

## LAND LEASE AGREEMENT

This Land Lease Agreement (“Agreement”), made this 15<sup>th</sup> day of March, 2013 between **VIRGINIA’S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY** located at 6580 Valley Center Drive, Suite 124, Radford, Virginia 24141, hereinafter designated LESSOR and RED SUN FARMS HOLDINGS, LLC, hereinafter designated LESSEE. The LESSOR and LESSEE may be referred to hereinafter as the “Parties” or individually as the “Party.”

1. **PREMISES.** LESSOR hereby leases to LESSEE a portion of that certain parcel of property known as the New River Valley Commerce Park located off Cleburne Boulevard, Route 100, Dublin, Virginia, 24084 (the “Commerce Park”), said portion being described as approximately one hundred (100) acres which includes portions of Parcel Numbers 047-048-0000-0010 and 036-005-0000-0003, located on Commerce Park Access Road being substantially as described and depicted herein in Exhibit "A", the “Leased Premises Boundary” attached hereto and made a part hereof (the “Premises”). LESSOR further agrees to lease to LESSEE, beginning after December 31, 2013, an additional portion of the Commerce Park area for the planting, growing and harvesting of biomass material for use in LESSEE’s operations on the Premises (the “Biomass Cultivation Area”). The exact size and location of the Biomass Cultivation Area shall be determined by the parties, but is anticipated to be between twenty-five (25) and one-hundred (100) acres, located in areas not suitable for or available for location of industrial or other development within the Commerce Park.

2. **SURVEY.** The Parties hereby acknowledge and agree that at the appropriate time, the Premises and the property that may be purchased will be surveyed and said survey shall then become Exhibit "C" which shall be attached hereto and made a part hereof, and shall control in the event of boundary discrepancies between it and Exhibit "A", the “Leased Premises Boundary” or Exhibit “B”, the “Purchased Property Boundary.” A survey of the Biomass Cultivation Area shall also be prepared once the parties agree on the location. The cost for such work shall be borne by the LESSOR.

3. TERM AND LEASE PAYMENTS. This Agreement shall be effective as of the date of execution by both Parties, and shall commence on the date LESSEE begins improvements on the Premises ("Commencement Date"). LESSOR and LESSEE agree that they shall acknowledge in writing the Commencement Date. The term of this lease shall be fifteen (15) years ("Lease Term"), unless terminated earlier as set forth herein. Rental payments shall commence on the Commencement Date in the amount of One-Dollar (\$1.00) per year during the lease term ("Base Rent"), inclusive of the Biomass Cultivation Area and the Premises. Additional Rent may also become due and payable by LESSEE to the LESSOR during the lease term as set forth in that certain Performance Agreement between the Parties, of even date herewith, and attached hereto and incorporated herein. LESSEE shall be responsible for all maintenance, taxes, insurance, utility, and other costs associated with the Site and its facilities during the Lease Term, including any and all tenant improvements to the property that LESSEE desires or requires. Pulaski County, on behalf of LESSOR, will assume water and sewer utility connection fees until and through December 31, 2016. The Lease Term is renewable by the LESSEE on the same terms for an additional fifteen (15) year term.

4. USE; GOVERNMENTAL APPROVALS. LESSEE shall use the Premises for the purpose of constructing, maintaining, repairing and operating a greenhouse farming, vegetable growing, production and processing operation, and uses incidental thereto. LESSEE shall use the Biomass Cultivation Area for the planting, growing and harvesting of biomass material for use in LESSEE's operations on the Premises, and for such other activities as may be incidental to the cultivation of the biomass material. All improvements shall be at LESSEE's expense except as may be provided in the Performance Agreement. LESSEE shall be responsible for obtaining any certificates, permits and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State or Local authorities in connection with its use of the Premises. LESSOR shall cooperate with LESSEE in its effort to obtain such approvals and shall take no action which would adversely affect the status of the Premises with respect to the proposed use thereof by LESSEE. Pulaski County, on behalf of LESSOR, will assume all Site Permit fees (excluding bonding requirements required by the Commonwealth of Virginia) until and through December 31, 2016.

5. INSURANCE/INDEMNIFICATION. LESSEE shall, at its sole expense, obtain and maintain during the life of this Agreement the insurance policies required by this Section. All required insurance policies shall be in force and effective prior to the Commencement Date. The following is required:

- A. Commercial General Liability/Property Damage. Commercial General Liability/Bodily Injury and Property Damage insurance shall insure against all claims, loss, cost, damage, expense or liability from loss of life or damage or injury to persons or property arising out of the LESSEE'S use of the Premises and shall include Premises/Operations Liability, Products and Completed Operations Coverage, and Independent Lessee's Liability or Owner's and Lessee's Protective Liability. The minimum limits of liability for this coverage shall be \$2,000,000.00 combined single limit for any one occurrence. Broad form Contractual Liability insurance shall include the indemnification obligation set forth in this Agreement. LESSEE shall be solely responsible for insuring LESSEE's improvements to the Premises.
  
