set forth in this Lease, that certain real property in Kern County, California, consisting of approximately 1,037.88 acres, as more particularly described in Exhibit A attached hereto (the "Land"), together with all structures, fixtures, equipment, improvements, ditches, wells, pumps and pipelines situated thereon (the "Improvements"). For convenience, the Land and the Improvements are collectively referred to herein as the "Premises".

1.2 "As-Is" Condition of Premises. Prior to the execution of this Lease, Tenant has been the owner of the Premises, and in full possession of the Premises. Landlord has never been in possession of the Premises and makes no warranty or representation regarding the Premises. This Lease is made "AS IS" with all faults and Tenant expressly acknowledges and agrees that Landlord MAKES NO REPRESENTATIONS OR WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTY WHATSOEVER WITH RESPECT TO THE PREMISES OR ANY PORTION THEREOF, OR WITH RESPECT TO THE SUITABILITY OF ANY OF THE FOREGOING FOR THE CONDUCT OF LESSEE'S BUSINESS. Tenant accepts the Premises on an "AS IS" and "WHERE IS" basis, without warranty, guaranty, liability, or representation whatsoever, express or implied, oral or written, on the part of Landlord, or any person acting on behalf of Landlord, regarding the Premises or matters affecting the Premises.

1.3 Water Rights. Provided that Tenant shall not be in default hereunder, and that the conditional right herein contemplated shall not violate or prejudice any water rights in favor of Landlord, Tenant shall have the right during the Lease Term to use any rights to water for the irrigation of the crops to be grown on the Premises or on the property adjacent to the Premises that is more particularly described on the attached Exhibit B (the "Adjacent Property") as shall be available during the Lease Term from the riparian, appropriative, and prescriptive sources appurtenant to the Premises, if any, and/or to use any existing irrigation wells, or other existing sources of water available to the Premises. Water from such sources shall be used by only on the Premises and the Adjacent Property in connection with the production of crops and related uses on the Premises and the Adjacent Property, and Tenant shall not export such water to any other lands or use such water for any purpose not authorized by this Lease. Landlord assumes no responsibility for, does not warrant, and makes no representations concerning, the availability, quality, quantity or cost of the water supplied to the Premises or the Adjacent Property.

## 2. TERM

2.1 Term. The term of this Lease (the "Lease Term") shall begin on the Commencement Date and end on December 31, 2011 (the "Expiration Date"), unless sooner terminated in accordance with other applicable provisions of this Lease. As used in this Lease, the term "Lease Year" shall mean the following periods: (i) the period commencing with the Commencement Date and ending on December 31, 2009; and (ii) thereafter, the period from January 1 to December 31.

2.2 Early Termination. Notwithstanding the provisions of Section 2.1, this Lease shall terminate prior to the Expiration Date as to portions of the Premises as follows:

(a) Tenant will surrender any portion of the Premises that will not be farmed during the 2011 Lease Year no later than December 31, 2010. With respect to the portion of the Premises so surrendered to Landlord, Landlord shall, at Landlord's expense, provide all appropriate or required dust and soil erosion control.

(b) Tenant will surrender the remainder of the Premises upon completion of the harvest of Tenant's 2011 crops, but in no event later than the Expiration Date.

(c) As an alternative to the surrenders described in subsections (a) and (b) above, Landlord shall have the right to terminate this Lease after the harvest of the 2010 Lease Year crop (by delivery of written notice no later than February 1, 2011); provided that as a condition of doing so, Landlord makes available for lease to Tenant on the terms and conditions of this Lease comparable land with acreage and water sufficient to farm the crop that Tenant intended to farm on the Premises during the 2011 Lease Year. Upon receipt of Landlord's notice, Tenant shall, within thirty (30) days thereafter, give Landlord written notice of its approval or disapproval of such proposed comparable land. If Tenant disapproves of the comparable land, Tenant's notice shall set forth its reasons or grounds for such disapproval. Notwithstanding the foregoing, in the event of an early termination of this Lease, Tenant shall retain the right provided in Section 1.3 above to export water to the Adjacent Property until the Expiration Date.

## 3. RENT

3.1 Rent. Tenant shall not be obligated to pay any rent to Landlord, but all sums due under this Lease for taxes, insurance and other operating costs shall be deemed "Rent" for the purposes of this Lease.

### 3.2 Assessments and Taxes.

(a) Landlord shall pay real property taxes and assessments ("Real Property Taxes") levied against any portion of the Premises that is not being actively farmed during the Lease Term.

(b) Tenant shall pay Real Property Taxes levied against any portion of the Premises that is being actively farmed during the Lease Term. For the purposes of this Lease, acreage shall be deemed to be actively farmed if it is under cultivation, or being prepared for, planting of vegetable crops.

(c) As of the Commencement Date, Tenant shall notify Landlord in writing as to the number of acres then being actively farmed by Tenant (the "Net Planted Acres"), and that acreage shall be factored into the proration of Real Property Taxes between Landlord and Tenant as of the closing of Landlord's purchase of the Premises pursuant to that certain Real Property Purchase and Sale Agreement and Escrow Instructions dated as of February 27, 2009. On or before May 1 of each subsequent Lease Year during the Lease Term, Tenant shall notify Landlord in writing of the number of Net Planted Acres to be or being actively farmed in such Lease Year (the "Farmed Acres Notice"). In no event may Tenant adjust its share of Real Property Taxes based on acreage being farmed at any other time during the applicable Lease Year, and Tenant's Farmed Acres Notice shall be binding on Tenant for the entire Lease Year (or until Tenant timely provides an update when due).

(d) Tenant shall pay to Landlord Tenant's share of Real Property Taxes in two (2) semi-annual installments and within ten (10) business days after its receipt of (i) a copy of the property tax statement issued by the Kern County Treasurer – Tax Collector for the fiscal year July 1 through June 30 (the "Tax Year"), and (ii) a written calculation of the portion of the Real Property Taxes payable by Tenant based on the applicable Net Planted Acres; provided, however, in no event shall Tenant's payments be required prior to the following dates: (a) for the period of July 1 to December 31 of each Tax Year, prior to October 1; and (b) for the period of January 1 through June 30 of each Tax Year, prior to Landlord's receipt of the Tenant's Farmed Acres Notice.

(e) In addition, Tenant shall pay when due and before delinquency, all taxes and assessments levied against Tenant's personal property located on the Premises, and shall provide Landlord with evidence of such payment. In the event that Tenant fails to pay any taxes or assessments as required hereunder, Landlord may pay such taxes or assessments on Tenant's behalf, and Tenant shall thereafter immediately repay Landlord the amount of such tax or assessments plus any penalties resulting from Tenant's failure to pay, with interest as provided herein.

3.3 Utilities. Tenant shall pay before delinquency, all charges, fees, deposits and standby charges together with taxes thereon, for utilities and all other services supplied to the Premises including without limitation, domestic and irrigation water, sewer, gas, electricity, and telephone. Landlord shall have no obligation of any kind to provide utilities or other services to the Premises or to pay the charges therefor.

3.4 Other Expenses. Tenant shall pay when due all other expenses in any way relating to its farming activities on or occupation of the Premises. Tenant shall not permit any such expenses to accumulate or become a lien against the Premises or any portion thereof.

#### 4. USE OF PREMISES

4.1 Use. The Premises are leased to Tenant and Tenant agrees to use the Premises only for the planting, growing, cultivation, irrigation and harvesting of annual crops. Tenant shall not use, nor permit to be used, any part of the Premises for any purpose other than the purposes for which the Premises are leased without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. During the Lease Term, Tenant shall farm, cultivate, irrigate, maintain, and operate the Premises with diligence and consistent with the best agricultural practices employed in the farming industry in the area in which the Premises are located for crops of the type and variety planted on the Premises, including reasonable crop rotation practices (in the case of open land), to maintain normal production, protect and preserve the soil and to achieve and maintain maximum economic production from the Premises.

4.2 Agricultural Standards. Tenant agrees that it will perform sufficient maintenance of the surface of the Premises to properly maintain the Premises for the present methods of irrigation. Tenant agrees to make immediate and diligent efforts to eradicate and prevent the spread of all noxious weeds and rodents and other vertebrate pests on the Premises during the Lease Term, and to take reasonable measures to protect the Premises from infestations of insects, snails and other such pests. Tenant shall make immediate and diligent efforts to prevent and/or correct infestations of organisms that may come onto or develop on the Premises during the Lease Term and produce disease in plants or animals or damage crops or animals grown or maintained on the Premises during the Lease Term, or create a condition or situation which would allow such development thereafter. Tenant shall take all reasonable actions to keep all ditches, canals, roadsides and other areas free from weeds and debris. Further, Tenant agrees in the irrigation of the Premises and in the use of water thereon, to adopt all such practices as may be necessary in order to protect and preserve the water rights available to the Premises, and to avoid water erosion upon the Premises. Tenant shall keep all ditches, canals, tail water return reservoirs, roadsides, headlands, and other such areas free of weeds and debris either by cultivation or through the application of appropriate herbicides consistent with the restrictions on use thereof as provided herein.

4.3 Maintenance and Repair. Tenant shall maintain and repair the Premises in good condition and working order at all times, and at Tenant's sole cost and expense. Tenant shall perform all preventative maintenance required to maintain the validity of any warranties covering any Improvements. Tenant shall furnish, at its own cost and expense, all labor, parts, mechanisms or devices necessary to maintain the Improvements in such good maintenance and repair. Tenant's obligations shall include, but not be limited to, the irrigation systems, surface pumps, motors, engines, pipelines, drainage systems, fences, buildings, walls, field ditches, tail water return reservoirs and roadways which exist on the Premises, and shall maintain them in good condition and working order at all times, ordinary wear and tear excepted. Tenant shall also be required to repair and maintain all irrigation pumps and motors to maintain a pump efficiency percentage rating ("**Well Efficiency**") of not less than sixty percentage (60%) points below the Well Efficiency that existed at Lease inception (as determined by a pump test not more than twelve (12) months old to be provided by Landlord) as measured annually by a pump test at Tenant's expense. Tenant shall be responsible for repairs to submersible pumps, bowls and well casings required in order to maintain the Well Efficiency; provided, however, Tenant shall not be

responsible for repairs to well casings or resulting from a well collapse to the extent that the cost of such repairs would exceed the sum of Twenty Thousand Dollars (\$20,000.00) during the Lease Term.

4.4 Waste; Nuisance. Tenant shall not commit, nor permit others to commit, waste or a nuisance on, or damage to, the Premises.

4.5 Compliance with Law. Tenant shall not use the Premises for any unlawful purpose, or permit others to do so. Tenant shall comply with the requirements of all laws, regulations, ordinances, rules, regulations and orders of governmental authorities, in force either now or in the future, affecting Tenant's use, operation or occupancy of the Premises, and shall faithfully observe in the use, maintenance or occupancy of the Premises all laws, rules, and regulations of such governmental authorities, in force either now or in the future relating to (a) the condition of the Premises, (b) Tenant's use or operation of the Premises, or (c) worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions and other employer/employee related subjects including without limitation, the Immigration Reform and Control Act of 1986 (collectively, "**Applicable Laws**"). If during the Lease Term a change in Applicable Law requires (i) correction or alleviation of naturally occurring conditions, including but not limited to, weed and pest infestations and disease conditions that exist wholly or in part at the commencement of the Lease Term, or (ii) any alteration of or addition to any Improvements, the required correction or alleviation shall be performed promptly by Tenant at Tenant's sole cost and expense.

4.6 Insurance Hazards. Tenant shall not use the Premises, nor permit others to use it, nor do or permit acts that will increase the existing rates of insurance on the Premises, or cause a cancellation of any insurance policy covering, in whole or in part, the Premises. Tenant shall comply with all requirements applying to the Premises or its use necessary for the maintenance of any required insurance hereunder covering the Premises or covering Landlord's liability to others.

4.7 Labor Matters. Tenant represents to Landlord that it is not currently a party to a labor union contract or collective bargaining agreement which will or could affect the Premises or Tenant's operation thereof, nor will it become a party to any such agreement during the Lease Term that (a) binds Landlord or any successor-in-interest to Landlord as a party thereto, or (b) obligates Landlord or any successor-in-interest to Landlord to bargain with any union or labor organization as a successor-in-interest to Tenant. In no event shall Tenant act or claim to be a joint employer with Landlord of any person employed on the Premises.

## **ARTICLE 5. RESTRICTED AND HAZARDOUS MATERIALS**

5.1 Agricultural Chemicals and Other Substances. No fertilizer, herbicide, pesticide, poison, chemical, or other foreign substance (collectively "**Restricted Materials**"), except those approved or authorized by the United States Department of Agriculture and by the California Department of Pesticide Regulation in accordance with the Kern County Agriculture Commissioner, shall be applied to the Premises or crops growing thereon or brought onto or stored on the Premises. No experimental fertilizer, chemical, pesticide or herbicide shall be

applied to the Premises or to the crops growing thereon except with Landlord's prior written consent. Tenant shall prepare and maintain complete and accurate records in accordance with sound business practices and all Applicable Laws respecting the time, place, quality, quantity, kind, and method of application of all Restricted Materials that may be utilized by Tenant on or about the Premises, and shall furnish to Landlord, upon request, true and correct copies thereof.

5.2 Records. Tenant shall prepare and maintain complete and accurate records in accordance with all pertinent governmental regulations respecting the time, place, quality, quantity, kind, and method of application of all Restricted Materials that may be utilized by Tenant on or about the Premises, including without limitation, the pesticide use reports required by Food and Agriculture Code Section 12979 or other Applicable Laws, and shall furnish to Landlord, upon request, true and correct copies thereof. Landlord shall have the right to prohibit the use of any Restricted Materials if in Landlord's reasonable discretion the use of such Restricted Materials on the Premises will have a detrimental effect on the Premises or on any of Landlord's adjacent lands.

5.3 Storage. All gasoline, diesel fuel, fuel oil, motor oil and lubricants (collectively, "Gas and Oil"), Restricted Materials and containers in which they are shipped, stored, used, mixed, transported, dispensed or applied, shall be used, stored, handled, maintained and disposed of in compliance with the manufacturer's label and instructions and all applicable statutes and governmental regulations, including regulations concerning proper storage, notice and posting. No Gas and Oil shall be stored in any underground storage tank without the express written approval of Landlord. Any aboveground storage of Gas and Oil shall be in tanks and containers with adequate spill protection. All aboveground storage of Gas and Oil shall be monitored for leakage, spills and overfills. Any releases of Gas and Oil shall be immediately cleaned up and reported to Landlord and, if required, to any government agencies with jurisdiction.

5.4 Use of Hazardous Materials. Except as otherwise permitted with respect to Restricted Materials, Gas and Oil, Tenant and Tenant's directors, officers, employees, agents, and contractors, their respective successors and assigns, and any other person acting on Tenant's behalf (collectively, "Tenant's Agents"), shall not cause or permit any Hazardous Materials (as defined in Section 5.8) to be used, stored, discharged, released or disposed of at, on in, under or from the Premises, or cause any Hazardous Materials to be used, stored, discharged, released or disposed of in, on, under or from the Premises, or any other land or improvements in the vicinity of the Premises, excepting only the types and minor quantities of Hazardous Materials which are normally used in connection with Tenant's permitted use of the Premises and then only in accordance with all Applicable Laws, including all Environmental Laws (as defined in Section 5.8). In addition to and not in lieu of the requirements of Section 5.2, Tenant shall provide to Landlord and update as needed a complete list of any and all Hazardous Materials expected to be employed by Tenant within the Premises.