- B. Workers' Compensation/Employer's Liability. Workers' Compensation insurance covering LESSEE'S statutory obligation under the laws of the Commonwealth of Virginia and Employer's Liability insurance shall be maintained for all LESSEE'S employees with limits and benefits at least as required by statute. Minimum limits of liability for Employer's Liability shall be \$1,000,000 bodily injury by accident each occurrence; \$1,000,000 bodily injury by disease (policy limit); and \$1,000,000 bodily injury by disease (each employee). With respect to Workers' Compensation coverage, LESSEE'S insurance company shall waive rights of subrogation against LESSOR, its officers, agents, and member localities.
  
- C. Automobile Liability. The minimum limit of liability for Automobile Liability Insurance shall be \$2,000,000 combined single limit applicable to owned or non-owned vehicles used in connection with LESSEE'S use of the Premises.

D. Evidence of Insurance. All insurance shall be written on an occurrence basis. In addition, the following requirements shall be met:

- 1) Lessee shall furnish LESSOR a certificate or certificates of insurance showing the type, amount, effective dates and date of expiration of the policies. Certificates of insurance shall include any insurance deductibles.
- 2) The required certificate or certificates of insurance shall include substantially the following statement: "The insurance covered by this certificate shall not be canceled or materially altered, except after thirty (30) days written notice has been provided to Virginia's First Regional Industrial Facility Authority."
- 3) The required certificate or certificates of insurance, excluding Workers Compensation, shall name Virginia's First Regional Industrial Facility Authority, its officers, employees, agents, and members as additional loss payees.
- 4) Where waiver of subrogation is required with respect to any policy of insurance required under this Section, such waiver shall be specified on the certificate of insurance.
- 5) Insurance coverage shall be in a form and with an insurance company approved by LESSOR which approval shall not be withheld unreasonably. Any insurance company providing coverage shall be authorized to do business in the Commonwealth of Virginia.

E. Insurance not to be Limit on Liability. LESSEE covenants and agrees that the insurance coverage required herein shall in no way be considered a limit or cap of any kind on any obligation or liability that LESSEE may

otherwise have, including, without limitation, liability under the indemnification provisions contained herein.

LESSEE agrees to and shall defend, indemnify, and hold harmless LESSOR and its officers, agents, employees and members against any and all liability, losses, damages, claims, causes of action, suits of any nature, cost, and expenses, including reasonable attorney's fees, resulting from or arising out of LESSEE'S activities or omissions on or near any of LESSOR'S property or arising out of or resulting from LESSEE'S negligence in connection with the use of the Premises, including, without limitation, fines and penalties, violations of federal, state, or local laws, or regulations promulgated thereunder, or any personal injury, wrongful death, or property damage claims of any type. LESSEE acknowledges and agrees that LESSOR shall have no liability whatsoever for any damage or destruction to LESSEE's improvements and personal property located on the Premises.

6. RIGHT TO PURCHASE. LESSEE shall have the right, but not the obligation to purchase the Premises, except for the buffer area, (the "Property"), zoned Conservation (C-1) and controlled by the Protective Covenants of New River Valley Commerce Park, as set forth in the Performance Agreement. The area of the Property to be purchased is generally depicted in Exhibit "B" and within the boundary of the Premises to be leased shown in Exhibit "A." Subsequent to any purchase of the Premises by LESSEE, the buffer and Biomass Cultivation Area may continue to be leased under the same terms of this "Agreement." The survey contemplated in Section 2 of this Agreement shall identify and describe the Property which may be purchased. Upon conveyance of the Property, this Agreement shall terminate in regards to the Property purchased; however, the Performance Agreement shall remain in full force and effect. Closing costs for purchasing the Property shall be borne by the LESSEE/Purchaser with the exception that LESSOR shall provide a title search for the property and the deed. LESSOR also agrees to prepare and execute any documents required to deliver good and marketable title to the property.

7. QUIET ENJOYMENT. LESSOR covenants that LESSEE, on paying the rent and performing the covenants herein, shall peaceably and quietly have, hold, and enjoy the Premises.

8. TITLE. LESSOR represents and warrants to LESSEE as of the execution date of this Agreement, and covenants during the Lease Term that LESSOR is seized of good and sufficient title and interest to the Premises and has full authority to enter into and execute this Agreement.

9. PERFORMANCE AGREEMENT. It is agreed and understood by the Parties that the terms and provisions of the Performance Agreement, of even date herewith, are hereby incorporated and made a part of this Agreement. This Agreement and the Performance Agreement contain all agreements, promises and understandings between LESSOR and LESSEE and that no verbal or oral agreements, promises or understandings shall be binding upon either LESSOR or LESSEE in any dispute, controversy or proceeding at law, and any addition, variation or modification to this Agreement or the Performance Agreement shall be void and ineffectual unless made in writing signed by the Parties. In the event any provision of this Agreement is found to be invalid or unenforceable, such finding shall not affect the validity and enforceability of the remaining provisions of this Agreement. The failure of either Party to insist upon strict performance of any of the terms or conditions of this Agreement or to exercise any of its rights under the Agreement shall not waive such rights and such Party shall have the right to enforce such rights at any time and take such action as may be lawful and authorized under this Agreement, in law or in equity.