5.5 Compliance with Environmental Laws. Tenant shall, at its own expense, procure, maintain in effect and comply with all Environmental Laws, including all conditions of any and all permits, licenses, and other governmental and regulatory approvals required for (a) any use, storage, holding, release, emission, discharge, generation, processing, abatement, removal, disposition, handling, transportation, discharge or release of any Hazardous Materials at, on, in,

under or from the Premises by Tenant or Tenant's Agents, and (b) any activity at the Premises regulated under any Environmental Laws by Tenant or Tenant's Agents (collectively, "**Environmental Activity**"). Tenant shall in all respects handle, treat, deal with and manage any and all Tenant's Hazardous Materials in total conformity with all Environmental Laws and prudent industry practices regarding management of such Hazardous Materials. Any releases of Hazardous Materials shall be immediately cleaned up and reported to Landlord and reported, if required, to any government agencies and jurisdiction.

5.6 Remediation. Without limiting the foregoing, if any Environmental Activity of Tenant or Tenant's Agents results in contamination of the Premises, including without limitation, any structure, soil or groundwater in, under or from the Premises, Tenant, at its sole expense, shall promptly take all actions necessary to remediate the contamination to a condition that allows unrestricted future use of the Premises and shall return the Premises, to its prior condition, subject to Landlord's right to approve Tenant's proposed remediation method. Tenant shall promptly notify Landlord and obtain Landlord's written approval before taking any remedial action in response to the presence of any release of Hazardous Materials at the Premises or entering into any settlement agreement, consent decree or other compromise with respect to any claims relating to the Environmental Activity of Tenant or Tenant's Agents.

5.7 Environmental Indemnity. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect and hold Landlord and Landlord's trustees, directors, officers, agents and employees and their respective successors and assigns and insurers (collectively, "**Landlord's Agents**"), free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including reasonable attorneys' and consultants' fees and oversight and response costs) arising from or related to (a) Environmental Activity by Tenant or Tenant's Agents during the Term, including, without limitation any release of Hazardous Materials; or (b) failure of Tenant or Tenant's Agents to comply with any Environmental Laws with respect to any activities on the Premises or affecting the Premises during the Term; or (c) diminution in the value of the Premises, including damages for the loss of business and restriction on the use of, or adverse impact on the Premises caused by the Environmental Activity of Tenant or Tenant's Agents on the Premises during the Term; or (d) Tenant's failure to remove Hazardous Materials from the Premises as required in Section 5.6. In the event that Tenant's failure to surrender the Premises at the expiration or earlier termination of this Lease free of Hazardous Materials prevents Landlord from reletting the Premises, or reduces the fair market and/or rental value of the Premises or any portion thereof, Tenant's indemnity obligations shall include all losses to Landlord arising therefrom.

5.8 Environmental Definitions. As used in this Lease, the following terms shall have the following meanings:

(a) "**Environmental Laws**" mean all Applicable Laws, now or hereafter in effect, relating to the protection of human health, public or worker safety, the environment, wildlife, or Hazardous Materials including, but not limited to all: (i) federal, state and local laws, regulations, rules and other written requirements; (ii) licenses, permits, orders, approvals, plans and similar items of all federal, state and local governmental authorities; and (iii) applicable judicial and administrative decrees, judgments, order and directives.



(d) **"Hazardous Material"** means any Restricted Materials, any Oil and Gas, and any chemical, substance, medical or other waste, living organism or combination thereof which is or may be hazardous to the environment or human or animal health or safety due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects. Hazardous Materials shall include, without limitation, microbial matter, asbestos, radon, polychlorinated biphenyls (PCBs), methane and all substances which now or in the future may be defined as "hazardous substances," "hazardous wastes," "extremely hazardous wastes," "hazardous materials," "toxic substances," "infectious wastes," "biohazardous wastes," "medical wastes," "radioactive wastes" "pollutant" or "contaminant" or which are otherwise listed, defined or regulated in any manner under any Environmental Laws.

## **ARTICLE 6. ALTERATIONS; LIENS**

6.1 **Alterations.** Tenant shall make no alterations, additions, or improvements to the Premises without obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion. All Alterations shall be completed in a prudent and workmanlike manner, in compliance with Applicable Law, and at Tenant's sole cost and expense. All Alterations shall become at once a part of the Premises and shall belong to Landlord at the end of the Lease Term. Tenant shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in connection with Alterations or other work on the Premises, and shall at all times keep the Premises free from any and all liens or claims of lien arising out of any work performed or materials furnished by or on behalf of Tenant.

6.2 **Notice of Non-Responsibility.** Prior to the commencement of any Alterations in excess of Ten Thousand Dollars (\$10,000), Landlord shall have the right to post in a conspicuous location on the Premises and to record in the public records a notice of Landlord's nonresponsibility. Tenant covenants and agrees to give Landlord at least ten (10) days prior written notice of the commencement of any Alterations in order that Landlord shall have sufficient time to post such notice.

6.3 **Mechanics' Liens.** If, in connection with any work performed by or at the request of Tenant or any subtenant, or in connection with any materials being furnished to Tenant or any subtenant, any mechanic's lien or other lien or charge shall be filed or made against the Premises or any part thereof, or if any such lien or charge shall be filed or made against Landlord as owner, unless Landlord has agreed in writing to pay the cost of such work or materials, then Tenant, at Tenant's cost and expense, shall cause the same to be canceled and discharged of record by payment thereof or by filing a bond or otherwise within thirty (30) days after such lien or charge shall have been filed or made, and shall also defend any action, suit or proceeding which may be brought for the enforcement of such lien or charge, and shall pay any damages, costs and expenses, including attorneys' fees, suffered or incurred therein by Landlord, and shall satisfy and discharge any judgment by payment thereof or filing of a bond, or otherwise. In the event of the failure of Tenant to discharge any lien, charge or judgment herein required to be paid or discharged by Tenant within such thirty (30) day period, Landlord may pay such items or discharge such liability by payment or bond or both, and Tenant will repay to Landlord, upon

demand, any and all amounts paid by Landlord therefor, or by reason of any liability on any such bond, and also any and all incidental expenses, including attorneys' fees, incurred by Landlord in connection therewith together with interest accrued thereon from the date of such payment at the rate provided in Section 13.2 below.

6.4 Crop Liens. So long as Tenant is not in default under any of the terms or provisions of this Lease, it may hypothecate and encumber its interest in any crops growing on the Premises; provided that no obligation secured by liens on any unharvested crops shall survive the end of the Lease Term unless approved by Landlord. Upon the expiration of the Lease Term or the termination of this Lease for any reason as to the entire Premises or any portion, Tenant will obtain, at its cost and expense, a full release of any and all liens on crops growing on the Premises (or portion to which the Lease is terminated if less than all), provided that, such liens may continue on any proceeds from the sale of Tenant's crops that have been harvested from the Premises but are uncollected as of the end of the Lease Term.

6.5 Tenant's Personal Property. In the event Tenant has any personal property on the Premises as of the Commencement Date that was not conveyed to Landlord in connection with Landlord's purchase of the Premises, Tenant shall provide Landlord with a reasonably detailed inventory of such personal property as of the Commencement Date. Tenant shall be permitted to remove such personal property from the Premises at the end of the Term, as well as any additional personal property that Tenant brings onto the Premises during the Term; provided that Tenant immediately repairs any damage to the Premises caused by such removal.

## **ARTICLE 7. INDEMNITY; INSURANCE**

7.1 Tenant's Indemnity. Tenant shall indemnify, protect, defend and save and hold Landlord and Landlord's members, officers, employees and agents harmless from and against any and all losses, costs, liabilities, claims, judgments, liens, damages (including consequential damages) and expenses, including, without limitation, reasonable attorneys' fees and costs (including Landlord's in-house counsel), and reasonable investigation costs, incurred in connection with or arising from: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed (including without limitation, any costs incurred by Landlord in curing such default), (b) any personal injury or physical damage to property occurring on the Premises during the Term, (c) the use or occupancy or manner of use or occupancy of the Premises by Tenant during the Term, (d) any occurrence on the Premises during the Term arising from any cause whatsoever, except to the extent caused by the gross negligence or willful misconduct of Landlord, (e) any acts or omissions or negligence of Tenant or of Tenant's Agents in, on or about the Premises during the Term, and (f) the flooding of roads or neighboring lands because of improper or inadequate drainage of irrigation waters, excess irrigation or otherwise. In case any action or proceeding be brought, made or initiated against Landlord relating to any matter covered by Tenant's indemnification obligations under this Section, Tenant, upon notice from Landlord, shall at its sole cost and expense, resist or defend such claim, action or proceeding by counsel approved by Landlord.

7.2 Non-liability of Landlord for Damages. As a material part of the consideration to Landlord, Tenant hereby releases Landlord, waives all claims against Landlord, and assumes all risk of loss or damage to property or injury to persons occurring in, upon or about the Premises arising from any cause and waives all claims in respect thereof against Landlord. Tenant hereby assumes responsibility for the condition of the Premises and, except to the extent of Landlord's breach of this Lease, gross negligence or willful misconduct, agrees to hold Landlord harmless from all liability and claims for damages arising from any injury from any cause to any person, including Tenant, or to property of any kind belonging to anyone, including Tenant, while in, upon, or in any way connected with the Premises, including (a); (b) acts or omissions of persons occupying adjoining property, (c) theft or vandalism, (d) burst, stopped or leaking water, gas, or sewer pipes, (e) loss of utility services, and (f) accident, fire or casualty. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's operations on the Premises. No interference with Tenant's operations on the Premises shall constitute a constructive or other eviction of Tenant. Tenant hereby waives and releases any right it may have to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code, or under any similar law, statute or ordinance now or hereafter in effect.

7.3 Tenant's Insurance. Tenant shall procure at its sole cost and expense and keep in effect during the Term:

(a) Commercial General Liability Insurance covering Tenant's operations in the Premises and the use and occupancy of the Premises and any part thereof by Tenant. Such insurance shall include broad form contractual liability insurance coverage insuring Tenant's obligations under this Lease. Such coverage shall be written on an "occurrence" form and shall have a minimum combined single limit of liability of not less than Three Million Dollars (\$3,000,000.00). Tenant's policy shall be written to apply to all bodily injury, property damage, personal injury and other covered loss (however occasioned) occurring during the policy term, with at least the following endorsements to the extent such endorsements are generally available: (i) including employees as additional insureds, and (ii) providing broad form property damage coverage and products completed operations coverage (where applicable);

(b) Worker's Compensation Insurance in the amounts and coverages required under worker's compensation, disability and similar employee benefit laws applicable to Tenant and/or the Premises from time to time, and Employer's Liability Insurance, with limits of not less than one million dollars (\$1,000,000) or such higher amounts as may be required by law; and

(c) Automobile Liability Insurance covering any owned, non-owned, hired or leased automotive equipment used in the construction of any work, in an amount of not less than One Million Dollars (\$1,000,000) combined single limit.

7.4 Policies. All policies of insurance required of Tenant shall be issued by insurance companies with general policyholders' rating of not less than A, as rated in the most current available "Best's Insurance Reports," and not prohibited from doing business in the State of California, and shall, with the exception of Workers Compensation Insurance, include as additional insureds Landlord, and such other persons or entities as Landlord specifies from time

to time. Copies of Tenant's certificates of insurance shall be delivered to Landlord within ten (10) days prior to the delivery of possession of the Premises to Tenant and thereafter within ten (10) days prior to the expiration of the term of each such policy. As often as any policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Tenant in like manner and to like extent, using commercially reasonable efforts. All such policies of insurance shall provide that the company writing said policy shall give Landlord thirty (30) days notice in writing in advance of any cancellation or lapse.

7.5 Landlord's Rights. Should Tenant fail to take out and keep in force each insurance policy required under this Article 7, Landlord shall have the right, without assuming any obligation in connection therewith, to purchase such insurance at the sole cost of Tenant, and all costs incurred by Landlord shall be payable to Landlord by Tenant within twenty (20) days after demand as additional Rent and without prejudice to any other rights and remedies of Landlord under this Lease."

7.6 Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by insurance laws and regulations and to the extent of insurance proceeds received (or which would have been received had the party carried the insurance required by this Lease) with respect to the loss, Landlord and Tenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance with respect to the Premises or any portion thereof for any loss or damage sustained by such other party with respect to the Premises, or any portion thereof, or the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. Either party shall notify the other party if the policy of insurance carried by it does not permit the foregoing waiver.

7.7 Contractors. Tenant shall require that all contractors performing services under contract with Tenant on any portion of the Premises provide proof of Commercial General Liability insurance coverage showing Landlord as an additional insured before any such contractor shall be allowed to enter the Premises.

## **ARTICLE 8. CASUALTY; CONDEMNATION**

8.1 Casualty. Tenant hereby assumes and shall bear the entire risk of loss of and damage to the Improvements from any and every cause whatsoever, except negligent or intentional acts of Landlord or its agents or employees. No loss or damage to the Improvements or any part thereof shall impair, diminish or otherwise affect any obligation of Tenant under this Lease, which shall continue in full force and effect in all events. In the event of loss of or damage to any portion of the Improvements, or any part thereof, Tenant shall notify Landlord in writing of such event, and at the option of Tenant, shall either (a) repair and restore the same to good mechanical condition and working order, (b) replace the same with like equipment of equal value in good mechanical condition and working order, or (c) pay Landlord the fair value of such Improvements as determined immediately before such damage or destruction. Any such repairs or replacements shall become the sole property of Landlord and shall be subject to the terms and conditions of this Lease.

8.2 Condemnation. If a part of the Premises is condemned for a public use, and the remaining part can nevertheless reasonably be used economically by Tenant, this Lease shall terminate as to the part taken on the date title vests in the condemnor and Landlord shall have no liability to Tenant for any damage, loss, inconvenience or hardship suffered by Tenant as a result thereof. If all or part of the Premises is taken and the remaining part, if any, cannot reasonably be used economically by Tenant, this Lease shall terminate on the date title vests in the condemnor. If all or any part of the Premises is taken or condemned, all compensation awarded on condemnation shall be paid to Landlord and shall be treated as the proceeds from the sale of all or the condemned part of the Premises. Tenant irrevocably assigns and transfers to Landlord any right to compensation or damages to which Tenant may become entitled during the Lease Term as a result of the condemnation of the entire or any part of the Premises, except for awards to reimburse Tenant for Tenant's reasonable crop expenses incurred or anticipated profit with regard to any unharvested crops on the part of the Premises condemned. Landlord and Tenant shall prorate Rent with respect to the portion of the Premises condemned, as of the date the condemnor assumes title thereto.