10. ABANDONMENT - Should LESSEE, at any time during the term of this Agreement, abandon the Premises, VFRIFA, at its option, shall obtain possession of the Premises in the manner provided by law, re-let the Premises, receive and collect rents for the Premises, without becoming liable to LESSEE for damages or for any payment of any kind whatever, as well as hold LESSEE liable for any difference between the rent that would have been payable under this Agreement and the Performance Agreement during the balance of the unexpired term. If the right of reentry by VFRIFA is exercised following abandonment of the Premises by the LESSEE, VFRIFA shall consider any personal property belonging to LESSEE and left on the Premises to be abandoned, in which case VFRIFA may dispose of all such personal property in

any manner VFRIFA shall deem proper and VFRIFA is hereby relieved of all liability for doing so.

11. GOVERNING LAW/VENUE. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the Laws of the Commonwealth of Virginia and venue for any court proceedings shall be in the appropriate court in Pulaski County, Virginia.

12. ASSIGNMENT. This Agreement may be sold, assigned or transferred by the LESSEE without the approval or consent of the LESSOR to the LESSEE's principal, affiliates, subsidiaries of its principal or to any entity which acquires all or substantially all of LESSEE's assets by reason of a merger, acquisition or other business reorganization. As to other parties, this Agreement may not be sold, assigned or transferred without the written consent of the LESSOR. LESSEE may not sublet the Premises to a nonaffiliated party without the written consent of LESSOR. Any sale, assignment, transfer or sublease that is entered into by LESSEE shall be subject to the provisions of this Agreement and shall be binding upon the successors, assigns, heirs and legal representatives of the respective Parties hereto.

13. NOTICES. All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested or by commercial courier, provided the courier's regular business is delivery service and the notice is addressed as follows (or any other address that the Party to be notified may have designated to the sender by like notice):

LESSOR: Virginia's First Regional Industrial Facility Authority  
c/o Pulaski County Administrator  
143 Third Street, NW, Suite 1  
Pulaski, Virginia 24301

LESSEE: Red Sun Farms Holdings, LLC  
c/o LeClairRyan, A Professional Corporation  
1715 Pratt Drive, Suite 2700  
Blacksburg, VA 24060  
Attention: James K. Cowan, Jr.

Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

14. SUCCESSORS. This Agreement shall extend to and bind the heirs, personal representative, successors and assigns of the Parties hereto.

15. RECORDING. The Parties agree to execute a memorandum of this Agreement which may be recorded with the appropriate recording officer. The date set forth in the Memorandum of Lease is for recording purposes only and bears no reference to commencement of either the Term or rent payments.

16. DEFAULT/TERMINATION OF LEASE.

a. In the event there is a breach by LESSEE with respect to any of the provisions of this Agreement or the Performance Agreement or LESSEE'S obligations under either, including but not limited to the payment of Base Rent or Additional Rent or the failure to maintain the insurance coverage required herein, LESSOR shall give LESSEE written notice of such breach. After receipt of such written notice, LESSEE shall have fifteen (15) days in which to cure any monetary breach and thirty (30) days in which to cure any non-monetary breach, provided LESSEE shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and LESSEE commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. LESSOR may not maintain any action or effect any



remedies for default against LESSEE unless and until LESSEE has failed to cure the breach within the time periods provided in this Paragraph.

b. In the event there is a breach by LESSOR with respect to any of the provisions of this Agreement or its obligations under it, LESSEE shall give LESSOR written notice of such breach. After receipt of such written notice, LESSOR shall have thirty (30) days in which to cure any such breach, provided LESSOR shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and LESSOR commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. LESSEE may not maintain any action or effect any remedies for default against LESSOR unless and until LESSOR has failed to cure the breach within the time periods provided in this Paragraph. Notwithstanding the foregoing to the contrary, it shall be a default under this Agreement if LESSOR fails, within five (5) days after receipt of written notice of such breach, to perform an obligation required to be performed by LESSOR if the failure to perform such an obligation interferes with LESSEE's ability to conduct its business on the Property; provided, however, that if the nature of LESSOR's obligation is such that more than five (5) days after such notice is reasonably required for its performance, then it shall not be a default under this Agreement if performance is commenced within such five (5) day period and thereafter diligently pursued to completion.

c. If LESSEE defaults under the terms of this Agreement or the Performance Agreement, LESSOR may terminate this Agreement at the end of any applicable cure period and require the LESSEE to remove any or all of the structures and related lease hold improvements located on the site, subject to the security holders' interests.