## **ARTICLE 9. DEFAULT AND REMEDIES**

9.1 Default. Tenant shall be in default under this Lease if at any time during the Lease Term:

(a) Tenant shall fail to pay any Rent when due or any other sum of money whatsoever which Tenant shall be obligated to pay under the provisions of this Lease within ten (10) days after the date such sum is required to be paid hereunder, as to any sum the date of payment for which is fixed hereunder, or for ten (10) days after written notice and demand if no date of payment is fixed for such sum;

(b) Tenant shall assign, mortgage or encumber this Lease, or sublet the whole or any part of the Premises, other than as expressly permitted hereunder, or if this Lease or the estate of Tenant hereunder shall be transferred, or passed to, or devolve upon, any person or entity other than the tenant herein named by operation of law or otherwise, except in the manner permitted hereunder;

(c) Tenant shall default in the performance or observance of any of the other terms, covenants, conditions or agreements of this Lease for thirty (30) days after written notice and demand, or if such default shall be of such a nature that the same cannot practicably be cured within such thirty (30) day period and Tenant shall not within such thirty (30) day period commence and continue with due diligence and dispatch, the curing and performance of such defaulted term, covenant, condition or agreement, or if Tenant shall within said thirty (30) day period commence with due diligence and dispatch to cure and perform such defaulted term, covenant, condition or agreement and shall thereafter fail or neglect to prosecute and complete with due diligence and dispatch, the curing and performance of such defaulted term, covenant, condition or agreement;

(d) There shall be filed by or against Tenant in any court or other tribunal pursuant to any statute or other rule of law, either of the United States or of any State or of any

other authority now or hereafter exercising jurisdiction, a petition in bankruptcy or insolvency proceedings or for the reorganization or for the appointment of a receiver or trustee of all or substantially all of Tenant's property, or for any other form of debtor relief, unless such petition be filed against Tenant and if in good faith Tenant shall promptly thereafter commence and diligently prosecute any and all proceedings appropriate to secure the dismissal of such petition and shall secure such dismissal within ninety (90) days after the date of filing or the commencement of such proceedings;

(e) Tenant makes an assignment for the benefit of creditors; or

(f) Tenant vacates, abandons or fails to farm the Premises.

9.2 Landlord Remedies. The parties therefore specifically agree that in the event of Tenant's default under this Lease:

(a) Landlord may continue this Lease in effect until such time as Landlord elects to terminate Tenant's right to possession, and Tenant shall remain liable to perform all of its obligations under this Lease and Landlord may enforce all of Landlord's rights and remedies, including the right to recover Rent as it falls due. Landlord shall have the right to do all things necessary or appropriate to manage and farm the Premises, and may do all things appropriate to a subletting of the Premises for the account of Tenant, and none of said acts shall be deemed to terminate Tenant's right of possession, unless and until Landlord elects to terminate the same by written notice to Tenant. Tenant agrees to reimburse Landlord on demand for all amounts reasonably expended by Landlord in managing and farming the Premises and, in the case of the appointment of a receiver, for Landlord's reasonable attorneys' fees and costs, together with interest on the amounts expended from time to time at the rate specified in Section 13.2 below. In addition to other remedies available to the Landlord, the parties intend for the Landlord to have the remedy described in California Civil Code Section 1951.4 (which provides that a lessor may continue the lease in effect after the lessee's breach and abandonment and recover rent as it becomes due, if the lessee has the right to sublet or assign subject only to reasonable limitations).

(b) Landlord may terminate Tenant's possession of the Premises. If Tenant's right to possession of the Premises is terminated by Landlord then this Lease shall terminate. Upon such termination, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid Rent which had been earned at the time of termination.

(ii) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided.

(iii) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided.

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligation under the Lease or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in clauses (i) and (ii) of this subdivision (b) is computed by allowing interest at the rate specified in Section 13.2 of this Lease.

The "worth at the time of award" of the amount referred to in clause (iii) of this subdivision (b) is computed by discounting such amount at a discount rate equal to the interest rate specified in Section 13.2 of this Lease.

9.3 Remedies Cumulative. The rights, powers, elections and remedies of Landlord contained in this Lease shall be construed as cumulative and no one of them is or shall be considered exclusive of the other or exclusive of any other rights or remedies allowed by law, and the exercise of one or more rights, powers, elections or remedies shall not impair Landlord's right to exercise any other.

9.4 Landlord's Right to Cure. If Tenant shall fail or neglect to do or perform any covenant or condition required under this Lease and such failure shall not be cured within any applicable grace period, Landlord may, but shall not be required to, make any payment payable by Tenant hereunder, discharge any lien, take out, pay for and maintain any insurance required hereunder, or do or perform or cause to be done or performed any such other act or thing (entering upon the Premises for such purposes, if Landlord shall so elect), and Landlord shall not be or be held liable or in any way responsible for any loss, disturbance, inconvenience, annoyance or damage resulting to Tenant on account thereof. Tenant shall repay to Landlord within twenty (20) days after demand the entire out-of-pocket cost and expense incurred by Landlord in connection with the cure, including, without limitation, compensation to the agents, consultants and contractors of Landlord and reasonable attorneys' fees and expenses. Landlord may act upon shorter notice or no notice at all if necessary in Landlord's reasonable judgment to meet an emergency situation or time limitation imposed by Applicable Law, or to protect Landlord's interest in the Premises. Landlord shall not be required to inquire into the correctness of the amount of validity or any tax or lien that may be paid by Landlord and Landlord shall be duly protected in paying the amount of any such tax or lien claimed and in such event Landlord also shall have the full authority, in Landlord's sole judgment and discretion and without prior notice to or approval by Tenant, to settle or compromise any such lien or tax. Any act or thing done by Landlord pursuant to the provisions of this Section shall not be or be construed as a waiver of any such failure by Tenant, or as a waiver of any term, covenant, agreement or condition herein contained or of the performance thereof.

## ARTICLE 10. ASSIGNMENT AND SUBLETTING

10.1 Assignment and Subletting. Tenant shall not assign this Lease or any interest herein or sublet the Premises or any portion thereof to any person or entity without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. Any

attempted assignment or subletting in violation of this Article 10 shall be void. This Lease shall not be assignable by operation of law as to any interest of Tenant herein. The consent to one assignment or sublease by Landlord shall not be deemed to be a consent to a subsequent assignment or sublease. Notwithstanding the foregoing provisions, Tenant may, without the Landlord's prior written consent, assign or sublet the Premises to an Affiliate of Tenant. For purposes of this Lease, the term "Affiliate" means any entity that controls, is controlled by, or is under common control with Tenant. Control means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of an entity or possession of the right to vote more than fifty percent (50%) of the voting interest in the ordinary direction of the entity's affairs.

10.2 Notice. If Tenant desires to enter into a sublease of all or any portion of the Premises or an assignment of this Lease, it shall give written notice (the "Transfer Notice") to Landlord of its intention to do so, which notice shall contain (a) the name and address of the proposed assignee, subtenant or occupant (the "Transferee"), (b) the nature of the proposed Transferee's business to be carried on in the Premises, (c) the terms and provisions of the proposed assignment or sublease, and (d) such financial information as Landlord may reasonably request concerning the proposed Transferee. Without limitation of any other provision hereof, it shall not be unreasonable for Landlord to withhold its consent if (i) Tenant is in default under this Lease, (ii) the use of the Premises would not comply with the provisions of this Lease, or (iii) in Landlord's reasonable judgment, the proposed Transferee does not have the financial capability to perform its obligations under this Lease or any sublease.