17. REMEDIES. Upon a default, the non-defaulting Party may at its option (but without obligation to do so), perform the defaulting Party's duty or obligation on the defaulting Party's behalf, including but not limited to the obtaining of reasonably required insurance policies. The costs and expenses of any such performance by the non-defaulting Party shall be due and payable by the defaulting Party upon invoice therefore. In the event of a default by

either Party with respect to a material provision of this Agreement, without limiting the non-defaulting Party in the exercise of any right or remedy which the non-defaulting Party may have by reason of such default, the non-defaulting Party may terminate the Agreement and/or pursue any remedy now or hereafter available to the non-defaulting Party under the Laws or judicial decisions of the Commonwealth of Virginia; provided, however, LESSOR shall use reasonable efforts to mitigate its damages in connection with a default by LESSEE.

18. ENVIRONMENTAL.

a. LESSEE shall be responsible for all obligations of compliance with any and all environmental and industrial hygiene laws, including any regulations, guidelines, standards, or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene conditions or concerns as may now or at any time hereafter be in effect, that are or in any way related to LESSEE'S activity on the Premises, unless such conditions or concerns are caused by the specific activities of LESSOR prior to LESSEE'S occupation of the Premises.

b. LESSEE shall hold LESSOR harmless and indemnify LESSOR from and assume all duties, responsibility and liability at LESSEE'S sole cost and expense, for all duties, responsibilities, and liability (for payment of penalties, sanctions, forfeitures, losses, costs, or damages) and for responding to any action, notice, claim, order, summons, citation, directive, litigation, investigation or proceeding which is in any way related to: a) failure to comply with any environmental or industrial hygiene law, including without limitation any regulations, guidelines, standards, or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene concerns or conditions as may now or at any time hereafter be in effect, unless such non-compliance results from conditions caused by LESSOR or conditions present as of the date of this Agreement.

c. LESSEE acknowledges there are several structures on the leased site that are to be removed during grading. LESSEE will assume all liability to remove the buildings at

no risk to LESSOR. The structures include, but may not be limited to, a large metal barn / equipment storage building, an elevated silo, and a large satellite dish.

d. LESSEE also acknowledges the Premises includes both an inactive spring fed water system and three (3) water supply lines the LESSOR owns that transmit water to current and future dwellings along 5C Road. The water system and supply lines are located within 100 yards of 5C Road. LESSEE agrees not to disturb said water system and supply lines without the written consent of the LESSOR.

19. APPLICABLE LAWS. During the Term, LESSEE shall maintain the Premises in compliance with all applicable laws, rules, regulations, ordinances, directives, covenants, easements, zoning and land use regulations, and restrictions of record or provided to LESSEE, permits, building codes, and the requirements of any applicable fire insurance underwriter or rating bureau, now in effect or which may hereafter come into effect (including, without limitation, the Americans with Disabilities Act and laws regulating hazardous substances) (collectively "Laws"). LESSEE shall, in respect to the condition of the Premises and at LESSEE's sole cost and expense, comply with all Laws relating to LESSEE's use of the Premises.

20. SURVIVAL. The provisions of the Agreement relating to indemnification shall survive any termination or expiration of this Agreement. Additionally, any provisions of this Agreement which require performance subsequent to the termination or expiration of this Agreement shall also survive such termination or expiration.

21. CAPTIONS. The captions contained in this Agreement are inserted for convenience only and are not intended to be part of the Agreement. They shall not affect or be utilized in the construction or interpretation of the Agreement.

IN WITNESS WHEREOF, the Parties hereto have set their hands and affixed their respective seals the day and year first above written.

**LESSOR:**

VIRGINIA'S FIRST REGIONAL  
INDUSTRIAL FACILITY AUTHORITY

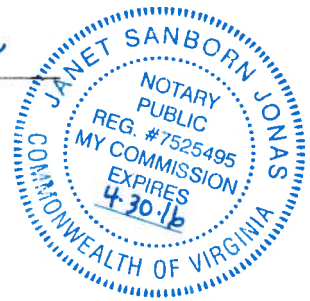
Kenneth F. Vittum  
Kenneth Vittum, Vice-Chairperson of  
VFRIFA

COMMONWEALTH OF VIRGINIA  
COUNTY OF PULASKI

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of March,  
2013, by Kenneth Vittum, Vice-Chairperson, on behalf of the Virginia's First Regional  
Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia.

Janet Sanborn Jones  
Notary Public

My commission expires: 4-30-16  
Registration No. 752 5495



LESSEE:

RED SUN FARMS HOLDINGS, LLC

Roberto Saldana Castillo  
Name: Roberto Saldana Castillo  
Title: managing member

STATE OF Virginia  
COUNTY/CITY OF Pulaski

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of  
March, 2013, by Roberto Saldana Castillo, on Red Sun Farms  
Holdings, LLC.

Janet Sanborn Jones  
Notary Public

My commission expires: 4-30-2016  
Registration No. 7525495



## **Exhibit "A" – Leased Premises Boundary**

### **Parcel Numbers: Portion of #047-048-0000-0010 & #036-005-0000-0003**

All of that certain tract or parcel of land consisting of approximately 100 acres as depicted in the "Proposed Lease Boundary " noted on aerial photographs with notes , consisting of three pages attached hereto, lying and being in the Cloyd Magisterial District in Pulaski County, Virginia and located on the south side of the New River Valley Commerce Park Access Road, Route No. 790 Extension, about one-half mile east from Route 100, Cleburne Boulevard, and extending to the north side of 5C Road, and east beyond the end of New Dublin Church Road, Route 797, all within the boundaries of the New River Valley Commerce Park.

## **Exhibit "B" – Purchased Property Boundary**

### **Parcel Numbers: Portion of #047-048-0000-0010 & #036-005-0000-0003**

All of that certain tract or parcel of land consisting of approximately 100 acres as depicted in the "Proposed Purchase Boundary" noted on aerial photographs with notes , consisting of three pages, attached hereto, lying and being in the Cloyd Magisterial District in Pulaski County, Virginia and located on the south side of the New River Valley Commerce Park Access Road, Route No. 790 Extension, about one-half mile east from Route 100, Cleburne Boulevard, and extending to the north side of 5C Road, and east beyond the end of New Dublin Church Road, Route 797, all within the boundaries of the New River Valley Commerce Park; except for the buffer area, zoned Conservation (C-1) and controlled by the Protective Covenants of New River Valley Commerce Park.

# Pulaski County, Virginia

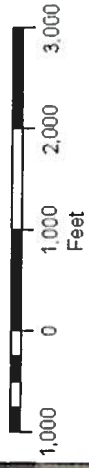
NRV Airport Vicinity  
showing Commerce Park  
and Dublin residential  
subdivisions.