10.3 Terms of Approval. Landlord shall respond to Tenant's request for approval within ten (10) business days after receipt of the Transfer Notice. If Landlord approves the proposed assignment or sublease, Tenant may, not later than thirty (30) days thereafter, enter into the assignment or sublease with the proposed Transferee upon the terms and conditions set forth in the Transfer Notice. The acceptance of any Rent or other payments by Landlord from a proposed Transferee shall not constitute consent to such Sublease or Assignment by Landlord or a recognition of any Transferee, or a waiver by Landlord of any failure of Tenant to comply with this Article.

10.4 No Release; Assumption. No sublease or assignment by Tenant nor any consent by Landlord thereto shall relieve Tenant of any obligation to be performed by Tenant under this Lease. Upon any assignment, the Transferee shall, from and after the effective date of the assignment, assume all obligations of Tenant under this Lease, and shall be and remain liable jointly and severally with Tenant for the payment of Rent, and for the performance of all of the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed.

## **ARTICLE 11. LANDLORD'S RESERVED RIGHTS**

11.1 Entry by Landlord. Landlord reserves the right to itself, its agents, contractors, employees, and assigns to enter the Premises at any reasonable time, upon reasonable notice (or without any notice in the case of emergencies), for any lawful purpose including, but not limited to, consultation with Tenant, showing the Premises to prospective purchasers, inspection (including invasive testing, surveying, and other investigations), and posting notices thereon.



11.2 Subordination. This Lease shall be subordinate to any mortgages or deeds of trust that currently exist or may subsequently be placed on the Premises by Landlord, to all advances made under them, and to all renewals, replacements, and extensions of them. The terms of any mortgage or deed of trust to which this Lease shall become subordinate must provide that as long as Tenant performs its obligations under this Lease, no foreclosure or deed given in lieu of foreclosure of or sale under such encumbrance shall affect Tenant's rights under this Lease. Tenant shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure. Tenant shall execute such agreement and documents reasonably required by such mortgagee or beneficiary to accomplish the purposes of this Section. If any mortgagee or beneficiary elects to have this Lease superior to its mortgage or deed of trust and gives notice of its election to Tenant, then this Lease shall be superior to the lien of that mortgage or deed of trust, whether this Lease is dated or recorded before or after the mortgage or deed of trust.

11.3 Sale of Premises. It is agreed that Landlord may at any time sell, assign or transfer its interest as landlord in and to this Lease, and may at any time sell, assign or transfer its interest in and to the Premises. In the event of any transfer of Landlord's interest in this Lease or in the Premises, the transferor shall be automatically relieved of any and all of Landlord's obligations and liabilities accruing from and after the date of such transfer; provided that the transferee assumes all of Landlord's obligations under this Lease. Tenant hereby agrees to attorn to Landlord's assignee, transferee, or purchaser from and after the date of notice to Tenant of such assignment, transfer or sale, in the same manner and with the same force and effect as though this Lease were made in the first instance by and between Tenant and the assignee, transferee or purchaser.

11.4 No Personal Liability. In the event of any default by Landlord hereunder, Tenant shall look only to Landlord's interest in the Premises and rents therefrom and any available insurance proceeds for the satisfaction of Tenant's remedies, and no other property or assets of Landlord or any trustee, partner, member, officer or director thereof, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease.

## **ARTICLE 12. SURRENDER**

12.1 Surrender. Tenant shall quietly and peacefully vacate the Premises and surrender possession thereof to Landlord immediately upon any involuntary termination of this Lease or at the date of natural termination of this Lease. Tenant agrees to surrender the Premises in the same condition as when received, free of any Hazardous Materials brought onto or into the Premises by Tenant, reasonable use, wear, and damage by fire, act of God or the elements excepted, and to remove all of Tenant's personal property therefrom.

12.2 Successor Tenant. Landlord reserves the right, following the severance of Tenant's last crop prior to the expiration of the Lease Term, to allow Landlord's successor tenant to enter upon the Premises for purposes of performing fall tillage, applying fertilizers, and performing any other operation deemed necessary by such successor tenant.

12.3 Holding Over. Upon the expiration or termination of this Lease, if Tenant fails to yield possession, Tenant shall pay to Landlord the sum of \$500 per day, as additional Rent, for each day Tenant remains in possession thereafter, in addition to any damages caused by Tenant to the Premises, and such payments shall not entitle Tenant to any interest of any kind or character in or to the Premises. Tenant hereby waives the provisions of Section 1161(2) of the California Code of Civil Procedure as they relate to agricultural leases.

12.4 Surrender of Lease Not Merger. The voluntary or other surrender by Tenant, or mutual cancellation of this Lease, shall not work a merger, and shall terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases or subtenancies.

12.5 Quitclaim. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within ten (10) days after written demand from Landlord to Tenant any quitclaim deed or other document required by any title company to remove the cloud of this Lease from the title of the Premises.

#### **ARTICLE 13. MISCELLANEOUS**

##### **13.1 Notices**

(a) All notices, demands, approvals, consents and reports provided for in this Lease shall be in writing and shall be given to the parties at the addresses set forth below or at such other address as either party may hereafter specify in writing.

To Landlord: WDS California II LLC  
c/o Western Development & Storage LLC  
5700 Wilshire Boulevard, Suite 330  
Los Angeles, CA 90036  
Attention: Mr. Cole Frates

To Tenant: Crystal Organic Farms, LLC  
P.O. Box 81498  
Bakersfield, CA 93380-149  
Attention: Jeffrey A. Green

(b) Such notice or other communication may be mailed by United States certified mail, return receipt requested, postage prepaid, deposited in a United States post office or a depository for the receipt of mail regularly maintained by the post office. If so mailed, then such notice or other communication shall be deemed to have been received by the addressee on the second day following the date of such mailing. Such notices, demands, consents and reports may also be delivered by hand, or by any other method or means permitted by law.

(c) A copy of any notice, service of process, or other documents in the nature thereof and relating to the Premises that are received by either party from anyone other than the

other party, shall be delivered by the receiving party to the other party as soon as practicable at the address for notice set forth herein.

13.2 Interest. Tenant agrees to pay interest at the lower of the rate of eighteen percent (18%) per annum or the highest rate permitted by law on any and all amounts due to Landlord under this Lease, commencing upon the date payment becomes due, and continuing to the date payment in full is received by Landlord.

13.3 Survival. The obligations of this Lease shall survive the expiration of the Lease Term to the extent necessary to implement any requirement for the performance of obligations or forbearance of an act by either party hereto which has not been completed prior to the termination of this Lease. Without limiting the foregoing, Tenant's obligations under Sections 5.6, 5.7, and 7.1 shall survive until barred by any applicable statute of limitations. Notwithstanding the foregoing, in the event a specific term, covenant or condition is expressly provided for in such a clear fashion as to indicate that such performance of an obligation or forbearance of an act is no longer required, then the specific shall govern over this general provisions of this Lease.

13.4 Headings. The titles or headings to the articles and sections of this Lease are not a part of this Lease and shall have no effect on the construction or interpretation of any part of this Lease.

13.5 Amendment. This Lease shall constitute the entire understanding of the parties hereto with respect to the subject matter hereof, and no amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

13.6 Choice of Law. This Lease shall be governed by and construed in accordance with the laws of the State of California. In the event any dispute arises between the parties hereto and if the same shall result in litigation, venue of such litigation shall be in Kern County, California.

13.7 Legal Relationship of Parties. Landlord and Tenant acknowledge and agree that the terms of this Lease have been the subject of extensive analysis and negotiation. They further agree that it is their sole and singular intention that the legal relationship established and governed by this Lease is that of Landlord and Tenant and no other. The parties have no intention that the legal relationship created by this Lease be deemed or construed to be a partnership, joint venture, co-venture, agency, trust, cotenancy or any other type or form of legal relationship other than a tenancy for years according to its terms.