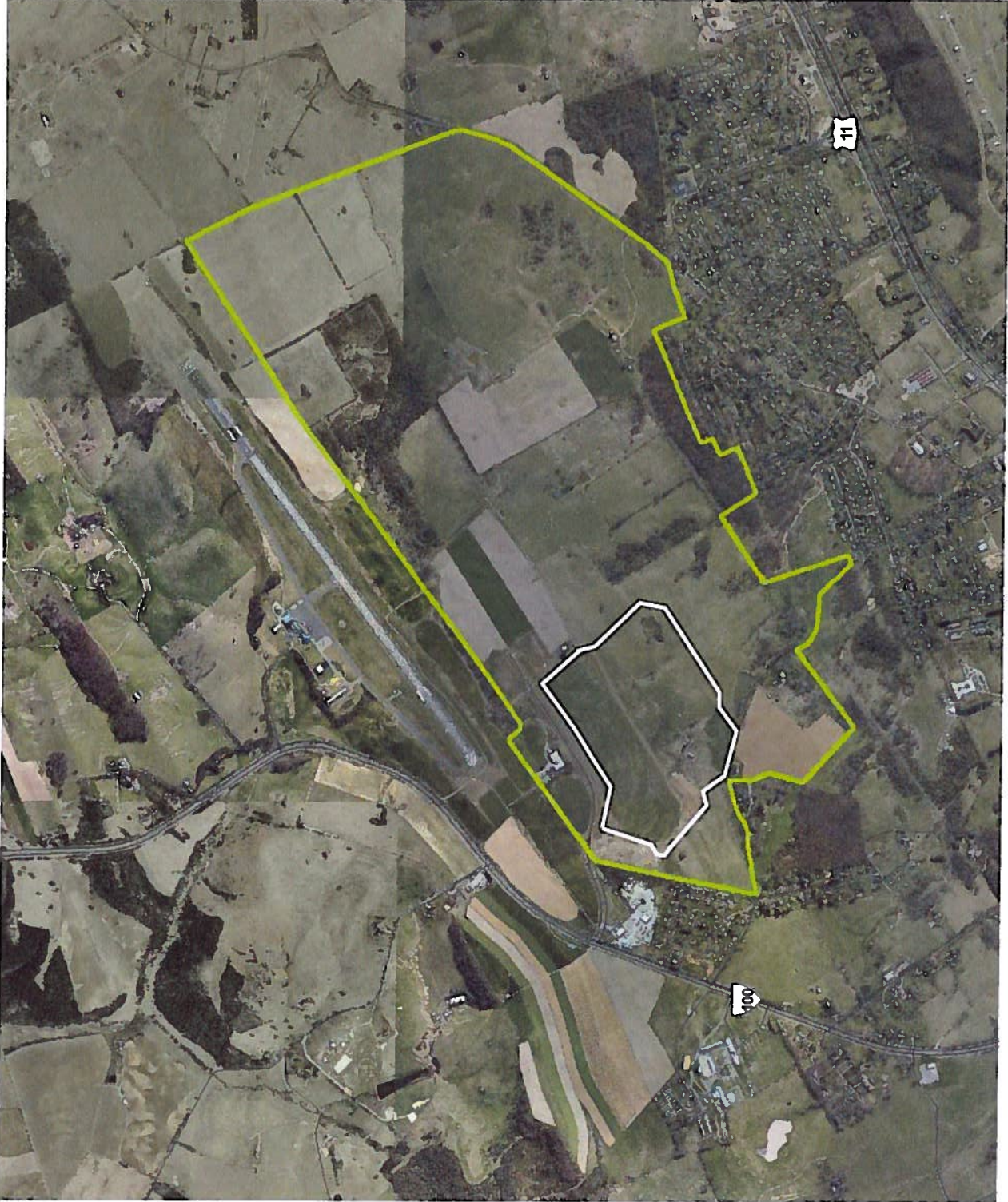
Proposed Lease  
Boundary - Page 1

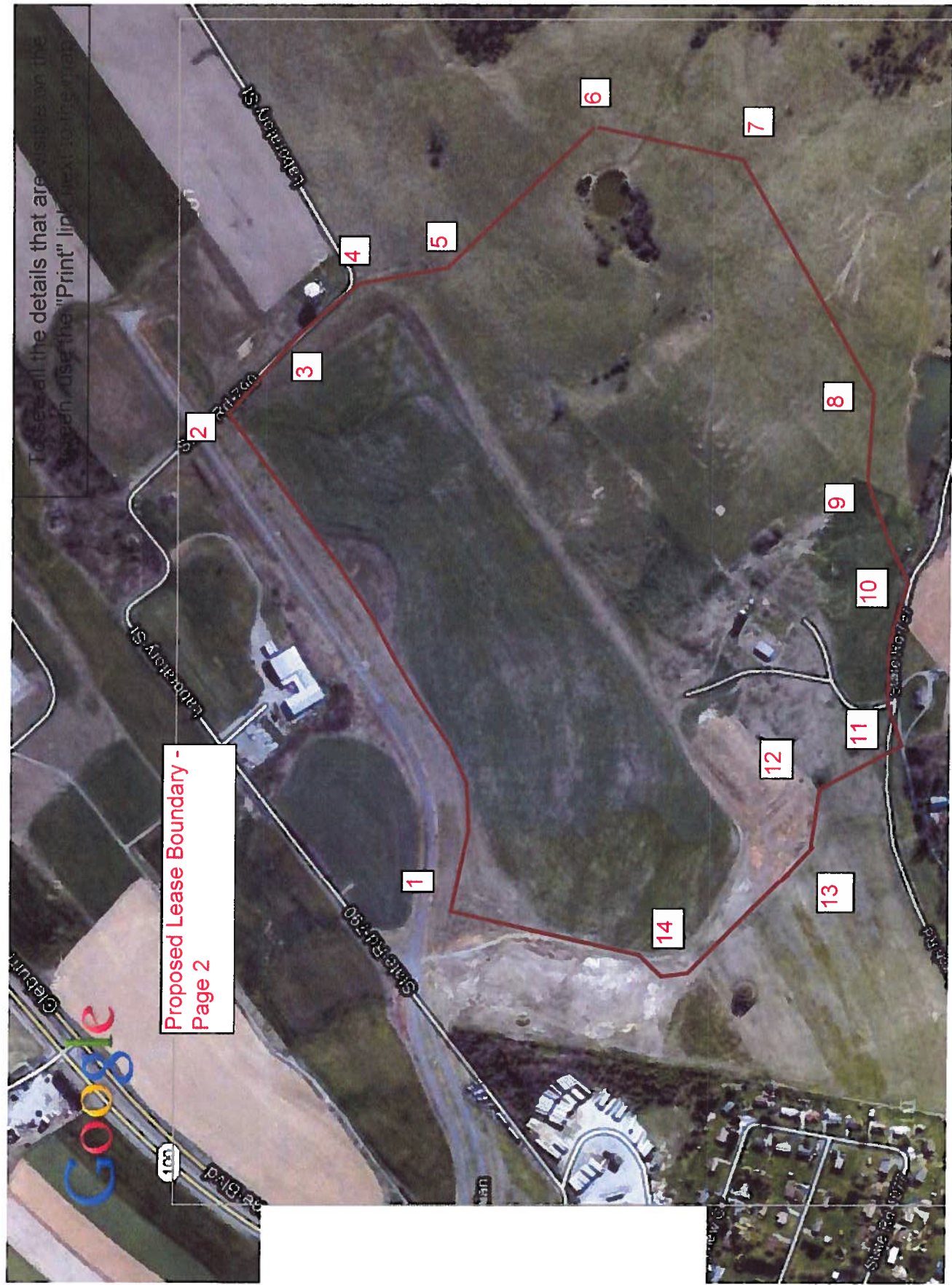
**Legend**

- Commerce Park
- ++ Railroad



Map produced by the NRVPC, 2011. Data source: VGIN.