13.8 Exhibits. Each of the Exhibits attached hereto is incorporated herein by reference as if set out herein in full.

13.9 Construction. The language used in this Lease shall be deemed to be the language approved by all parties to this Lease to express their mutual intent and no rule of strict construction shall be applied against any party.

13.10 Attorneys' Fees. In any action or proceeding by either party to enforce this Lease or any provisions hereof, the prevailing party shall be entitled to all costs incurred and to reasonable attorneys' fees. In the event either party to this Lease shall institute any legal action, arbitration or other proceeding against the other to enforce the provisions of this Lease or to declare rights and/or obligations under this Lease, the prevailing party shall be entitled to recover from the other party its actual costs, including without limitation attorneys' fees, expert witness fees and disbursements. The phrase "prevailing party" shall include a party who receives substantially the relief desired, whether by settlement, dismissal, summary judgment, judgment or otherwise. Any judgment or order entered in an action shall contain a specific provision providing for the recovery of attorneys' fees and costs in enforcing the judgment.

13.11 Brokers. Landlord and Tenant each represent and warrant to the other that they have not entered into any agreement or incurred any obligation which might result in the obligation to pay a sales or brokerage commission or finders' fee on this transaction to any party or company. Each party hereby agrees to defend, indemnify and hold the other party harmless from any claims, damages or expenses (including attorneys' fees and costs arising out of the defense of any such claims), resulting from the party's breach of the representation and warranty contained in this Section.

13.12 Counterparts. This Lease may be executed in counterpart originals and, when executed, all such counterparts shall constitute one document.

IN WITNESS WHEREOF, Landlord and Tenant hereby execute this Lease as of the day and year first written above.

LANDLORD:

WDS California II LLC,  
a Delaware limited liability company

By: 

Its: Member

TENANT:

Crystal Organic Farms, LLC,  
a California limited liability company

By: Jeffrey D. Huckaby

Its: Manager

13.10 Attorneys' Fees. In any action or proceeding by either party to enforce this Lease or any provisions hereof, the prevailing party shall be entitled to all costs incurred and to reasonable attorneys' fees. In the event either party to this Lease shall institute any legal action, arbitration or other proceeding against the other to enforce the provisions of this Lease or to declare rights and/or obligations under this Lease, the prevailing party shall be entitled to recover from the other party its actual costs, including without limitation attorneys' fees, expert witness fees and disbursements. The phrase "prevailing party" shall include a party who receives substantially the relief desired, whether by settlement, dismissal, summary judgment, judgment or otherwise. Any judgment or order entered in an action shall contain a specific provision providing for the recovery of attorneys' fees and costs in enforcing the judgment.

13.11 Brokers. Landlord and Tenant each represent and warrant to the other that they have not entered into any agreement or incurred any obligation which might result in the obligation to pay a sales or brokerage commission or finders' fee on this transaction to any party or company. Each party hereby agrees to defend, indemnify and hold the other party harmless from any claims, damages or expenses (including attorneys' fees and costs arising out of the defense of any such claims), resulting from the party's breach of the representation and warranty contained in this Section.

13.12 Counterparts. This Lease may be executed in counterpart originals and, when executed, all such counterparts shall constitute one document.

IN WITNESS WHEREOF, Landlord and Tenant hereby execute this Lease as of the day and year first written above.

LANDLORD:

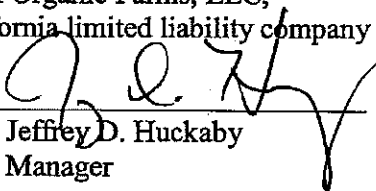
WDS California II LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

TENANT:

Crystal Organic Farms, LLC,  
a California limited liability company

By:  \_\_\_\_\_

Jeffrey D. Huckaby

Its: Manager

## Exhibit A

### Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF KERN, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

**PARCEL 1:** APNS: 359-011-01 THROUGH 24

PARCELS 1 THROUGH 24, INCLUSIVE, OF PARCEL MAP NO. 7981, IN THE UNINCORPORATED AREA OF THE COUNTY OF KERN, STATE OF CALIFORNIA, AS PER MAP FILED NOVEMBER 22, 1987 IN BOOK 35 PAGE 43 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 30 FEET OF LOTS 1 (EXCEPT THE NORTH 100 FEET THEREOF), 9, 17 AND 21 AS CONVEYED TO THE ANTELOPE VALLEY-EAST KERN WATER AGENCY IN THE DEEDS RECORDED OCTOBER 3, 1989 IN BOOK 6298 PAGES 1794, 1797 AND 1800 OF OFFICIAL RECORDS.

ALSO EXCEPT FROM SAID LAND WITHIN THE SOUTH HALF OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 9 NORTH, RANGE 14 WEST, SAN BERNARDINO BASE AND MERIDIAN, 50% OF ALL OIL, GAS AND MINERAL RIGHTS, AS RESERVED BY OPAL ERNE, AN UNMARRIED WOMAN, IN DEED RECORDED MARCH 25, 1955 IN BOOK 2395 PAGE 514, OF OFFICIAL RECORDS.

AND ALSO EXCEPT FROM SAID LAND WITHIN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 9 NORTH, RANGE 14 WEST, SAN BERNARDINO BASE AND MERIDIAN, ALL OF THE OIL, GAS, GOLD, SILVER AND OTHER PRECIOUS METALS, MINERALS AND MINERAL SUBSTANCES IN AND UNDER AND THAT MAY BE PRODUCED FROM SAID LAND TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS AT ALL TIMES FOR THE PURPOSE OF MINING, DRILLING AND EXPLORING SAID LANDS FOR ANY AND ALL OIL, GAS, MINERALS AND MINERAL SUBSTANCES AND REMOVING THE SAME THEREFROM, AS GRANTED TO INDUSTRIAL LESSORS, INC., A NEVADA CORPORATION, IN DEED RECORDED JULY 18, 1956 IN BOOK 2638 PAGE 89, OF OFFICIAL RECORDS.

**PARCEL 2:** APN: 359-020-50

PARCEL 2 OF PARCEL MAP WAIVER 17-98, AS SHOWN ON CERTIFICATE OF COMPLIANCE, RECORDED MARCH 3, 1999, AS INSTRUMENT NO. 0199030790, BEING THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 9 NORTH, RANGE 14 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA, COUNTY OF KERN, STATE OF CALIFORNIA, AS SHOWN ON THE OFFICIAL PLAT THEREOF.

**PARCEL 3:** APNS: 359-174-01 THROUGH 12

PARCELS 1 THROUGH 12, INCLUSIVE, OF PARCEL MAP 8156, IN THE UNINCORPORATED AREA OF THE COUNTY OF KERN, STATE OF CALIFORNIA, AS PER MAP FILED DECEMBER 17, 1987 IN BOOK 35, PAGE 53 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE WEST 30 FEET OF PARCELS 3 AND 9, AS CONVEYED TO ANTELOPE VALLEY-EAST KERN WATER AGENCY BY DEED RECORDED OCTOBER 3, 1989 IN BOOK 6298, PAGE 1792 OF OFFICIAL RECORDS.