Proposed Lease Boundary – Page 3

Lease Boundary Line Corner Notes:

- 1 Buffer Zone & VDOT ROW for Commerce Park Access Road
- 2 Corner of VDOT ROW for Commerce Park Access Road & Southwest edge of Water Tank Access Road
- 3 Water Tank Access Road & PSA Water Tank Lot
- 4 PSA Water Tank Lot & Existing Fence Line
- 5 Existing Fence Line Corner
- 6 East of Existing Pond
- 7 South of Existing Pond
- 8 Buffer Zone North of Large Existing Pond Bordering 5C Road
- 9 Buffer Zone and Existing Fence Line
- 10 5C Road ROW North of Existing Water System House
- 11 North Side of 5C Road ROW across from Commerce Park Rental Home Lot and New Dublin Presbyterian Church border
- 12 Northwesterly to Southern Corner of Existing Berm
- 13 Along Berm to Buffer Zone border 300 feet off Northeast Corner of Skyview Subdivision
- 14 Overlap with Buffer Zone Sufficient to Accommodate Rough Grading Slope Northwestern Corner

# Pulaski County, Virginia

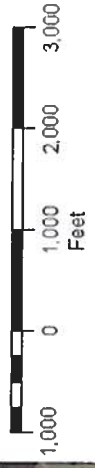
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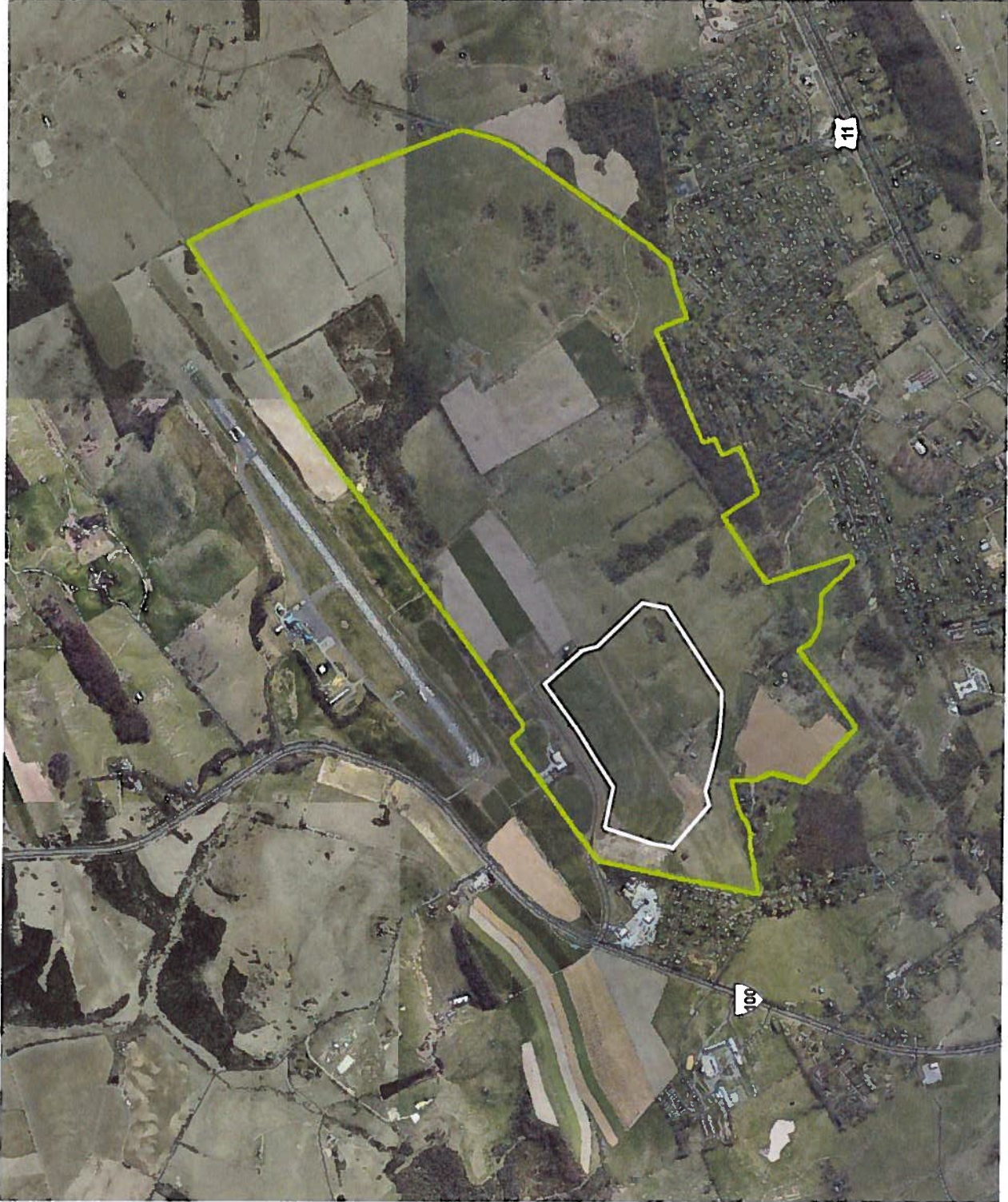
Proposed Purchase  
Boundary - Page 1