ALSO EXCEPT ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDERLYING SAID LAND, OR THAT MAY BE PRODUCED AND SAVED THEREFROM; PROVIDING, HOWEVER, THAT GRANTORS, THEIR SUCCESSORS AND ASSIGNS, SHALL NOT CONDUCT DRILLING OR OTHER OPERATIONS UPON THE SURFACE OF SAID LAND, BUT NOTHING HEREIN SHALL BE DEEMED TO PREVENT THE EXTRACTING OR CAPTURING OF SAID MINERALS BY DRILLING ON ADJACENT OR NEIGHBORING LAND AND/OR FROM CONDUCTING OPERATIONS UNDER SAID LAND AT A DEPTH OF 500 FEET BELOW THE SURFACE OF SAID LAND SO AS NOT TO DISTURB THE SURFACE THEREOF OR ANY IMPROVEMENTS THEREON, AS RESERVED BY ARMANDO IARUSSI AND EMMA VERA IARUSSI, HUSBAND AND WIFE, IN DEED RECORDED NOVEMBER 30, 1990 IN BOOK 6459, PAGE 1112 OF OFFICIAL RECORDS.

ALSO RESERVING TO EMMA VERA IARUSSI, TRUSTEE OF THE ARMANDO IARUSSI AND EMMA VERA IARUSSI FAMILY TRUST DATED MAY 8, 1991 ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDERLYING SAID LAND, OR THAT MAY BE PRODUCED AND SAVED THEREFROM; PROVIDING,

EXHIBIT "A" (continued)

HOWEVER, THAT EMMA VERA TARUSSI, TRUSTEE OF THE ARMANDO TARUSSI AND EMMA VERA TARUSSI TRUST HER SUCCESSORS AND ASSIGNS, SHALL NOT CONDUCT DRILLING OR OTHER OPERATIONS UPON THE SURFACE OF SAID LAND, BUT NOTHING HEREIN SHALL BE DEEMED TO PREVENT THE EXTRACTING OR CAPTURING OF SAID MINERALS BY DRILLING ON ADJACENT OR NEIGHBORING LAND AND/OR FROM CONDUCTING OPERATIONS UNDER SAID LAND AT A DEPTH OF 500 FEET BELOW THE SURFACE OF SAID LAND SO AS NOT TO DISTURB THE SURFACE THEREOF OR ANY IMPROVEMENTS THEREON, AS RESERVED IN DEED RECORDED MARCH 11, 1998, AS INSTRUMENT NO. 0198030172, OF OFFICIAL RECORDS.

PARCEL 4: APN: 359-240-04 (PORTION)

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 22, TOWNSHIP 9 NORTH, RANGE 14 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF KERN, STATE OF CALIFORNIA, ACCORDING TO THE RECORD OF SURVEY MAP AS RECORDED MARCH 22, 1961 IN BOOK 8 PAGE 52 OF RECORD OF SURVEYS.

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION; THENCE NORTH  $1^{\circ} 06' 00''$  WEST, ALONG THE WEST LINE OF SAID SECTION, 2646.88 FEET TO THE NORTHWEST CORNER OF SAID SECTION; THENCE NORTH  $89^{\circ} 37' 29''$  EAST ALONG THE NORTH LINE OF SAID SECTION, 75.98 FEET; THENCE SOUTH  $0^{\circ} 22' 31''$  EAST, 55.00 FEET TO A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 20.00 FEET, A RADIAL LINE TO THE CENTER OF SAID CURVE BEARS SOUTH  $0^{\circ} 22' 31''$  EAST, THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF  $90^{\circ} 49' 35''$ , AN ARC DISTANCE OF 31.67 FEET; THENCE SOUTH  $1^{\circ} 06' 06''$  EAST, PARALLEL WITH AND 55.00 FEET EAST AS MEASURED AT RIGHT ANGLES TO THE WEST LINE OF SAID SECTION, 2571.65 FEET TO THE SOUTH LINE OF NORTHWEST QUARTER OF SAID SECTION; THENCE SOUTH  $89^{\circ} 39' 05''$  WEST ALONG SAID SOUTH LINE 55.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 5: APN: 359-240-04 (PORTION)

ALL OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 9 NORTH, RANGE 14 WEST, SAN BERNARDINO BASE AND MERIDIAN, KERN COUNTY, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION; THENCE  $89^{\circ} 39' 05''$  EAST, ALONG THE NORTHWEST LINE OF SAID SOUTHWEST QUARTER, 2639.00 FEET TO THE CENTER OF SAID SECTION; THENCE SOUTH  $1^{\circ} 04' 21''$  EAST, ALONG THE EAST LINE OF SAID SOUTHWEST QUARTER, 2648.38 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION; THENCE SOUTH  $89^{\circ} 41' 29''$  WEST, ALONG THE SOUTH LINE OF SAID SECTION, 2537.89 FEET TO THE SOUTHWEST CORNER OF SAID SECTION; THENCE NORTH  $1^{\circ} 05' 50''$  WEST, ALONG THE WEST LINE OF SAID SECTION, 2646.55 FEET TO THE POINT OF BEGINNING.

APN: 359-011-01 thru -24, 359-020-50, 359-174-01 thru -12, 359-240-04

**Exhibit B**

**Adjacent Property**

1. The Fred's Ranch (APNs: 359-011-28, 359-052-01 and 02) consisting of approximately 314.05 acres;
2. The Silvershields/DePietro Ranch (APNs: 358-040-04 & 358-030-03) consisting of approximately 598.89 acres; and
3. The Lang Ranch (APN: 358-040-01) consisting of approximately 85.39 acres.



**EXTENSION TO ROSAMOND FARM LEASE**

This Extension to Rosamond Farm Lease ("**Extension**") is entered into as of November 16 2011 by and between WDS CALIFORNIA II LLC ("**Landlord**") and CRYSTAL ORGANIC FARMS, LLC ("**Tenant**"), as an amendment to that certain Rosamond Farm Lease between Landlord and Tenant dated September 11, 2009 (the "**Lease**").

In consideration of the mutual covenants and agreements contained in this Extension, Landlord and Tenant agree as follows:

1. **Extension of Lease.** The term of the Lease, as set forth within Section 2.1 of the Lease, shall be extended to December 31, 2012 ("**Extended Period**"). Notwithstanding the foregoing, Tenant agrees as follows with respect to its surrender obligations:

(a) At any time during the Extended Period, Landlord may require upon fifteen (15) days prior written notice that Tenant surrender to Landlord (in the condition required under Article 12 of the Lease) any fields that are being fallowed by Tenant.

(b) Landlord may require that Tenant surrender to Landlord (in the condition required under Article 12 of the Lease) any fields that are being used for grain crops; provided that Landlord shall give Tenant at least fifteen (15) days prior written notice of such requirement, and the surrender date shall be no earlier than July 15, 2012,. Landlord shall have no liability to Tenant for the loss of or damage to any grain crops remaining or planted on the affected fields as of July 15, 2012 or any later date during the remainder of the Extended Period, it being agreed between the parties that Tenant's decision to retain or plant any grain crops after July 15, 2012 is at Tenant's sole risk.

(b) Upon the completion of the final harvest of the carrot crops growing on each remaining field on the Premises (estimated to occur in October or November 2012), Landlord may require upon ten (10) business days prior written notice that Tenant surrender such field(s) to Landlord in the condition required under Article 12 of the Lease.

(c) As and when fields are surrendered, Landlord shall have the right to access, occupy and otherwise use such fields, which shall no longer be deemed a part of the Premises.

2. **No Early Termination.** The Early Termination provisions set forth in Section 2.2 of the Lease shall not be applicable to the Extended Period.
3. **Effect of Extension.** Except to the extent that the Lease is amended and modified by this Extension, the terms and conditions of the Lease shall remain in full force and effect during the Extended Period.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Extension as of the date first above written.

LANDLORD:

WDS CALIFORNIA II LLC,  
a Delaware limited liability company

By: 

~~Andrew Werner~~  
~~Land Manager~~

*Carl Frates*  
*Member*

TENANT:

CRYSTAL ORGANIC FARMS, LLC,  
a California limited liability company

By: 

Carl F. Voss, Jr.  
Land Manager