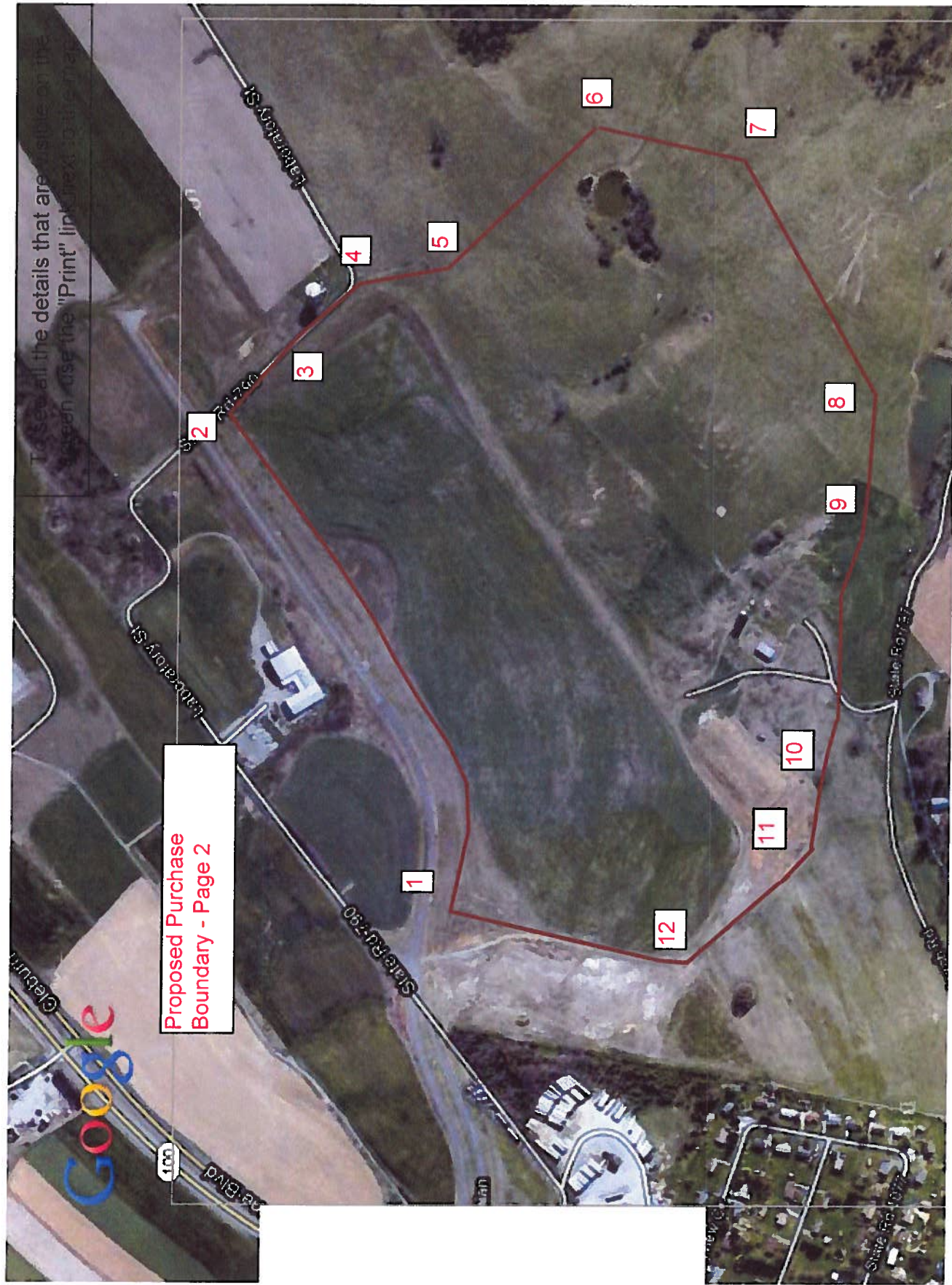
**Legend**

- Commerce Park
- + + Railroad



Map produced by the NRV/PDC, 2011. Data source: VGIN





Proposed Purchase  
Boundary - Page 2

To see all the details that are available on the map, use the "Print" link next to the map.

Proposed Purchase Boundary – Page 3

Purchase Boundary Line Corner Notes:

- 1 Buffer Zone & VDOT ROW for Commerce Park Access Road
- 2 Corner of VDOT ROW for Commerce Park Access Road & Southwest edge of Water Tank Access Road
- 3 Water Tank Access Road & PSA Water Tank Lot
- 4 PSA Water Tank Lot & Existing Fence Line
- 5 Existing Fence Line Corner
- 6 East of Existing Pond
- 7 South of Existing Pond
- 8 Buffer Zone North of Large Existing Pond Bordering 5C Road
- 9 300 Feet Perpendicular to North Side of 5C Road ROW across from Commerce Park Rental Home Lot and New Dublin Presbyterian Church border
- 10 Northwesterly to Southern Corner of Existing Berm
- 11 Along Berm to Buffer Zone border 300 feet off Northeast Corner of Skyview Subdivision
- 12 Intersection of #11 with Buffer Zone